

Agenda



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Cabinet (Special Meeting)

Wednesday, 19 November 2025 at 5.00 pm,
QER, Scaitcliffe House, Ormerod Street, Accrington

Membership

Chair: Councillor Munsif Dad BEM JP (in the Chair)

Councillors Vanessa Alexander, Scott Brerton, Stewart Eaves, Melissa Fisher, Clare Pritchard, Ethan Rawcliffe and Kimberley Whitehead

S U P P L E M E N T A L A G E N D A

PART B: PORTFOLIO ITEMS

The following Items to be taken in Part B, following Item 4.

Portfolio Holder for Resources and Council Operations (Councillor Vanessa Alexander)

5. **Prudential Indicators Monitoring and Treasury Management Strategy Update – Quarter 2 2025/26 (Pages 57 - 66)**
Report attached.
6. **Revenue Budget Monitoring 2025/26 – Quarter 2 to end of September 2025 (Pages 67 - 78)**
Report attached.
7. **Capital Programme Monitoring 2025/26 – 2027/28 - Quarter 2 Update to 30th September 2025 (Pages 79 - 92)**



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Report attached.

Agenda Item 5.

<u>AGENDA ITEM</u>		
REPORT TO:		Cabinet
DATE:		19 November 2025
PORTFOLIO:		Councillor Vanessa Alexander – Resources & Council Operations
REPORT AUTHOR:		Carol Worthington – Principal Accountant M Dyson – Executive Director of Resources
TITLE OF REPORT:		Prudential Indicators Monitoring and Treasury Management Strategy Update – Quarter 2 2025/26
EXEMPT REPORT:	No	
KEY DECISION:	No	If yes, date of publication:

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide Cabinet with an update on the Council's treasury management activities for the current financial year. It outlines the performance of investments and borrowing, assesses compliance with the approved Treasury Management Strategy, and highlights any emerging risks or opportunities that may impact the Council's financial position.
- 1.2 This report supports effective budget monitoring and ensures transparency and accountability in the management of public funds.

2. RECOMMENDATION(S)

- 2.1 That members of the Cabinet notes the treasury management activities undertaken during the period and the performance against the approved strategy.

3. BACKGROUND

- 3.1 Local authorities are required to manage their borrowing, investments, and cash flows in a way that is affordable, prudent, and sustainable. This is governed by the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice, which together set the framework for how councils plan and monitor their capital financing and treasury activities.

3.2 As part of this framework, councils must set Prudential Indicators each year to support decision-making around capital investment and borrowing. These indicators help demonstrate that the Council's plans are financially sound and that risks are being managed appropriately.

3.3 The Council also adopts a Treasury Management Strategy annually, which outlines how it will manage borrowing, investments, and cash balances throughout the year. Regular monitoring reports are required to track performance against the strategy and indicators, and to provide assurance that treasury activities remain aligned with the Council's financial objectives.

4. BORROWING ACTIVITIES DURING THE PERIOD

4.1 **TABLE 1** below shows the current borrowing position at Q2 2025/26 compared with the original estimate. An increase in finance leases relating to vehicle purchases has increased the liability and Capital Financing Requirement (CFR) totals.

4.2 **TABLE 1** – Comparison of latest position with the original estimate as at Q2 2025/26:

Borrowing Position – Q2 2025/26	Original Estimate 2025/26	Forecast at Q2 2025/26
	£'000	£'000
External Debt		
Borrowing	9,595	9,595
Other Long-Term Liabilities	1,967	4,088
Total External Debt	11,562	13,683
Capital Financing Requirement	9,190	11,311
Under/(Over) Borrowing	(2,372)	(2,372)

4.3 The Council continues to operate within the borrowing limits and targets set at the start of the financial year. A key measure in the Prudential Indicators is the relationship between the Capital Financing Requirement (CFR) and the Council's gross external debt.

4.4 The CFR represents the total amount the Council has needed to borrow over time to fund capital investment — such as buildings, infrastructure, and equipment. It reflects the underlying need to borrow, even if the Council chooses to use internal resources (like reserves or cash balances) instead of taking out loans. The gross external debt of £13.683m is the actual amount the Council has borrowed from external sources, such as the LOBO loans and finance leases.

4.5 In general, gross debt should not exceed the CFR. This is an important safeguard built into the Prudential Code, as it provides assurance that the Council is not borrowing more than it needs for capital purposes — and crucially, that it is not borrowing to fund day-to-day services, which is not permitted.

4.6 In 2025/26, the Council's gross debt is forecast to exceed the CFR by £2.372m, placing us in an over-borrowed position. This is not due to new borrowing, but is explained by:

- Historic loans that are structured with repayment at maturity (i.e. the full amount is repaid at the end of the loan term). These loans keep the gross debt figure high, while the CFR

reduces each year through the Minimum Revenue Provision (MRP) — an annual charge that reflects repayment of capital.

- The implementation of IFRS 16 – Leases, which now requires all lease liabilities (e.g. for vehicles and equipment) to be shown on the balance sheet as debt. This has increased the reported level of gross debt, even though it does not represent new borrowing.
- Timing differences between capital expenditure and financing, which can temporarily affect the CFR.

4.7 Despite this technical position, no new external borrowing has been undertaken, and the Council is not borrowing to support revenue spending. The position is therefore acceptable and well understood.

5. INVESTMENT ACTIVITIES DURING THE PERIOD

5.1 The Council invests surplus cash balances on a short-term basis to ensure that funds are readily available when needed, while also generating a modest return. These balances arise from timing differences — for example, when grants are received before the related expenditure is incurred, or when capital projects are delayed.

5.2 Short-term investments are typically placed in secure, low-risk instruments such as money market funds, government-backed deposits, or other approved counterparties. This approach supports the Council's priorities of:

- **Liquidity:** ensuring cash is available to meet day-to-day spending needs.
- **Security:** protecting public funds by minimising investment risk.
- **Yield:** earning interest to support the revenue budget, where possible.

5.3 The strategy aligns with the CIPFA Treasury Management Code, which requires councils to manage investments prudently, balancing risk and return.

5.4 **TABLE 2** below provides a list of counterparties and the balances invested as at Q2 2025/26.

5.5 **TABLE 2 –** Invested balance by counterparty:

Investment Portfolio - Q2 2025/26	Balance at Q2 2025/26 £'000
Local Authorities	26,000
Debt Management Agency Deposit Facility	10,595
Money Market Funds	2,000
Bank Deposit Accounts	80
Total Short-Term Investments	38,675

5.6 **TABLE 3** below shows the investments with other local authorities as at Q2 2025/26.

5.7 **TABLE 3 –** Local Authority Investments

Local Authority	Date From	Date To	Amount £'000	Interest Rate
Loans Outstanding as at Q2 2025/26				
Wirral MBC	15-Sep-25	15-Oct-25	2,000	4.050%
Cheshire East Council	22-Jul-25	22-Oct-25	2,000	4.200%
London Borough of Waltham Forest	23-Jun-25	23-Dec-25	2,000	4.250%
Central Bedfordshire	04-Sep-25	04-Feb-26	2,000	4.050%
Surrey CC	14-May-25	16-Feb-26	2,000	4.150%
Lancashire CC	02-Sep-25	13-Mar-26	2,000	4.050%
City of Bradford Council	28-Aug-25	16-Mar-26	2,000	4.050%
Antrim & Newtownabbey BC	18-Aug-25	18-Mar-26	2,000	4.000%
Broxbourne	07-Jul-25	07-May-26	2,000	4.150%
West Northamptonshire Council	27-May-25	25-May-26	2,000	4.150%
North Lanarkshire Council	13-Jun-25	12-Jun-26	2,000	4.200%
Eastleigh Council	19-Jun-25	18-Jun-26	2,000	4.300%
Perth & Kinross Council	28-Jul-25	27-Jul-26	2,000	4.150%
Total Local Authority Loans			26,000	

5.8 The Council has no future dated loans agreed at the end of the quarter:

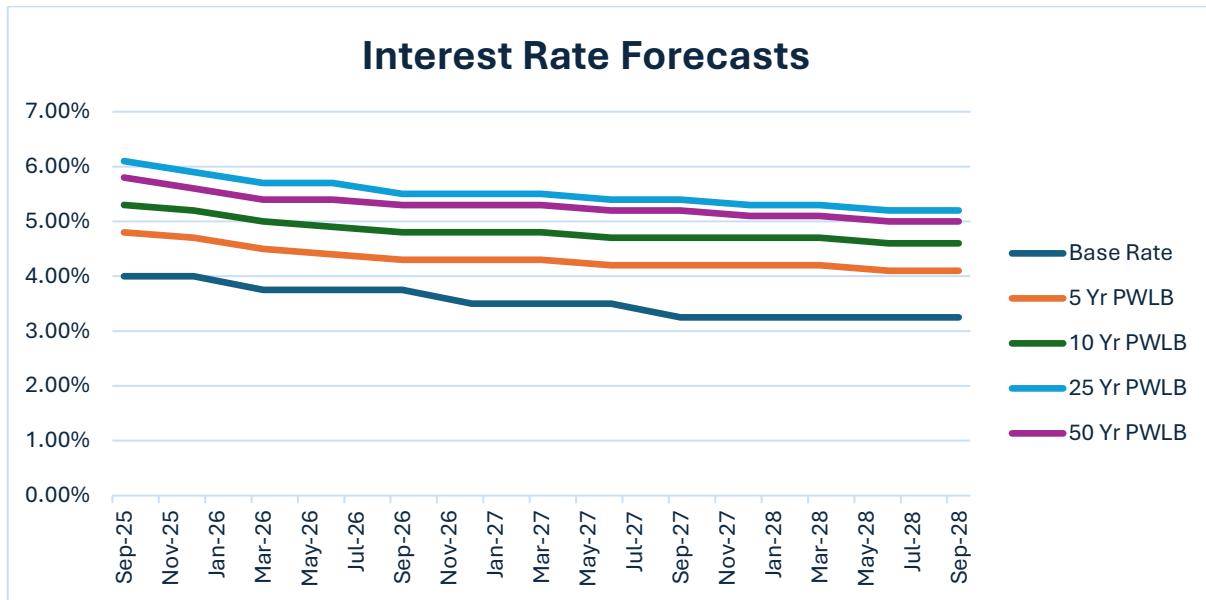
Local Authority	Date From	Date To	Amount £'000	Interest Rate
Future Dated Loans Agreed				
Total Future Dated Local Authority Loans				

5.9 To protect public funds, the Council's Finance team carries out thorough checks before agreeing to lend money to other local authorities. These checks help ensure that any investments are secure and that the borrowing authority is financially stable.

6. INTEREST RATES

6.1 The Council has appointed MUFG (formerly Link Asset Services) as its treasury adviser. As part of their role, they provide guidance on expected movements in interest rates to support the Council's investment and borrowing decisions.

6.2 The graph below shows MUFG's latest forecast for future interest rate trends:



6.3 The latest forecast sets out a view that both short and long-dated interest rates will start to fall, as inflation has fallen closer to the Bank of England's target of 2.00%.

6.4 Interest rate risk is minimised as our borrowings are fixed until a trigger point, where the lender seeks better rates. Current interest rates would need to rise significantly for this to occur. With rates expected to fall in the short-term this is unlikely to occur, but this will be monitored closely.

6.5 **Interest Receivable**

6.6 The Council has invested surplus cash on a short-term, temporary basis. These investments have generated interest income above the budgeted expectations for the year. This is mainly due to:

- Higher levels of cash being held (e.g. from grants received in advance of spending)
- The Bank of England maintaining interest rates at higher levels than anticipated when the budget was set

6.7 As a result, the Council now expects to receive £0.097m in additional interest income by the end of March 2026. The investment strategy continues to prioritise security and liquidity, ensuring that funds are safe and available when needed.

6.8 The Council invests surplus cash in highly rated financial institutions, spreading deposits across multiple banks to reduce risk. This approach helps protect public funds in the event of an unexpected bank failure.

- Deposits are placed with banks where government guarantees are likely to apply
- No more than £2 million is held with any single bank, except for the NatWest liquidity account, which has a limit of £3 million
- The Council can place unlimited funds with the Government's Debt Management Account Deposit Facility (DMADF), which offers low-risk returns and flexibility

6.9 This strategy continues to deliver a reasonable return while keeping risk to a minimum.

6.10 **Interest Payable**

6.11 The budget included an estimate for interest costs on potential new borrowing. However, as no new borrowing is expected to take place during the year, these interest costs will not be incurred.

6.12 **Forecast Revenue Outturn – 2025/26 Q2**

6.13 **TABLE 4** below shows the forecast revenue outturn position on the Council's Treasury Management activities as at 2025/26 Q2.

6.14 The interest forecast has increased since Q1 due to prevailing interest rates overperforming what was expected.

6.15 **TABLE 4 - Forecast Revenue Outturn – 2025/26 Q2**

Portfolio Position	Working Budget 2025/26 £'000	Forecast Outturn 2025/26 £'000	Forecast (Under)/ Over Spend £'000
INTEREST RECEIVABLE			
Interest Receivable on Temporary Lending	(700)	(1,287)	(587)
Other Interest Receivable	-	-	-
Total Interest Receivable	(700)	(1,287)	(587)
INTEREST PAYABLE			
Interest Payable on Long-Term Borrowings	440	301	(139)
Interest Payable on Finance Leases	41	253	212
Other Interest Payable	-	-	-
Total Interest Payable	481	554	73
Minimum Revenue Provision	1,085	1,127	42
Net (Income) / Expenditure from Treasury Activities	866	394	(472)

7. PERFORMANCE AGAINST PRUDENTIAL INDICATORS

7.1 The *Prudential Code for Capital Finance in Local Authorities* requires councils to set Prudential Indicators annually for the forthcoming three years. These indicators demonstrate that the Council's capital investment plans are affordable, prudent, and sustainable.

7.2 Hyndburn Borough Council adopted its Prudential Indicators for 2025/26 at its meeting in February 2025.

7.3 In addition to setting these indicators, the Prudential Code requires the Council to monitor them on a quarterly basis, using a locally determined format. These indicators are intended for internal use and are not designed for comparison between authorities.

7.4 Should it become necessary to revise any of the indicators during the year, the Executive Director of Resources will report and advise the Council accordingly.

7.5 Please see **APPENDIX 1** for a full list of monitoring information for each of the prudential indicators and limits. These include:

- External Debt Overall Limits
- Affordability (e.g. implications for Council Tax)
- Prudence and Sustainability (e.g. implications for external borrowing)
- Capital Expenditure.
- Other indicators for Treasury Management.

7.6 **Liability Benchmark**

7.7 As part of the approved Treasury Management Strategy, the Council set out a Liability Benchmark. This is a key tool that compares the Council's actual borrowing levels against a theoretical benchmark that represents the lowest risk level of borrowing, based on current capital and revenue plans.

7.8 The Liability Benchmark helps the Council understand whether it is likely to be a long-term borrower or a long-term investor. It does this by estimating the minimum level of external borrowing needed to:

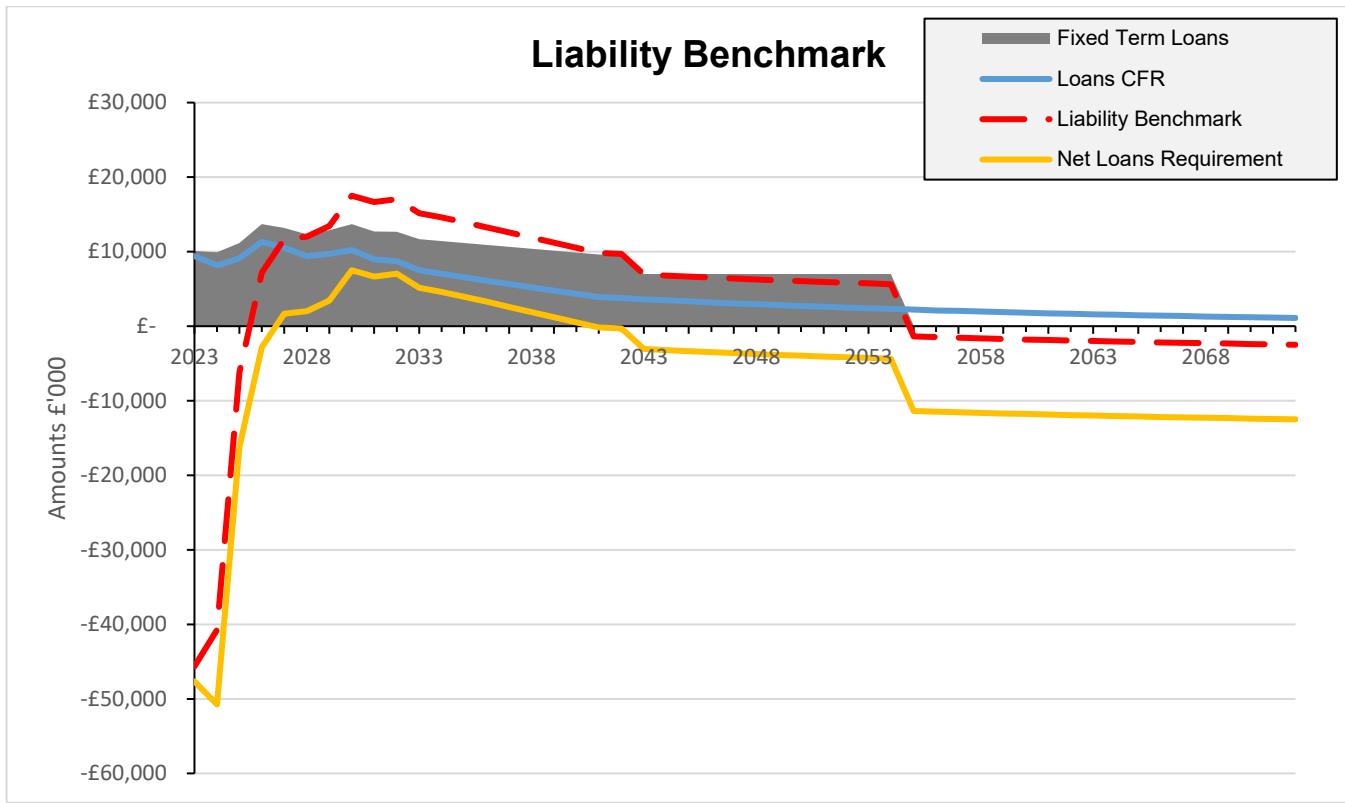
- Fund planned capital expenditure
- Repay existing debt
- Maintain only the minimum level of cash investments required for day-to-day operations

7.9 This insight supports strategic decision-making around future borrowing and investment activity.

7.10 The inputs that determine the Liability Benchmark have been revised to include the increased capital expenditure relating to vehicle leasing and the increased draw down of useable reserves anticipated to support the revenue budget over the MTFS period.

7.11 Based on current forecasts, the Liability Benchmark suggests that the Council may need to undertake new borrowing around the year 2029. However, this is only a projection based on existing capital and revenue plans — it is not a confirmed borrowing requirement and may change as plans and funding sources evolve.

7.12 Liability Benchmark as at Q2 2025/26:



8. ALTERNATIVE OPTIONS CONSIDERED AND REASONS FOR REJECTION

Not applicable.

9. CONSULTATIONS

Not applicable.

10. IMPLICATIONS

Financial (Including any future financial commitments for the Council)	As stated in the report
Legal and human rights implications	<p>The Local Government Act 2003 (part 1) and associated regulations gave statutory recognition to the Prudential Code - therefore there is a statutory backing to the background and local purpose of the report.</p> <p>Treasury Management activities of local authorities are prescribed by statute – the source of powers is, in England & Wales, the 2003 Act. 'Statutory Guidance' on investment is given by the MHCLG to local authorities.</p>

Assessment of risk	There are inherent risks in capital finance and treasury management. When appropriate the risks are identified and assessed as part of the various recommendations made on Prudential Capital Finance and in the Council's Treasury Management Strategy.
Equality and diversity implications	There are no specific implications for customers' equality and diversity arising directly from the recommendations in this report

11. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985:

List of Background Papers

- The Local Government Act 2003 and related regulations
- The Prudential Code for Capital Finance in Local Authorities (CIPFA 2021)
- The Treasury Management Code of Practice (CIPFA 2021)
- Prudential Indicators, Treasury Management and Investment Strategy (Including Capital Strategy) approved at full Council 27th February 2025

13. FREEDOM OF INFORMATION

The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

Indicator	As Approved February 2025			As at 30 Sept 2025			Comments
Estimated Capital Expenditure	£26.054M			£21.048M			The current figure takes account of additional slippage in the capital programme where spend will now be incurred in 2025/26.
Estimated Capital Financing Requirement at Year End	£9.19M			£11.31M			Capital Financing Requirement is a prescribed measure of the capital expenditure incurred historically by the authority which has been financed by external or internal borrowing.
Estimated Ratio of Financing Costs to Net Revenue Stream	10.20%			9.00%			
External Debt Prudential Indicators (Operational Boundary and Authorised Borrowing Limit)	Operational Boundary	£20M		Borrowing to Date	£M		Borrowing has been within both the Operational Boundary and Authorised Borrowing Limit throughout the year.
	Authorised Borrowing Limit	£35M		Long-Term Borrowing	9.595		
				Finance Lease Debt	4.088		
				Total	13.683		
Variable Interest Rate Exposure	100%			Exposure to Date		43%	In 2016/17 Barclays notified the Council that the debt held by Barclays was being converted into fixed rate debt from its original agreement as a LOBO. All remaining LOBO debt is classified as having a variable interest rate.
Fixed Interest Rate Exposure	100%			Exposure to Date		57%	
Prudential Limits for Maturity Structure of Borrowing				Actual Maturity Structure to Date			Borrowings of £4.12M are subject to LOBO (Lender Option Borrower Option) agreements. As they have call periods at 6 monthly intervals they are classed as borrowing under 12 months.
	Period	Lower Limit	Upper Limit	Period	£M	%	
	< 1 Year	0%	75%	< 1 Year	4.120	43%	
	1-2 Years	0%	75%	1-2 Years	-	0%	
	2-5 Years	0%	75%	2-5 Years	-	0%	
	5-10 Years	0%	75%	5-10 Years	-	0%	
	>10 Years	0%	75%	>10 Years	5.405	57%	
				Total	9.525	100%	
Total Investments for Longer than 364 Days	£3M			No Long-Term Investments Made			

Agenda Item 6.

REPORT TO:	Cabinet	
DATE:	19 November 2025	
PORTFOLIO:	Councillor Vanessa Alexander – Resources and Council Organisation	
REPORT AUTHOR:	Martin Dyson, Director of Finance	
TITLE OF REPORT:	Revenue Budget Monitoring 2025/26 – Quarter 2 to end of September 2025	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable
KEY DECISION:	No	If yes, date of publication:

1. Purpose of Report

- 1.1 This report updates Cabinet on the Council's financial performance up to the end of September 2025 for the 2025/26 financial year and outlines the projected impact on the Medium-Term Financial Strategy covering the period 2025/26 to 2027/28.

2. Recommendations

- 2.1 That Members of the Cabinet note the financial position of the Revenue Budget at Q2 of the 2025/26 financial year, as shown in **SECTION 3**.
- 2.2 That Members of the Cabinet note the financial pressures and risks facing the Council as at the end of September 2025, as shown in **SECTION 5**, and considers the potential longer-term impact on the Medium-Term Financial Strategy for 2025/26 to 2027/28.

3. Revenue Budget Forecast 2025/26

- 3.1 At the Full Council meeting on 27th February 2025, Full Council agreed the General Fund Revenue Budget for 2025/26. This set a budget for the Council's total spend in 2025/26 of £17.313m plus £0.121m use of reserves, in lieu of business rate receipts.
- 3.2 The current forecast spend to the end of the financial year in March 2026 is £17.426m. This brings the forecast underspend for the year against the budget to £0.009m. Further analysis of changes in forecast spend are shown in **SECTION 4** of the report.
- 3.3 **Table 1** below shows the working budget and forecast outturn by service area.

3.4 **Table 1: Forecast Outturn Variance - Summary by Service Area**

Service Area	Original Budget £'000	In-Year Budget Changes £'000	Working Budget £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
Environmental Health	941	-	941	963	22
Environmental Services	5,495	(14)	5,481	5,328	(153)
Legal and Democratic	1,896	-	1,896	1,939	43
Planning and Transportation	712	5	717	840	123
Regeneration and Housing	1,604	-	1,604	1,588	(16)
Resources	6,086	5	6,091	6,371	280
Net Cost of Services	16,734	(4)	16,730	17,029	299
Non-Service	865	4	869	397	(472)
Cabinet Approved Contributions	-	-	-	-	-
Corporate Savings Target	(164)	-	(164)	-	164
Total Net Expenditure	17,435	-	17,435	17,426	(9)
Funding	(17,435)	-	(17,435)	(17,435)	-
(Under)/Overspend	-	-	-	(9)	(9)

3.5 **Table 2** below shows the change in forecast by service area compared to the previous quarter.

3.6 **Table 2: Change in Forecast Outturn – Summary by Service Area**

Service Area	Quarter 1 Forecast Outturn £'000	Changes During Quarter £'000	Quarter 2 Forecast Outturn £'000
Environmental Health	933	30	963
Environmental Services	5,330	(2)	5,328
Legal and Democratic	1,887	52	1,939
Planning and Transportation	876	(36)	840
Regeneration and Housing	1,604	(16)	1,588
Resources	6,028	343	6,371
Net Cost of Services	16,658	371	17,029
Non-Service	772	(375)	397
Corporate Savings Target	-	-	-
Total Net Expenditure	17,430	(4)	17,426
Funding	(17,435)	-	(17,435)
(Under)/Overspend	(5)	(4)	(9)

3.7 **Table 3** below shows the most significant variances that impact the forecast outturn and how these have changed compared to the previous quarter.

3.8 Table 3: Change in Significant Variances

Main Variances / Movements	Changes From Previous Quarter		
	Quarter 1 Forecast Variance £'000	Quarter 2 Forecast Variance £'000	Movement in Variance £'000
Savings on staffing costs	(126)	(115)	11
Pay award pressures	-	25	25
Savings on utility costs	(108)	(136)	(28)
Movements in grant income	(78)	230	308
Additional costs of ICT and Software	85	109	24
Additional costs related to unrecoverable Housing Benefit Claims	175	198	23
Council Tax Recovery	17	65	48
Additional Fees and Charges Income	(46)	(100)	(54)
Planning - Refunds of planning application fees	13	13	-
Other	(4)	10	14
Total Net Cost of Services	(72)	299	371
<i>Non-Service</i>			
Additional Investment Income	(97)	(587)	(490)
Movement in Interest Payable	-	73	73
Movement in Minimum Revenue Provision	-	42	42
Total Non-Service	(97)	(472)	(375)
Total Corporate Savings Target	164	164	-
Total (Under)/Overspend	(5)	(9)	(4)

3.9 Staffing Costs and Pay Pressures

The forecasted savings on staffing costs have reduced by £11k since Quarter 1, from £0.126m to £0.115m. This change is largely attributable to an increased reliance on agency staff to maintain service delivery, which has offset some of the anticipated savings from vacant posts. In addition, a pay award of 3.2% has been agreed in-year, compared to the original budget assumption of 3% for 2025/26. This has created a pressure within staffing budgets of £0.025m.

3.10 Utilities and Operational Savings

The forecasted savings on utility costs have increased by £0.028m since Quarter 1, rising from £0.108m to £0.136m. This improvement is primarily attributed to the implementation of a new energy contract, which has helped to stabilise prices and reduce overall expenditure. The new contract has likely contributed to the additional savings now being forecast.

3.11 Grant Income and Housing Benefit

A significant adverse movement of £0.308m has been reported in relation to grant income, shifting from a forecasted surplus of £0.078m in Quarter 1 to a pressure of £0.230m in the current forecast. This change follows a comprehensive deep dive review of all budgets, which identified several grants that are no longer due to the Council. The forecast for unrecoverable Housing Benefit overpayments has also increased by £0.023m.

3.12 **ICT Costs**

ICT and software costs have increased by £0.024m since Quarter 1, bringing the total forecast pressure in this area to £0.109m. This increase is primarily due to additional licensing and support costs associated with the ongoing modernisation of the Council's ICT infrastructure and the growing reliance on cloud-based systems to support service delivery and secure remote working.

3.13 **Council Tax Recovery Costs**

The forecast for Council Tax recovery costs has increased by £48k since Quarter 1. This reflects updated assumptions around collection activity and associated costs, including potential increases in enforcement or administrative overheads linked to recovery processes.

3.14 **Fees and Charges Income**

Fees and charges income has improved by £0.054m compared to the previous quarter. This positive movement is primarily driven by increased income from commercial property rents, as well as higher-than-anticipated income from Building Control and Planning services. These uplifts suggest stronger market demand and improved performance in these service areas.

3.15 **Non-Service Budgets**

There has been a significant increase of £0.490m in forecast investment income since Quarter 1, bringing the total to £0.587m. This improvement is primarily due to the continuation of favourable interest rates and higher-than-anticipated cash balances, which have been sustained in part by delays in capital expenditure.

3.16 Offsetting this, there are new cost pressures within financing budgets, with interest payable increasing by £0.073m and the Minimum Revenue Provision (MRP) rising by £0.042m. These increases are largely attributable to a higher volume of vehicles being acquired through leasing arrangements, which has impacted borrowing costs and associated MRP charges.

4. Variance by Service Area

4.1 The following section provides a breakdown of forecast outturn variances by service area. It highlights the key changes since Quarter 1 and compares the current forecast against the approved working budget.

4.2 This analysis aims to provide greater transparency on the financial position of individual services and to support ongoing monitoring and management of budget pressures and savings.

4.3 **Environmental Health**

4.3.1 **Table 4** below shows the forecast outturn position for Environmental Health and a small overspend of £0.022m. The forecast outturn position has increased by £0.030m since Quarter 1.

4.3.2 Table 4: Environmental Health – Forecast Outturn 2025/26 Quarter 2

Service Area	Working Budget £'000	Quarter 1 Forecast Outturn £'000	Changes in Forecast Outturn During Quarter £'000	Forecast Outturn Quarter 2 £'000	Forecast Outturn Variance to Working Budget £'000
Environmental Health	365	361	30	391	26
Environmental Protection	576	572	-	572	(4)
Total Environmental Health	941	933	30	963	22

4.3.3 The variance within Environmental Health relates to staffing pressures.

4.4 Environmental Services

4.4.1 **Table 5** below shows the forecast outturn position for Environmental Services and an underspend of £0.153m. The forecast outturn position has decreased by £0.002m since Quarter 1.

4.4.2 Table 5: Environmental Services – Forecast Outturn 2025/26 Quarter 2

Department	Working Budget £'000	Quarter 1 Forecast Outturn £'000	Changes in Forecast Outturn During Quarter £'000	Forecast Outturn Quarter 2 £'000	Forecast Outturn Variance to Working Budget £'000
Environmental Maintenance	(9)	(9)	-	(9)	-
Levelling Up	-	-	-	-	-
Other Environmental Services	152	142	(1)	141	(11)
Parks and Cemeteries	1,240	1,183	15	1,198	(42)
Town Centre and Markets	592	534	-	534	(58)
UK Shared Prosperity Funding	-	-	-	-	-
Waste Services	3,506	3,480	(16)	3,464	(42)
Total Environmental Services	5,481	5,330	(2)	5,328	(153)

4.4.3 Other Environmental Services is forecasting an underspend of £0.011m across Pest Control and Dog Warden services which relates to staffing.

4.4.4 Parks and Cemeteries are forecasting an underspend on salaries of £0.048m. However, the positions are filled as at quarter 2, therefore no further saving is expected in this area. In addition, the Council received additional income of £0.028m from Lancashire County Council for highways and mowing services. However, these favourable variances are offset by smaller additional costs in several areas including repairs and maintenance, £0.011m and utilities, £0.009m.

4.4.5 There is also an underspend on Town Centre and Markets related to funding received for utilities and NNDR. The gain, however, is offset by loss of Markets income.

4.4.6 Waste services have reported a saving on employee costs of £0.022m and additional income on trade waste collections of £0.020m.

4.5 Legal and Democratic Services

4.5.1 **Table 6** below shows the forecast outturn position for Legal and Democratic Services and an overspend of £0.043m. The forecast outturn position has increased by £0.052m since Quarter 1.

4.5.2 **Table 6: Legal and Democratic Services – Forecast Outturn 2025/26 Quarter 2**

Department	Working Budget £'000	Quarter 1 Forecast Outturn £'000	Changes in Forecast Outturn During Quarter £'000	Forecast Outturn Quarter 2 £'000	Forecast Outturn Variance to Working Budget £'000
Democratic Services	790	774	8	782	(8)
Human Resources and Policy	676	677	2	679	3
Legal	304	311	41	352	48
Management - Legal and Democratic	126	125	1	126	-
Total Legal & Democratic	1,896	1,887	52	1,939	43

4.5.3 The main variance within Legal relates to pressures within salaries, where expectations around external funding sources e.g. grants, have not aligned with conditions when funding has been finalised. This has resulted in a pressure for 2025/26.

4.6 Planning and Transportation

4.6.1 **Table 7** below shows the forecast outturn position for Planning and Transportation and an overspend of £0.123m.

4.6.2 **Table 7: Planning and Transportation – Forecast Outturn 2025/26 Quarter 2**

Department	Working Budget £'000	Quarter 1 Forecast Outturn £'000	Changes in Forecast Outturn During Quarter £'000	Forecast Outturn Quarter 2 £'000	Forecast Outturn Variance to Working Budget £'000
Building Control	18	48	(16)	32	14
Engineers and Transportation	218	218	-	218	-
Green Infrastructure	75	47	-	47	(28)
Planning	406	563	(20)	543	137
Section 106	-	-	-	-	-
Total Planning & Transportation	717	876	(36)	840	123

4.6.3 The forecast overspend of £0.014m on Building Control relates to the additional cost of two agency staff members, which is offset in part by vacant posts and additional fee income.

4.6.4 The underspend on Green Infrastructure is due to additional allotment income of £0.031m received during 2025/26, offset in part by an increased water charges for allotments of £0.005m and a small amount of additional income for garage rents of £0.003m.

4.6.5 The Planning team are forecasting an overspend on staffing costs following the engagement of agency workers in the Development Management and Planning Policy services of £0.219m. This is offset in part by savings on vacant posts of £0.069m, and additional fee income £0.018m. There is also an adverse variance in relation to refunds for delayed planning applications.

4.7 Regeneration and Housing

4.7.1 **Table 8** below shows the forecast outturn position for Regeneration and Housing and a small underspend of £0.016m.

4.7.2 **Table 8: Regeneration and Housing – Forecast Outturn 2025/26 Quarter 2**

Department	Working Budget £'000	Quarter 1 Forecast Outturn £'000	Changes in Forecast Outturn During Quarter £'000	Forecast Outturn Quarter 2 £'000	Forecast Outturn Variance to Working Budget £'000
Economic Development	-	-	-	-	-
Facilities	604	604	-	604	-
Haworth Art Gallery	218	218	2	220	2
Housing Advice	297	297	-	297	-
Property	197	197	(18)	179	(18)
Selective Licensing	-	-	-	-	-
Strategic Housing	288	288	-	288	-
Total Regeneration & Housing	1,604	1,604	(16)	1,588	(16)

4.7.3 As shown above, the favourable variance is within the Property service and relates to additional income generated on the Council's commercial property portfolio.

4.8 Resources

4.8.1 **Table 9** below shows the forecast outturn position for Resources and an overspend of £0.280m.

4.8.2 **Table 9: Resources – Forecast Outturn 2025/26 Quarter 2**

Department	Working Budget £'000	Quarter 1 Forecast Outturn £'000	Changes in Forecast Outturn During Quarter £'000	Forecast Outturn Quarter 2 £'000	Forecast Outturn Variance to Working Budget £'000
Assurance	590	524	(165)	359	(231)
Benefits and Customer Contact	1,534	1,618	428	2,046	512
Finance	1,280	1,246	107	1,353	73
ICT	829	826	(25)	801	(28)
Leisure	917	917	-	917	-
Management - Resources	941	897	(2)	895	(46)
Total Resources	6,091	6,028	343	6,371	280

4.8.3 The underspend across the Assurance service primarily relates to additional grant receipts during 2025/26 to support with the cost of External Audit processes.

4.8.4 The Benefits and Customer Contact service are forecasting additional spend of £0.512m, which is due primarily to non-recoverable Housing Benefit claims of £0.198m and the correction of forecasts for government grant income, which is no longer receivable.

4.8.5 The overspend across the Finance service primarily relates to the engagement of agency staff within Accountancy (£0.215m), which has been net down by savings across vacant posts (£0.139m).

4.8.6 The variance for ICT relates to underspends across employee costs of £0.066m net down by forecast overspends relating to additional software costs and additional cost of printer/copiers (£0.058m). This will be partially offset by a release of earmarked reserves.

4.8.7 The underspend across Management relates to savings on employee costs.

4.9 **Non-Service and Corporate Savings Target**

4.9.1 **Table 10** below shows the forecast outturn position for Non-Service income and expenditure and an underspend of £0.472m.

4.9.2 Table 10: Non-Service – Forecast Outturn 2025/26 Quarter 2

Department	Working Budget £'000	Quarter 1 Forecast Outturn £'000	Changes in Forecast Outturn During Quarter £'000	Forecast Outturn Quarter 2 £'000	Forecast Outturn Variance to Working Budget £'000
Interest	(220)	(317)	(417)	(734)	(514)
Minimum Revenue Provision	1,085	1,085	42	1,127	42
Revenue Contribution to Capital	4	4	-	4	-
Movement in Bad Debt Provision	-	-	-	-	-
Total Non-Service	869	772	(375)	397	(472)
Corporate Savings Target	(164)	-	-	-	164
Total Corporate Savings Target	(164)	-	-	-	164

4.9.3 The Council is currently forecasting to receive additional treasury investment income of £0.490m compared to Quarter 1. This is due to interest remaining higher for longer than was forecast when preparing the budget. Also, cash levels have remained higher than expected due to slippage in the capital programme.

4.9.4 This is offset by increases in interest payable related to additional finance leases entered for the procurement of specialist vehicles. The forecast for MRP has also increased for the same reason.

4.9.5 When Council set the budget for 2025/26 in February 2025, savings of £0.164m were required to be able to set a balanced budget. In the forecast outturn, any underspends are included in the department areas and therefore no figure should be included in the savings target line.

4.10 Funding

4.10.1 Table 11 below shows the forecast outturn position for Funding. There are currently no expected variances on the Council's funding.

4.10.2 Table 11: Funding – Forecast Outturn 2025/26 Quarter 2

Department	Working Budget £'000	Quarter 1 Forecast Outturn £'000	Changes in Forecast Outturn During Quarter £'000	Forecast Outturn Quarter 2 £'000	Forecast Outturn Variance to Working Budget £'000
Council Tax	(6,064)	(6,064)	-	(6,064)	-
Non-Domestic Rates	(8,568)	(8,568)	-	(8,568)	-
Government Grants	(2,803)	(2,803)	-	(2,803)	-
Total Funding	(17,435)	(17,435)	-	(17,435)	-

4.11 Reserves

4.11.1 The Council is currently forecasting a reduction of £11.228m in its usable reserves during the year, bringing them to £18.996m at the end of the year. Movements in reserves are shown in the table below.

4.11.2 Table 12: Reserves – Forecast Outturn 2025/26 Quarter 2

Reserve	Opening Balances £'000	Transfers to/From Reserves £'000	Capital Contributions £'000	Used for Capital Financing £'000	Closing Balances £'000
General Fund - Unallocated	(2,464)	577	-	-	(1,887)
Total Unallocated Reserves	(2,464)	577	-	-	(1,887)
Planning S106 Fund	(294)	62	-	39	(193)
Invest to Save	(696)	524	-	56	(116)
Communities for Health Funding	(53)	42	-	-	(11)
Dilapidations Reserve	(26)	(7)	-	-	(33)
Revenue Funding for Capital Schemes	(2,638)	(123)	-	1,284	(1,477)
Collection Fund Volatility Reserve	(545)	121	-	-	(424)
Climate Change Reserve	(548)	494	-	-	(54)
Balances Set Aside to Fund Specific Future Expenditure	(4,291)	(534)	-	708	(4,117)
Levelling Up and Leisure Investment	(6,592)	(1,883)	-	5,137	(3,338)
Total Earmarked Reserves	(15,682)	(1,305)	-	7,224	(9,763)
Capital Receipts Reserve	(2,422)	-	(592)	794	(2,221)
Capital Grants Unapplied	(9,656)	-	(8,474)	13,004	(5,126)
Total Reserves	(30,224)	(728)	(9,066)	21,022	(18,996)

4.11.3 As shown in the table above, the most significant movements in reserves are the forecast spending on the capital programme, this is in line with the Council's ambitious regeneration projects.

5. Pressures and Risks

5.1 The forecast underspend at Quarter 2 is relatively small at £0.009m. There are some real pressures and risks that need to be considered, which are not currently built into any financial forecasts.

The main pressures/risks to be considered are detailed below:

- **Waste Disposal Site/Transfer Station** – Negotiations are still underway with Lancashire County Council regarding their contract situation for the disposal of waste at the Whinney Hill site. This may require Hyndburn and the other East Lancashire districts to find alternative sites to dispose of their residual household waste. The assumption for any new arrangements is that any costs will be

contained within the budgets set aside within the Medium-Term Financial Strategy.

- **Oswaldtwistle Civic Theatre** – The closure of the theatre and return of the lease to the Council has resulted in the need to undertake surveys and compliance works to understand the condition of the building, prior to it being ready for potential future occupation. The Council has approved revenue costs for ensuring the site meets all annual safety requirements and has set aside capital budgets to undertake some of the works that would be required. The facilities management team continue to undertake surveys and will report back the potential costs once the surveys are complete.
- **Crematorium/Cremators** – There is a risk that there may be a change in legislation to enforce new systems for mercury abatement to be installed/retro fitted to the current incinerators at the crematorium. It is expected that these changes may come into place in 2 to 3 years' time and there will be a significant capital cost for works to ensure compliance. The parks team are currently investigating this further and will inform cabinet of the requirements as soon as the information is available. Cabinet have put £200,000 into reserves to date to be used for this purpose, and a further contribution of £150,000 is included in the budget for 2025/26.
- **Food Waste Collections** – From April 2026 the Council must provide a food waste collection for residents. A grant has been received from DEFRA to be used towards the capital costs of implementing the new collection (e.g. purchasing new vehicles, bins and food caddies), procurement has been undertaken to provide the capital resources, and it is expected that a further grant will be provided to assist with the additional ongoing revenue costs.
- **Hyndburn Leisure** – The Council has set aside funding within its Medium-Term financial strategy to provide financial assistance / subsidy to Hyndburn Leisure. This funding is part of an agreed process for reporting and monitoring and links to an efficiency savings plan with the trust to reduce this subsidy in future financial years. The budget subsidy approved in the Medium-Term Financial strategy is £700,000 in 2025/2026, £500,000 in 2026/2027 and £350,000 in 2027/2028. Prior to payment of any subsidy the Council must first complete a Subsidy compliance assessment and will then seek approval from Cabinet to make any payment(s).
- **Housing Benefit Supported / Exempt Accommodation** – The Council continues to feel pressures from unrecoverable benefit payments although it is expected to be managed in 2025/2026 within the overall revenue budget. The Council has started to take action to try to reduce these costs through introducing planning restrictions and supporting housing regulation although this does not have an immediate effect and without additional support from the government this will continue to be a pressure for most councils nationally.

5.2 These pressures/risks may need to be considered over the course of the Medium-Term Financial Strategy against the forecast underspend for the year.

6. Alternative Options Considered and Reasons for Rejection

6.1 Not Applicable. This report is for information purposes only.

7. Consultations

7.1 Not applicable.

8. Implications

Financial implications (including any future financial commitments for the Council)	As outlined in the report.
Legal and human rights implications	Not Applicable
Assessment of risk	Not Applicable
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	Not Applicable

9. Local Government (Access to Information) Act 1985:

9.1 List of Background Papers

General Fund – Revenue Budget, Council Tax Levels and Capital Programme 2025/26 – Council 27th February 2025

Revenue Budget Monitoring 2025/26 – Quarter 1 to end of June 2025 – 30th July 2025

10. Freedom of Information

10.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

Agenda Item 7.

<u>AGENDA ITEM</u>		
REPORT TO:		Cabinet
DATE:		19 November 2025
PORTFOLIO		Councillor Vanessa Alexander – Resources & Council Operations
REPORT AUTHOR:		Ben Cookson – Head of Finance M Dyson – Executive Director of Resources
TITLE OF REPORT:		Capital Programme Monitoring 2025/26 – 2027/28 - Quarter 2 Update to 30th September 2025
EXEMPT REPORT:	No	
KEY DECISION:	No	If yes, date of publication:

1. Purpose of the Report

1.1. The purpose of this report is to provide an update on the delivery and financial performance of the capital programme as at Quarter 2 of 2025/26, highlighting progress against budget, identifying any variances, risks or slippage, and forecasting the expected outturn. It supports effective decision-making, ensures transparency and accountability, and informs any necessary adjustments to project timelines, funding allocations, or future financial planning.

2. Recommendations

- 2.1. That Members note the financial position of the Capital Budget at Q2 of the 2025/26 financial year, as shown in **SECTION 4**.
- 2.2. That Members approve the in-year addition to the Capital Programme of £0.681m of capital projects, as shown in **APPENDIX 1**.

3. 2025/26 Capital Budget

- 3.1. The Capital Budget for 2025/26 is Year One of the Capital Programme 2025/26 – 2027/28.
- 3.2. At the Council meeting on the 27th of February 2025, Members approved a capital budget for 2025/26 of £2.726m.
- 3.3. A further £23.236m was added to this budget from reprieved capital projects carried forward from 2024/25. Of this, £19.370m relates to major projects, such as the Levelling

Up funded schemes for Accrington town centre and Leisure Estate Investment programme.

3.4. Ad hoc budget adjustments have reduced the Capital programme by £0.157m. Of which, £0.178m was removed from the Capital Programme relating to a UKSPF funding adjustment. A further £0.021m of capital receipts funding was added, which was brought forward from 2024/25.

3.5. Approval was received at Q1 to add a further £29.780m to the capital programme. Of which, £29.187m is for the scheme at Huncoat Garden Village (HGV), which is fully funded from external grants. £0.500m relates to the addition of solar panels at Market Hall, which is funded from reserves. £0.094m relates to several smaller projects.

3.6. This report requests a further £0.681m to be added to the Capital Programme at Q2. £0.115m relates to Park & Open Spaces, on projects such as improvements at Lowerfold Park and Bullough Park, which are mostly funded by grants, contributions, and earmarked reserves.

3.7. £0.120m is the Council's contribution to the repurposing of Mercer Hall and £0.010m is for the purchase of vehicles & equipment funded from a revenue contribution. A further £0.250m for Market Development Works and £0.128m for Leisure Estate Investment has also been added. These works are funded by earmarked reserves.

3.8. Additional funding of £0.028m has been allocated to the Lee Lane Cemetery tap project and a new capital project has been added for £0.030m to proceed with the installation of a wireless conference system. Details of all in-year budget adjustments can be found in **APPENDIX 1**.

3.9. Several projects have been identified to be rephased into future years of the Capital Programme, which total £26.310m. Of which, HGV is £26.076m.

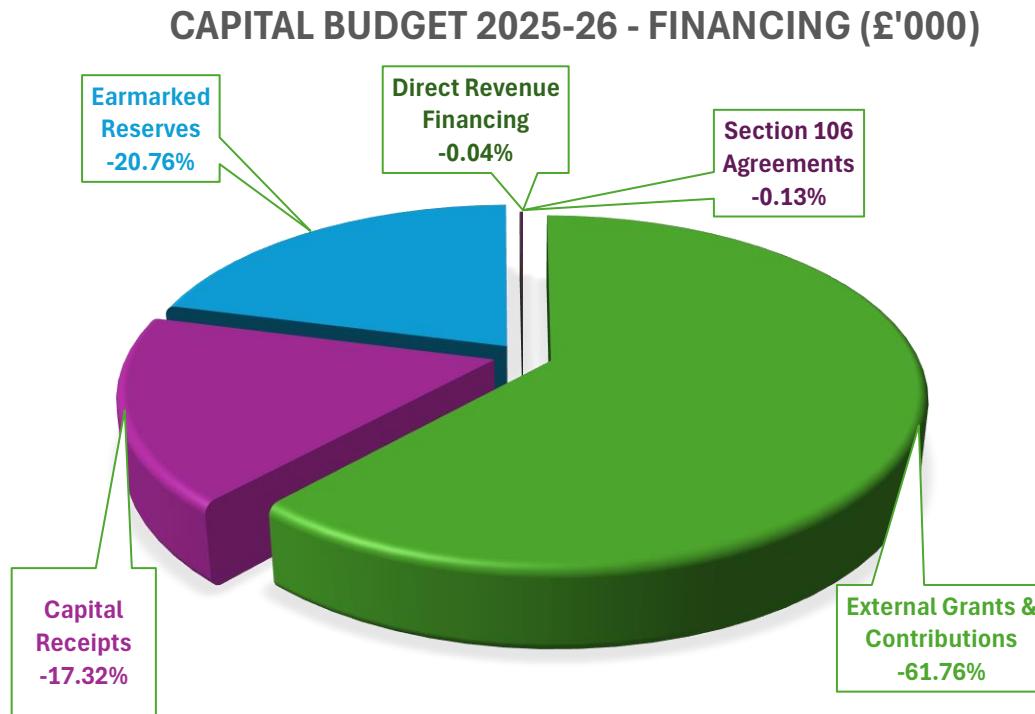
3.10. Therefore, the Capital Budget for 2025/26 now totals £29.957m, as shown in **Table 1** below:

3.11. **Table 1** – Capital Budget 2025/26 Reconciliation:

Capital Budget 2025/26	Amounts £'000
Budget Approvals (Council Feb-25)	2,726
Slippage b/f from 2024-25	23,236
Budget Adjustments in Year	-157
Schemes Approved in Year (QTR1)	29,780
Schemes Recommended for Approval (QTR2)	681
Proposed Capital Programme 2025-28	56,267
Less Approved Slippage into Future Years	-26,310
Proposed Capital Budget 2025-26	29,957

3.12. A more detailed set of tables showing movements by service area can be found in **APPENDIX 2**.

3.13. The proposed financing of the Capital Budget of £29.957m for 2025/26 is shown in **Chart 1** below:



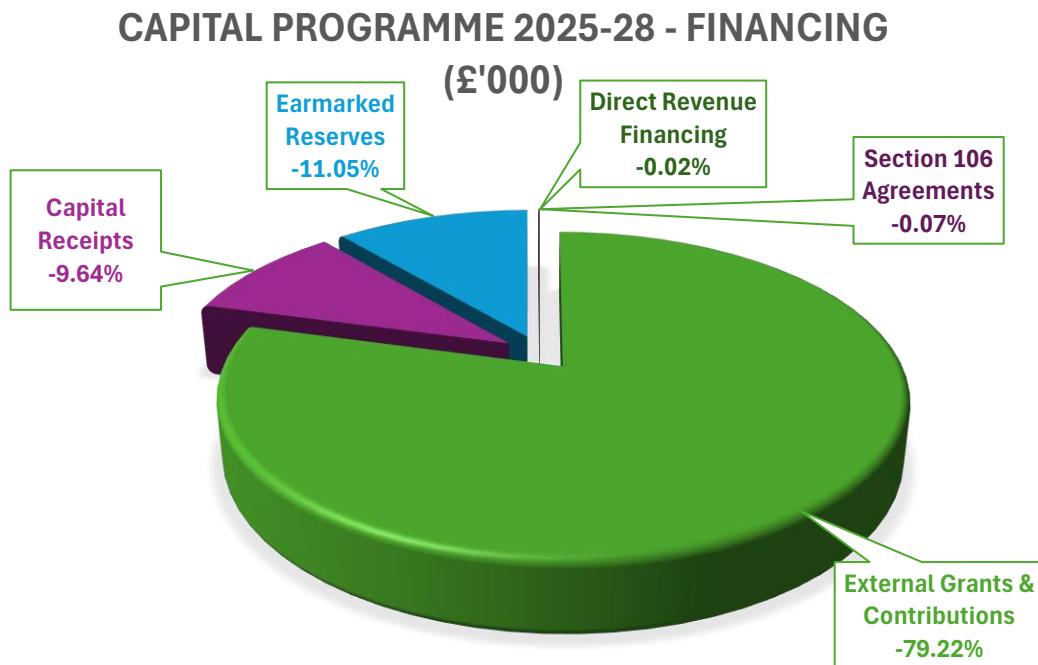
3.14. Following all budget adjustments as detailed above has resulted in a proposed revised Capital programme of £56.267m, which can be seen in **Table 2** below:

3.15. **Table 2** – Capital Programme Budgets by Service Area:

Programme Area - Budgets	Proposed Capital Budget 2025/26 £'000	Proposed Capital Budget 2026/27 £'000	Proposed Capital Budget 2027/28 £'000	Proposed Capital Programme £'000
Community Projects	728	0	0	728
Housing Improvement Programme	1,769	0	0	1,769
Huncoat Garden Village	3,110	22,261	3,815	29,186
IT Projects	527	0	0	527
Leisure Estate Investment	6,921	0	0	6,921
Market Development Works	13,349	0	0	13,349
Operational Buildings	1,156	234	0	1,390
Parks & Open Spaces	1,246	0	0	1,246
Planned Asset Improvements	217	0	0	217
UK Shared Prosperity Fund	255	0	0	255
Vehicles & Equipment	680	0	0	680
Total Approved Capital Spend Budgets	29,957	22,495	3,815	56,267

3.16. As shown above, £22.495m has been rephased to 2026/27 and £3.815m to 2027/28, reflecting the forecasted expenditure in those years.

3.17. The proposed financing of the Capital Programme of £56.267m for 2025/26 – 2027/28 is shown in **Chart 2** below:



4. 2025/26 Capital Budget - Q2 Forecast Outturn

4.1. As of 30 September 2025, actual and committed expenditure totals £12.598m, representing 42.05% of the rephased 2025/26 budget of £29.957m. **Table 3** below shows the committed expenditure and forecasted outturn by service area.

4.2. Table 3 - 2025/26 Capital Budget - Q2 Forecast Outturn:

Programme Area - Budgets	Proposed Capital Budget 2025/26 £'000	Actuals & Commitments - Q2 £'000	Forecast Outturn - Q2 £'000	Forecast Variance - Q2 £'000
Community Projects	728	410	628	99
Housing Improvement Programme	1,769	841	1,619	150
Huncoat Garden Village	3,110	2,682	3,006	105
IT Projects	527	430	522	6
Leisure Estate Investment	6,921	4,827	6,521	400
Market Development Works	13,349	2,383	6,469	6,879
Operational Buildings	1,156	46	717	439
Parks & Open Spaces	1,246	547	941	305
Planned Asset Improvements	217	4	100	117
UK Shared Prosperity Fund	255	177	255	0
Vehicles & Equipment	680	251	271	409
Total Approved Capital Spend Budgets	29,957	12,598	21,048	8,909

- 4.3. Further forecast expenditure of £8.450m is anticipated before the end of the financial year, resulting in a total forecast outturn figure of £21.048m. This represents 70.26% of the allocated budget and an underspend of £8.909m against the 2025/26 proposed budget.
- 4.4. Of the £8.909m underspend on the 2025/26 budget, £8.481m is due to natural slippage of capital projects, or where projects have not commenced - mainly due to the absence of funding. Subject to Cabinet approval at year end, these projects will be rephased to subsequent years.
- 4.5. The largest area of slippage relates to the LUF-funded Market Development Works. While a more detailed cashflow is being developed by the contractor, initial estimates propose that £6.879m of budget will be slipped into next year. Further details of all proposed slippage can be found in **APPENDIX 3**.
- 4.6. A further £0.428m of the £8.909m underspend on the 2025/26 budget relates to completed or closed projects. This is a net amount consisting of a £0.443m underspend and a £0.015m overspend. Subject to Cabinet approval at year end, this funding will be released to other capital projects.
- 4.7. Of the £0.443m underspend, £0.409m relates to capital costs for expanding food waste collection rounds. The original project bid was based on the government grant's terms, which supported capital purchases like food caddies and waste vehicles. However, instead of buying food waste vehicles outright, the Council leased new refuse collection vehicles that were adapted for food waste. This approach aligns with the Council's vehicle leasing policy. As a result, the unused portion of the grant will be used to offset the capital financing costs of these leased vehicles.
- 4.8. The capital programme is closely monitored throughout the financial year to ensure spending stays in line with forecasts and is accurately reflected in the Council's cash flow. Any significant variances will be reviewed, and their financial impact will be factored into future treasury management and budget planning.
- 4.9. A more detailed breakdown of the forecast outturn for 2025/26 is shown in **Appendix 3**.

5. Major Schemes

- 5.1. The Capital Programme includes several major schemes that require robust and continuous monitoring to ensure they are delivered on time, within budget, and that all external funding is both secured and claimed promptly. The following have been identified as key major schemes currently requiring close oversight:
- 5.2. **Market Development Works** – The redevelopment of Market Hall, Market Chambers, and Burton Chambers remains a significant challenge for the Council. However, enhanced monitoring and management arrangements have ensured that key milestones are being met, with the project progressing on time and within budget.
- 5.3. The programme has a remaining budget of £13.349m. This is funded by £10.617m from the Levelling Up Fund and other grants, the majority of which have already been claimed.

The balance of £2.732m will be met from available capital receipts and revenue reserves, ensuring the Council has the necessary resources in place to deliver the scheme as planned.

5.4. At the time of writing, the contractor is working with the Council to finalise the spend profile. Nonetheless, the programme remains on track for completion in Q2 of the 2026/27 financial year.

5.5. **Leisure Estate Investment** – Comprises two key projects: the construction of the Cath Thom Leisure Centre and efficiency works at Hyndburn Leisure Centre. The overall programme budget is £6.921m, which includes provision for future pitch drainage works.

5.6. Construction of the Cath Thom Leisure Centre is now complete, with final accounts and outstanding project costs currently being finalised, with any minor overspends covered by the £0.128m underspend reserve previously approved by Cabinet.

5.7. The Hyndburn Leisure Centre project is expected to underspend by approximately £0.100m this year. This, along with the £0.300m allocated for pitch drainage works is expected to be slipped into the 2026/27 financial year.

5.8. **Huncoat Garden Village** – Huncoat Garden Village remains a major strategic scheme for the Council, fully funded by a £29.186 million grant from Homes England. Forecast expenditure is phased over three financial years, with £3.110m in 2025/26, £22.261m in 2026/27, and £3.800m in 2027/28.

5.9. Current activity is focused on progressing key preparatory work, including planning, legal, and land acquisition processes. Consultants are supporting the Council across several workstreams, including the residential relief road design, compulsory purchase order (CPO) documentation, landowner negotiations, and overall programme management. These activities are essential to enabling delivery of the scheme in line with the agreed programme.

6. Funding Risks

6.1. Capital Receipts

- Capital Receipts and Funding Position**

At Q2 2025/26, the Council has a Capital Receipts balance of £2.666m. The latest Capital Programme requires £4.989m - leaving a shortfall of £2.323m over the Capital Programme period 2025/26 – 2027/28.

- 2025/26 Forecast**

For 2025/26, the forecast requirement at Q2 is £2.079m. However, of the £2.666m total available, £1.719m is earmarked for Market Development Works and £0.153m for fire compliance works, which will both be delivered in 2026/27. Therefore, only £0.794m is available for 2025/26. It is proposed that the shortfall in 2025/26 is funded from eligible grants and earmarked reserves.

- Future Requirements and Risks**

In 2026/27, a further £1.000m in Capital receipts is required to fund all approved

projects. Funding for these future commitments has not yet been identified and excludes any new capital bids submitted for that year. Progress is being made on planned asset disposals to generate the necessary receipts, but delays may require temporary use of reserves or pausing elements of the programme.

- **Next Steps**

Officers will continue to review the Council's operational asset base to identify further disposal opportunities. The funding strategy and associated risks will be monitored closely to ensure the programme remains deliverable and financially sustainable.

This is a high-level risk.

6.2. External Grants and Contributions

- **Levelling Up Project (LUF)** – this scheme is primarily funded through a government grant, supplemented by a contribution from Lancashire County Council. A total of £10.617m in grant funding is required to complete the scheme. To date, the Council has received £9.634m, with further claims being submitted on a quarterly basis to help manage cash flow effectively.

To support local authorities, the government has prepaid certain elements of the grant, easing short-term cash flow pressures.

- **Huncoat Garden Village** – The Council has been awarded a government grant of £29.187m to support this scheme. Grant claims are submitted monthly, following the incurrence of eligible expenditure, to help manage the Council's cash flow.

To date, the Council has received over £2.0m in grant funding. The government has structured the grant to allow for prepayment of certain elements, further supporting local authority cash flow management.

- **Disabled Facilities Grant** – the Council receives grant funding from the Better Care Fund via Lancashire County Council, which includes £1.360m of funding for 2025/26. All grant funding has been received.
- **Leisure Estate Investment Programme** – The Council was successful in obtaining external funding of around £2.64m from Sport England. Most of this grant has already been received by the Council, with the remainder to be claimed at a later stage of this scheme.
- **Pride of Place Impact Fund** - The Council has been awarded £1.5m through the Pride in Place Impact Fund. As of November 2025, no decisions have been made regarding allocation. Schemes will be developed collaboratively with officers, Cabinet, the local MP, and the community to ensure the funding delivers maximum benefit across the borough. All funds must be spent by 31 March 2027.

This is a low-level risk.

7. Conclusion

- 7.1. The Capital Programme has grown substantially over the past two financial years and now totals £56.267m. While approximately 79% of this funding is secured through external grants and contributions, the increased scale and complexity of the programme are placing significant demands on the Council's staffing and delivery capacity.
- 7.2. To ensure successful delivery within agreed timescales and budgets, it is essential that all projects are strategically planned, adequately resourced, and appropriately phased. Effective programme management and coordination will be critical to maintaining progress and achieving intended outcomes.
- 7.3. The Programme will continue to be carefully monitored, and it may require further revisions in its phasing in the future.

8. Alternative Options considered and Reasons for Rejection

- 8.1. Not applicable

9. Consultations

- 9.1. Not applicable

10. Implications

Financial implications (including mainstreaming)	As outlined in this report
Legal and human rights implications	None
Assessment of risk	None
Equality and diversity implications <i>A <u>Customer First Analysis</u> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	None

11. Local Government (Access to Information) Act 1985: List of Background Papers

- 11.1. Council 27th February 2025 – Capital Programme 2025/26

12. Freedom of Information

- 12.1. The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 20.

APPENDIX 1

Approved since Feb 2025 Cabinet							
Programme Area	Project Name	Cost Centre	Reason	Quarter 1 (£'000)	Quarter 2 (£'000)	Quarter 3 (£'000)	Total (£'000)
Parks & Open Spaces	Oak Hill Park Bowling Green Railings	20257	New Scheme	40			40
Vehicles & Equipment	Tipper PN13 FEH	20254	Vehicle	4			4
Community Projects	Newark St Landscaping (Project Phoenix)	20253	New Scheme	40			40
Market Development Works	Market Hall Solar Panels	20266	New Scheme	500			500
Huncoat Garden Village	Huncoat Garden Village	20251	New Scheme	29,187			29,187
Community Projects	Gt Harwood TC (Greening Project) Accel Fund	20242	Funding	10			10
Operational Projects	Lee Lane Cemetery Tap & Water Supply	20260	Funding		28		28
IT Projects	Wireless Conference System	tbc	New Scheme		30		30
Leisure Estate Investment	WPF Development Contract	20178	Funding		128		128
Market Development Works	All Schemes - market Hall/Burtons etc	All	Funding		250		250
Parks & Open Spaces	Bullough Park Woodland Enhancement PH1	20239	Funding		9		9
Parks & Open Spaces	Lowerfold Park Footpaths	20264	Funding		9		9
Parks & Open Spaces	Lowerfold Park Pavilion Upgrade	20270	New Scheme		23		23
Parks & Open Spaces	Bullough Park Woodland Enhancement PH2	20271	New Scheme		74		74
Community Projects	Mercer Hall Repurposing	20268	New Scheme		120		120
Vehicles & Equipment	Ride on Mower	20269	Vehicle		7		7
Vehicles & Equipment	Vehicle Trailer CVMU	20272	Vehicle		4		4
	Schemes added in year			29,780	681	0	30,462
UK Shared Prosperity Fund	Improve Town Centre Car Parks / Planting	20207	Adjustment	-178			-178
Market Development Works	Market Chambers	20136	Adjustment		21		21
	Budget adjustments in year			-178	21	0	-157
	Total movements in year			29,603	703	0	30,305

APPENDIX 2

Programme Area - Budgets	Budget Approvals (Council Feb-25)	Slippage b/f from 2024/25	Budgets Adjustments in Year	Schemes Approved in Year (QTR1)	Schemes Recommended for Approval (QTR2)	Proposed Capital Programme	Less Approved Slippage into Future Years	Proposed Capital Budget 2025/26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community Projects	87	471		50	120	728	0	728
Housing Improvement Programme	1,360	409		0	0	1,769	0	1,769
Huncoat Garden Village	0	0		29,187	0	29,187	-26,076	3,110
IT Projects	420	78		0	30	527	0	527
Leisure Estate Investment	0	6,793		0	128	6,921	0	6,921
Market Development Works	0	12,577	21	500	250	13,349	0	13,349
Operational Buildings	512	850		0	28	1,390	-234	1,156
Parks & Open Spaces	120	971		40	115	1,246	0	1,246
Planned Asset Improvements	50	167		0	0	217	0	217
UK Shared Prosperity Fund	178	255	-178	0	0	255	0	255
Vehicles & Equipment	0	666		4	10	680	0	680
Total Approved Capital Spend Budgets	2,726	23,236	-157	29,780	681	56,267	-26,310	29,957

Programme Area - Financing	Budget Approvals (Council Feb-25)	Slippage b/f from 2024/25	Budgets Adjustments in Year	Schemes Approved in Year (QTR1)	Schemes Recommended for Approval (QTR2)	Proposed Capital Programme	Less Approved Slippage into Future Years	Proposed Capital Budget 2025/26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
External Grants & Contributions	-1,590	-13,843	178	-29,216	-106	-44,577.1	26,076	-18,500.7
Capital Receipts	-949	-4,350	-21	-40	-62	-5,421.4	234	-5,187.7
Earmarked Reserves	-187	-5,005	0	-520	-507	-6,219.2	0	-6,219.2
Direct Revenue Financing	0	0	0	-4	-7	-10.6	0	-10.6
Section 106 Agreements	0	-39	0	0	0	-39.0	0	-39.0
Total Approved Capital Spend Budgets	-2,726	-23,236	157	-29,780	-681	-56,267	26,310	-29,957

APPENDIX 3

Cost Centre	Scheme Detail	Approved Budget £'000	Slippage B/Fwd £'000	In-Year Approvals £'000	Budget / Funding Adj £'000	Slippage C/Fwd £'000	Approved Net Budget £'000	Total Forecast £'000	Forecast Variance £'000	Forecast Under/Over Spend	Forecast Slippage
20242	Gt Harwood TC (Greening) Accelerator Fund	0	440	10	0	0	450	448	(1)	(1)	0
20268	Mercer Hall Repurposing	0	0	120	0	0	120	120	0	0	0
20032	War Memorial Restoration Programme	55	0	0	0	0	55	0	(55)	0	(55)
20253	Newark St Landscaping (Project Phoenix)	0	0	40	0	0	40	40	0	0	0
20225	Local Area Management Capital Improvement Schemes	0	31	0	0	0	31	0	(31)	0	(31)
20085	Christmas Decoration Replacement	20	0	0	0	0	20	20	0	0	0
20267	Maden Street Clock Tower Lighting Replacement	12	0	0	0	0	12	0	(12)	0	(12)
Total	Community Projects	87	471	170	0	0	728	628	(99)	(1)	(98)
20006	Disabled Facilities Grant	1,360	0	0	(428)	0	932	932	0	0	0
20233	DFG - LCC Unit in Gt Harwood	0	300	0	0	0	300	300	0	0	0
20234	DFG - Health & Wellbeing Board	0	28	0	222	0	250	100	(150)	0	(150)
20007	DFG Affordable Warmth Grant	0	0	0	150	0	150	150	0	0	0
20011	LCC Affordable Warmth Grant	0	52	0	0	0	52	52	0	0	0
20008	DFG Emergency Works Grant	0	22	0	28	0	50	50	0	0	0
20009	DFG Home Security Grant	0	0	0	25	0	25	25	0	0	0
20211	DFG Hospital Discharge Grant	0	7	0	3	0	10	10	0	0	0
Total	Housing Improvement Programme	1,360	409	0	(0)	0	1,769	1,619	(150)	0	(150)
20251	Huncoat Garden Village	0	0	29,187	0	(26,076)	3,110	3,006	(105)	0	(105)
Total	Huncoat Garden Village	0	0	29,187	0	(26,076)	3,110	3,006	(105)	0	(105)
20258	Civica Migration re Env Health	198	0	0	0	0	198	198	0	0	0
20255	Nutanix	120	0	0	0	0	120	125	5	5	0
20042	Tech Refresh Annual Replacement Programme	50	0	0	0	0	50	50	0	0	0
20046	ICT Replacement Microsoft Dynamics - CRM Digital Services	0	39	0	0	0	39	39	0	0	0
20256	Committee Management Software	35	0	0	0	0	35	32	(3)	(3)	0
20045	Wi-Fi Upgrade Scaitcliffe House	17	0	0	0	0	17	17	0	0	0
20245	Assure Software Planning/Building Control	0	17	0	0	0	17	17	0	0	0
20043	Financial System Software	0	17	0	0	0	17	10	(7)	0	(7)

20044	Computer Aided Facilities Management (CAFM) System	0	5	0	0	0	5	5	(0)	(0)	0
tbc	Wireless Conference System	0	0	30	0	0	30	30	0	0	0
Total	IT Projects	420	78	30	0	0	527	522	(6)	1	(7)
20178	WPF Development Contract	0	5,727	128	0	0	5,855	5,855	0	0	0
	Hyndburn Leisure Centre Efficiency Works	0	767	0	0	0	767	667	(100)	0	(100)
20230	Wilsons Playing Fields Sports Pitch Drainage	0	300	0	0	0	300	0	(300)	0	(300)
Total	Leisure Estate Investment	0	6,793	128	0	0	6,921	6,521	(400)	0	(400)
20135	Market Hall	0	5,962	0	0	0	5,962	3,296	(2,665)	0	(2,665)
20137	Burton Chambers	0	4,443	0	0	0	4,443	1,716	(2,727)	0	(2,727)
20136	Market Chambers	0	1,112	250	21	0	1,383	1,346	(37)	0	(37)
20238	Market Hall Façade Works	0	500	0	0	0	500	0	(500)	0	(500)
20266	Market Hall Solar Panels	0	0	500	0	0	500	111	(389)	0	(389)
20237	Market Hall Fire Compliance Works	0	322	0	0	0	322	0	(322)	0	(322)
	Internal Development of Market Hall - Replace Passenger Lift	0	239	0	0	0	239	0	(239)	0	(239)
Total	Market Development Works	0	12,577	750	21	0	13,349	6,469	(6,879)	0	(6,879)
20223	Osw Civic Theatre Refurbishment Works	250	267	0	0	0	517	325	(192)	0	(192)
	Fire Safety Improvements - Fire Assessment Building Alterations Various Buildings	0	228	0	0	0	228	75	(153)	0	(153)
20048	Acc Town Hall Roof Access Equipment	65	65	0	(65)	0	65	65	0	0	0
20244	Lee Lane Cemetery Tap & Water Supply	52	0	28	0	0	80	80	0	0	0
	Fire Assessment Building Alterations Acc Crematorium	0	50	0	0	0	50	0	(50)	0	(50)
20165	Mercer Park Bowling CCTV	45	0	0	0	0	45	45	0	0	0
20262	Bullough Park Pavilion Demolition	40	0	0	0	0	40	40	0	0	0
20263	Dill Hall Cemetery Road Extension	35	0	0	0	0	35	31	(4)	(4)	0
20259	Fence at Acc Cemetery	0	30	0	0	0	30	30	0	0	0
	Crematorium - Internal Repairs and Decoration	25	0	0	0	0	25	0	(25)	0	(25)
20261	CCTV Upgrade Various Buildings	0	24	0	0	0	24	6	(18)	(18)	0
20051	External Security Improvements	0	12	0	0	0	12	0	(12)	(12)	0
20031	Vehicle Security Barrier Willows Lane	0	4	0	0	0	4	4	0	0	0
20215	Acc Town Hall External Improvements	0	169	0	65	(234)	0	0	0	0	0
	Accrington Cemetery Welfare & Depot Facilities PH2	0	0	0	0	0	0	15	15	15	0
20062	QE Room Roof	0	0	0	0	0	0	0	0	0	0
20250											

Total	Operational Buildings	512	850	28	0	(234)	1,156	717	(439)	(19)	(420)
20161	King George V Pavillion and Pitches	0	595	0	0	0	595	595	0	0	0
20221	Leeds Liverpool Canal Cycle Path	0	235	0	0	0	235	40	(195)	0	(195)
20265	Gatty Park Play Area Partial Refurbishment	100	0	0	0	0	100	0	(100)	0	(100)
20020	Rhyddings Play Area Partial Refurbishment	0	91	0	0	0	91	91	0	0	0
20271	Bullough Park Phase 2	0	0	74	0	0	74	74	0	0	0
20257	Oak Hill Park Bowling Green Raulings	0	0	40	0	0	40	40	0	0	0
20239	Bullough Park Woodland Enhancement	0	21	9	0	0	30	30	0	0	0
20264	Lowerfold Park Footpaths	20	0	9	0	0	29	29	0	0	0
20270	Lowerfold Park Pavilion Upgrade	0	0	23	0	0	23	23	0	0	0
20220	Gatty Park Polytunnels & Greenhouse Replacement	0	20	0	0	0	20	10	(10)	0	(10)
20240	Clayton Woodland Upgrade	0	6	0	0	0	6	6	0	0	0
20177	Milton Close Play Area Gt Harwood	0	2	0	0	0	2	2	0	0	0
20208	Foxhill Bank Boundary Enhancement	0	2	0	0	0	2	2	0	0	0
20128	Memorial Park Heritage Lottery Project	0	0	0	0	0	0	0	0	0	0
20159	Mercer Park Play Area CLM	0	0	0	0	0	0	0	0	0	0
Total	Parks & Open Spaces	120	971	155	0	0	1,246	941	(305)	0	(305)
20226	Planned Asset Improvement Programme - Not Defined	50	72	0	0	0	122	50	(72)	0	(72)
20070	Replacement Boilers	0	48	0	0	0	48	3	(45)	0	(45)
20171	Fences	0	28	0	0	0	28	28	0	0	0
20145	Walls around Parks & Open Spaces	0	19	0	0	0	19	19	0	0	0
Total	Planned Asset Improvements	50	167	0	0	0	217	100	(117)	0	(117)
20207	Improve Town Centre Car Parks / Planting	178	255	0	(178)	0	255	255	0	0	0
20138	Accrington PAL's Garden	0	0	0	0	0	0	0	0	0	0
Total	UK Shared Prosperity Fund	178	255	0	(178)	0	255	255	0	0	0
20224	Food Waste Collection / Food Caddies	0	666	0	0	0	666	256	(409)	(409)	0
20269	Ride on Mower	0	0	7	0	0	7	7	0	0	0
20254	Tipper PN13 FEH	0	0	4	0	0	4	4	0	0	0
20272	Vehicle Trailer CVMU	0	0	4	0	0	4	4	0	0	0
Total	Vehicles & Equipment	0	666	14	0	0	680	271	(409)	(409)	0
TOTAL CAPITAL BUDGET 2025/26		2,726	23,236	30,462	(157)	(26,310)	29,957	21,048	(8,909)	(428)	(8,481)

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