

SCRUTINY COMMITTEE

Monday, 17th September, 2018
6.30 pm





SCRUTINY COMMITTEE

BURNLEY TOWN HALL

Monday, 17th September, 2018 at 6.30 pm

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

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

Notice in writing of the subject matter must be given to the Chief Operating Officer by 5.00pm on the day before the meeting. Forms can be obtained for this purpose from the reception desk at Burnley Town Hall, Manchester Road or at the Contact Centre, Parker Lane, Burnley or from the web at: <http://burnley.moderngov.co.uk/ecCatDisplay.aspx?sch=doc&cat=13234> . You can also register to speak via the online agenda. Requests will be dealt with in the order in which they are received.

AGENDA

1) Apologies

To receive any apologies for absence.

2) Minutes

5 - 8

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

3) Additional Items of Business

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

4) Declarations of Interest

To receive any declarations of interest from Members relating to any item on the agenda, in accordance with the provisions of the Code of Conduct and/or indicate if S106 of the Local Government Finance Act 1992 applies to them.

5) Exclusion of the Public

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

6) Public Question Time

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

PUBLIC ITEMS

- 7) Notice of Key Decisions and Private Meetings** 9 - 12
To consider the Key Decisions to be taken for the period September to December 2018.
- 8) Leisure Trust Annual Report** 13 - 44
To consider the Annual Report of the Council's partner, Burnley Leisure.
- 9) Peer Review - Follow up** 45 - 60
To consider the feedback from the Peer Review follow up visit.
- 10) Revenue Budget Monitoring Q1** 61 - 76
To receive a report outlining the revenue budget position as at 30th June 2018.
- 11) Capital Budget Monitoring Q1** 77 - 88
To receive a report outlining the capital budget position as at 30th June 2018.
- 12) Medium Term Financial Strategy/Budget Setting Process 2019/20** 89 - 98
To receive a report outlining savings proposals and the latest position regarding balancing the Council's budgets for 2019/22.
- 13) Scrutiny Review Groups** Verbal Report
To receive an update on the work of any active Scrutiny Review Groups.
- 14) Work Programme 2018/19** 99 - 100
To consider any additions to the draft Work Plan for 2018/19.

MEMBERSHIP OF COMMITTEE

Councillor Andrew Tatchell (Chair)
Councillor Margaret Brindle (Vice-Chair)
Councillor Tom Commis
Councillor Ivor Emo
Councillor Dale Ferrier
Councillor Danny Fleming
Councillor Beatrice Foster
Councillor Joanne Greenwood
Councillor Marcus Johnstone

Councillor Lubna Khan
Councillor Shbana Khan
Councillor Gordon Lishman
Councillor Margaret Lishman
Councillor Sobia Malik
Councillor Tony Martin
Councillor Paul Reynolds
Councillor Christine White

PUBLISHED

Friday, 7 September 2018

This page is intentionally left blank



SCRUTINY COMMITTEE

BURNLEY TOWN HALL

Wednesday, 27th June, 2018 at 6.30 pm

PRESENT

MEMBERS

Councillors A Tatchell (Chair), M Brindle (Vice-Chair), T Commis, I Emo, D Ferrier, M Johnstone, S Khan, G Lishman, M Lishman and P Reynolds

OFFICERS

Asad Mushtaq	–	Head of Finance and Property
Paul Gatrell	–	Head of Housing & Development Control
Howard Hamilton-Smith	–	Finance Manager
Alison McEwan	–	Democracy Officer

1. Apologies

Apologies were received from Councillors Foster, L Khan, and Malik.

2. Minutes

The minutes of the meeting held on 19th March 2018 were approved as a correct record and signed by the Chair.

3. Notice of Key Decisions and Private Meetings

Members considered the Notice of Key Decisions and Private Meetings.

IT WAS RESOLVED THAT THE NOTICE OF KEY DECISIONS & PRIVATE MEETINGS BE NOTED.

4. Section 106 Agreements

The Head of Housing & Development Control gave a presentation on Section 106 Agreements related to planning applications.

Members considered the following:

- How S106 Agreements were devised, and by who. Drafted related to policies (such as the Local Plan) or by statutory consultees such as Highways or Education who would supply suggested clauses according to their policies.
- Policies re flood risk. These would be dealt with as a condition attached to approval of the planning application rather than as part of the S106 agreement.
- How ward councillors would be made aware of relevant S106 Agreements – particularly open space and foot/cycle way improvements. Any planning obligations sought as part of a planning application would form part of the consideration of that application and would be contained within the planning file and available for comment from any interested parties.

The Chair thanked Mr Gatrell for an informative presentation.

5. Strategic Partner Annual Update - Liberata

Ian Brotheridge, Liberata's Regional Contract Director gave a presentation updating Members on the aims and performance of the Strategic Partnership Contract.

Members discussed the following:

- The number of transactions overall had increased – was this related to Revenue & Benefit queries? There had been an increase in calls related to garden waste collections and council tax bills, but also a number of calls related to the roll out of Universal Credit. From other contract areas, experience suggested this could take 12-18 months to reduce.
- Jobs created through the contract – were these jobs for local people. They tended to be filled by people from within the east Lancashire and the surrounding areas.
- Retention of TUPE'd staff – out of 104 people TUPE'd to Liberata, 88 were still employed 2.5 years later.

Members thanked Mr Brotheridge for his presentation.

6. Final Budget Outturn Report 2017/18

Members considered a report on the 2017/18 budget outturn position.

Members discussed the following:

- The difficulties of forecasting income, which is dependent on a variety of factors. Monthly monitoring involving Heads of Service is undertaken to provide an updated position.

IT WAS RESOLVED

That the report be noted.

7. Treasury Management 2017/18 - review of activity

Members received a report outlining the Council's Treasury Management activity for 2017/18.

IT WAS RESOLVED

That the report be noted.

8. Year End Performance Report 2017/18

Members considered a report on the 2017/18 Year End Performance data which highlighted performance of strategically significant, or strong or poor performance.

Members discussed the following:

- 80% of calls were answered within the target time – was there any data about how many calls were resolved successfully? Also with the calls not answered within target time how much was this missed by?
- There had been a reduction in visitor numbers at Towneley Hall since charges had been introduced. Were there any other reasons for the fall in numbers, and had any consultation been carried out since the charges had been introduced?
- It was pleasing to see the number of empty homes that had been brought back into use, but it was a long standing issue, and the number that remained empty would take a number of years to tackle.

IT WAS RESOLVED

That the report be noted.

9. Scrutiny Review Groups

The Dementia Services Review group was still active, and a meeting to review progress would be scheduled over the summer period.

It was proposed that a meeting be held to measure progress against the recommendations in the Railway Review that had been completed some time ago.

A number of topics were identified to be researched and scoped as potential future reviews.

10. Work Programme 2018/19

The draft work plan for 2018/19 was noted.

This page is intentionally left blank

BURNLEY BOROUGH COUNCIL

NOTICE OF KEY DECISIONS AND PRIVATE MEETINGS

This Notice contains:

- a) A list of Key Decisions to be taken by the Executive during the months September to December 2018, published by 17th August 2018.
- b) Details of dates of meetings of the Executive during the same period at which decisions may be taken in private or partly in private

A Key Decision is an Executive decision that is likely:

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

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

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

Matter for decision	Purpose	Key Decision Yes or No	Anticipated date of decision	Public or Private report. If Private give reasons	List of Documents to be submitted including any background papers	Contact person & Executive Portfolio
Burnley Physical Activity and Sport Strategy	To consider a report on a Burnley Physical Activity and Sport Strategy	Yes	September 2018	Public	Report setting out the key issues	Simon Goff Head of Green Spaces and Amenities Executive Member for Housing and Leisure
Houses in Multiple Occupation	To consider a report on change to legislation and new standards for Houses in Multiple Occupation	Yes	September 2018	Public	Report setting out the key issues	Paul Gatrell Head of Housing and Development Control Executive Member for Housing and Leisure
Town Centre Masterplan	To consider a report on a Town Centre Masterplan	Yes	September 2018	Public	Report setting out the key issues	Kate Ingram, Strategic Head of Economy and Growth Executive Member for Economy and Growth
On the Banks Development	To consider a report regarding On the Banks Development	Yes	September 2018	The report contains exempt information and is therefore NOT FOR PUBLICATION by virtue of Local Government Act 1972, Schedule 12A, Part I, Paragraph 3;Information	Report setting out the key issues	Kate Ingram, Strategic Head of Economy and Growth Executive Member for Economy and Growth

Matter for decision	Purpose	Key Decision Yes or No	Anticipated date of decision	Public or Private report. If Private give reasons	List of Documents to be submitted including any background papers	Contact person & Executive Portfolio
				relating to the financial or business affairs of any particular person (including the authority holding that information		
Parking Enforcement and Cash Collection	To consider a report on Parking Enforcement and Cash Collection	Yes	September 2018	The report contains exempt information and is therefore NOT FOR PUBLICATION by virtue of Local Government Act 1972, Schedule 12A, Part I, Paragraph 3;Information relating to the financial or business affairs of any particular person (including the authority holding that information	Report setting out the key issues	Joanne Swift, Head of Streetscene Executive Member for Community and Environmental Services
Revenue Budgets 2019-22- Latest Position and Savings Proposals	To consider Revenue Budgets 2019-22- Latest Position and Savings Proposals	No (Full Council decision)	September 2018	The report contains exempt information and is therefore NOT FOR PUBLICATION by virtue of Local Government Act 1972, Schedule 12A, Part I, Paragraph 3;Information relating to the financial or business affairs of any particular person (including	Report setting out the key issues	Asad Mushtaq Head of Finance and Property Executive Member for Resources and Performance Management

Matter for decision	Purpose	Key Decision Yes or No	Anticipated date of decision	Public or Private report. If Private give reasons	List of Documents to be submitted including any background papers	Contact person & Executive Portfolio
				the authority holding that information		
Aspiration Strategy Delivery Plan	To consider a report on an Aspiration Strategy Delivery Plan	Yes	October 2018	Public	Report setting out the key issues	Rob Dobson Head of Policy and Engagement Leader

Meetings of the Executive will be held on the following dates: 18th September, 7th November and 11th December 2018 Meetings normally start at 6.30pm but times can change so please check the council website nearer the date of the meeting.

This Notice will be further updated by the following dates: 9th October, 12th November 2018 and 11th January 2019.

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

E-mail: cwardby@burnley.gov.uk

Published: 17th August 2018

Agenda Item 8

REGISTERED COMPANY NUMBER: 08737838 (England and Wales)
REGISTERED CHARITY NUMBER: 1158520

**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018
FOR
BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**



Ainsworths Limited
Chartered Accountants
and Statutory Auditors
Charter House
Stansfield Street
Nelson
Lancashire
BB9 6XY

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

	Page
Report of the Trustees	1 to 10
Report of the Independent Auditors	11 to 12
Statement of Financial Activities	13
Balance Sheet	14 to 15
Cash Flow statement	16 to 17
Notes to the Financial Statements	18 to 29

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2018**

The trustees who are also directors of the company for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st March 2018. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

08737838 (England and Wales)

Registered Charity number

01158520

Registered office

St Peters Centre
Bank Parade
Church Street
Burnley
Lancashire
BB11 2DL

Trustees

Mr A Preston – Chairman
Dr S Minten
Miss M Grimes (Resigned 22nd January 2018)
Mr W Park (Resigned 22nd January 2018)
Mr T Hephrun
Mr M Heaton
Cllr A Raja
Cllr T Harrison (Resigned 10th July 2017)
Mrs J Baldwin
Mrs D Livesey
Mr W Rashid (Appointed 12th March 2018)
Mrs J Sharpley (Appointed 12th March 2018)
Cllr A Anwar (Appointed 21st May 2018)
Mr N Tranmer (Appointed 21st May 2018)
Mrs S Graham (Appointed on 16th October 2017 and resigned on 16th May 2018)

Key Management Personnel

Mr G Vinton – Chief Executive

Auditors

Ainsworths Limited
Chartered Accountants
and Statutory Auditors
Charter House
Stansfield Street
Nelson
Lancashire
BB9 9XY

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2018**

Bankers

HSBC Bank Plc
12 Manchester Road
Burnley
Lancashire
BB11 1JH

Solicitors

Winckworth Sherwood LLP
Minerva House
5 Montague Close
London
SE1 9BB

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2018**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The company was incorporated on 17th October 2013 and registered as a charity on 10th September 2014. The charity is controlled by its governing document, the Memorandum and Articles of Association, and constitutes a company, limited by guarantee, as defined by the Companies Act 2006. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Recruitment and appointment of new trustees

The Board shall consist of at least three and not more than eleven individuals, comprised as follows:

- two Employee Trustees;
- up to two Local Authority Trustees; and
- up to seven Community Trustees

The Community Trustees shall at all times be in the majority. These trustees shall be elected with necessary expertise co-opted where appropriate by the existing trustees. When considering co-opting trustees, the Board has regard to the requirement for any specialist skills needed.

Risk management

The trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to ensure regular reports are produced and that the necessary steps can be taken to address any issues arising.

Burnley Leisure is a registered charity operating within a company limited by guarantee. The trustees of Burnley Leisure are representatives within the Borough of Burnley and beyond. The board of trustees has the authority to co-opt individuals with relevant expertise where appropriate.

Organisation structure

The Board currently consists of eleven trustees and is responsible for key policy decisions and the effective governance of the organisation overall. The Board has a minimum of six meetings per financial year.

The day to day operations of Burnley Leisure are managed by the charity's senior management team (the Executive) made up of the Chief Executive and 4 Service Managers. The Executive is given strategic direction by a Board of Trustees (the Board) regarding the provision and operation of the services in accordance with the contracts, leases and funding agreements made with Burnley Borough Council. The Board has ultimate responsibility for the governance of the charity, and directs, supports and challenges the Executive in its work.

Related parties

Trustees are required to declare an interest if they are involved in any activities which may compromise their role as a Trustee and a monitoring mechanism is in place. The related party transactions during the past year have been disclosed below in the notes to the financial statements.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2018**

OBJECTIVES AND ACTIVITIES

Burnley Leisure has been established for Public Benefit:

- To provide or assist in the provision of both indoor and outdoor facilities in the interests of social welfare for Recreation or other Leisure time occupation of individuals who have need of such by reason of their youth, age, infirmity of disability, financial hardship or social circumstances or to the public at large with the object of improving their conditions of life; and/or
- To promote community participation in Healthy Recreational Activities; and/or
- To provide or assist in the provision of community facilities to be available to all sections of the community without distinction, including the use for meetings, lecture and classes and/or other forms of recreation and leisure time occupation with the object of improving the conditions of life for all those who use the facilities; and/or
- To advance the education of the public in all aspects of dramatic art through the provision of a theatre; and/or
- Such other charitable purposes as the trustees in their absolute discretion may determine

Public benefit

The trustees are confident that the charity offers services of real and practical use to the local population and therefore complies with the responsibility placed on all charities under the Charities Act 2011 to demonstrate a public benefit.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2018**

ACHIEVEMENTS AND PERFORMANCE

This year has been an extremely productive year for all parts of the charity. We have successfully managed to produce a surplus, which has increased our reserves and has allowed us to re-invest in some areas, which have been customer frustration points.

This report gives a brief outline of our successes and a comprehensive round-up will be included in our main annual report.

Leisure Facilities

Swimming Lesson Provision – Swimming lessons has been an area we previously highlighted as underperforming and we are pleased that after over two years of hard work, they are now performing strongly. We have also seen an increase in the need for 1-2-1 lessons which we can also charge a premium for.

- St Peter's 93% capacity with 431 swimmers.
- Padiham 90% capacity with 250 swimmers.
- Total 681 swimmers.

Towneley Golf Courses – The Autumn launch of our new golf packages went better than expected with a strong attendance of over 65 people at the launch and many signing up to new packages. We have continued to complete the improvement programme on the course and everything was in place for the start of the full season. A full marketing campaign started in January 2018 to promote the new packages with competitions, social media and a targeted email campaign taking place. New signage is now in place and we are actively looking for sponsorship on each hole of the signage. Foot-golf will launch again from Easter and we are already starting to get bookings for April / May.

Gym Membership – The gym membership continues to be resilient despite strong competition from the budget sector with the Gym group recently taking over a facility in Burnley and carrying out a large scale marketing campaign. We sold 301 new memberships in January 2018 an increase on last year and we have had fewer cancellations, resulting in our total membership now being 3041. This is our highest membership total since August 2017. We continue to develop this area with plans to upgrade the equipment at St Peters during 2018.

St Peters Swimming Pool Movable Floor – The training pool was out of action for a couple of months due to the movable floor requiring a major overhaul. It took a while to bring in divers to evaluate the best course of action and plan the work. The pool re-opened to the public and clubs on Saturday 21st April 2018.

Padiham Leisure Centre gym upgrade – This was completed in December 2017 and has now fully re-opened and been really well received by members. Membership sales have been positive, and the new cycling studio is proving popular with sessions being fully booked in advance. The site now has the latest equipment with the latest in connective technology allowing more customer interaction.

The group cycling studio is also equipped with My Ride which gives a virtual instructor option and real life training landscapes to use during instructor led classes.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2018**

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Up and Active

A second year of amazing achievements is reflected in the outputs, which has seen our committed team provide countless opportunities for individuals to become more active and lose weight.

The work of Up & Active has cut across the whole life course of communities, families and workplaces, resulting in new projects and programmes. The teams' knowledge and experience in Public Health has supported our healthy settings approach, which has seen the service work in a whole range of settings, including, primary schools and colleges, workplaces, town centre, parks, community venues, including supermarkets, and medical centres.

We have also continued to develop activities in leisure facilities; this has provided the opportunity to consolidate our work within the leisure trust and to also add to our charitable status. Working alongside leisure centre staff has seen Up & Active self-referrals continue to use leisure facilities either by 'pay as you go' or converting to become members to maintain positive changes to their health and wellbeing.

Up & Active programme in its second year has achieved the following outputs:

Referrals / Self	Total
Cardiac Rehabilitation	98
Weight Management	313
Physical Activity	510
Community Engagement	
No. Community Events	96
No. service users attendance in community activities / early interventions	16,801
No. community sessions	855
No. Weigh In's / Drop In's	461
Press releases	59
Volunteers	47
No. Schools supported	18
Facebook Reach	35,107

Healthy Schools – The Up and Active Healthy Schools Obesity Prevention programme has been very well received in 12 schools and benefited 378 children. Extremely pleasing and positive feedback from the teaching staff includes the following quotes:

'Fantastic and the children really enjoyed it. Most children have made a positive change / food swap' (Ightenhill Primary).

'The children have thoroughly enjoyed the programme and have learnt a great deal - thank you very much' (St James Lanehead).

'The children really looked forward to the lessons each week and enjoyed telling Mrs Schofield what they had done each week' (Brunshaw).

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2018**

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Cultural Services

Burnley Mechanics have had a very successful Christmas, with most of the festive lunches being full to capacity as well as the Christmas parties at the weekends. The Festive afternoon tea we introduced this year was a big success too, with 180 people joining us for an afternoon tea mid-week. Both Scrooge performances – the theatre and folk booking – were also sold out. A big thank you to the Mechanics team for keeping level headed throughout the very full on period and successfully managing to provide enjoyable experiences to large amounts of different people. We have already sold a full weekend for this year (2018 Christmas) from repeat bookings.

Arts development - have been delivering a series of artists professional development workshops, as a result of the arts council funding achieved last year, these have been really well received and well attended. Feedback has been positive with an appetite for us to do more; therefore, a reduced subsidy offer is being looked at for the coming autumn.

Super Slow Way have been successful in achieving a second round of funding. We supported the application and are the council's representative at partnership meetings. They have developed a business plan for the next three years which is more focussed within districts than the last one. Burnley's area of focus starts at Slater's Terrace includes Finsely Wharf and Thompson Park, the canal is the conduit that connects the three. We are starting conversations about what this means, how we and they can add value to each other's work and from our perspective how they use the town centre to help connect the sites more so Burnley gains from secondary spend.

Leisure Development

Prairie Sports Village - 2nd 3G Pitch – A decision was taken not to pursue option of Rugby (RFU) funding, even though this was offered. Having met with FA/Football Foundation and RFU it was felt that the requirements that came with the Rugby funding would impact too much on the weekly programme of use for the new pitch in terms of amount of time we would need to devote to rugby usage and the level of discount on hire charges that would be to be applied. This would've in turn impacted on the level of investment we could expect from FA/Football Foundation.

To help with the business plan and sustainability, the FA/Football Foundation agreed to increase their level of grant to the maximum in order to upgrade the spec of the new pitch to full World Rugby enabled standard and allow some pitch allocation to Burnley Rugby Club as long as it doesn't significantly impact on the football programme of use. Consultation meetings have now taken place with the partner football clubs, local leagues, Burnley Rugby Club on hire charges, programming and service level agreements. A consultation event with residents was also undertaken. Next stages are planning permission, agreeing budget provision for full scheme to include pitch, additional parking and upgrade to driving range netting.

Sport England bid – Families Fund - Project to create a 'family hub' in Thompson Park, in partnership with Action for Children was selected as one of 12 projects to progress to stage 2 of the funding process. A workshop was held in London at the end of February 2018 and shaped the stage 2 bid that was submitted mid- April. The final decision is expected to be in September 2018 and if successful the 4 year project will start shortly afterwards.

Balanceability - These sessions aimed at 2 and a half years to 4 year olds were launched late last year in the sports hall at St Peter's and have been very well received.

Over the 6 week programme children learn the fundamentals of how to ride a bike, learn about balance, co-ordination and spatial awareness and the sessions are designed so that parents are fully involved in the activities with their children.

6 courses have taken place so far and were all full. From feedback and enquiries received a separate 'learn to ride' course for older children aged 5 to 7 years has also been developed and the first of these courses is also full with a waiting list for places on the next course.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2018**

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Corporate

IT Systems – Throughout the year we have made significant improvements to our booking and CRM systems. A major scheme has been undertaken to update our main system within the leisure facilities, this has involved a full re-build of the XN system that takes bookings, memberships, point of sale and online sales which will hopefully be completed in July 2018. Within our Cultural facilities we are introducing Artifax which will combine event and hospitality bookings at a number of venues. A new online booking system for the Golf Course has also been installed.

Staff Celebration – As reward for our staff's hard work we introduced a staff celebration day, held at Prairie Sports Village in June 2018. We provided food and a welcome drink and the senior management team worked the bar. We aimed the afternoon at families, so that we could show our gratitude to both the employee and their family.

Sport England Development Pilot – The Up and Active scheme is the consortium that delivers the Active Lives, Healthy Weight Public Health contract across East Lancashire made up of the four Leisure Trusts (Burnley, Hyndburn, Pendle and Rossendale along with Ribble Valley Council). Sport England announced a funding stream to develop initiatives to make a real change to physical activity levels and invited applications. The Up and Active team joined forces with Blackburn with Darwen Council to submit a bid on behalf of Pennine Lancashire and were successful in being awarded one of only twelve pilot areas throughout the country. This project will last for 4 years and bring into Pennine Lancashire over £10 million of additional investment to encourage people to become more active.

The Future

As the Company becomes stable and sustainable, we need to look at building on our strengths, developing complimentary activities and diversifying the business into new income streams to assist the Council in being able to reduce its grant to us and re-direct its reducing funds into other priorities. This can only be achieved through the support of the Council in providing capital, which is paid for through the new and additional revenue income we generate.

Our core strength is in the facilities we already provide and these we need to enhance to retain and enhance the service we provide. A £2.7 million Heritage Lottery bid has been submitted to carry out work to the Mechanics and bring redundant areas back into use and refurbish others. As outlined earlier a second 3G Pitch at Prairie Sports Village; along with improvements to the Golf Driving Range and parking will be submitted in the summer. We are also looking to replace the fitness equipment at St. Peter's Centre and theatre lighting at the Mechanics to ensure that we giving customers the best possible experience.

The drive to develop complimentary activities can be seen through the setting up of a trading company to look after all of our catering and hospitality activities. This area of our work has grown so much, that it is no longer an ancillary to our other activities but a main part of our budget. Through our work at Thompson Park Boating Lake, we have been given the opportunity to operate the Boathouse and the Pavilion as catering, hospitality, sporting and cultural venues that will support a number of initiatives in the re-developed park. After taking on the operations of Towneley Golf Courses last year, we have concluded a deal to operate the Clubhouse from this financial year. This again will not only help us provide an improved offer for golfers, but open up catering and hospitality opportunities for the wider community.

In looking to diversify the business, we have undertaken a feasibility study to look at providing a high quality Soft Play Activity Centre in the town centre; this will be supported by another restaurant to add to our Bistro's at the Mechanics and Prairie Sports Village to provide a full family package in one place. We will keep an eye on market trends to see if we can see other opportunities to diversify into new and exciting areas of business.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2018**

FINANCIAL REVIEW

The attached statement of financial activities shows how our funds were raised and applied during the year.

This statement separates funds, which the charity itself controls – unrestricted funds, from funds which have to be spent in a manner determined by the donor – restricted funds. In this year restricted funds have been received from various grant making bodies.

This was the fourth year of operation for the charity, therefore it is now possible to compare the income and expenditure against historic information.

Looking to the future we will continue to maintain a tight control over costs, monitor income closely, and strive to identify future funding streams. We aim to ensure that we are well placed to react to any further negative or indeed positive impact of the economy.

Investment policy

The Trustees regularly monitor the available cash reserves of the charity and seek to maximise the interest earned on such funds.

Reserves policy

The charity has insufficient reserves to ensure that it can deal with major unexpected adverse developments without direct support from Burnley Borough Council. The trustees maintain a regular dialogue with council to ensure that, should major unexpected adverse developments arise, any difficulties that require attention are addressed in a mutually agreeable manner.

The trustees are confident that the charity has established diversity of operations, sufficient versatility and control of expenditures of such nature that it is able to adapt to changing circumstances that will arise from time to time under normal business circumstances.

The trustees have considered the current adverse economic climate when reviewing their reserves policy and are confident, in light of the changes planned that the charity is sufficiently robust and able to continue operating normally whilst it seeks to achieve these targets.

At the year end the charity had unrestricted reserves of £282,933 and restricted reserves of £111,490. In addition to these reserves the pension scheme was in deficit by £2,110,000.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2018**

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP and FRS 102;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Ainsworths Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

.....
Mr A Preston
Trustee

Date: 9th July 2018

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

Opinion

We have audited the financial statements of Burnley Leisure (the 'charity') for the year ended 31st March 2018 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information in the Report of the Trustees, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page eight, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Mark Sunter (Senior Statutory Auditor)
for and on behalf of Ainsworths Limited
Chartered Accountants
and Statutory Auditors
Charter House
Stansfield Street
Nelson
Lancashire
BB9 9XY

Date: 9th July 2018

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2018**

	Notes	Unrestricted funds £	Restricted funds £	31.3.18 Total funds £	31.3.17 Total Funds £
INCOME					
Income from charitable activities					
Grant income	2	84,038	569,637	653,675	802,557
Operation of leisure and arts facilities	3	<u>3,510,489</u>	<u>-</u>	<u>3,510,489</u>	<u>3,263,799</u>
Total income		3,594,527	569,637	4,164,164	4,066,356
EXPENDITURE					
Raising funds	4	343,894	-	343,894	320,315
Charitable activities					
Operation of leisure and arts facilities	5	3,100,899	596,663	3,697,562	3,585,975
Other					
Balance of pension scheme operating charge	19	339,000	-	339,000	132,000
Net interest on pension scheme liability	19	<u>52,000</u>	<u>-</u>	<u>52,000</u>	<u>40,000</u>
Total expenditure		3,835,793	596,663	4,432,456	4,078,290
NET EXPENDITURE		(241,266)	(27,026)	(268,292)	(11,934)
Other recognised gains and losses					
Pension scheme actuarial gain/(loss)	19	<u>383,000</u>	<u>-</u>	<u>383,000</u>	<u>(769,000)</u>
NET MOVEMENT IN FUNDS		141,734	(27,026)	114,708	(780,934)
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>(1,968,801)</u>	<u>138,516</u>	<u>(1,830,285)</u>	<u>(1,049,351)</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>(1,827,067)</u></u>	<u><u>111,490</u></u>	<u><u>(1,715,577)</u></u>	<u><u>(1,830,285)</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derives from continuing activities.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**BALANCE SHEET
AT 31ST MARCH 2018**

	Notes	31.3.18 £	31.3.17 £
FIXED ASSETS			
Tangible assets	10	20,000	30,000
Investments	11	<u>2</u>	<u>-</u>
		20,002	30,000
CURRENT ASSETS			
Stock	12	48,134	44,890
Debtors	13	172,304	102,221
Cash at bank and in hand		<u>542,495</u>	<u>410,213</u>
		762,933	557,324
CURRENT LIABILITIES			
Amounts falling due within one year	14	(378,512)	(295,609)
		<u>384,421</u>	<u>261,715</u>
NET CURRENT ASSETS			
		404,423	291,715
LONG TERM LIABILITIES			
Amounts falling due after one year	15	(10,000)	(20,000)
		<u>394,423</u>	<u>271,715</u>
NET ASSETS EXCLUDING PENSION DEFICIT			
		(2,110,000)	(2,102,000)
NET LIABILITIES INCLUDING PENSION DEFICIT		<u>(1,715,577)</u>	<u>(1,830,285)</u>
FUNDS			
Unrestricted funds	18	282,933	133,199
Restricted funds	19	111,490	138,516
Pension scheme deficit		<u>(2,110,000)</u>	<u>(2,102,000)</u>
TOTAL FUNDS		<u>(1,715,577)</u>	<u>(1,830,285)</u>

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH 2018**

The trustees have prepared the accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard 102 (effective 1st January 2015).

The financial statements were approved by the Board of Trustees on 9th July 2018 and were signed on its behalf by:

.....
Mr A Preston
Chairman

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2018**

	Notes	31.3.18 £	31.3.17 £
Cash flows from charitable activities			
Cash generated from activities	1	<u>167,282</u>	<u>239,806</u>
Net cash from charitable activities		<u>167,282</u>	<u>239,806</u>
Cash flows from investing activities			
Interest received		<u>-</u>	<u>-</u>
Net cash from investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Capital repayments in the year		<u>(35,000)</u>	<u>(35,000)</u>
Net cash from financing activities		<u>(35,000)</u>	<u>(35,000)</u>
Increase/(decrease) in cash and cash equivalents		<u>132,282</u>	<u>204,806</u>
Cash and cash equivalents at the beginning of the year	2	<u>410,213</u>	<u>205,407</u>
Cash generated from charitable activities	2	<u>542,495</u>	<u>410,213</u>

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2018**

1. RECONCILIATION OF DEFICIT TO CASH GENERATED FROM ACTIVITIES

	31.3.18	31.3.17
	£	£
Surplus/(deficit) for the year	114,708	(780,934)
Depreciation charges	10,000	10,000
	124,708	(770,934)
(Increase)/decrease in stocks	(3,244)	(5,550)
(Increase)/decrease in trade and other debtors	(70,083)	57,457
Increase/(decrease) in trade and other creditors	107,901	17,833
Increase/(decrease) in pension scheme	8,000	941,000
	167,282	239,806

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st March 2018

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	542,495	410,213

Year ended 31st March 2017

	31.3.17	1.4.16
	£	£
Cash and cash equivalents	410,213	205,407

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

1. ACCOUNTING POLICIES

Company information

Burnley Leisure is a charitable company, limited by guarantee, registered in England and Wales. The charity's registered number and registered office address can be found on the Company Information page. Each member's personal liability is limited to an amount not exceeding £1.

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared on a going concern basis which assumes that the company will be able to meet its liabilities as they fall due. The related party, Burnley Borough Council, has confirmed that it will provide support for at least 12 months following the approval of these financial statements.

Basis of consolidation

The financial statements include the results of Burnley Leisure only. The company's subsidiary was dormant throughout this accounting period and has therefore been excluded from consolidation.

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Burnley Leisure meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Income is the amount derived from ordinary activities, and stated after trade discounts, other sales taxes and net of VAT.

Grants receivable are accounted for when due. Income is deferred when it is received in advance of the period to which it relates.

Investment income is recognised on a receivable basis.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management and administration of the charity.

All support costs are allocated between the activity expenditure categories on a basis designed to reflect the use of the resource. Support costs are apportioned on an appropriate basis e.g. time spent, floor areas, or estimated usage.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

1. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets and depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and Fittings - 20% on cost

Fixed assets

The financial statements do not include the cost of land, buildings and equipment used at nominal rent by Burnley Leisure Trust, whose title rests with Burnley Borough Council. It is not practicable possible to attribute a value to this benefit.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements

Pension costs and other post-retirement benefits

The charity participates in a defined benefit scheme. Although the scheme is a multi-employer scheme it is possible to allocate a share of the assets and liabilities to the charity and hence contributions are accounted for as a defined benefit scheme in accordance with FRS 102.

Stock

Stock is valued at the lower of cost and net realisable value, after making due allowances for slow and obsolete items.

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at transaction price.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The major item in the financial statements where these judgements and estimates must be made is in relation to the pension scheme. Management consult with experts to provide appropriate assumptions on which to calculate projected funding position for the scheme.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

2. GRANT INCOME

	31.3.18	31.3.17
	£	£
Restricted:		
LCC Public Health	367,704	364,368
Sport England	50,740	204,240
Burnley, Pendle and Rossendale CVS	45,000	.
Big Lottery	40,000	56,680
Burnley Borough Council	20,000	.
Arts Council	13,048	74,420
Street Games	11,420	13,500
Stocks Massey	8,000	5,000
Lancashire County Council	7,990	.
Lancashire Care	5,735	6,820
Heritage fund	-	10,000
Unrestricted:		
Partner contributions	58,121	41,650
Sponsorship	21,558	.
Up & active	4,359	13,880
Lottery matched funding	-	9,760
Lottery	-	1,690
Lancashire Care	-	280
Lancashire County Council	-	240
	<u>653,675</u>	<u>802,557</u>

In 2017, of the total grant income, £735,034 was restricted and £67,523 was unrestricted funds.

3. CHARITABLE ACTIVITIES – OPERATION OF FACILITIES

	31.3.18	31.3.17
	£	£
Burnley Borough Council annual contract fee	423,272	609,396
Income from the operation of leisure and arts facilities	<u>3,087,217</u>	<u>2,654,403</u>
	<u>3,510,489</u>	<u>3,263,799</u>

In 2017, of the total charitable activities income, £nil was restricted and £3,263,799 was unrestricted funds.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

4. RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Total 31.3.18 £	Total 31.3.17 £
Staff costs and allowances	196,566	-	196,566	188,789
Premises expenses	11,925	-	11,925	6,579
Services and supplies	85,535	-	85,535	74,170
Transport expenses	1,225	-	1,225	1,224
Agency and contracted services	24,535	-	24,535	24,693
Business and technical support	24,107	-	24,107	24,860
	<u>343,893</u>	<u>-</u>	<u>343,893</u>	<u>320,315</u>

In 2017, of the total costs raising funds, £nil was restricted and £320,315 was unrestricted funds.

5. COSTS OF CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 31.3.18 £	Total 31.3.17 £
Staff costs and allowances	1,769,092	541,961	2,311,053	2,173,130
Premises expenses	107,328	9,781	117,109	144,397
Supplies and services	769,819	29,771	799,590	756,390
Transport expenses	11,029	3,874	14,903	14,438
Agency and contracted services	220,814	1,903	222,717	264,134
Business and technical support	216,967	9,373	226,340	227,636
Governance costs (see note 6)	5,850	-	5,850	5,850
	<u>3,100,899</u>	<u>596,663</u>	<u>3,697,562</u>	<u>3,585,975</u>

In 2017, of the total costs of charitable activities, £703,139 was restricted and £2,882,836 was unrestricted funds.

Included in the above are governance and support costs. These costs have been allocated using an element of judgement as the charity has had to consider the cost/benefit of detailed calculations and record keeping. Therefore, support costs have been allocated accordingly to proportion of direct costs incurred within each charitable activity.

6. GOVERNANCE AND SUPPORT COSTS

	Unrestricted funds £	Restricted funds £	31.3.18 Total funds £	31.3.17 Total Funds £
Business and technical support	241,074	9,373	250,447	252,496
Audit services	5,000	-	5,000	5,000
Non-audit services	850	-	850	850
	<u>246,924</u>	<u>9,373</u>	<u>256,297</u>	<u>258,346</u>

In 2017, of the total governance and support costs, £9,741 was restricted and £248,605 was unrestricted funds.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

7. NET INCOMING RESOURCES

Net resources are stated after charging:

	31.3.18	31.3.17
	£	£
Auditors remuneration	5,850	5,850
Depreciation	<u>10,000</u>	<u>10,000</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

Trustee's Remuneration

During the year remuneration of £26,706 (2017: £27,394) was paid to Miss M Grimes, Mr W Rashid and Mrs J Sharpley, employee trustees, in relation to their employment duties. No trustees received remuneration for their roles as trustees for the year ended 31st March 2018 nor for the year ended 31st March 2017.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31st March 2018 nor for the year ended 31st March 2017.

9. STAFF COSTS

	31.3.18	31.3.17
	£	£
Wages and salaries	2,128,917	2,007,950
Social security costs	142,774	139,246
Other pension costs	<u>197,554</u>	<u>190,809</u>
	<u>2,469,245</u>	<u>2,338,005</u>

The average monthly number of employees during the year was as follows:

	31.3.18	31.3.17
Employees	<u>154</u>	<u>143</u>

Employees earning more than £60,000 during the year:

	31.3.18	31.3.17
£60,001 - £70,000	<u>1</u>	<u>1</u>

The above staff member participated in the defined benefit pension scheme. Contributions of £7,182 (2017: £7,762) were made in relation to this individual.

The above staff member was the key management personnel for the charity.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1st April 2017	50,000
Additions	<u>-</u>
At 31st March 2018	<u>50,000</u>
DEPRECIATION	
At 1st April 2017	20,000
Charge for year	<u>10,000</u>
At 31st March 2018	<u>30,000</u>
NET BOOK VALUE	
At 31st March 2018	<u><u>20,000</u></u>
At 31st March 2017	<u><u>30,000</u></u>

11. FIXED ASSET INVESTMENTS

Investments comprise the cost of the investment in the subsidiary undertaking. Details of the subsidiary undertaking are as follows:

<u>Name of company</u>	<u>Proportion of nominal Value of issued shares held</u>	<u>Principal Activity</u>
Burnley Leisure Trading Limited	100% Ordinary shares	Dormant

12. STOCK

	31.3.18	31.3.17
	£	£
Leisure centre stock	5,067	5,611
Bar and catering	<u>43,067</u>	<u>39,279</u>
	<u><u>48,134</u></u>	<u><u>44,890</u></u>

Amount expensed during the year was £176,381.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.18	31.3.17
	£	£
Trade debtors	88,834	14,244
Prepayments and accrued income	58,393	76,060
Other debtors	<u>25,077</u>	<u>11,917</u>
	<u><u>172,304</u></u>	<u><u>102,221</u></u>

Debtors include £nil in respect of grants receivable at the year end. All amounts shown under debtors fall due for payment within one year.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.18	31.3.17
	£	£
Trade creditors	139,650	126,967
Taxation and social security	54,410	21,967
Accruals and deferred income	174,452	111,675
Other creditors	<u>10,000</u>	<u>35,000</u>
	<u>378,512</u>	<u>295,609</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	31.3.18	31.3.17
	£	£
Other creditors	<u>10,000</u>	<u>20,000</u>
	<u>10,000</u>	<u>20,000</u>

16. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	31.3.18	31.3.17
	£	£
Expiry date:		
Within 1 year	3,196	-
Between one and five years	<u>4,940</u>	<u>9,697</u>
	<u>8,136</u>	<u>9,697</u>

17. ANALYSIS OF NET LIABILITIES BETWEEN FUNDS

	Unrestricted	Restricted	31.3.18	31.3.17
	funds	funds	Total	Total
	£	£	funds	Funds
			£	£
Fixed assets	20,002	-	20,002	30,000
Current assets	651,443	111,490	762,933	557,324
Current liabilities	(378,512)	-	(378,512)	(295,609)
Long term liabilities	(10,000)	-	(10,000)	(20,000)
Pension scheme deficit	(2,110,000)	-	(2,110,000)	(2,102,000)
	<u>(1,827,067)</u>	<u>111,490</u>	<u>(1,715,577)</u>	<u>(1,830,285)</u>

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

18. UNRESTRICTED FUNDS

	Pension deficit £	General funds £	Designated funds £	Total funds £
Balance at 1 st April 2017	(2,102,000)	94,365	38,834	(1,968,801)
Net income / (expenditure)	(8,000)	131,716	18,018	141,734
	<u>(2,110,000)</u>	<u>226,081</u>	<u>56,852</u>	<u>(1,827,067)</u>

Purposes of designated funds

The trustees have designated funds to assist in the future development of the charity. The funds set aside are for Business development, Arts development and a fund for a Minibus.

General fund

The general fund consists of the total of free reserves available to spend on the objectives of the charity.

19. RESTRICTED FUNDS

	At 1 st April 2017 £	Incoming resources £	Outgoing resources £	At 31 st March 2018 £
Project fund				
Active streets – Big Lottery	30,384	85,000	(58,432)	56,952
Streets Games	-	11,420	(11,420)	-
Cycling project	6,232	-	(4,171)	2,061
Generation	338	-	(338)	-
Get in 2 golf	4,164	-	(4,164)	-
Get in 2 parks	5,324	-	(5,324)	-
Resilient heritage	3,100	-	(3,100)	-
Sports development	39,071	50,740	(86,606)	3,205
MAPS	19,609	-	(14,952)	4,657
Up and active	23,934	373,439	(356,748)	40,625
Volunteer programme	6,360	-	(6,360)	-
Young Mechanics	-	7,990	(4,000)	3,990
Art Council	-	13,048	(13,048)	-
Stock Massey	-	8,000	(8,000)	-
Burnley Borough Council	-	20,000	(20,000)	-
	<u>138,516</u>	<u>569,637</u>	<u>(596,663)</u>	<u>111,490</u>

The restricted grants received in the year have been categorised above.

20. PENSION ARRANGEMENTS

The charity participates in the Lancashire County Pension Fund which is a funded defined benefit scheme providing benefits based on final remuneration. The assets of the scheme are held separately from those of the charity. Whilst this is a multi-employer scheme, the actuary is able to segregate the assets and liabilities relating to the charity. During the year, normal employer pension contributions of £197,554 (2017: 190,809) were paid to the scheme.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

20. PENSION ARRANGEMENTS (CONTINUED)

The following calculations as at 31st March 2018 have been provided by the actuaries, Mercer Limited, using the projected unit actuarial costs method. Principal actuarial assumptions used by the actuary were as follows:

	31.3.18	31.3.17
	%	%
Rate of CPI inflation	2.10	2.20
Rate of increase in salaries	3.60	3.70
Rate of increase in pensions	2.20	2.20
Discount rate	2.70	2.60
Life expectancy of a male future pensioner aged 65 in 20 years' time	25.00	24.90
Life expectancy of a female future pensioner aged 65 in 20 years' time	28.00	27.90
Life expectancy of a male current pensioner aged 65	22.70	22.60
Life expectancy of a female current pensioner aged 65	25.40	25.20

The amounts recognised in the balance sheet are as follows:

	31.3.18	31.3.17
	£	£
Present value of funded obligations	(8,792,000)	(8,336,000)
Fair value of plan assets	<u>6,682,000</u>	<u>6,234,000</u>
Net pension deficit	<u>(2,110,000)</u>	<u>(2,102,000)</u>

Analysis of amounts charged to the Statement of Financial Activities:

	31.3.18	31.3.17
	£	£
Operating charge		
Current service cost	522,000	309,000
Administration expenses	<u>8,000</u>	<u>7,000</u>
Total operating charge	<u>530,000</u>	<u>316,000</u>
	31.3.18	31.3.17
	£	£
Other finance costs		
Expected return on pension scheme assets	(165,000)	(187,000)
Interest on pension scheme liabilities	<u>217,000</u>	<u>227,000</u>
Net charge	<u>52,000</u>	<u>40,000</u>
	31.3.18	31.3.17
	£	£
Total charge to resources expended in Statement of Financial Activities	<u>582,000</u>	<u>356,000</u>

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

20. PENSION ARRANGEMENTS (CONTINUED)

Analysis of the actuarial gains and losses shown in the Statement of Financial Activities:

	31.3.18	31.3.17
	£	£
Actuarial gains / (losses) on assets	63,000	875,000
Actuarial gains / (losses) on liabilities	320,000	(1,644,000)
Actuarial gain / (loss) recognised	383,000	(769,000)

Changes in the fair value of the defined benefit obligation are as follows:

	31.3.18	31.3.17
	£	£
Opening defined benefit obligation	8,336,000	6,089,000
Current service cost	522,000	309,000
Interest on pension scheme liabilities	217,000	227,000
Employee contributions	100,000	91,000
Actuarial (gains)/losses	(320,000)	1,644,000
Benefits paid / transfers	(63,000)	(24,000)
Closing defined benefit obligations	8,792,000	8,336,000

Changes in the fair value of plan assets are as follows:

	31.3.18	31.3.17
	£	£
Opening fair value of plan assets	6,234,000	4,928,000
Expected return on plan assets	165,000	187,000
Actuarial gains/(losses)	63,000	875,000
Employer contributions	191,000	184,000
Employee contributions	100,000	91,000
Administration expenses	(8,000)	(7,000)
Benefits paid / transfers	(63,000)	(24,000)
Closing fair value of plan assets	6,682,000	6,234,000

The split of assets between investment categories is as follows:

	2018	2018	2017	2017
	£	%	£	%
Equities	2,968,000	44.40	(1,000)	-
Government bonds	167,000	2.50	125,000	2.00
Other bonds	120,000	1.80	100,000	1.60
Property	628,000	9.40	549,000	8.80
Cash/liquidity	(27,000)	(0.40)	69,000	1.10
Other	2,826,000	42.30	5,392,000	86.50
	6,682,000	100.00	6,234,000	100.00

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

20. PENSION ARRANGEMENTS (CONTINUED)

Amounts for the current and previous periods are as follows:

	2018	2017	2016
	£	£	£
Defined benefit obligation	8,792,000	(8,336,000)	(6,089,000)
Plan assets	<u>6,682,000</u>	<u>6,234,000</u>	<u>4,928,000</u>
	<u>(2,110,000)</u>	<u>(2,102,000)</u>	<u>(1,161,000)</u>

A full actuarial review of the scheme was undertaken as at 31st March 2018.

Following the full actuarial valuation at 31st March 2018, employer contributions were agreed to stay at a rate of 11.60% with effect from 1st April 2018.

The current estimate of employer contributions for the year ended 31st March 2019 is £192,000. Implied service cost is estimated at £496,000 and a net interest and administration cost at £62,000 resulting in the deficit increasing by an estimated £366,000 to £2,476,000.

21. RELATED PARTY TRANSACTIONS

Under an agreement dated 25th March 2014, the charity acquired the use of the community arts and leisure facilities in the Burnley area from the Burnley Borough Council, a related party by virtue of its grant funding to the charity. The community arts and leisure facilities include all the equipment at each site and enable the society to operate under its principal activity. The value of the equipment and the potential liability for the consideration are not included in the accounts in order to reflect the substance of the arrangement.

The charity operates from premises owned by the Burnley Borough Council.

During the period, the charity received grant funding from Burnley Borough Council of £423,272 (2017: £609,396).

Burnley Borough Council also provides professional services to the charity under a service agreement which amounted to £239,681 (2017: £237,547) in the period.

During the period sales of £45,617 (2017: £19,568) were charged to and expenditure of £49,892 (2017: £60,698) was charged by Burnley Borough Council.

In the year to 31st March 2015 Burnley Leisure borrowed £75,000 from Burnley Borough Council to cover redundancy and pensions strain costs. The loan agreement states Burnley Leisure are to repay the loan amount over three years at £25,000 per year.

At the year end Burnley Leisure owed Burnley Borough Council £nil (2017: £25,000) in respect of this loan.

In the year to 31st March 2016 Burnley Leisure borrowed £50,000 from Burnley Borough Council to cover fixed asset purchases. The loan agreement states Burnley Leisure are to repay the loan amount over five years at £10,000 per year.

At the year end Burnley Leisure owed Burnley Borough Council £20,000 (2017: £30,000) in respect of this loan.

During the year the charity received income of £47,275 (2017: £nil) from Burnley Pendle and Rossendale Council for Voluntary Services, a related party that shares a Trustee with Burnley Leisure.

**BURNLEY LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

22. GOING CONCERN AND POST BALANCE SHEET EVENTS

In preparing this Annual Report and Accounts, the trustees have considered their statement made regarding preparation of the financial statements on a going-concern basis. The financial statements have been produced on a going concern basis, despite the existence of net total liabilities (including the pension scheme deficit) as at 31st March 2018 because the trustees are satisfied that the charity will meet all its obligations as and when they fall due over the foreseeable future. In forming this opinion, the trustees have paid particular regard to:

- a) The nature of and future prospects for the economic climate in which the charity operates;
- b) The adequacy of the liquidity in the business demonstrated through the current 12 month forecast;
- c) The continued support of the council;
- d) The remaining term to March 2029 of the management agreement with Burnley Borough Council;
- e) The competencies of the executive staff employed by the charity;
- f) The actual performance to date for the financial year ending 31st March 2019.

The trustees are not aware of any other reportable post balance sheet events at the time of this report.

This page is intentionally left blank

Peer review follow up

REPORT TO SCRUTINY COMMITTEE



DATE	17/09/2018
PORTFOLIO	Leader
REPORT AUTHOR	Rob Dobson
TEL NO	x3115
EMAIL	rdobson@burnley.gov.uk

PURPOSE

1. To inform Scrutiny Committee of the outcome of the recent peer review.

RECOMMENDATION

2. That members consider the letter sent to the Chief Executive from the Local Government Association following the review.

REASONS FOR RECOMMENDATION

3. Following the original Local Government Association (LGA) Corporate Peer Challenge (CPC) in September 2016, Burnley Borough Council invited the peer team to make a follow up visit to help review and assess progress made. This follow up visit took place on 25th July 2018.
4. The Chief Executive has received the peer review team’s feedback (appendix 1).

SUMMARY OF KEY POINTS

5. The summary of the letter is quoted:
 - I. “Overall Burnley Borough Council has made very good progress in taking forward the recommendations that the peer review team made in 2016 and should be proud of its achievements. The council has made significant progress in relation to a range of economic, housing and regeneration projects. In particular, the peer team heard how the council has developed robust approaches to the way it builds and presents business cases to secure investment in the borough. Partners felt this was ‘paying dividends’, as well as helping the council identify and mitigate risk. There was evidence of a strong shared vision for the borough, with the council viewed as a respected and valued partner. Crucially, jobs growth in the borough has outstripped many parts of the country.”

- II. “The peer team found good progress has been made in developing commercial approaches including the introduction of charges for green waste, a new commercial approach to treasury management and work with Liberata to obtain efficiencies through service transformation of revenues and benefits. The council’s leadership role continues to be widely respected, including its role on the Local Enterprise Partnership (LEP) and Lancashire Leaders Partnership which has helped revive discussions on devolution to the county.
 - III. To build on these successes, the peer review team identified a number of opportunities for the council to consider in relation to economic development and inclusive growth:
 - a. The council could consider developing a local skills framework to ensure the local skills and employment system is more responsive to the needs of Burnley.
 - b. Linked to the vision of Burnley as a ‘university town’, there are opportunities to strengthen engagement approaches to ensure achievements and future vision are better understood by local communities.
 - c. Partners also felt that there is space for further collaboration across key local anchor institutions to strengthen marketing of the borough to inward investors, potential employees and students.
 - d. The peer team also heard from a number of stakeholders who are keen to work together to strengthen the cultural offer of the borough, including the night time economy as a means of supporting economic growth and preparing for the advent of a larger student presence in the town. Stakeholders described the ‘next big idea’ as a 10 year cultural strategy encompassing a key iconic venue locally for resident and student cultural activity.
 - e. Building on its work to develop commercial approaches, the team explored how the council quantify the proportion of current income generated from commercial activity and set targets for future activity. There may be opportunities to strengthen current approaches including how this links to the future budget setting process.
6. Officers will develop actions to consider these points. Scrutiny Committee is asked to comment to inform these actions.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION
--

- 7. None arising directly.

POLICY IMPLICATIONS

8. None arising directly.

DETAILS OF CONSULTATION

9. Not applicable

BACKGROUND PAPERS

10. None.

FURTHER INFORMATION

PLEASE CONTACT:

Rob Dobson, Head of Policy and Engagement

This page is intentionally left blank

Mick Cartledge
Chief Executive
Burnley Borough Council
Town Hall
Manchester Road
Burnley
BB11 9SA

31 August 2018

Dear Mick

Following the original Local Government Association (LGA) Corporate Peer Challenge (CPC) in September 2016, Burnley Borough Council invited the peer team to make a follow up visit to help review and assess progress made. This follow up visit took place on 25th July 2018, approximately 21 months after the original challenge.

The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met and material they had read before and at the time of their visit.

Process and peer team

Peer challenge is one of the key tools to support sector-led improvement. It is tailored to meet individual councils' needs, and designed to complement and add value to a council's own performance and improvement focus. The peer team provide feedback as critical friends, not as assessors, consultants or inspectors.

The following peers participated in the follow up visit:

- Laura McGillivray – Chief Executive, Norwich City Council (Lead peer)
- Councillor Tricia Gilby – Leader, Chesterfield Borough Council
- Cindy Lowthian, Peer Challenge Manager (LGA)

To inform our work the peer team spent 1 full day on site at Burnley Borough Council. During this time we spoke to the Leader and Chief Executive, group leaders, Executive Members, Chair of Scrutiny, senior managers, strategic and contractual partners.

We would like to thank you for inviting us back to provide further challenge to the council. We hope that our feedback helps to support continuous improvement at Burnley Borough Council.

Scope and focus

In September 2016, the peer team identified a number of recommendations to support the council on its improvement journey. These are shown in **Appendix A**. The original CPC had a particular focus on economic prosperity and inclusion. The council was particularly keen for the revisit to focus on progress made as follows:

- **Economic development** - exploring the council's progress on growing the local economy through delivery of key projects/developments and in particular, plans to push the vision of Burnley as a university town, attracting around 4,000 students. The team was asked to consider the council's appetite for risk in delivery of these key projects in order to deliver longer term economic growth.
- **Commercialisation/Income Generation** – the CPC had considered how the council might develop a more ambitious commercial approach to further boost income generation and ensure future financial sustainability. Some of this work was already underway e.g. property investment, asset rationalisation, and growing local residential and business base

Summary of findings and observations

Overall Burnley Borough Council has made very good progress in taking forward the recommendations that the peer review team made in 2016 and should be proud of its achievements. The council has made significant progress in relation to a range of economic, housing and regeneration projects. In particular, the peer team heard how the council has developed robust approaches to the way it builds and presents business cases to secure investment in the borough. Partners felt this was 'paying dividends', as well as helping the council identify and mitigate risk. There was evidence of a strong shared vision for the borough, with the council viewed as a respected and valued partner. Crucially, jobs growth in the borough has outstripped many parts of the country.

The peer team found good progress has been made in developing commercial approaches including the introduction of charges for green waste, a new commercial approach to treasury management and work with Liberata to obtain efficiencies through service transformation of revenues and benefits. The council's leadership role continues to be widely respected, including its role on the Local Enterprise Partnership (LEP) and Lancashire Leaders Partnership which has helped revive discussions on devolution to the county.

To build on these successes, the team identified a number of opportunities for the council to consider in relation to economic development and inclusive growth. The council could consider developing a local skills framework to ensure the local skills and employment system is more responsive to the needs of Burnley. Linked to the vision of Burnley as a 'university town', there are opportunities to strengthen engagement approaches to ensure achievements and future vision are better understood by local communities. Partners also felt that there is space for further collaboration across key local anchor institutions to

strengthen marketing of the borough to inward investors, potential employees and students. The peer team also heard from a number of stakeholders who are keen to work together to strengthen the cultural offer of the borough, including the night time economy as a means of supporting economic growth and preparing for the advent of a larger student presence in the town. Stakeholders described the 'next big idea' as a 10 year cultural strategy encompassing a key iconic venue locally for resident and student cultural activity.

Building on its work to develop commercial approaches, the team explored how the council quantify the proportion of current income generated from commercial activity and set targets for future activity. There may be opportunities to strengthen current approaches including how this links to the future budget setting process.

The feedback (below) provides further detail on the findings from the peer review team and makes a number of suggestions and recommendations for consideration by the council.

Economic development

During the original CPC, it was clear the council is ambitious for Burnley and wants to see the borough as a place where people choose to live, investors choose to set up businesses and for the university to grow. The revisit found that improving the local economy continues to be seen as the single biggest driver to improving the quality of life for local people. The peer team were pleased to see significant progress in delivery of a diverse range of economic, housing and regeneration projects/interventions including; Innovation Drive, Burnley Bridge and Vision Park.

The original CPC identified a need for the council to continue to work with housing partners to diversify the mix of housing in the borough and bring empty homes back into use. Progress since the original visit includes the appointment of a Joint Venture Partner 'Barnfield Homes' to help boost the variety of houses in the borough's housing market and partnership working with Calico to deliver a range of housing provision, often on blighted difficult sites. The council is also implementing selective licensing to help drive up standards of private sector housing.

The team were particularly pleased to see evidence of progress in building the vision of Burnley as a university town. This included completion of the draft town centre and canalside masterplan to accommodate the growth of the university campus and residential development. It also includes the 'On the Banks' mixed use regeneration scheme which has involved the recent conversion of Victoria Mill for occupation by the University of Central Lancashire. Overall, the ambitious plans are projected to see the number of university students in the town rise from under 400 to 4000 by 2025.

Building on the strong partnerships in place, there are opportunities to strengthen collaboration across key local anchor institutions to promote the shared vision of Burnley as a university town and market that to inward investors, potential employees and students. This should include marketing/branding materials that clearly show existing and future development potential for inward investors/partners.

Linked to the vision of Burnley as a 'university town', there are opportunities to strengthen engagement approaches to ensure achievements and future vision are better understood by local communities. This would allow the success the town is enjoying including jobs growth, expansion of the university, increased housing development and improved private sector housing standards are understood by local communities.

A number of partners also felt that there is space to build the cultural offer of the borough as a means of supporting economic growth and preparing for the anticipated growth in the student population. Stakeholders described the next 'big idea' as a 10 year cultural strategy encompassing a key iconic venue locally for resident and student cultural activity.

It was clear to see that the council is enabling and supporting the expansion of local business by adopting a wide range of creative and innovative approaches including; use of council funds to unlock development, the release of land, the development of joint ventures as well as pro-active work with the Local Enterprise Partnership (LEP) and joint initiatives with the private sector. The council has made good progress and has clear plans to further expand the local economy including work with UCLAN and the development of a Business Improvement District (BID). At the time of the Review, the council was also in the very final stages of adopting its local plan and there has been a positive direction of travel for planning performance indicators since the original CPC. Latest comparative data from Q3 2017/18 shows that Burnley's performance was above the North West districts' average for major and minor applications. We were pleased to hear that one week after the Review, the Council adopted the Borough's new Local Plan.

The signs are also very encouraging in relation to employment with jobs growth outstripping other parts of the country. Total employees in Burnley grew by 18.5% in the 7 years to 2016, compared to the 9.9% Great Britain figure (ONS, Business Register & Employment Survey 2016). Latest data also shows a 3.5% increase in the number of active business enterprises and 4.6% rise in number of new business start-ups. (ONS Business Demography, 2016).

The council asked the peer team to consider their appetite for risk in delivery of key projects. The peer team explored this theme with a number of partners who reported that the council had a good reputation for developing strong and robust business cases to attract investment and manage risk. The team also heard how the council's approach to risk involved 'buying in' external advisers as required to provide external challenge and expertise which was viewed as positive. A number of stakeholders fed back that strong project governance arrangements, a good understanding of data and use of project

management methodology also helped mitigate risk. The team heard how the council has regular monitoring meetings and partnership board meetings to ensure they remain vigilant to any deterioration in performance.

The original CPC had encouraged the council to explore how it can ensure local people benefit from and take advantage of growth in the local economy. The peer team were pleased that the council had acted on the original CPC recommendation to commission research to understand barriers to employment in the local job market. The council commissioned Growth Lancashire to undertake this work. This has led to the production of the 'Making it in Burnley' strategy (2017-2020) which is focussed on work with young people in the borough to raise aspirations, a number of features of which were already in train.

Building on this progress the team felt the council would benefit from developing a local skills framework. This would build on the Council's £150,000 investment in the Primary and Secondary Engineer Programme which involves a number of Burnley Bondholders and local schools to inspire local pupils and teachers with engineering. The peer team heard how this is helping to increase take up of STEM subjects and building a link into advanced engineering jobs. A local skills framework could create additional pipelines of opportunity. The framework would need to be aligned to the Lancashire Employment and Skills framework. It would help ensure employers' skills needs can be met from the local population and support the creation of more high value/good quality jobs. It would help ensure the skills and employment system is responsive to the needs of local people.

Commercialisation/income generation

The original CPC had considered how the council might develop a more ambitious commercial approach to further boost income generation and ensure future financial sustainability. The council clearly sees its economic growth strategy and commercial strategy as inter-related.

The revisit found that the council are actively using a number of 'levers' to attract and use funds to improve the local economy including use of Growth Deal funding, prudential borrowing and work with partners. The council's performance scorecard shows private sector investment levered through inward investment service and development projects currently stands at £51m from April 2017 to April 2018, a significant increase on the year before when it stood at £10m.

The council's 10 year contract with its strategic partner Liberata was in the early stages of development during the original CPC visit. The aim was to secure efficiencies, whilst maintaining a high level of provision, through the service transformation of revenues and benefits. A recent presentation to the council's scrutiny committee indicates good progress and continued high performance. The council's external audit report indicates

that the council is continuing to focus on a more 'commercial' way of delivering services as part of its strategic plan.

The council's waste, recycling and street cleansing service is also contracted to an external company (Urbaser) with an annual saving of £585k. Since the original CPC, the council has started to charge for 'green waste' collection achieving annual savings of over £249K for each of the past 2 years.

The council's leisure provision continues to be provided through Burnley Leisure Trust (BLT), a registered charity established in 2014. Since the original CPC, the council has transferred the operation of Towneley Golf Club to the trust in 2017 to create opportunities for future investment and allow the council to further reduce its grant to the trust. There may be more potential in involving BLT in income generating activity.

Since the original CPC, the council has also introduced a commercial approach to treasury management with a commitment to invest £2m from operational cashflow in an investment portfolio fund. The aim is to facilitate a return which would be expected to be above returns achieved through bank deposits.

Overall, the peer team were pleased to see how the council has made good progress in developing its commercial approach. The council may now benefit from exploring how it can better capture, track and monitor the different strands of commercial activity undertaken and set targets for increasing them in the future e.g. more clearly identifying what elements comprised of fees/charges, what comprise of longer term asset investments, what comprises of new commercial activity and how each contribute to budget savings and financial planning.

Council response to other Peer Challenge Report recommendations

The peer team were not able in the time available to explore all the recommendations made as part of the original CPC in depth (Appendix A). However, they have used the council's own self-assessment as well as feedback from the visit to make the following observations:

Financial planning and viability

The original CPC commented that the MTFs appears much focussed on revenue and a more holistic capital/revenue approach may help the council's medium term investment/budget decisions. The council has responded by ensuring capital investment decisions are reflected in the MTFs. They are also changing the time period of the capital investment programme to mirror the MTFs time frame (4 years).

The peer team feel that the council may wish to explore the option to establish a 'risk reserve' as investment borrowing increases to support the council's economic growth priority and the peer team understands that this proposal is currently being considered.

The original CPC also encouraged the council to examine where it can reduce its spending in relation to other district councils. The council's self-assessment outlines a number of initiatives focussed on reducing costs including a three year reduction in the management fee it pays to BLT. Increased resource allocation for street cleansing has been a conscious decision to support the 'cleaner streets' strategic priority.

Capacity to deliver

The original CPC highlighted a reduction in senior management capacity over recent years and a need to ensure sufficient capacity to deliver future change, including the effective management of the council's three large-scale contracts. The peer team were pleased to see the council has undertaken a detailed review of the senior management structure to increase senior management focus around strategic priorities including the creation of a Strategic Head of Economy and Growth Post.

Understanding of local place and priority setting

The peer team originally noted the significant challenges facing communities in the most deprived areas of the borough and recommended that the council reviews and reflects on how it engages with residents to understand the specific needs of some of the most vulnerable people. As outlined above, whilst progress has been made, the council should continue to strengthen its approach in this area to continue to engage local people on future plans and the vision for the borough.

The original CPC had also highlighted a need to better co-ordinate work across agencies to support health improvement. A new Health and Wellbeing Partnership has now been established to improve co-ordination and Burnley Council is an active partner. The council is also part of a successful sub-regional multi-million pound bid to promote physical activity and promote positive mental health and wellbeing.

The original CPC recommended the council undertakes work to gain a better picture of the range of organisations which can help reduce exclusion. The council has continued to work with the Burnley, Pendle and Rossendale CVS, for which it continues to provide funding. Since the original CPC, the council has also supported a Well North initiative in South West Burnley aimed at raising social capital and improving local health outcomes.

The original CPC encouraged the council to explore the viability of more innovative approaches to reduce financial exclusion. The council is working through its strategic partner Liberata to ensure residents have access to welfare advice and guidance, personal budgeting and signposting to specialist agencies. This includes a dedicated

officer co-located in the Job Centre. During the revisit we heard of a number of projects driven by the council's strategic partner Calico who are co-located with the Pennine Community Credit Union. This includes work to support residents through welfare reform.

Leadership of Place

The original CPC found a picture of positive performance in the context of its corporate plan and priorities. However, recycling performance was low compared to other councils in the north-west and whilst this has improved it is still below the average of other councils in the north-west. Since the original CPC, the cost share agreement with the county council has ended, reducing financial incentives linked to recycling performance. The council are very aware of the challenges and the team would encourage further activity to increase recycling rates in the borough.

Leadership and governance

The council continues to be ambitious for Burnley the place and has a positive 'can do' attitude towards attracting investment and growth. The team found that the council continues to be a well-respected, pro-active member of both the Local Enterprise Partnership and Lancashire Leader's board (contributing and influencing developing discussions on devolution). Some partners would like the council to reflect on how it could harness this strong leadership role and reputation within east Lancashire, helping to drive growth and prosperity across the sub region.

The revisit also heard how the scrutiny function is well respected and has supported the council's economic development priorities through a number of scrutiny reviews. There was positive engagement of members across all parties.

Summary of recommendations

Burnley has made really good progress since the peer team's visit in September 2016 and it was pleasing to see key economic and development projects coming to fruition.

To ensure the council achieves its overarching vision of "*accelerating Burnley's economic and housing growth to benefit all and to develop a new shared pride in the borough*" the team suggests that the council places particular focus upon:

- 1) Strengthening current marketing approaches to promote the shared vision of Burnley as a university town to inward investors, potential employees and students
- 2) Strengthening engagement approaches so that achievements and future ambitions are better understood by communities
- 3) Developing the cultural offer and strategy for the borough

- 4) Developing at pace, a local skills framework to ensure the local skills and employment system is more responsive to the needs and opportunities of Burnley
- 5) Exploring how the council can strengthen the way it captures and tracks the contribution different aspects of commercialisation is making to future budget setting processes

Next steps

We appreciate that the council will want to reflect on these findings and suggestions with the senior managerial and political leadership in order to determine how the organisation wishes to move forward.

Your LGA Principal Adviser, Claire Hogan, will be happy to work with you to identify any additional support the LGA can offer to help you respond to the points set out in this letter. Claire can be contacted on 07766250347 or Claire.hogan@local.gov.uk

Cindy Lowthian – LGA North West Adviser

On behalf of the Peer Challenge Team

Appendix A

Burnley Corporate Peer Challenge, September 2016

Recommendations and comments

1. It's now timely to reflect on how well local people benefit from the growth. How does the council ensure new local jobs largely go to local people?
2. There is a need to ensure sufficient senior management capacity to deliver future change such as effective management of large-scale contracts, engagement with the Combined Authority and ensuring effective performance of core council services.
3. The council has limited capacity for contract management. It is aware of this challenge and must ensure, with now three large external contracts that it has sufficient capacity and capability to ensure contractors are delivering the outcomes the council has specified.
4. The council currently recycles only 31% of its waste which is the lowest of any local authority in the North West.
5. Around entry level jobs there has been a growth in the logistics sector but partner agencies the peer team engaged with believe there to be a disconnect between communities and these entry level jobs. There is likely to be value in commissioning research to understand this disconnect and the dynamics of the unemployed and long term sick and employment in deprived areas and their barriers to entering the job market.
6. The biggest single challenge for Burnley, like all the Lancashire authorities, will be to determine precisely what it sees as the specific opportunities from working in a Combined Authority or a larger district footprint.
7. The performance of the planning service is currently variable.
8. There is likely to be value in the council reflecting on how it listens to and communicates with the residents of the town above and beyond using the Citizens Panel.

9. In terms of social capital, gaining a better picture of the totality of the range of organisation and initiatives which could help reduce exclusion overall would be a useful first step.
10. Developing the medium term financial strategy around the linkages between capital investment and revenue expenditure may reinforce the recently agreed medium term approach to being financial sustainable.
11. The council should also examine in detail where it can reduce its spending in relation to other district councils.
12. The borough is scattered with a wide range of health improvement projects....better coordination and focus of these programmes in a more joined up way is likely to result in stronger impact.
13. In terms of financial inclusion, further headway can be made through debt advice, help with budgeting and low cost small-scale spending. Some of this work is already being undertaken through a range of organisations including credit unions. Burnley may wish to explore the viability of more innovative approaches to reduce financial exclusion.

This page is intentionally left blank

Revenue Monitoring Report 2018/19 – Quarter 1 (to 30 June 2018)

REPORT TO EXECUTIVE



DATE	14 August 2018
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Howard Hamilton-Smith
TEL NO	(01282) 475869
EMAIL	Hhamilton-smith@burnley.gov.uk

PURPOSE

1. To report the forecast outturn position for the year as at 31 March 2019 based upon actual spending and income to **30 June 2018**.

RECOMMENDATION

2. The Executive is asked to:
 - a. Note the projected revenue budget forecast breakeven position, see Revenue Budget Summary and detailed Service Reports below and Appendix 2.

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

- b. The latest revised budget of £15.09m as shown in Appendix 1, and
- c. The net transfers from earmarked reserves of £0.747m as shown in Appendix 3.

REASONS FOR RECOMMENDATION

3. To give consideration to the level of revenue spending and income in 2018/19 as part of the effective governance of the Council and to ensure that appropriate management action is taken to ensure a balanced financial position.

SUMMARY OF KEY POINTS

4. Revenue Budget Monitoring Process

There are three in-year reports on revenue budget monitoring presented to the Executive and Scrutiny Committee during the course of the financial year. This is the first in-year report for 2018/19. In addition to these three reports there is a final combined report for revenue and capital to consider the actual spending at the end of the financial year compared with the revised revenue and capital budgets. Under the scheme of delegation each budget area is delegated to a Head of Service who remains accountable for the effective discharge of financial management as an integral part of achieving strategic objectives and in turn meeting service delivery priorities.

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

5. Budget Changes

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

- Virements approved by Heads of service and Management Team.
- Decisions confirming additional awards of grant and contributions up to £50k approved by Heads of Service and Management Team.
- Executive Member for Resources and Performance Management decisions confirming additional awards of grant and contribution over £50k.
- Decisions made by the Executive.

Members are asked to approve the latest revised budget of £15.09m as shown in Appendix 1.

6. Revenue Budget Summary

As at the end of June 2018, the overall financial position is currently projected to breakeven, as shown in the table below:

	Latest Revised Budget £'000s	Forecast Outturn £'000s	Variance £'000s
Pay	9,118	9,072	(46)
Other revenue budgets	6,416	6,326	(90)
In-year efficiency savings target	(250)	(114)	136
Reserves	(194)	(194)	-
	15,090	15,090	-
Financed by:			
Council Tax	(6,739)	(6,739)	-
Business Rates	(5,473)	(5,473)	-
Revenue Support Grant	(2,228)	(2,228)	-
New Homes Bonus	(561)	(561)	-
Council Tax surplus	(89)	(89)	-
Forecast (under) / over spend as at end of June 2018	-	-	-

Salary Savings Target

In setting the budget for 2018/19, it was assumed that £150k would be saved by not filling posts immediately. The latest position is that £118k of salary savings have been secured to date. This includes £5k identified through the senior management restructure approved in February 2018. In forecasting the outturn position above to the 31 March 2019, it is assumed that the target will be achieved.

Non-salary Savings Target

It was also agreed that there would be an in-year efficiency savings / additional income target of £250k. The latest position is that £136k of non-salary savings have been secured to date, leaving a shortfall of **£114k** to identify during the remainder of the year. It is forecast at this early stage that this target will be achieved; however this will be monitored closely throughout the year.

7. Service Reports

The following tables show the Council's service units and their corresponding current forecast outturn position in comparison to their revised budget and the previously reported variance. As this is the first in-year monitoring report there are no previous forecasts for comparison.

a. Management Team

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
Management Team	333	333	333	-	-	-
Total	333	333	333	-	-	-

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

b. Policy and Engagement

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
Emergency Planning	2	2	2	-	-	-
Communications	80	80	80	-	-	-
Community Engagement	204	227	227	-	-	-
Performance & Policy	113	134	134	-	-	-
Management & Admin	70	70	70	-	-	-
Total	469	513	513	-	-	-

A Digital Transformation budget was agreed by the Executive at its meeting on 24th April 2018. iDox have now been appointed to support digital transformation in planning, land charges and housing. The first phase of delivery is underway.

Salary savings of £27k from a vacant communications officer post have been recognised for the year.

c. People and Development

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
People & Development	250	258	258	-	-	-
Total	250	258	258	-	-	-

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

d. Green Spaces and Amenities

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
Bereavement Service	(850)	(874)	(874)	-	-	-
Parks & Green Spaces	1,506	1553	1,553	-	-	-
Art Gallery & Museum	223	223	223	-	-	-
Transport	73	73	73	-	-	-
Total	952	975	975	-	-	-

Salary savings of £35k in respect of a vacant head gardener post have been identified during this quarter. This saving has been used to fund an increase in the cost of the Thompson Park HLF capital scheme rather than being used to meet the corporate salary savings target. This means that the Council does not have to find additional capital resources to fund the increased capital budget.

Income continues to be closely monitored during the year to enable early identification of areas where a forecasted shortfall of excess of income within the year so that remedial action can be taken. There is nothing to report at this stage and income is expected to meet the targets set.

Savings approved as part of the 2018/19 budget setting process are on target and will be achieved.

e. Legal & Democratic Services

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
Legal Services	293	289	264	(25)	-	(25)
Governance	788	788	788	-	-	-
Total	1,081	1,077	1,052	(25)	-	(25)

Salary savings of £61k have been identified and used to meet the corporate salary saving target reported in paragraph 6 above. These relate to the Procurement Officer post becoming vacant from September 2018, the vacant Head of Legal post from April to August 2018 and a vacant Principal Legal Officer post.

An insurance saving of **£25k** has been identified and reported.

Legal & Democratic Services, alongside the Finance Business Partner, will be closely monitoring the Local Land Charges income, and will report any variances once they become apparent.

f. Finance and Property

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
Finance Unit	711	744	744	-	-	-
Property	(353)	(383)	(307)	76	-	76
External Audit	65	65	65	-	-	-
Mortgages / HA Loans	(61)	(61)	(61)	-	-	-
Misc Income & Expend	(10)	(10)	(10)	-	-	-
Treasury	935	935	925	(10)	-	(10)
Total	1,287	1,290	1,356	66	-	66

Salary savings of £26k, relating to the vacant Finance Manager and Auditor posts, have been identified and used to meet the corporate salary saving target reported in paragraph 6 above.

A projected shortfall in rental income of **£76k** has been identified to take place in 2018/19. The shortfall is due to the transfer of Brunshaw Avenue Shops to Calico (£16k), vacant offices in Padiham Town Hall which became vacant following the flood damage to the building in December 2015 (£26k) and a reduction in the 10% contribution we receive from the rental of Charter Walk properties (£34k). Rental income will continue to be closely monitored during the year and any longer-term shortfalls in income will be reflected in the Medium Term Financial Strategy.

Treasury costs continue to be monitored closely during the year. It is anticipated that there will be an interest rate increase during 2018 which will result in increased future borrowing costs and interest receivable by the Council.

g. Revenues and Benefits

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
Revs & Bens Client	(391)	(391)	(391)	-	-	-
HB Payments/Subsidy	(74)	(74)	(74)	-	-	-
Council Tax Support	(165)	(165)	(165)	-	-	-
Cost of Collection	(703)	(703)	(703)	-	-	-
Total	(1,333)	(1,333)	(1,333)	-	-	-

Caseload numbers continue to reduce due to Universal Credit. This has resulted in a reduction in the amount of housing benefit payments made to claimants during the year with a corresponding reduction in housing benefit subsidy received from the Department for Work & Pensions. This will continue to be monitored during the year.

h. Leisure Trust Client

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
Mechanics & Arts	47	47	47	-	-	-
Leisure Centres	557	557	557	-	-	-
Total	604	604	604	-	-	-

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

i. Streetscene

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
Engineering Services	120	126	126	-	-	-
Community Safety	245	245	245	-	-	-
Car Parking	(565)	(568)	(568)	-	-	-
CCTV	137	139	139	-	-	-
Environmental Servs	2,737	2,774	2,774	-	-	-
Regulation	(244)	(244)	(244)	-	-	-
Management & Admin	725	727	727	-	-	-
Total	3,155	3,199	3,199	-	-	-

There are no variances or issues of concern, including income, to report in this quarter. Income and expenditure budgets will continue to be monitored into quarter 2 to identify shortfalls or excess income.

j. Housing and Development Control

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
Housing	413	496	496	-	-	-
Development Control	(68)	(68)	(68)	-	-	-
Building Control	83	83	83	-	-	-
Selective Licensing	(49)	(49)	(49)	-	-	-
Total	379	462	462	-	-	-

There are no variances or issues of concern to report in this cycle. Housing and Development Control, alongside the Finance Business Partner, will be closely monitoring both Disabled Facilities Grant fee income and Planning income, and will report any variances once they become apparent.

k. Economy and Growth

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
Markets	91	104	104	-	-	-
Planning Policy	198	198	198	-	-	-
Economic Devt	472	454	484	30	-	-
Regeneration Devt	520	538	538	-	-	-
Management & Admin	123	139	139	-	-	-
Total	1,404	1,433	1,463	30	-	-

Paragraph n gives further details of a transfer of revenue budget to Earmarked Reserves relating to the Burnley-Pendle Growth Programme.

There is a budget variance of **£30k** in economic Development compared to the forecast. This is due to a projected shortfall in income from the Vision Park Development. The original budget had been based on the building being completed in October 2017. It was finally completed and handed over to the Council in January 2018 creating delays in letting the units. Eight out of 17 units or 47% of the floor space units is now occupied and the other units are being actively marketed. There are 5 active enquiries. There will always be a degree of vacancies in these units and it is anticipated that in future years they will be 85% occupied, but this will be subject to churn and market conditions.

It is also worth noting the Market Hall income is similarly volatile and difficult to predict. We continue to monitor the position and are actively marketing vacant units as well as carrying out some works to address the ventilation problems in the market.

l. Strategic Partnership

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
Strategic Partnership	3,610	3,610	3,550	(60)	-	(60)
Total	3,610	3,610	3,550	(60)	-	(60)

The Council set aside £90k during the budget setting process for 2018/19 for additional income that could have been due to Liberata in respect of work undertaken in 2017/18 to increase the Council's taxbase for 2018/19 onwards. It is estimated that £30k is required which has resulted in a saving of **£60k** for the year.

m. Corporate Budgets

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
Democratic Represent'n	21	21	21	-	-	-
Corporate Management	75	75	75	-	-	-
Corporate Costs	1,626	1,615	1,604	(11)	-	(11)
Statutory Adjustments	1,690	1,697	1,697	-	-	-
Taxation & Grants	(596)	(545)	(545)	-	-	-
Total	2,816	2,863	2,852	(11)	-	(11)

As part of the savings proposals for 2018/19, the Council has prepaid the employer's pension contributions for the year to the Lancashire Pension Fund. In addition to the original saving, it is estimated that this will achieve further savings of **£46k** in 2018/19.

The re-profiling of capital schemes from 2017/18 to 2018/19, that are being funded from prudential borrowing, has resulted in a one-off saving of **£32k** in the Minimum Revenue Provision (MRP) cost for 2018/19. 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.

Based on utility usage during the previous twelve month period, it is estimated that there will be an underspend of **£54k** during 2018/19. This will continue to be monitored closely during the year and any longer term savings will be incorporated into the Medium Term Financial Strategy.

A net reduction in the rateable value of a number of the Council's administrative and operational buildings has resulted in an underspend on the business rates payable by the Council of **£15k** for 2018/19.

As mentioned in paragraph 6, non-salary savings of **(£136k)** have been secured to date. This reduces the target of £250k for in-year efficiency savings / additional income, leaving a shortfall of £114k to identify during the remainder of the year.

n. Earmarked Reserves

The table below shows the current forecast outturn position and compares this with the revised budget.

	Original Budget £'000s	Revised Budget £'000s	Current Forecast £000's	Current Variance £000's	Variance Last Reported £'000s	Movem't £'000s
Earmarked Reserves	83	(194)	(194)	-	-	-
Total	83	(194)	(194)	-	-	-

There is no proposed use of reserves in 2018/19 to support revenue expenditure. However, any shortfall in meeting the salary savings and in-year efficiency savings targets within 2018/19 will need to be met from reserves. At this stage it is expected that these targets will be achieved.

Proposed increased use of reserves during quarter 1 of **£747k**, shown in Appendix 3, is detailed below:

- Transfer of the Burnley-Pendle Growth Programme from a revenue budget, contained within Economy and Growth, to the capital programme and **reducing** the Growth Reserve utilisation by **(£200k)** in 2018/19, from £400k to £200k. The remaining £200k will be re-profiled into the 2019/20 capital programme.
- **Increased** utilisation of the Growth Reserve to fund capital slippage from 2017/18 into 2018/19 of **£246k** for Former Open Market & Former Cinema Block (£20k), Thompson Park Restoration Project (£132k) Building Infrastructure Works (£92k) and Lower St James Street (£2k) capital schemes.
- **Increased** utilisation of the Transport Reserve of **£3k** to finance the acquisition of vehicles and ground maintenance equipment in the capital programme.
- **Increased** utilisation of the Flood Reserve of **£39k** to fund retention works for the Padiham Town Hall-Flood Works (£3k) and Building Infrastructure Works (£36k) capital schemes.
- Utilisation of the Town Centre Management Reserve of **£375k** to finance the Contribution to Shopping Centre Development capital scheme.
- Utilisation of Town Centre Masterplan Reserve of **£18k** for the further development of the masterplan.
- Grants received in 2017/18 which remained unspent at the end of the financial year were transferred into the Grants Unapplied Reserve as part of the 2017/18 Final Outturn Report. These budgets, totalling **£163k**, are required in 2018/19 and will be financed by the utilisation of the Grants Unapplied Reserve.

- Further carry forwards of **£42k** approved as part of the 2017/18 Final Outturn Report, are required in 2018/19 and will be funded from the Transformation Reserve.
- A Digital Transformation budget of **£61k** was agreed by the Executive at its meeting on 24th April, funded from the Transformation Reserve.

The use of reserves shown above has previously been approved as future commitments.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

8. As shown in the body of the report.

POLICY IMPLICATIONS

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

DETAILS OF CONSULTATION

10. Management Team
Heads of Service

BACKGROUND PAPERS

11. None

FURTHER INFORMATION

PLEASE CONTACT:

Howard Hamilton-Smith – Finance Manager

ALSO:

Asad Mushtaq – Head of Finance & Property

This page is intentionally left blank

Movements in Revenue Budget 2018/19 - to 30 June 2018

	Original Budget	Changes this Cycle (Cycle 1)	Transfers to /(from) Earmarked Reserves (see App 3)	Grants Unapplied carried forward from 2017/18	TOTAL OVERALL MOVEMENT	Revised Budget
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Management Team	333	-			-	333
Policy and Engagement	469	(30)	74		44	513
People and Development	250	8			8	258
Green Spaces and Amenities	952	23			23	975
Legal and Democratic Services	1,081	(4)			(4)	1,077
Finance and Property	1,287	(27)	30		3	1,290
Revenues and Benefits	(1,333)	-			-	(1,333)
Leisure Trust Client	604	-			-	604
Streetscene	3,155	2	42		44	3,199
Housing and Development Control	379	3	80		83	462
Economy and Growth	1,404	29	-		29	1,433
Strategic Partnership	3,610	-			-	3,610
Corporate Budgets	2,816	(4)	51		47	2,863
Use of Earmarked Reserves	83	-	(277)		(277)	(194)
	15,090	-	-	-	-	15,090

Revenue Budget Update by Service Area - to 30 June 2018

	Revised budget for year				Forecast outturn for year				Forecast Variance			
	Pay	Non Pay	Income	Total	Pay	Non Pay	Income	Total	Pay	Non Pay	Income	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Management Team	317	16	-	333	317	16	-	333	-	-	-	-
Policy and Engagement	458	370	(315)	513	431	370	(315)	486	(27)	-	-	(27)
People and Development	173	85	-	258	173	85	-	258	-	-	-	-
Green Spaces and Amenities	1,920	1,091	(2,036)	975	1,920	1,091	(2,036)	975	-	-	-	-
Legal and Democratic Services	763	867	(553)	1,077	702	842	(553)	991	(61)	(25)	-	(86)
Finance and Property	847	1,974	(1,531)	1,290	821	1,974	(1,465)	1,330	(26)	-	66	40
Revenues and Benefits	-	30,782	(32,115)	(1,333)	-	30,782	(32,115)	(1,333)	-	-	-	-
Leisure Trust Client	-	851	(247)	604	-	851	(247)	604	-	-	-	-
Streetscene	1,045	4,012	(1,858)	3,199	1,045	4,012	(1,858)	3,199	-	-	-	-
Housing and Development Control	1,320	315	(1,173)	462	1,320	315	(1,173)	462	-	-	-	-
Economy and Growth	1,054	1,234	(855)	1,433	1,054	1,234	(825)	1,463	-	-	30	30
Strategic Partnership	-	3,610	-	3,610	-	3,550	-	3,550	-	(60)	-	(60)
Corporate Budgets	1,221	2,266	(624)	2,863	1,289	2,301	(624)	2,966	68	35	-	103
Use of Earmarked Reserves	-	-	(194)	(194)	-	-	(194)	(194)	-	-	-	-
Total	9,118	47,473	(41,501)	15,090	9,072	47,423	(41,405)	15,090	(46)	(50)	96	-

Position on Earmarked Reserves - to 30 June 2018

Position on Earmarked Reserves	Transformation Reserve	Growth Reserve	Other Specific Reserves	Total Reserves
	£'000	£'000	£'000	£'000
Opening Balance at 1 April 2018	(1,831)	(3,218)	(1,729)	(6,778)
Original Budget 2018/19 - Use of Reserves 2018/19	-	1,273	(1,356)	(83)
Carry forwards from 2017/18 Approved	216	-	-	216
	(1,615)	(1,945)	(3,085)	(6,645)
Changes in cycle 1	195	(46)	598	747
Anticipated Balance at 31 March 2019	(1,420)	(1,991)	(2,487)	(5,898)
Approved Use of Reserves in future years	-	1,844	2,418	4,262
Balance after approvals	(1,420)	(147)	(69)	(1,636)

This page is intentionally left blank

Capital Monitoring Report 2018/19 – Quarter 1 (to 30 June 2018)

REPORT TO EXECUTIVE



DATE	14 August 2018
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Howard Hamilton-Smith
TEL NO	(01282) 475869
EMAIL	Hhamilton-smith@burnley.gov.uk

PURPOSE

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

RECOMMENDATION

2. The Executive is asked to:
 - a. Recommend to Full Council, approval of net budget changes totalling an increase of £229,857 giving a revised capital budget for 2018/19 totalling £11,680,788 as detailed in Appendix 1.
 - b. Recommend to Full Council, approval of the proposed financing of the revised capital budget totalling £11,680,788 as shown in Appendix 2.
 - c. Note the latest estimated year end position on capital receipts and contributions showing an assumed balance of £1,011,557 at 31 March 2019, in Appendix 3.
 - d. Recommend to Full Council, approval of a new Capital Scheme for the Calder Park, totalling £10,132, funded from 3rd Party Contributions and Revenue Contributions.
 - e. Recommend to Full Council, approval of a new Capital Scheme for the Stoops Wheeled Sport at Hargher Clough Park, totalling £134,000, funded from Capital Grants, Capital Receipts and 3rd Party Contributions.
 - f. Recommend to Full Council, approval of the transfer of the Burnley-Pendle Growth Programme from revenue to the capital programme, totalling £200k, funded from the Growth Reserve.

REASONS FOR RECOMMENDATION

3. To effectively manage the 2018/19 capital programme.

SUMMARY OF KEY POINTS

4. Monitoring Information

On 21 February 2018 Full Council approved the 2018/19 original capital budget, totalling £10,140,512. Since February, a number of reports have been approved by the Executive, resulting in revising the 2018/19 capital budget to £11,450,931 (as at 3 July 2018 Executive).

This is the first of three of in-year monitoring reports, and as such the appendices accompanying this report provide Members with the position as at 30 June 2018 on expenditure, along with providing Members with an update on the progress of the individual schemes delivery.

5. Executive Summary

- a. **Expenditure monitoring – Appendix 1** provides a detailed breakdown of the revised capital budget, scheme by scheme, presented under each of the relevant service unit areas responsible for delivering the capital projects. It shows the recommended revised budget position and expenditure as at the end of June 2018. The expenditure to date is £1,636,975 which is 14% of the proposed revised budget.
- b. **Revised budget and financing elements – Appendix 2** shows the revised budget of £11,680,788, along with identifying the recommended financing elements on a scheme by scheme basis.
- c. **Council resources position – Appendix 3** shows the latest position on capital receipts, section 106 monies and third party contributions. As at the end of this round of budget monitoring the assumed level of surplus available local resources, after taking into account the 2018/19 capital commitments, totals £1,011,557.

6. Revenue Implications

a. Revenue Contributions 2018/19

The Capital Programme includes Revenue Contributions of £1,734,807, being:

Scheme	£
Thompson Park Restoration Project	178,033
Play Area Improvement Scheme	2,500
Vehicle and Machinery Replacement	119,069
Calder Park	2,000
Lower St James Street	400,000
Former Open Market & Former Cinema Block	297,197
Burnley-Pendle Growth Programme	200,000
Contribution to Shopping Centre Redevelopment	375,000
Padiham Town Hall – Flood Works	3,048
Building Infrastructure Works	157,960
Total Revenue Contributions	1,734,807

b. Prudential Borrowing 2018/19

The proposed revised capital budget for 2018/19 includes a use of Prudential Borrowing totalling £1,813,681.

The revenue implications of borrowing £1,813,681 are a Minimum Revenue Provision (MRP) of £46k and an interest charge, assuming 4% on the borrowing would equate to £72k for a full year.

The original capital budget for 2018/19 of £10,140,512 included a planned borrowing requirement of £1,591,440. This has subsequently changed as schemes have slipped from 2017/18 into 2018/19.

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 2019/20 (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 2019/20.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

7. An increase in the 2018/19 capital programme of £229,857 to give a revised budget of £11,680,788 and no change in the borrowing requirement, which remains at £1,813,681.

POLICY IMPLICATIONS

8. None arising directly from this report.

DETAILS OF CONSULTATION

9. Management Team

BACKGROUND PAPERS

10. None

FURTHER INFORMATION

PLEASE CONTACT:

Howard Hamilton-Smith – Finance Manager

ALSO:

Asad Mushtaq – Head of Finance & Property

This page is intentionally left blank

2018/19 CAPITAL BUDGET CYCLE 1 MONITORING - UPDATE

Scheme Name	Budget as at Exec 03/07/18 £	Adjustments Per This Report		Changes to be approved in this report A + B £	Revised Budget £	Total Spend as at 30/06/18 £	% Schemes Spend £	Financed by External Funding £	Narrative provided by Project Officers/Heads of Service
		Budget Adjustments A £	Reprofiled into Future Years B £						

GREEN SPACES & AMENITIES

Thompson Park Restoration Project	646,628	44,251		44,251	690,879	269,834	39%	512,846	The main refurbishment is due to complete in August 2018. The budget is fully committed
Prairie Artificial Pitch	485,000			-	485,000	-	0%	395,000	The funding application to the Football Foundation was submitted in July 2018. A decision on the application is expected around September 2018.
Play Area Improvement Programme	99,500			-	99,500	556	1%	42,500	Consultation work is underway for the Towneley Riverside play area and a Lancashire Environment Fund application was submitted in July 2018. The other schemes are Piccadilly gardens, Harold Ave and Faraday St (Whittlefield Rec) - works on these schemes will not start until late autumn
Vehicle & Machinery Replacement	111,561	7,508		7,508	119,069	106,758	90%	-	Most of the machinery and equipment has been procured in the early part of the financial year. The main items procured are a new fairway mower for the golf course and a digger
Calder Park	-	10,132		10,132	10,132	-	0%	8,132	Approval sought to include this scheme, to construct pump track (off-road terrain for cycle sport) at Calder Park
Stoops Wheeled Sport	-	134,000		134,000	134,000	-	0%	129,355	Approval sought to include this scheme, to create a new wheeled sports area at Hargher Clough Park
	1,342,689	195,891	-	195,891	1,538,580	377,148	25%	1,087,833	

STREETSCENE

Burnley Town Centre Pedestrianisation Upgrade	13,615			-	13,615	-	0%	-	The work on the scheme is now complete and final a final invoice is expected to be received shortly
River Training Walls	78,289			-	78,289	17,774	23%	-	Work is planned for quarters 3 / 4 on essential tree clearance to prevent degradation of key river training walls and essential rebuild work is planned to start in quarter 4 on the river Brun
Lower James Street	400,000			-	400,000	-	0%	-	Discussions ongoing with LCC regarding a proposed scheme
CCTV Infrastructure	65,331			-	65,331	420	1%	-	Upgrade work of cameras to be undertaken during quarters 3 / 4 in support of the East Lancashire CCTV Hub
Alleyway Programme	51,082			-	51,082	-	0%	-	Current list of over 80 applications. 10 priority schemes selected with consultation to take place in quarters 2 / 3 and installation in quarter 4. Full allocation to be used in the year
	608,317	-	-	-	608,317	18,194	3%	-	

2018/19 CAPITAL BUDGET CYCLE 1 MONITORING - UPDATE

APPENDIX 1

Scheme Name	Budget as at Exec 03/07/18 £	Adjustments Per This Report		Changes to be approved in this report £	Revised Budget £	Total Spend as at 30/06/18 £	% Schemes Spend £	Financed by External Funding £	Narrative provided by Project Officers/Heads of Service
		Budget Adjustments	Reprofiled into Future Years						
		A	B	A + B					
REGENERATION & PLANNING POLICY									
Vision Park	295,904			-	295,904	101,080	34%	97,402	This is the final retention fee for the scheme and is due for payment in Feb 2019
Padiham Townscape Heritage Initiative	609,791		(488,468)	(488,468)	121,323	-	0%	121,323	The revised capital expenditure forecast for 2018/19 shows a reduction in the budget required for the year. This takes into account the delays in securing a contract with HLF and appointing the programme officer
Former Open Market & Former Cinema Block	1,400,353			-	1,400,353	14,510	1%	-	Contractor appointed and strip-out works have commenced.
Weavers Triangle - Starter Homes	52,271			-	52,271	29,481	56%	52,271	Works are now complete and the balance of the scheme will be spent in quarter 2
Infrastructure & Highways Works	41,608	(41,608)		(41,608)	-	-	0%	-	This scheme is now complete and the budget is no longer required
NW Burnley Growth Corridor	1,385,117		(1,185,117)	(1,185,117)	200,000	42,412	0%	200,000	The expenditure profile for this project has been changed to reflect the Environment Agencies projected timescales. Work is underway on the design and full business case for the flood defence and public realm works in Padiham with a start on sites expected in April 2019 and October 2019 respectfully.
Burnley-Pendle Growth Programme	-	200,000		200,000	200,000	-	0%	-	Agreed contribution to this scheme is £722k. An extension to the programme to 2021 has been approved. A number of works have recently been completed, so we expect LCC to invoice us for the works this financial year, estimated to be £200k
Town Centre & Weavers Triangle Project Work	350,000			-	350,000	200,000	57%	-	Interest-free loan-funding of £250k has been made available to the Joint Venture company (of which Burnley Council owns 50%) for the strategic acquisition and demolition in the Weavers Triangle of the George Street Mill site. A match-loan has also been made available by the Joint Venture partner for the same amount. This will ensure land will be available for future development
	4,135,044	158,392	(1,673,585)	(1,515,193)	2,619,851	387,483	15%	470,996	
FINANCE & PROPERTY									
Town Hall Building Works	49,490	6,510		6,510	56,000	-	0%	-	Dry rot – enabling works to provide temporary partition ordered via repairs and maintenance budget. Approval for £6,000 additional specialist dry rot survey and order placed. Works to be staged over two years; estimated cost this year is £20,000. Victorian Tower Roof – Estimated cost of £30,000 for repairs to the Victorian Tower Roof to stop the water ingress which caused a rot infestation
Contribution to Shopping Centre Redevelopment	375,000			-	375,000	375,000	100%	-	Complete
Padiham Town Hall - Flood Works	3,048			-	3,048	-	0%	-	Small retention due to main contractor after defects period
Rationalisation of Operational Estate	300,000			-	300,000	-	0%	-	Provisional layouts and service moves agreed. Costings being sought for amendments to IT, structural alterations required and moving costs
Leisure Centre Improvements	93,077			-	93,077	20,280	22%	-	Agreed works to Padiham Leisure Centre include a ventilation system for the spinning room and renewal of sauna benches. St Peters Leisure Centre works are to renew sauna benches and 'Changing Places' conversion of disabled change. The Mechanics works include replacing lighting with LED equivalents
Building Infrastructure Works	320,107	320,000		320,000	640,107	76,947	12%	-	Essential works to Burnley Town Hall are continuing to take place, including to the Council chamber gutter to prevent water ingress. More extensive roof works currently are out to tender and costs are awaited. Quotes are also awaited for works at Padiham Town Hall for the relining of the inner quadrangle gutters, utilising existing scaffolding. External perimeter gutters are to be addressed in the next financial year. Budget adjustments reflect the revised schedule of works
	1,140,722	326,510	-	326,510	1,467,232	472,227	32%	-	

2018/19 CAPITAL BUDGET CYCLE 1 MONITORING - UPDATE

APPENDIX 1

Scheme Name	Budget as at Exec 03/07/18 £	Adjustments Per This Report		Changes to be approved in this report	Revised Budget £	Total Spend as at 30/06/18 £	% Schemes Spend £	Financed by External Funding £	Narrative provided by Project Officers/Heads of Service
		Budget Adjustments	Reprofiled into Future Years	A + B					
		A	B	A + B					
HOUSING & DEVELOPMENT CONTROL									
Emergency Repairs	120,000			-	120,000	15,844	13%	120,000	8 grants have been approved to date, totalling £40k
Better Care Grant	2,500,000	1,223,649		1,223,649	3,723,649	203,055	5%	3,723,649	A total of £933k has been committed with 80 adaptations approved and a further 40 being completed. Officers continue to liaise with Social Services and Occupational Health to ensure those residents that require home adaptations are identified and assisted. The budget allocation from the better Care Fund for 2018/19 is £2.223m plus £1.5m from 2017/18
Energy Efficiency	40,000			-	40,000	26,555	66%	40,000	45 grants have been approved to date, totalling £39k
Empty Homes Programme	1,100,000			-	1,100,000	132,008	12%	-	So far this year we have acquired 5 properties and works are progressing on their renovation. Officers have identified a further 14 properties to take forward for CPO this financial year. Officers are also working on a number of properties, which they plan to take forward for enforcement action.
Interventions, Acquisitions and Demolitions	363,000			-	363,000	2,701	1%	-	Painting scheme in the Ingham and Lawrence Selective Licensing Area is ongoing. Phase 1 of the painting scheme is underway with the 2 other phases due to start soon.
	4,123,000	1,223,649	-	1,223,649	5,346,649	380,163	7%	3,883,649	
CHIEF EXECUTIVE / CORPORATE INITIATIVES									
Ward Opportunities Fund	101,159	(1,000)		(1,000)	100,159	1,760	2%	-	Members in Wards with budget available have been advised of their balances and the process for submitting proposals. £1k contribution has been transferred to the Stoops Wheeled Sport scheme
	101,159	(1,000)	-	(1,000)	100,159	1,760	2%	-	
	11,450,931	1,903,442	(1,673,585)	229,857	11,680,788	1,636,975	14%	5,442,478	

2017/18 Cycle 1

15,589,217

2,797,837

18%

This page is intentionally left blank

Scheme Name	Revised Budget £	FINANCING ELEMENTS						Total Revised Budget £
		Prudential Borrowing £	Revenue Cont'n / Reserves £	Capital Grants £	Capital Receipts £	Vacant Property Initiative Receipts £	3rd Party Contribution / Section 106 £	
Green Spaces & Amenities								
Thompson Park Restoration Project	690,879		178,033	512,846			-	690,879
Prairie Artificial Pitch	485,000	90,000		225,000			170,000	485,000
Play Area Improvement Programme	99,500		2,500		54,500		42,500	99,500
Vehicle & Machinery Replacement	119,069		119,069					119,069
Calder Park	10,132		2,000				8,132	10,132
Stoops Wheeled Sport	134,000			120,755	4,645		8,600	134,000
	1,538,580	90,000	301,602	858,601	59,145		229,232	1,538,580
Streetscene								
Burnley Town Centre Pedestrianisation Upgrade	13,615	13,615						13,615
River Training Walls	78,289				78,289			78,289
Lower St James Street	400,000		400,000					400,000
CCTV Infrastructure	65,331	65,331						65,331
Alleygate Programme	51,082				51,082			51,082
	608,317	78,946	400,000	-	129,371	-	-	608,317
Regeneration & Planning Policy								
Vision Park	295,904	198,502		97,402				295,904
Padiham Townscape Heritage Initiative	121,323			121,323	-			121,323
Former Open Market & Former Cinema Block	1,400,353	1,103,156	297,197					1,400,353
Weavers Triangle - Starter Homes	52,271			52,271				52,271
NW Burnley Growth Corridor	200,000			200,000				200,000
Burnley-Pendle Growth Programme	200,000		200,000					200,000
Town Centre & Weavers Triangle Project Work	350,000	250,000			100,000			350,000
	2,619,851	1,551,658	497,197	470,996	100,000	-	-	2,619,851
Finance & Property								
Towneley Hall Building Works	56,000				56,000			56,000
Contribution to Shopping Centre Redevelopment	375,000		375,000					375,000
Padiham Town Hall - Flood Works	3,048		3,048					3,048
Rationalisation of Operational Estate	300,000				300,000			300,000
Leisure Centre Improvements	93,077	93,077						93,077
Building Infrastructure Works	640,107		157,960		482,147			640,107
	1,467,232	93,077	536,008	-	838,147	-	-	1,467,232
Housing & Development								
Emergency Repairs	120,000			120,000				120,000
Better Care Grant	3,723,649			3,723,649				3,723,649
Energy Efficiency	40,000			40,000				40,000
Empty Homes Programme	1,100,000					1,100,000		1,100,000
Interventions, Acquisitions and Demolitions	363,000					363,000		363,000
	5,346,649	-	-	3,883,649	-	1,463,000	-	5,346,649
Chief Executive								
Ward Opportunities Fund	100,159				100,159			100,159
	100,159	-	-	-	100,159	-	-	100,159
TOTAL OF ALL SCHEMES	11,680,788	1,813,681	1,734,807	5,213,246	1,226,822	1,463,000	229,232	11,680,788

This page is intentionally left blank

CAPITAL RECEIPTS AND CONTRIBUTIONS ANALYSIS FOR 2018/19 AND CIP 2019-22

APPENDIX 3

	<u>General Capital Receipts</u> £	<u>Vacant Property Initiatives Receipts</u> £	<u>Section 106 Money</u> £	<u>3rd Party Cont'ns</u> £	<u>Total</u> £
<u>Capital Resources Brought Forward on 1 April 2018</u>	1,090,856	2,703,316	229,981	65,399	4,089,552
<u>Add</u>					
Resources Received As At 30 June 2018:	70,723	47,113	-	-	117,836
Further Resources Estimated to be Received during 2018/19:	1,076,800	511,950	-	187,624	1,776,374
<u>Potential Resources Available during 2018/19</u>	2,238,379	3,262,379	229,981	253,023	5,983,762
<u>Less</u>					
Required to finance Capital Programme	(1,226,822)	(1,463,000)	-	(229,232)	(2,919,054)
Earmarked for Revenue Expenditure	-	-	(2,345)	-	(2,345)
Earmarked for Delivery By Outside Bodies	-	-	(174,286)	-	(174,286)
<u>Potential Capital Resources Carried Forward on 31 March 2019</u>	1,011,557	1,799,379	53,350	23,791	2,888,077
<u>Add</u>					
Resources Estimated to be Received during 2019/20	456,000	625,000	-	410,860	1,491,860
<u>Less</u> - 2019/20 Capital Budget	(1,244,784)	(1,000,000)	-	(410,860)	(2,655,644)
<u>Estimated Surplus / (Shortfall) of Resources as at 31 March 2020</u>	222,773	1,424,379	53,350	23,791	1,724,293
<u>Add</u> - Resources Estimated to be Received during 2020/21	350,000	1,000,000	-	538,860	1,888,860
<u>Less</u> - 2020/21 Capital Budget	(533,195)	(1,000,000)	(53,350)	(538,860)	(2,125,405)
<u>Estimated Surplus / (Shortfall) of Resources as at 31 March 2021</u>	39,578	1,424,379	-	23,791	1,487,748
<u>Add</u> - Resources Estimated to be Received during 2021/22	300,000	1,000,000	-	-	1,300,000
<u>Less</u> - 2021/22 Capital Budget	(107,488)	(1,000,000)	-	-	(1,107,488)
<u>Estimated Surplus / (Shortfall) of Resources as at 31 March 2022</u>	232,090	1,424,379	-	23,791	1,680,260

This page is intentionally left blank

REPORT TO THE EXECUTIVE



DATE	18 September 2018
PORTFOLIO	Resources and Performance Management
REPORT AUTHOR	Asad Mushtaq
TEL NO	(01282) 477173
EMAIL	amushtaq@burnley.gov.uk

Revenue Budgets 2019/2022 – Latest Position and Savings Proposals

PURPOSE

1. To update the Executive on the latest position regarding balancing the Council's 2019/22 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 2017 totalling £0.357m (see paragraph 10 below) to assist in balancing the 2019/20 and 2020/21 revenue budgets - see Appendix 1
 - b) proposed savings totalling £0.877m to assist in balancing the 2019/20, 2020/21 and 2021/22 revenue budgets - see Appendix 1

REASONS FOR RECOMMENDATION

4. To progress the preparation of the Council's 2019/22 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 2019/22 strategy was approved at the meeting of Full Council on 21 February 2018 and indicated that the cumulative budget gap for 2019/20, 2020/21 and 2021/22 was estimated to be £3.2m, equivalent to 21.3% of the 2018/19 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 was 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. 2019/20 is the final year of the four-year efficiency plan.

7. **Creating a Sustainable Future for the period 2019/22**

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, the Council has ensured that they are aligned to each of the themes contained within its strategic intent.

8. The table below summarises the latest MTFs position:

MTFS	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Funding	0.7	0.7	0.7	2.1
Continuation estimate	0.3	0.4	0.4	1.1
Budget Gap	1.0	1.1	1.1	3.2
% Net Revenue Budget	6.7%	7.3%	7.3%	

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 2018/19 baselines;
- iii) Pay award has been assumed at 2% 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 £1.6m Revenue Support Grant has been secured for 2019/20; and
- vi) Reductions in Revenue Support Grant for 2020/21 and 2021/22 will be in line with reductions in recent years.

10. **Savings Proposals**

Appendix 1 shows details of proposed total net savings of £0.877m - £0.596m for 2019/20, £0.246m for 2020/21 and £0.035m for 2021/22. The savings for 2019/20 include £0.270m 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, £0.366m of savings were approved at Full Council on 27 September 2017. This has subsequently been reduced to £0.357m due to the deletion of subsequently unachievable savings, namely the Thompson Park NDR savings (£3k) and Review of the Property Function (£5k) proposals together with minor amendments (£1k), - £0.305m for 2019/20 and £0.052m for 2020/21. Total savings identified for 2019/20 to 2021/22 will therefore be £1.234m.

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 for details.

12. **Latest 2019/22 Revenue Budgets Position**

It can be seen in the table at paragraph 8 above that there is an overall savings requirement of £3.229m over the period 2019/22. The savings recommended for approval in Appendix 1 total £0.877m which, together with the £0.357m of savings already approved, leaves a balance of savings required over the period 2019/22 at this stage of £1.995m - £0.127m for 2019/20, £0.806m for 2020/21 and £1.062m for 2021/22. Proposals to meet the 2019/20 balance of savings required will be taken to Full Council for approval in February 2019.

13. **Risks**

- a) Funding changes – 2019/20 is the final year of the four-year settlement, which covered the period 2016/20. The Government is in the process of revising the methodology for allocating funding to Councils from 2020/21 onwards. This includes changes to the current business rates system together with a Fair Funding Review. A further round of consultation around the detail of these proposals is due in the near future. It is uncertain at this stage how these changes will impact on the Council's funding in future years.
- 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 2019/20 continuation budget is currently being undertaken. Issues may arise from the exercise that could have an impact on the 2019/20 budget and future years.
- d) Public demand on commercial risks – An element of the savings proposals have arisen in response to the change in the Council's commercial risk appetite. Fees and charges are a significant element of the Council's funding and can be subject to fluctuations between years due to competition, weather and the performance of the economy. This will be closely monitored during the year to ensure that targets are being achieved.
- e) Interest rates – Interest rates have been at a historical low for the last few years. There are indications that the Bank of England will increase the base rate in stages, starting in 2018/19, during the next three-year period covered by the MTFs. This would have implications on the Council's revenue budget in future years where there is a requirement to finance future capital schemes from borrowing.

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 & Property

ALSO:

Howard Hamilton-Smith – Finance Manager

	2019/20 £'000	2020/21 £'000	2021/22 £'000	TOTAL £'000
Budget Gap (a)	1,028	1,104	1,097	3,229
Savings Approved				
Full Council September 2017	305	52	-	357
	305	52	-	357
Proposed Savings (see below)				
Staffing Savings	270	-	-	270
Non-Staffing Savings	326	246	35	607
	596	246	35	877
Total Savings (b)	901	298	35	1,234
Remaining Budget Gap - Savings to be identified (a-b)	127	806	1,062	1,995
Proposed Savings (detail)				
Staffing Savings				
Reductions in Staffing	270	-	-	270
	270	-	-	270
Non-Staffing Savings				
Burnley market operational savings	20	-	-	20
Efficiency saving on annual service charge @ 3% - Burnley Leisure	-	6	6	12
Introduce Pest Control chargeable service (Commercial property only)	10	20	-	30
Fixed Penalty Notice income share	30	20	-	50
Increased take-up of garden waste income (charges to remain the same)	35	-	-	35
Implement a charge for new property on re-naming and numbering	3	7	-	10
Increase in rental income from Council owned properties	-	27	15	42
Reduction in size of vehicle fleet and replace 5 small diesel vans with electric vehicles	-	14	14	28
Increase Disabled Facilities Grant administration fee - no impact on grants to residents	14	14	-	28
Capitalise 100% of a technical officer post (50% in each year)	21	21	-	42
Property Fund investment income	70	-	-	70
External audit fee saving	12	-	-	12
Relocate Contact Centre	39	117	-	156
Reduction in utility costs	72	-	-	72
	326	246	35	607
Total Savings Proposals	596	246	35	877

This page is intentionally left blank

APPENDIX 2 - SUMMARY OF EQUALITY IMPACT ASSESSMENT

REVENUE BUDGET SAVINGS PROPOSALS 2018/19

1.	Title of EIA	Equality Impact Assessment – Revenue Budget Savings Proposals 2019/20
2.	Person responsible for the assessment	Rob Dobson
3.	Contact details	01282 475 842 rdobson@burnley.gov.uk
4.	Date of assessment	Completed 22nd August 2018

An equality impact assessment has been carried out in respect of the proposals presented to Full Council in September 2018. This document summarises the results of this work. A further equality impact assessment in relation to the impact of the detailed proposals on the workforce will be presented to a future meeting of the Executive, once these are drawn up, and before decision making on that issue.

The outcome of this equality impact assessment is that all proposals being currently considered for savings in 2019/20 – 2021/22 are neutral in terms of their impact on people with protected characteristics under equalities legislation.

OBJECTIVE

1.	What is the main purpose of the project?	To set a budget for the council in 2019/20 that: <ul style="list-style-type: none"> • is in line with the agreed Medium Term Financial Strategy; • responds to the financial challenges facing the council; • enables the council to continue its focus on agreed priorities.
2.	Who are the main stakeholders?	Stakeholder analysis showed that the main stakeholders are Burnley Council's: <ul style="list-style-type: none"> • service users • residents/Council tax payers • Councillors; and • Council employees.

3.	How are they expected to benefit?	Through the council ensuring a sustainable future for its services through good financial management and transparent decision making to determine priorities.
4.	How will the change be implemented?	The budget will be agreed through decision making structures and processes in line with the council constitution. The agreed budget in 2019/20.
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"> • Analysis of workforce profile • Analysis of services • Census data.

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 has been considered.
2.	What communications activities have assisted in completing this EIA?	There has been consultation on the principles underlying the council's Medium Term Financial Strategy, and comments from that consultation have been considered during the EIA work.

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

¹ 'All areas of impact' refers to the detailed list of proposed revenue budget savings proposals 2018 - 19

Equality impact assessment action plan

A review of the implementation of the budget proposals will be carried out by an appropriate council officer, to identify if any equality impact issues have arisen. This will take place on a timetabled basis in September 2019, or earlier if issues are reported to the council. A specific area of focus will be to ensure that the relocation of customer service centre maintains or improves accessibility for older people, people with disabilities and people living with long term limiting illnesses such as dementia.

Scrutiny Work Programme 2018/19

<p>27th June</p>	<p>Notice of Key Decisions and Private Meetings Report/presentation from Liberata Outturn budget reports 2017/18 Treasury Management 2017/18 Year-end performance report 2017/18 S106 Agreements Review Groups Work Plan</p>
<p>17th September</p>	<p>Notice of Key Decisions and Private Meetings Leisure Trust Annual Report Revenue Budget Monitoring Q1 Capital Budget Monitoring - Q1 MTFS/Budget Setting Process 2019/20 Peer Review follow up Review Groups Work Plan</p>
<p>*Monday 10th December* Budget Scrutiny Panel</p>	<p>NKDPM Revenue Budget Monitoring Q2 Capital Budget Monitoring - Q2 Fees & Charges Additional Budget Reports Food Delivery Plan Health & Safety Delivery Plan Half Year performance report Community Safety Annual Report Review Groups Work Plan</p>
<p>7th February 2019 Budget Scrutiny Panel</p>	<p>NKDPM Revenue Budget Monitoring Q3 Capital Budget Monitoring - Q3 Budget Reports Draft Strategic Plan Review Groups Work Plan</p>
<p>13th March 2019</p>	<p>Notice of Key Decisions and Private Meetings State of the Local Economy (reduced to annual reporting) Resident Satisfaction Survey <i>Aspirations Strategy Update? – postponed from September 18</i> Review Groups Work Plan 2019/20</p>

This page is intentionally left blank