

Agenda



HYNDBURN

The place to be
an excellent council

Cabinet

Wednesday, 18 February 2026 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 matters to be taken in Part B, following Item 7.

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

8. **Medium Term Financial Strategy 2026/2027 - 2028-2029** *(Pages 77 - 110)*

Report attached.

9. **Prudential Indicators, Capital, Treasury Management and Investment Strategies 2026/27 - 2028/29** *(Pages 111 - 170)*

Report attached.

10. **General Fund Revenue Budget 2026/27** *(Pages 171 - 198)*

Report attached.



11. Capital Programme 2026/27 to 2028/29 (*Pages 199 - 214*)

Report attached.

Agenda Item 8.

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| REPORT TO: | | Cabinet | |
| DATE: | | 18 February 2026 | |
| PORTFOLIO: | | Councillor Vanessa Alexander - Resources and Council Operations | |
| REPORT AUTHOR: | | Martin Dyson, Executive Director (Resources) | |
| TITLE OF REPORT: | | Medium Term Financial Strategy 2026/2027 to 2028/2029 | |
| 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 The report informs the Cabinet of the 3-year projections of income and expenditure for the Council ahead of formulating its 2026/29 Revenue and Capital Budgets.

2. RECOMMENDATION(S)

- 2.1 The Cabinet approves the report and the accompanying Medium Term Financial Strategy (MTFS).

3. SUMMARY

- 3.1 The Medium-Term Financial Strategy is attached to this report.

4. DETAIL

- 4.1 See the attached report on the Medium-Term Financial Strategy.

5. REASONS FOR RECOMMENDATIONS

- 5.1 The Council requires an update on its medium-term financial outlook ahead of setting the Budget for 2026/27 and determining the level of Council Tax for the new financial year.

6. ALTERNATIVE OPTIONS CONSIDERED AND THE REASONS FOR REJECTION

6.1 Not applicable

7. BUDGET IMPLICATIONS

7.1 As outlined in the report.

8. LINKS TO CORPORATE PRIORITIES

8.1 The Medium-Term Financial Strategy links to all corporate priorities in determining the funding levels for expenditure for the 3 years ahead.

9. LEGAL IMPLICATIONS

9.1 Not applicable.

10. RISKS

10.1 The Report contributes to the effective risk management of the Council by contributing to the overall financial context in which the Council takes budgetary and other operational decisions.

10.2 The Medium-Term Financial Strategy is revised on a regular basis to ensure it remains current and that changes in the financial outlook of the Council over the Medium Term are communicated to Members and appropriate action taken.

11. EQUALITY IMPACT ASSESSMENT

11.1 There are no specific measures within the report that require an Equality Impact Assessment. Individual proposals stemming from the budgetary process will be Equality Impact Assessed as required over the coming months.

12. CONSULTATIONS

12.1 Service Managers and their key staff are consulted during the early work on the compilation of the MTFS. CMT and Senior Councillors are regularly engaged in formulating forward views and policy objectives and these are taken into consideration when formulating the MTFS.

13. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

13.1 This Report should be read in conjunction with the other finance reports presented to the Council meeting on the 18 February 2026. The relevant reports are listed below and can be found by accessing the Council's website.

Prudential Indicators Monitoring & Treasury Management Strategy 2026/27 to 2028/29

Revenue Budget Report 2026/27

14. FREEDOM OF INFORMATION

- 14.1 The report does not contain any exempt information under the Local Government Act 1972; Schedule 12a and all information can be disclosed under the Freedom of Information Act 2000.

A nighttime photograph of a street scene. On the left, a grand classical building with columns is illuminated with purple light. The sky is dark blue with some clouds. String lights are strung across the street. A crowd of people is gathered on the sidewalk. A flagpole with a white flag stands in the middle ground. The overall atmosphere is festive and urban.

MEDIUM TERM

FINANCIAL STRATEGY

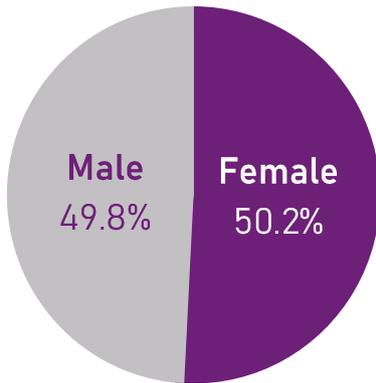
2026-2029

FOR AN AMBITIOUS AND SUSTAINABLE

HYNDBURN FUTURE

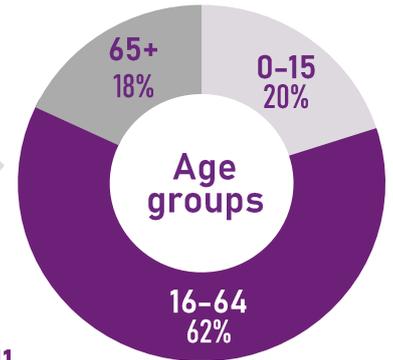
HYNDBURN IN A SNAPSHOT

Population of
86,058



34,791
Households

450 more than in 2011



Milnshaw Park

Eleven of Hyndburn parks have a Green Flag



Mercer Memorial Clock Tower

The tower is lit up to mark various, diverse events



Fairy Caves

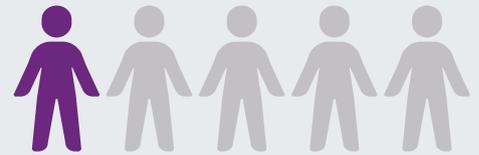
A battery of coke ovens that are part of the area's industrial past

| | |
|-----------------|-------|
| White | 82.7% |
| Pakistani | 13.2% |
| Other Asian | 0.8% |
| White and Asian | 0.7% |
| Bangladeshi | 0.6% |

TOP 3 LANGUAGES SPOKEN

1. English
2. Panjabi
3. Polish

91% of residents born in the UK



One in five people are disabled.

Defined as a physical or mental impairment that has a substantial negative effect on day-to-day

Employment profile

70% Economically active
65% Employed
5.2% Unemployed
(model-based)

42.1% of residents have an RQF level 3 or above



i.e. A-Level equivalent or above

£ **678.30**

£88.30 less than the national gross weekly pay

Organisations with close links:



2,405
registered
businesses



Local economy worth £1.6 billion



326,700 tonnes
CO2 emissions
Hyndburn-wide per year



18.2% households in fuel poverty

CORPORATE STRATEGY



Sustainable Growth:

To support employment and business growth, revitalise our town centres and deliver new homes, balancing growth with sustainability.

Environment & Climate Change:

Make the Council's activities and operations net zero by 2030, make the most of our natural environment and green spaces and reduce fuel poverty by encouraging home energy reduction measures.

A Thriving & Cohesive Working:

Work collaboratively with our partners supporting our local communities, addressing health inequalities, and celebrating Hyndburn's rich culture and heritage.

Embrace the Opportunities of Devolution

Support the creation of a new single-tier system of local government in Lancashire and work towards the devolution of greater powers and resources from Central Government

CORPORATE VALUES:



SUMMARY

- 1.1 During 2025/26, the Council's work and finances were largely focused on delivering major capital projects, including the Levelling Up/Town Centre regeneration, the new Cath Thom Leisure Centre at Wilson Playing Fields, and progress on the Huncoat Garden Village project, which will provide 1,800 new homes. These efforts have been delivered alongside the Council's day-to-day services and other key strategic priorities.
- 1.2 It is expected that these key events and their impact on the Council's finances, will continue over the next few financial years, with the potential for the effects to continue beyond the MTFS period.
- 1.3 The Council will operate a roll forward Budget for 2026/27 based on the 2025/26 Budget with adjustments for changes to salary and wages, energy and other cost pressures. This provides Service Managers with a degree of stability for 2026/27. Overall expenditure will need to be contained at around £17.608m in 2026/27 to set a balanced budget.
- 1.4 The Council, if necessary, may have to use some of its reserves to help balance the Budget. This is likely given the reductions made to government funding across Business Rates and grants as part of the fair funding review. Additionally, it may be necessary to use reserves if it is believed that in the current economic climate, it would be inappropriate to raise Council Tax.
- 1.5 The Council will face significant financial challenges over the next three years as it overcomes the consequences of both national and global issues. It will also face the challenges of Government funding reforms and increased pressures on spending over this period.
- 1.6 The 2026/27 local government finance settlement (LGFS) introduced the major reforms consulted on as part of the Fair Funding Review, including a multi-year funding approach (the first in 10 years) and changes to grant funding and business rates. While national Core Spending Power (CSP) is projected to grow steadily, Hyndburn Council itself faces real-terms reductions due to formula changes and limited tax-raising capacity.
- 1.7 The government issued its Fair Funding Reform 2.0 consultation paper in June 2025, which proposed fundamental changes to local government finance.
- 1.8 The proposals included:
 - A revised funding formula with a stronger link to deprivation levels and population size.
 - A full reset of the baseline for retained business rates in 2026/27.
 - Ending the New Homes Bonus and reallocating the funding to the core settlement.
 - Simplifying and merging multiple grant streams, including those for homelessness prevention, rough sleeping, and temporary accommodation.
 - Introducing transitional funding, including a minimum funding floor, to protect councils from the full impact of the changes.
- 1.9 Although most councils received cash-flat protection against their 2025/26 baseline, Hyndburn was identified early in the consultation as being among the authorities furthest

CONT. SUMMARY

from their assessed funding level. As a result, the Council will lose 5% of its 2025/26 baseline funding by 2028/29.

1.10 Despite an anticipated loss of almost £6.35m over the MTFs period, the multi-year settlement offers a level of certainty that enables the Council to prepare for future challenges. The Council has addressed the £6.35m reduction through, savings and use of resources.

1.11 It is recognised that the 2027 spending round (and those in future years) may bring about alterations, however these are likely to be minor in terms of quantum and will likely only be upwards with the announced 3-year settlement representing a minimum level of funding. The certainty that the 3-year settlement has provided around government funding has resulted in a relatively stable outlook across all scenarios, pessimistic, standard and optimistic. Any variances occur due to diverging assumptions over service income and expenditure with the most severe of the scenarios assuming no or low growth in income but an above inflationary rise in expenditure. The pessimistic model assumes a modest increase in council tax below the Local Plan and Government targets. The standard model assumes growth in the Council Tax base in line with the local plan.

1.12 The third, optimistic model is also presented which shows the Council's potential position if it was able to boost its own tax revenue due to a buoyant tax base, and expenditure inflation being low. This Optimistic model is considered to have a much lower probability of

occurring compared to the other two models but is provided to illustrate the wide range of potential outcomes.

1.13 In these circumstances, it is prudent for the Council to look to increase its reserves and revenue streams such as Council Tax and Business Rates whenever it can and to avoid committing to any new revenue expenditure while continuing to concentrate on its work to reduce internal costs.



ELEMENTS OF THE MTFS

FORECASTING RESOURCES

The Medium-Term Financial Strategy needs to be underpinned by sound forecasting mechanisms for the likely resources available to the Authority over a three-year period. The Cabinet receives reports on the achievement of the financial plan with future projections for the following three years at regular intervals.

BUDGET MONITORING &

FORECASTING COMMITMENTS

Budget monitoring reports and forecast commitments are reported to Cabinet and developed as the year progresses. As are ways of balancing resources with any new commitment if they occur outside the original financial plan.

CORPORATE STRATEGIC

DIRECTION & PRIORITIES

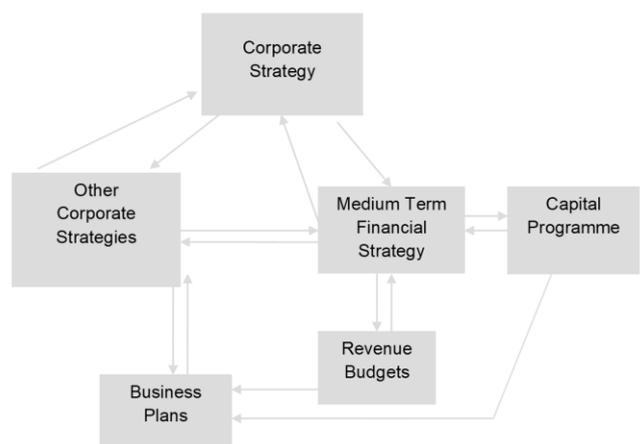
OF THE COUNCIL

In the context of the Medium-Term Financial Strategy (MTFS) the Council has a clear hierarchy of strategy documents (see chart below) headed by the Corporate Strategy which sets out the vision and high-level priorities for the Council. The Corporate Strategy drives the MTFS with details of committed events and their budget implications. These commitments are reflected in accordance with the Budget and Policy Framework Rules and consequently in Services' Business Plans. This hierarchy of plans gives clear direction on the Council's priorities and actions.

It is for the Cabinet, subject to an overall decision by the Council, to recommend precisely which areas to prioritise to

receive additional investment and thus which will receive less. This process reaches its natural conclusion in the Annual Budget Report.

STRATEGY HIERARCHY



THE PERFORMANCE MANAGEMENT

FRAMEWORK

The Performance Management Framework sets out how the Council delivers key outcomes and commitments for Hyndburn customers, providing a clear vision and a cycle of continuous planning, monitoring, scrutiny, learning and improvement. The Framework exists to help officers, elected members and partners to understand how the Council monitors performance and their individual role in achieving our priorities and commitments.

BACKGROUND

- 2.1 The MTFS covers the period from 2026/27 to 2028/29. Our financial position over the last few years has been dominated by continuing global financial volatility stemming from unstable political landscapes and significant levels of high inflation. The Council has been fortunate in being able to manage within its resources by achieving high investment returns and effective budget management.
- 2.2 Major reforms to local government finance have taken place during the year and will take effect from 2026/2027. This has included a multi-year financial settlement, incorporating both the impact of the fair funding review and the business rates reset. The impact of the funding review was initially announced as part of the Provisional Local Government Finance Settlement (PLGFS) and has been fully incorporated into the MTFS along with subsequent adjustment from the final settlement. The Standard Model now assumes only inflationary growth for income outside of the funding settlement, over the period of the MTFS. While the Pessimistic Model envisages the reforms will have no growth period of the MTFS. The Optimistic Model illustrates a more buoyant outlook for income. All models present the government funding as set out in the multi-year finance settlement.
- 2.3 Local Government Reorganisation presents a major unknown within the MTFS period. The Council submitted its preferred option for reorganisation by the government deadline of 28th November 2025. It is expected that a government lead consultation will take place in early 2026 with a preferred unitary Council option selected by Summer 2026. Vesting Day will be 1st April 2028, the new unitary council will start to operate services for the Borough, and the existing 15 authorities would be abolished. It is difficult to anticipate the cost of reorganisation without greater certainty around the proposals. Given current levels of funding this may place additional burden on Council reserves in the future. As the Council's MTFS is presented over a 3-year period, the 2028/29 budget has been presented in a way which is consistent to the preceding financial years. It is expected that this will form part of the budget for the new unitary council and any budget decisions made in 2026/27 may have implications on the future budgets in a new unitary authority.
- 2.4 The MTFS assumes that the Council can deliver its current year Budget as planned. Despite the continuing extraordinary budget pressures in 2025/26, the Council looks as if it will be able to deliver its Budget within the planned resources. Having also managed to deliver a balanced budget for 2024/25 and it now appearing we can deliver one again in 2025/26, the MTFS assumes we will be able to continue to do so over the next three years, should the Council adopt a savings and transformation plan that will be closely monitored and reported to Cabinet.
- 2.5 The last few years have demonstrated that it is critical that the Council maintains the appropriate levels of reserves. The same wide range of potential threats to our long-term financial viability remain with the impact of continuing national and global issues.

CONT. BACKGROUND

Therefore, a general reserve level of around £1m remains important for the Council to retain given the external environment.

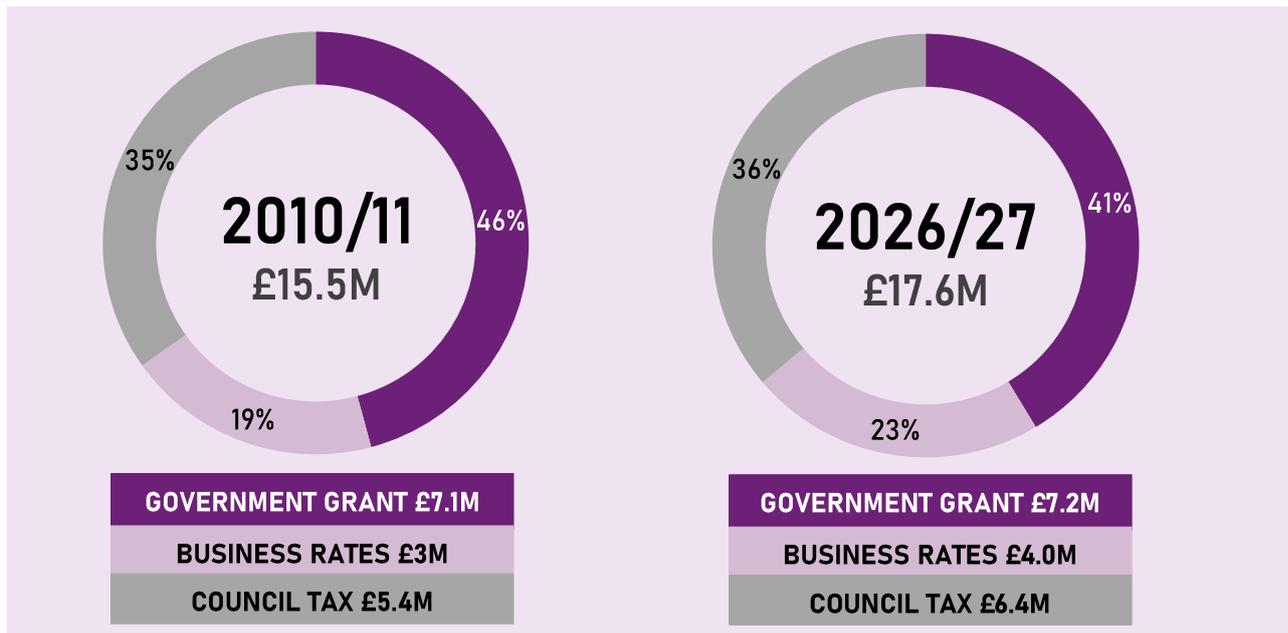
2.6 The format of the MTFS considers the current estimated resources available for 2026/27 and builds upon anticipated changes to income and costs over the following 2 years. At this stage, the MTFS considers the broad strategic impact of known changes. As always, it is possible for new events to affect the budget position, and these will be considered in future revisions to the MTFS. It is anticipated that the next update will occur in October 2026, immediately ahead of the Council

commencing the process of setting its Budget for 2027/28.

2.7 Despite the difficulties over the last 15 financial years caused by substantial reductions in our funding from Government, the Council has continued to maintain its finances and provide value for money services. General Balances were in excess of £2.4m at the end of the 2024/25 financial year and we have generated significant savings in each of the last 15 financial years. It will remain important to the Council in the future that we continue to generate savings each year so that we can aim to deliver a balanced budget across the MTFS period, fund future capital spend and further investment.



RESOURCES



3.1 Since April 2011 the Council has faced major changes in how it is funded as a result of Central Government decisions taken to reduce overall public sector spending in light of the worldwide recession and pressure to reduce the national deficit. These changes include:

- The ending of the system of direct government funding to local government based on need.
- The introduction of a new system centered around how much revenue is collected locally as business rates, adjusted via a series of tariffs and top-ups.
- The transfer of the risk of non-collection of business rates and the cash flow impact away from HM Treasury to local government.
- The ending of the national universal system for Council Tax benefit and its replacement by locally determined schemes with an accompanying 10% reduction in funding at a national level in the first year and subject to further grant reductions in subsequent years.

3.2 Funding from 2010/11 to 2026/27 shows an increase of £2.1m, although the real reduction in present values is more likely in the region of £6.6m, if the

funding had increased in line with the levels of cumulative inflation for the same period. During this period the Council has continued to provide the same level of services.

3.3 The changes have also created a much greater risk of volatility between years. Business rate collection is much more prone to fluctuate than the previous system of government grants and Council Tax Support levels may vary significantly depending on the state of the economy and the number of claimants.

3.4 In June 2025, the Ministry of Housing, Communities and Local Government published its consultation on reforms to local government funding, known as the Fair Funding Review 2.0. The consultation set out proposed changes to the distribution of funding, aiming both to allocate resources more closely in line with assessed need and to simplify the overall funding framework. The government indicated that most councils would see their funding maintained at a cash-flat level relative

CONT. RESOURCES

to their 2025/26 baseline. However, councils receiving more than 15% above their assessed funding requirement could face reductions of up to 5% by 2028/29. Any reductions beyond this threshold would be offset through funding floor payments.

3.5 The results were presented to parliament initially as part of the Local Government Finance Settlement in December 2025. District Councils have been the hardest hit group following the fair funding reforms, with decisions by ministers tending to favour authorities with social care responsibilities. Hyndburn was identified early on as being one of the authorities furthest from the target funding level, losing 5% of its funding by 2028/29. Any reductions to funding beyond this amount will be compensated via a funding floor payment.

3.6 This reduction in funding is despite the governments promises to strengthen

the link between funding and deprivation, with the 2025 Index of Multiple Deprivation ranking Hyndburn as the 16th most deprived Borough. A change from 18th in 2019.

3.7 Following a brief consultation on the PLGFS, the government announced further funding changes in the final settlement. While the newly introduced 'Funding Adjustment Grant' has kept the Council's 2026/27 allocation broadly in line with the provisional settlement, Hyndburn will face additional reductions in 2027/28 and 2028/29.

3.8 The table below shows the level of funding across the MTFs period. The level of government grant decreases across the period in line with funding reforms with overall funding becoming more highly geared towards locally generated income such as Council Tax.



GOVERNMENT GRANTS

4.1 For 2026/27 onwards the government has simplified more than 30 funding streams, worth nearly £47 billion across the multi-year settlement. Previously, these funding streams were paid to local authorities through a mix of grants both within the Settlement, and outside the Settlement by 6 different government departments. In the updated system, £21.5 billion of this funding will be delivered through new consolidated grants as part of the multi-year Settlement package, and £25.3 billion will be consolidated into the Revenue Support Grant.

4.2 For Hyndburn this means receiving 1 consolidated Homelessness, Rough Sleeping and Domestic Abuse Grant, worth £0.722m in 2026/27. It will bring together:

- The Prevention, Relief and Staffing element of the Homelessness Prevention Grant (HPG). This funding will be distributed using the prevention and relief element of the HPG funding formula.
- Rough Sleeping Prevention and Recovery Grant (RSPARG) and Rough Sleeping Accommodation Programme (RSAP) funding. This funding will be distributed using a rough sleeping and single homelessness formula developed with local authorities; and
- The Domestic Abuse Safe Accommodation Grant, which was delivered through the Settlement in 2025-26.

4.3 Outside of the settlement Hyndburn will receive the Crisis and Resilience Fund.

This was created to make it easier for local authorities to provide preventative support to communities and assist people when faced with a financial crisis. The fund brings together the Household Support Fund and Discretionary Housing Payments.

4.4 Revenue Support Grant (RSG) will consolidate 17 funding streams, worth £25.3 billion over the 3 years of the multi-year Settlement. For Hyndburn this includes:

- Employer National Insurance Contributions
- New Homes Bonus
- Business Rates Under indexation Compensation

4.5 Changes to the Council's core spending power announced as part of the final local government finance settlement has reduced the amount of RSG due to the authority across the MTFS period. This has been compensated for in 2026/27 by a one off 'Adjustment Support grant'. The Council will however experience additional losses in 2027/28 and 2028/29 respectively.

4.6 Given the wide-ranging changes to RSG, it becomes difficult to draw useful comparisons to previous financial years. For example, RSG received in 2025/26 was £2.069m compared to £5.715m in 2026/27. However, total funding across grants, Council Tax and Business Rates decreased from £17.401m in 2025/26 to £16.836m in 2026/27. For 2026/27 Homelessness Grants were distributed as part of the funding settlement bringing total funding to £17.608m, previously this grant was included within net service expenditure.

COUNCIL TAX

- 5.1 With the significant decline of Government Grants from 2010/11, Council Tax became much more significant in terms of the Council's finances. The Council is rightly proud of its record as a Council that thinks very carefully over increasing the burden on local people's spending power through tax increases and has over the last 20 years kept its average Council Tax increases below the rate of inflation. Until recently, Hyndburn was only one of 7 councils to have this distinction and the only one north of Watford to do so. This is a remarkable achievement given that in Hyndburn's case it will have not been able to replace the lost income from below inflation Council Tax increase via rises in the growth of housing numbers and Hyndburn will have effectively had to deliver more efficiencies from within its expenditure, to maintain its Balanced Budget position.
- 5.2 Due to the reduction in future years settlements, the Council needs to look to increases in Council Tax to partially fill the gap. The Medium-Term Forecast therefore assumes for the years 2026/27, 2027/2028 and 2028/2029, the Council will increase Council Tax by the maximum allowed by the Government under its capping regulations. The capping level for a District Council is an increase up to a maximum of £5.00 or not above 3%, whichever is the greater. This rule is expected to remain in force for the remainder of the MTFs.
- 5.3 The newly introduced assumption underpinning the finance settlement is that each authority's Council Tax base will increase in line with the average annual growth across 2021/22 to 2025/26. This will place an additional pressure on the Council as slower than average growth and the implementation of additional council tax discounts have resulted in lower than average increases in the tax base.
- 5.4 For 2026/27, we are forecasting Council Tax revenues of £6,367,800 based on a Council Tax of £284.73 which would rise to £6,547,700 the following year based on a 2.99% increase in 2027/28. In 2028/29, the forecast is that revenue will grow by a further 2.99% under the existing Capping rules with £6,788,000 of revenue achieved.
- 5.5 It is not expected that Council Tax income will decline over the coming period, but the Pessimistic Scenario reflects that there will be a lower, 1% increase to the Council Tax Band charge in the two remaining of the MTFs and a slower increase in the Council Tax Base due compared to the Standard and Optimistic models.
- 5.6 Compared to the Standard Model, the Council loses over £148,500 of income in 2027/28 by not increasing Council Tax to the maximum level allowed by legislation and is £304,600 worse off in 2028/29 under these assumptions. The cumulative impact over the 2 years is a loss of £453,100 of revenue to the Council that it would be able to use to support local services. The Optimistic Scenario shows a more buoyant second and third year in terms of Council Tax income with £30,800 of extra income stemming from housing developments etc. in 2027/28 and further increases from Council Tax of £64,100 in 2028/29. This would reflect above average growth in the local housing market.

BUSINESS RATES

- 6.1 The financial year 2026/27 will bring the most significant changes to the Business Rates Retention System since it was introduced in April 2013. The system was originally designed to encourage Councils to grow their Business Rates base by allowing them to keep a share of any additional income locally. However, under the current arrangements, most of the business rates collected in Hyndburn are transferred elsewhere. This happens because the Government first takes 50% of locally collected rates into a national pot used to support wider Local Government funding. A further 10% is allocated to Lancashire County Council and the Lancashire Combined Fire Authority, leaving Hyndburn with just 40% of the business rates it raises.
- 6.2 This 40% share is then reduced again under the Government's "Top-Ups and Tariffs" system, which redistributes funding by deducting money from "Tariff" authorities—like Hyndburn—to support those the Government assess as having higher spending needs compared to their business rates base. As a result, Hyndburn ultimately retains only around 25% of business rates income for local use, with the remainder redistributed to Government or other local authorities.
- 6.3 The long-awaited reset of the business rates system has now recalculated both the 'baseline funding level' and the 'business rates baseline' for all English authorities, this equates to the level of funding the Government believe the Council needs versus what it can collect in Business Rates. Councils whose actual business rates fall below their new baseline will receive a "safety net" payment to bring them up to 100% of the baseline level. This safety net is only guaranteed for the 2026/27 financial year and will fall to 97% and 92.5% in 2027/28 and 2028/29 respectively. Any growth above the baseline will be subject to a marginal levy paid to Central Government.
- 6.4 New multipliers have also been introduced, with businesses in the Retail, Hospitality and Leisure service paying a lower rate. Nationally, this change is being funded by a new higher multiplier on hereditaments with rateable values of over £500,000.
- 6.5 In recent years, the Council has participated in a Business Rates pool with other Lancashire authorities, which allowed any levy amounts to be retained within the area. However, due to the reset and the increased risk of authorities falling into a safety net position, the pool will not continue into 2026/27.
- 6.6 The funding baseline is set for the settlement period and will increase only with inflation. However, the Standard model assumes 2% retained growth from 2027/28 onwards. The Pessimistic Model assumes income will stagnate in years two and three due to limited growth and potential declines arising from appeals, business closures, and higher non-payment rates. The Optimistic Model assumes a 3% annual increase from 2027/28 onwards. These assumptions are indicative rather than precise at this stage, and the Council will need to maintain financial flexibility to manage potentially significant variations in funding.

CHANGES IN COSTS

SALARIES COSTS

- 7.1 As an individual line across all budget areas the cost of employing staff is just under £14m and is the largest expense faced by the Council.
- 7.2 Between 2010/11 and 2018/19 wage increases in local government were limited to 1% or lower as the country recovered from the 2008 Recession. Since 2018/19 the national wage settlement has increased from around 2% to a flat rate increase for most employees, regardless of grade, in the last two years 2023/2024 and 2024/2025. For 2025/26 the agreed increase to salaries was 3.2%.
- 7.3 After a long period of low inflation and general wage restraint across the economy for over a decade, rising inflation, skill shortages in the workforce and other economic factors have seen wage settlements significantly up, with trade unions pressing for much higher pay awards across the public sector.
- 7.4 The Standard Model for 2026/2027 has assumed wage settlements of around 2.5%, and this is maintained across the MTFS period. The Pessimistic Model therefore outlines the impact on the Council's finances if Wage Settlements were at 4% for all years above the current inflation rate of 3.4%.
- 7.5 This level of wage settlement is a major contributor to pushing the savings target under the Pessimistic Model to 14.17% in 2027/2028 and to 16.01% in 2028/2029 and would force the Council to take major actions to reduce its costs and re-

prioritise services in these circumstances.

- 7.6 The Optimistic Model assumes that a degree of wage restraint can be achieved with 1% in 2026/2027 and all the remaining years.

PENSION COSTS

- 8.1 2026/27 marks the beginning of a new triennial valuation period for employer pension contributions. The Council will see a significant reduction in its pension costs to 0%, the rate is currently 13.6% for the 2023/24 – 2025/26 period. This will result in a saving of approximately £1.488m annually for the Council. The reduction is primarily due to a large surplus on Hyndburn Council's element of the pension fund, £48.770m as at 31 March 2025.
- 8.2 This improvement has been achieved by the Council taking positive action to reduce early retirements, funding additional retirement costs as they occur and making additional payments into the Pension Fund whenever possible. Continuing these actions in the future will further reduce the employer pension contribution as we move forward and should be maintained as a normal facet of overall financial management.

CONT. CHANGES IN COSTS

SUPPLIES & SERVICES COSTS

9.1 The Office for National Statistics (ONS) data shows that the Retail Price Index has risen sharply since April 2021 and reached 3.8% in December 2025. The Government's preferred inflation measure, the Consumer Price Index, increased to 3.4% in December 2025 from 2.5% a year earlier. Although inflation is expected to ease, it is still forecast to remain around 2.5% in 2026/27.

9.2 The MFTS initially assumed that inflation—particularly energy costs—would increase non-salary service and supply costs by 3% in 2026/27 and 2% in subsequent years. However, due to the significant budget reductions arising from Fair Funding and the need for organisational growth, the Council has

applied a reduction equivalent to non-contractual inflation across supplies and services, effectively capping budgets at 2025/26 levels. This is expected to deliver approximately £0.250m in savings before annual inflationary increases of £186,000 in 2027/28 and £189,000 in 2028/29 are reinstated.

9.3 The Pessimistic Model assumes that energy prices do not subside in 2025/26 and that inflation is 5% rather than 3% at that point and that it will continue at 5% in the future years.

9.4 The Optimistic Model assumes a rapid de-escalation in world energy prices over the coming months and inflation dropping to 1% to markedly reduce the impact from inflation on the goods and services we purchase.

BUDGET PRESSURES

10.1 The Revenue budget in 2025/2026 has been facing significant pressures that have been managed within the budget resources in year. However, a significant amount of these costs will need to be included in the 2026/2027 budget.

10.2 These costs include items such as:

- Additional irrecoverable costs from Housing Benefits / Supported Accommodation
- Council Tax recovery costs
- ICT expenditure pressures

10.3 The total costs of these budget pressures included in 2025/2026 are £0.512m.



CAPITAL COSTS

- 11.1 The Council has, over the last 15 years, maintained a strong commitment not to borrow to finance Capital Expenditure. In doing so, it has ensured that it has not added to the burden of its revenue budget by having to pay increased loan costs. The intention within the MTFS is to maintain that commitment. The Capital Programme will be funded from a mixture of carry forward receipts from the Housing Market Renewal Programme, the use of one-off grants from the Government, surpluses, external funding and existing Capital resources.
- 11.2 The Council's Capital Programme has significantly grown over the last few years to a current approved level of £56.509m for 2025/2026. This programme was mainly due to the expected funds from Government in relation to Levelling Up Projects and the Council's Leisure Estate Investment Programme.
- 11.3 The 2026/27 Capital Programme is expected to return to the more modest programmes of new additions than in previous years. However, of course the Council will be delivering the major programmes approved in previous years during and beyond 2026/2027. The full programme is detailed in the Capital Programme 2026/2027 report to be approved by Council on 26th February 2026.
- 11.4 The assumption across all three Scenarios within the MTFS is that there will be no Growth approved and any additional demands on service will be managed in year, once the required budget savings have been achieved.
- 11.5 As in previous years, it remains essential that the Council limits capital spending to the resources it has available and avoids borrowing to fund projects. Borrowing would place additional pressure on the Revenue Budget, increasing the savings required across the organisation and leading to more difficult decisions about key service priorities.
- 11.6 To support our Capital Programme, we will continue to allocate any additional revenue, such as Collection Fund surpluses or extra investment income, whenever these resources are available and not required to underpin the Revenue Budget. This will also include any in-year savings generated and any capital receipts.
- 11.7 The Capital Programme is always oversubscribed, and the Council will continue to have to make tough choices over which projects to support in line with its key objectives. It should however be able to fund its highest priority projects over the coming 3 years, without burdening future taxpayers with an increased legacy of unaffordable debt and interest payments.
- 11.8 Current predictions indicate the Council has sufficient funds to finance its capital expenditure plans over the next 3 years. This is however reliant on the achievement of significant capital receipts over the period and continuing to only fund the Council's highest priority projects. If the sale income from anticipated disposals is delayed or sales in the pipeline do not mature, decisions

CONT. CAPITAL COSTS

around curtailing capital expenditure or using some stop gap funding including short term borrowing may be necessary.

GROWTH

12.1 The Council undertook an organisational review in late 2025, the outcome of this review highlighted service areas within the Council that required additional resources to enable the Council to fulfil its key corporate objectives over the coming financial years. From 2026/27 onwards, the MTFS therefore incorporates a series of growth assumptions. These relate primarily to the creation or amendment of posts within key service areas as identified by the organisation review. The affected areas include:

- Planning
- Legal
- Facilities
- Community Safety
- Leisure and Sport

12.2 The growth proposals also include additional costs for equalisation of pay terms and conditions and training that prepares staff to be best placed for the forthcoming local government review in April 2028.

12.3 The Council is also introducing a new statutory function around separate food waste collection from April 2026. Some of the cost of this new food waste service is now included within the Council's finance settlement. This is difficult to identify.

12.4 The total estimated cost of all growth items is approximately £4.2 million over the MTFS period.



RESERVES

13.1 Over the last 20 years, the Council has been able to rebuild its Revenue Reserves. The general reserve balances at the 31st March 2025 were just over £2.462m and earmarked reserves of £15.685m and Capital receipts and grants unapplied of £12.078m, totaling £30.225m in usable reserves.

13.2 It is recommended that general reserves are maintained at around £1m or strengthened whenever possible to meet any major challenges which might occur over the next 3 years, which cannot be dealt with via the normal budgetary process.

13.3 The remaining earmarked reserves, capital receipts and grants are largely planned to manage the future commitments of the council through both revenue costs and capital scheme funding.

13.4 The Council is expecting to add to its reserves this year through a forecast underspend in 2025/2026 and has planned set asides for future commitments on capital expenditure. However, it may be necessary to use reserves to meet pressures in the revenue budget following reductions in government funding.

13.5 The general reserves are available to be used to accommodate threats to the Council outside its normal budgetary pressures and could include,

- continuing high energy prices and inflation.
- high levels of wage settlement and possible threats of industrial action.
- legal risks such as challenge to planning decisions, claims under employment law and fines due to GDPR breaches.
- emergencies spend pressures in-year.
- the continuing trading difficulties experienced by Hyndburn Leisure and the financial pressures on partner organisations and the third sector in general.
- insurance claims for which cover is not in place.
- continuing reductions in our income from fees and charges.
- the unknown revenue budget implications of Local Government Reorganisation

13.6 An updated forecast on the level and proposed movements in reserves is contained within the Revenue Budget report 2026/2027.



OTHER ASSUMPTIONS

14.1 The MTFS assumes that the Council is able to present a balanced budget each year, to operate within that budget and that it does not need to draw upon reserves or overspend within any financial year.

14.2 It assumes that any draw down of reserves which drops us below the minimum level required, is either immediately replenished within the financial year or a top slice of funding from the next year's budget is made to ensure they remain at the stated level.

14.3 It assumes that service provision remains largely within the current confines and that no major initiatives are imposed upon the Council without suitable funding provision. For instance, the MTFS does not allow for the return to weekly refuse collection without the Government providing the necessary funds not only to manage the change process, but also to meet the additional on-going revenue costs.



EQUALITY IMPACT

ASSESSMENT

There are no specific proposals within the MTFS that would require the completion of an Equality Impact Assessment (EIA). This document remains a high-level strategic overview. Individual EIAs will be completed for relevant policy developments, service alterations and saving plans as they occur, as a response to the overall financial plans of the Council.

SCENARIOS

15.1 As with the previous MTFS we have attempted to outline the potential range of scenarios around the Council's Finances over the next few years, by varying some of the key assumptions. In order to avoid a myriad of possible scenarios, we have presented in Appendix 2 and Appendix 3, two scenarios towards either extreme side of the MTFS forecast. This allows the potential maximum and minimum range of savings required over the next 3 years to be broadly established.

15.2 The MTFS has therefore been developed around key assumptions of what is most likely to occur and then two scenarios produced showing what might occur should these assumptions be confounded by other events, all moving in one particular direction or the other. The 3-year settlement period has brought more certainty around government funding over the full MTFS period; therefore, the scenarios are now more in line. Appendix 1 to this report sets out the scenario which it is believed is the most likely to occur and is labelled the Standard Model. Appendix 2 shows what might occur if many of the negative things that could happen did actually occur and this is labelled the Pessimistic Model. Appendix 3 shows the opposite situation in which the Council benefits from a series of good outcomes with resources growing and downward pressure on spending occurs. This is the Optimistic Model.

15.3 This approach produces a spectrum of the possible ranges in which the Council's finances will have to operate over the next 3 years. It does not cover

every eventuality and there are possible outcomes outside of the ranges shown, though these are deemed to have only a small chance of occurrence.

15.4 It is possible the Council could emerge with a stronger financial position as a result of a combination of these volatile factors going in its favour. A strong financial position for the Council could emerge for instance if:

- The Government decides to boost the economy by an injection of cash into the country and expanding expenditure on public services particularly in the North with Hyndburn receiving extra revenue as a result.
- Political tensions across the globe subside.
- The global economy enters a period of steady growth.

SCENARIO BREAKDOWNS

PESSIMISTIC SCENARIO

- 16.1 The potential for the Council to face severe financial pressure over the 3 years is shown in the Pessimistic Model. This model assumes a backdrop of fragmented global economic growth and potential recession. The level of savings required to be generated by Hyndburn in these circumstances are significantly higher in each year than the other models and are likely to be very challenging for the Council to deliver.
- 16.2 The Pessimistic Scenario presented at Appendix 2 looks at the baseline assumptions for the MTFS and adjusts them for the following reasons.
- 16.3 In terms of income the Pessimistic Scenario indicates that revenue could be lower in 2026/27 compared to the Standard Scenario due to higher expenditure pressures and lower estimated income generation.
- 16.4 It is also assumed that Council Tax revenues only increase from a 1% uplift in the amount charged per household. This limits revenue from Council Tax to £6,399,200 in 2027/2028 and £6,483,400 in 2028/2029. Likewise, it is assumed that Business Rate income will flat line over the period. This may be due to new property growth being offset by business closures, successful appeals against the new rating levels and continuing high levels of default due to economic stagnation. Overall resources available to the Council are down over £0.149m in 2027/28 and £0.305m in 2028/2029. In this scenario and the gap has widened to over £6.396m.
- 16.5 The Pessimistic Scenario allows for an extra 1.5% increase in wage costs over those included in the standard model for the MTFS period. This adds £0.678m of extra costs into the Budget over the 3 years.
- 16.6 Pay awards of this level at a time when the Council was struggling with depleted levels of income would add substantially to the pressure to reduce the size of the workforce.
- 16.7 General inflation continues to be difficult to predict. For the Pessimistic Scenario an assumption has been made that the costs of supplies and services rise by £0.091m in 2026/27 compared to the Standard Model and they outstrip the same position again in 2027/28 by a further £0.276m and by £0.296m again in 2028/29.
- 16.8 The combined impact of all these potential changes is illustrated at Appendix 2 and shows that the savings target for 2026/27 would be 3.19% at £0.580m and that the savings target would increase to £2.640m or 13.62% in 2027/28 and a further £3.176m or 15.52% in 2028/2029 requiring over £6.396m of in-year savings to be made over the next 3 years.
- 16.9 While it is viewed as unlikely, it is possible, that all these factors would combine against the Council. Therefore, the Pessimistic Scenario at Appendix 2 illustrates the Councils position should these assumptions materialise. This would require the Council to take a

CONT. SCENARIO BREAKDOWNS

CONT. PESSIMISTIC SCENARIO

series of much tougher decisions around its spending plans and priorities.

- 16.10 The level of savings required under the Pessimistic Scenario would put the Council's finances under severe strain. It is likely it would need to use a considerable amount of its reserves while it attempted to reconfigure its operations so that it could achieve the cost reductions necessary, to continue to set a long-term balanced budget.

STANDARD MODEL

- 17.1 The Standard Model which shows the most likely single position, predicts that the Council will be able to deliver a balanced budget for 2026/27, however this is predicated on circa £0.500m of savings being achieved within service expenditure.
- 17.2 As discussed earlier in this report the delivery of a 3-year settlement by MHCLG has provided much needed certainty and stability around the level of financing for the Council over the medium term.
- 17.3 However, the £6.35m disparity between the levels of government funding notified through the settlement and previous MTFS assumptions will place considerable pressure on the Council over the course of the MTFS period. The standard model assumes a budget gap of 12.17% of the expenditure budget in 2027/28 and 15.18% 2028/29. This is a considerable challenge and may require the use of reserves and other one-off

measures to bridge the gap in the respective financial years.

- 17.4 In our Standard Model we have assumed a 2.5% increase in payroll cost as a result of the annual pay award for the MTFS period.
- 17.5 Outside of salaries, inflationary increases have been frozen on non-contractual supplies and services to 2025/26 level. This forms approximately half of the savings target required to balance the 2026/27 budget.

OPTIMISTIC MODEL

- 18.1 The Optimistic Model shows a scenario in which the Council's revenues grow throughout the period and spending pressures can largely be easily dealt with over the next 3 years, with the opportunity for the Council to run a surplus Budget in each of the next 3 years. The Optimistic Scenario which shows strong levels of revenue growth for the Council from buoyant tax revenues from Business Rates and Council Tax and expenditure only rising at low inflation rates is however viewed as significantly the least likely scenario to occur.
- 18.2 The Optimistic Scenario is presented at Appendix 3. The major assumptions here are that the Government will provide Government Grants to the Council at the level they have indicated through the LGFS with a significant level of uplift and that this continues over the following 2 years. The Scenario also assumes buoyant tax

CONT. SCENARIO BREAKDOWNS

revenues from Council Tax and Business Rates with 3% growth in the Council Tax Revenues each year after 2026/27 and similar levels of increases achieved in Business Rates income. With the increases coming from a mixture of growth and tax increases.

18.3 These assumptions boost the Council's overall revenues by £3.555m over the 3 years up to 2028/29 compared to the Standard Model. With the financial pressures in this scenario and wage inflation almost £0.665m lighter and supplies and service costs £0.178m less.

18.4 As with the Pessimistic Scenario, the Optimistic Scenario painted here would be at the extreme end of potential range of events and is therefore viewed as unlikely to occur in its entirety.

COURSE OF ACTION

19.1 Given the current uncertainties, it is not possible to determine which outcome is most likely from the range of scenarios. It is clear, however, that the downside risks would have the greatest impact on the Council's financial resilience. On balance, the Council's position is expected to fall somewhere between the Standard Model and the Pessimistic scenario. In this context, a prudent approach—maintaining high reserve levels, strengthening income streams wherever possible (particularly through council tax, business rates, and fees and charges), and avoiding new ongoing spending commitments—will give the Council the best chance of managing the challenges ahead. Without such

measures, the Council may face significant difficulties in sustaining a balanced budget and delivering its core services. There is significant divergence in the financial predictions for the 3 years between the Pessimistic and Optimistic Models. The diagram below shows the potential range from the most pessimistic to the most optimistic put forward in this document.

19.2 The divergence between the Pessimistic and Optimistic Models in terms of annual savings that need to be identified is £0.980m for 2026/27, £2.709m for 2027/28 and £4.227m in 2028/29. The cumulative difference is almost £7.786m over the three years. The wide range in the cumulative impact between the difference scenarios underlines the degree of uncertainty that exists in making accurate forecasts around the impact of local government funding, the growth in local revenues, the future rate of inflation and pay settlements, pressures on Revenue and Capital spending and the on-going financial impact of a volatile international environment. Given the level of uncertainty, it will be necessary for the Council to hold strong reserves over this period and hold off making any major commitments on expenditure until the budget gaps in future financial years can be closed.

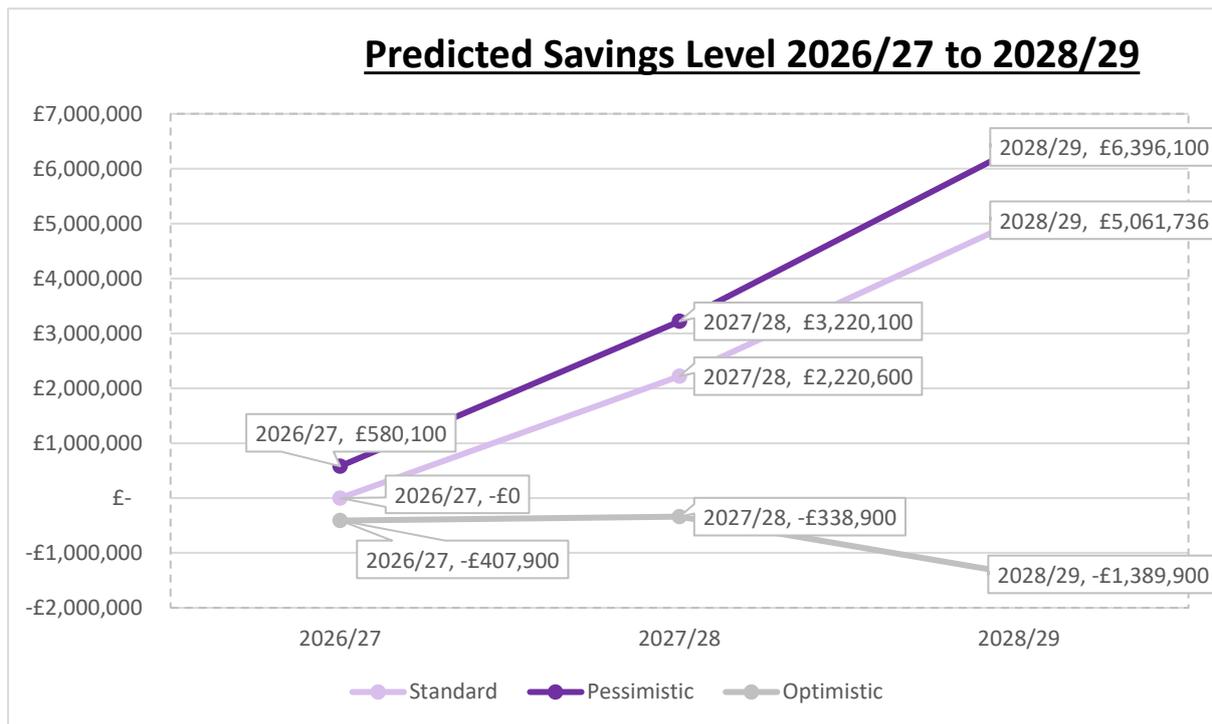
19.3 The Pessimistic and Optimistic Scenarios are meant to show the outer limits of what might occur and what the Council would face in these circumstances. The reality is that the Council is very unlikely to suffer from all bad news or all good news over the next 3 years and its fortunes will therefore lie somewhere between the two scenarios.

CONT. SCENARIO BREAKDOWNS

CONT. COURSE OF ACTION

19.4 The figures in Appendix 1 therefore illustrate the best estimated position, while the space between the Standard Model prediction and the Pessimistic

Scenario indicates the range of challenges the Council could face if the economic pressures continue to



manifest themselves and inflationary pressures manifest.

over a long period of time makes this more difficult each year.

19.5 This Standard Model indicates a balanced budget can be achieved in 2026/27 following a rigorous savings programme for the year. The savings requirement for the following year is much larger at £2.221m and £2.841m the following year. The latter two years' target require savings to balance the Budget of 12.17% in 2027/2028 and 15.18% in 2028/2029. The Council has achieved high levels of savings in the past, but it needs to be recognised that the cumulative impact of delivering savings

19.6 The Pessimistic and Optimistic Scenarios at Appendix 2 and Appendix 3 provide the most likely boundaries within which the savings target will fluctuate over the coming three years. There remains a potential for the savings target to fall outside these boundaries, though this is viewed as remote.

ROBUSTNESS OF THE FORECAST

20.1 To comply with Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (Director of Finance) must report on the robustness of the estimates used for the revenue budget and the adequacy of proposed reserves. This assessment provides a longer-term view of the Council's financial resilience and the evaluation of the affordability and prudence of capital investment plans. The level of general balances and the maintenance of appropriate Earmarked Reserves, in line with the Council's Policy on Earmarked Reserves, remain essential to sustaining the Council's financial stability.

20.2 The Council operates a risk-based policy with regards to the level of unallocated general fund reserve, with balances maintained at the higher of 5% of the net revenue budget or £1m. General Balances as at 31 March 2025 are more than £2.4 so well above the minimum levels, giving the Council a strong financial foundation.

20.3 In order to reduce the risk of fluctuating borrowing costs on the Council revenue budget the Capital Programme 2026/27 once again is funded through, capital grants, receipts or revenue contributions.

20.4 The Section 151 Officer must assess the Council's financial resilience and its capacity to manage unforeseen costs arising from local and national changes over the MTFS period. The Council demonstrates its financial resilience through:

- **MTFS Updates:** Ongoing review of key assumptions and forecasts to maintain accuracy and robustness.

- **Budget Risk Assessment:** Annual evaluation of the General Fund Balance to ensure it can absorb identified risks.
- **Reserves Policy:** Yearly review to maintain a strategic approach to creating and managing Earmarked Reserves.
- **Capital Programme Monitoring:** Regular monitoring to confirm that capital estimates remain affordable and prudent.
- **Scrutiny and Audit Oversight:** Member scrutiny of revenue and capital positions, alongside reviews of financial resilience and reserves.
- **Internal and External Audit:** Independent audits of financial management and governance, including fundamental financial systems.

20.5 The general robustness of the forecasts beyond 2026/27 has been substantially increased compared to recent financial years due to the receipt of a multi-year financial settlement. However, uncertainties will always remain. This will necessitate the Council taking a defensive position in managing its finances and having to lock more funds into reserves where possible to cope with the negative outcome of the fair funding review. In addition, the Council has put forward a significant savings programme over the MTFS period, which will need to be closely monitored through the Council's regular budget monitoring processes, as any variance from the proposed savings plan will place additional pressure on future financial years.

OVERALL NET POSITION

21.1 The Council faces continuing pressure on its finances over the next 3 years. The reductions in the level of government grant are significant, and the Council will need to take tough decisions over service provision to maintain a balanced budget if these changes are introduced.

21.2 The key to the future financial wealth of the Council remains tied to the performance of the national economy and Central Government finances but a significant additional risk has been transferred to local government around the level of business rates generated and retained locally.

21.3 The Council therefore needs to continue to manage its revenue costs aggressively over the next 3 years. The

single largest area of influence the Council can directly exert action over, is the size of its Capital Programme. If it can maintain this spend within its available resources and avoid having to finance Capital Expenditure from its Revenue Budget, it will greatly assist its overall financial position and ease the cumulative financial pressures on the Council over the 3 years of the MTFS and into the future.

21.4 The Council also needs to protect its Reserves and the flexibility it has in its current financial position until it is clear that it fully understands the outcome of any changes to local government financing that the Government proposes and brings forward the detail of what they intend to implement.

STATUTORY OBLIGATIONS OF THE RESPONSIBLE FINANCIAL OFFICER (“S151 OFFICER”)

22.1 The role and functions of the S151 Officer is informed by a comprehensive framework of statutory duties and responsibilities. The S151 Officer is charged with responsibility for the effective financial management of the Council.

22.2 In summary, the S151 Officer:

- must ensure compliance with all statutory requirements for accounting and internal audit (including supporting records and all systems of internal checks and control).
- manage the financial affairs of the authority in all its dealings and transactions and in so doing secure the proper stewardship of Council (and Members) responsibilities.
- must report under S114 powers to the Executive, the District Auditor and all Members of an authority if there is or is likely to be any item of unlawful expenditure or an unbalanced budget.
- owes a personal duty of care to local taxpayers in managing Council resources on their behalf.

CONT. STATUTORY OBLIGATIONS OF THE RESPONSIBLE FINANCIAL OFFICER (“S151 OFFICER”)

discharging this responsibility, the S151 Officer must balance the needs and interests of both current and future taxpayers.

22.3 The S151 Officer must issue a Section 114 (S114) notice under the relevant section of the Local Government Finance Act, where it appears to the S151 Officer that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

22.4 Due to an increase in the number of local authorities requesting assistance to manage pressures that they considered unmanageable and as a precursor to issuing a S114 notice, in 2020 the MHCLG established a set of guidelines under the Exceptional Financial Support Framework. Support provided via this framework is usually in the form of a capitalisation direction which permits a local authority to meet revenue costs through capital resources whilst it identifies sources of permanent budget savings to address any gap.

22.5 In all cases, the government has set a clear expectation that the authorities continue to manage and mitigate their financial pressures, as well as respond effectively to the individual challenges they are facing and provide regular updates to the government on progress. The support is provided on an

exceptional basis, and on the condition that each local authority is subject to an external assurance review, in the same manner the Council has engaged CIPFA to perform their informal review.

22.6 Exceptional Financial Support has been provided to 30 Councils during 2025/26, with 8 Councils receiving support for prior years. The Ministry of Housing Communities and Local Government (MHCLG) has also directed that for the first time additional expectations have been set out to protect treasured community assets, culture and identity, with councils using capitalisation instructed not to dispose of community and heritage assets.

22.7 With Hyndburn being one of the lowest funded authorities in the country it has become more and more difficult each year to achieve a balanced budget and future forecasts showing a funding gap of £5.062m in savings over the term of its MTFS, it is recommended that the Council introduce a savings and transformation plan to ensure the future sustainability of the Councils finances over this period.

MEETING FUTURE FUNDING GAPS

23.1 The table below shows the budget gap position over the term of the MTFS based upon the Standard assumptions.

| | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 |
|--|------------------|------------------|------------------|
| Net Expenditure | 17,608 | 18,244 | 18,715 |
| Total Resources | (17,608) | (16,023) | (15,874) |
| In Year Funding Gap / (Surplus) | (0) | 2,221 | 2,841 |
| Cumulative Funding Gap / (Surplus) | (0) | 2,221 | 5,062 |
| Percentage Savings Required to Balance Budget | 0.00% | 12.17% | 15.18% |

23.2 The following table represents the Councils proposal to fund in year budget deficits. This is split between savings proposals incorporated into the budget process, leaving a budget gap in 2027/2028 onwards. It is proposed that the Council would use balances of Usable reserves to bridge these gaps.

| Potential Savings over the MTFS | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 |
|-----------------------------------|------------------|------------------|------------------|
| Staff Turnover | 150 | 150 | 150 |
| Operational Buildings review | 70 | 70 | 70 |
| Procurement/ Contract Management | 30 | 30 | 30 |
| Supplies and Services Inflation | 250 | 250 | 250 |
| Savings included in Budget | 500 | 500 | 500 |
| Budget GAP in Year | - | 2,221 | 2,841 |
| Use of reserves required in Year | - | (2,221) | (2,841) |
| Unfund GAP | - | - | - |

23.3 The Final Local Government Finance Settlement announced in February 2026 requires the Council to deliver savings of approximately £0.500m to align expenditure with available resources. Despite this, a budget gap of over £5m remains in future years. Reliance on reserves is not a sustainable strategy, although the expectation from the government is that where possible, Councils are to use reserve balances to fund budget gaps over the period of their Medium-Term Financial Strategy. While the Council has a strong record of achieving savings, it is essential that it continues to plan proactively through its savings and transformation programme to meet future financial pressures.

APPENDIX 1

STANDARD MODEL 2026/27 TO 2028/29

| | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 |
|--|------------------|------------------|------------------|
| Service Expenditure Budgets | | | |
| Prior Year Service Expenditure Budgets (Before Identified Pressures) | 16,241 | 16,727 | 17,198 |
| Inflationary Increases: | | | |
| Salaries & Wages | 569 | 363 | 372 |
| Utilities | (158) | 12 | 12 |
| Supplies & Services | 240 | 176 | 179 |
| Changes in Service Grant Income | (229) | - | - |
| Changes in Service Fees and Charges Income | 64 | (80) | (82) |
| Housing Benefit Subsidy & Administration | - | - | - |
| Subtotal | 16,727 | 17,198 | 17,679 |
| Identified Budget Pressures/Savings: | | | |
| Pension Contribution Savings | (1,488) | (1,522) | (1,560) |
| Food Waste Collection | 300 | 309 | 318 |
| Additional Interest Payable - Leasing | 188 | 188 | 188 |
| Additional MRP - Leasing | 209 | 209 | 209 |
| Indoor Markets operations Costs | 300 | 309 | 318 |
| Market Chambers Operating Costs | - | 120 | 120 |
| Growth - Additional Posts | 360 | 369 | 378 |
| Growth - Additional Salary Costs | 346 | 355 | 364 |
| Vacancy Management Savings | (150) | (150) | (150) |
| Operational Building Review and Procurement - Savings | (100) | (100) | (100) |
| Supplies and Services - Savings | (250) | (258) | (266) |
| Total Service Expenditure | 16,442 | 17,027 | 17,498 |
| Non-Service Expenditure Budgets | | | |
| Investment Income | (603) | (503) | (503) |
| Interest Payable | 481 | 481 | 481 |
| Minimum Revenue Provision | 1,085 | 1,085 | 1,085 |
| Capital Charges | 4 | 4 | 4 |
| Total Non-Service Expenditure | 967 | 1,067 | 1,067 |
| Contributions to/from Reserves | | | |
| Contributions from Reserves | (92) | - | - |
| Contributions to Reserves | 291 | 150 | 150 |
| Total Contributions to/from Reserves | 199 | 150 | 150 |
| Net Expenditure | 17,608 | 18,244 | 18,715 |
| Resources | | | |
| Revenue Support Grant | (5,715) | (4,841) | (3,931) |
| Recovery Grant | (390) | (390) | (390) |
| Funding Floor Payments | - | - | (446) |
| Homelessness, Rough Sleeping and Domestic Abuse Grant | (722) | (730) | (735) |
| Adjustment Support Grant | (458) | - | - |
| Total Non-Ringfenced Government Grants | (7,285) | (5,961) | (5,502) |
| Business Rates Income Retained | (3,955) | (3,514) | (3,584) |
| Council Tax Requirement | (6,368) | (6,548) | (6,788) |
| Total Resources | (17,608) | (16,023) | (15,874) |
| In Year Funding Gap / (Surplus) | (0) | 2,221 | 2,841 |
| Cumulative Funding Gap / (Surplus) | (0) | 2,221 | 5,062 |
| Percentage Savings Required to Balance Budget | 0.00% | 12.17% | 15.18% |

APPENDIX 2

PESSIMISTIC MODEL 2026/27 TO 2028/29

| | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 |
|--|------------------|------------------|------------------|
| Service Expenditure Budgets | | | |
| Prior Year Service Expenditure Budgets (Before Identified Pressures) | 16,241 | 17,307 | 18,341 |
| Inflationary Increases: | | | |
| Salaries & Wages | 787 | 590 | 614 |
| Utilities | (140) | 31 | 32 |
| Supplies & Services | 504 | 452 | 475 |
| Changes in Service Grant Income | (229) | - | - |
| Changes in Service Fees and Charges Income | 144 | (39) | (40) |
| Housing Benefit Subsidy & Administration | - | - | - |
| Subtotal | 17,307 | 18,341 | 19,422 |
| Identified Budget Pressures: | | | |
| Pension Contribution Savings | (1,488) | (1,522) | (1,560) |
| Food Waste Collection | 300 | 309 | 318 |
| Additional Interest Payable - Leasing | 188 | 188 | 188 |
| Additional MRP - Leasing | 209 | 209 | 209 |
| Indoor Markets operations Costs | 300 | 309 | 318 |
| Market Chambers Operating Costs | - | 120 | 120 |
| Growth - Additional Posts | 360 | 369 | 378 |
| Growth - Additional Salary Costs | 346 | 355 | 364 |
| Vacancy Management Savings | (150) | (150) | (150) |
| Operational Building Review and Procurement - Savings | (100) | (100) | (100) |
| Supplies and Services - Savings | (250) | (258) | (266) |
| Total Service Expenditure | 17,022 | 18,170 | 19,241 |
| Non-Service Expenditure Budgets | | | |
| Investment Income | (603) | (503) | (503) |
| Interest Payable | 481 | 481 | 481 |
| Minimum Revenue Provision | 1,085 | 1,085 | 1,085 |
| Capital Charges | 4 | 4 | 4 |
| Total Non-Service Expenditure | 967 | 1,067 | 1,067 |
| Contributions to/from Reserves | | | |
| Contributions from Reserves | (92) | - | - |
| Contributions to Reserves | 291 | 150 | 150 |
| Total Contributions to/from Reserves | 199 | 150 | 150 |
| Net Expenditure | 18,188 | 19,387 | 20,458 |
| Resources | | | |
| Revenue Support Grant | (5,715) | (5,715) | (5,715) |
| Recovery Grant | (390) | (390) | (390) |
| Funding Floor Payments | - | - | (446) |
| Homelessness, Rough Sleeping and Domestic Abuse Grant | (722) | (730) | (735) |
| Adjustment Support Grant | (458) | - | - |
| Total Non-Ringfenced Government Grants | (7,285) | (6,835) | (7,286) |
| Business Rates Income Retained | (3,955) | (3,513) | (3,513) |
| Council Tax Requirement | (6,368) | (6,399) | (6,483) |
| Total Resources | (17,608) | (16,747) | (17,282) |
| In Year Funding Gap / (Surplus) | 580 | 2,640 | 3,176 |
| Cumulative Funding Gap / (Surplus) | 580 | 3,220 | 6,396 |
| Percentage Savings Required to Balance Budget | 3.19% | 13.62% | 15.52% |

APPENDIX 3

OPTIMISTIC MODEL 2026/27 TO 2028/29

| | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 |
|---|------------------|------------------|------------------|
| Service Expenditure Budgets | | | |
| r Service Expenditure Budgets (Before Identified Pressures) | 16,241 | 16,319 | 16,239 |
| Inflationary Increases: | | | |
| Salaries & Wages | 351 | 143 | 145 |
| Utilities | (158) | 6 | 6 |
| Supplies & Services | 240 | 88 | 89 |
| Changes in Service Grant Income | (338) | (113) | (116) |
| Changes in Service Fees and Charges Income | (17) | (204) | (214) |
| Housing Benefit Subsidy & Administration | - | - | - |
| Subtotal | 16,319 | 16,239 | 16,149 |
| Identified Budget Pressures: | | | |
| Pension Contribution Savings | (1,488) | (1,522) | (1,560) |
| Food Waste Collection | 300 | 309 | 318 |
| Additional Interest Payable - Leasing | 188 | 188 | 188 |
| Additional MRP - Leasing | 209 | 209 | 209 |
| Indoor Markets operations Costs | 300 | 309 | 318 |
| Market Chambers Operating Costs | - | 120 | 120 |
| Growth - Additional Posts | 360 | 369 | 378 |
| Growth - Additional Salary Costs | 346 | 355 | 364 |
| Vacancy Management Savings | (150) | (150) | (150) |
| Operational Building Review and Procurement - Savings | (100) | (100) | (100) |
| Supplies and Services - Savings | (250) | (258) | (266) |
| Total Service Expenditure | 16,034 | 16,068 | 15,968 |
| Non-Service Expenditure Budgets | | | |
| Investment Income | (603) | (503) | (503) |
| Interest Payable | 481 | 481 | 481 |
| Minimum Revenue Provision | 1,085 | 1,085 | 1,085 |
| Capital Charges | 4 | 4 | 4 |
| Total Non-Service Expenditure | 967 | 1,067 | 1,067 |
| Contributions to/from Reserves | | | |
| Contributions from Reserves | (92) | - | - |
| Contributions to Reserves | 291 | 150 | 150 |
| Total Contributions to/from Reserves | 199 | 150 | 150 |
| Net Expenditure | 17,200 | 17,285 | 17,185 |
| Resources | | | |
| Revenue Support Grant | (5,715) | (5,887) | (6,063) |
| Recovery Grant | (390) | (402) | (414) |
| Domestic Abuse Safe Accommodation Grant | - | - | (446) |
| New Homes Bonus | (722) | (730) | (735) |
| Adjustment Support Grant | (458) | - | - |
| Total Non-Ringfenced Government Grants | (7,285) | (7,019) | (7,658) |
| Business Rates Income Retained | (3,955) | (3,618) | (3,726) |
| Council Tax Requirement | (6,368) | (6,579) | (6,852) |
| Total Resources | (17,608) | (17,216) | (18,236) |
| In Year Funding Gap / (Surplus) | (408) | 69 | (1,051) |
| Cumulative Funding Gap / (Surplus) | (408) | (339) | (1,390) |
| Percentage Savings Required to Balance Budget | -2.37% | 0.40% | -6.12% |

Agenda Item 9.

| | | | |
|--|-----------|--|--|
| REPORT TO: | | Cabinet | |
| DATE: | | 18 February 2026 | |
| PORTFOLIO: | | Councillor Vanessa Alexander - Resources and Council Operations | |
| REPORT AUTHOR: | | Martin Dyson, Executive Director (Resources) Carol Worthington, Principal Accountant Amanda Martin, Principal Accountant | |
| TITLE OF REPORT: | | Prudential Indicators, Capital, Treasury Management and Investment Strategies 2026/27 – 2028/29 Including: Minimum Revenue Provision Policy Statement 2026/27 Treasury Management Policy Statement 2026/27 Treasury Management Practices 2026/27 | |
| 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 To set out the Council's policy and objectives with respect to treasury management, to explain how it will achieve its objectives and manage its activities; and to agree an investment strategy for 2026/27.

2. RECOMMENDATION(S)

Cabinet are requested to recommend Council to:

- a) adopt the prudential indicators and limits detailed in the report;
- b) approve the treasury management strategy, and associated indicators, as set out in Appendix 1 to the attached report;
- c) approve the investment strategy as set out in section 13 of Appendix 1 to the attached report;

- d) approve the Minimum Revenue Provision Policy for the year 2026/27 – as set out in section 5 of Appendix 1 to the attached report;
- e) approve the Treasury Management Policy Statement for 2026/27 – Appendix 2 of the attached report
- f) approve the Treasury Management Practices Statement 2026/27 – Appendix 3 of the attached report;
- g) approve the Capital Strategy 2026/27 – Appendix 4 of the attached report.

3. SUMMARY

- 3.1 The Treasury Management Strategy, and associated appendices, are attached to this report.

4. DETAIL

- 4.1 See the attached report and appendices on the Capital and Treasury Management Strategies.

5. REASONS FOR RECOMMENDATIONS

- 5.1 Council requires an update on the authority's Capital and Treasury Management activities, and the strategy for the upcoming year.

6. ALTERNATIVE OPTIONS CONSIDERED AND THE REASONS FOR REJECTION

- 6.1 Not applicable

7. BUDGET IMPLICATIONS

- 7.1 As outlined in the report.

8. LINKS TO CORPORATE PRIORITIES

- 8.1 The Prudential Indicators, Capital, Treasury Management and Investment Strategies links to all corporate priorities in determining the Council's strategies for investing and borrowing in order to allow the Council to meetings its priorities.

9. LEGAL IMPLICATIONS

- 9.1 Under the Local Government Act 2003, the Council is required to have regard to CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.

10. RISKS

- 10.1 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. Risks arising from Financial Instruments are also described and addressed in the Statement of Accounts' related note.

11. EQUALITY IMPACT ASSESSMENT

- 11.1 There are no specific measures within the report that require an Equality Impact Assessment.

12. CONSULTATIONS

- 12.1 The issues raised in this report have been discussed previously with our Treasury Management Advisers, MUFG Corporate Markets.

13. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

13.1 List of Background Papers:

- Part 1 of the Local Government Act 2003 and related regulations
- The Prudential Code for Capital Finance in Local Authorities (CIPFA 2021)
- CIPFA Code of Practice on Treasury Management in Public Services (revised 2021)
- The Council's Policy Statement on Treasury Management (Full Council February 2025)
- Capital Programme 2026/27 – 2028/29 (On the Agenda for this meeting)
- Revenue Budget 2026/27 (On the Agenda for this meeting)
- Minimum Term Financial Strategy 2026/27 – 2028/29 (On the Agenda for this meeting).

11. FREEDOM OF INFORMATION

- 11.1 The report does not contain any exempt information under the Local Government Act 1972; Schedule 12a and all information can be disclosed under the Freedom of Information Act 2000.



TREASURY MANAGEMENT &

INVESTMENT STRATEGY

2026/27

FOR AN AMBITIOUS AND SUSTAINABLE

HYNDBURN FUTURE

BACKGROUND

1.1 Treasury management is defined as:

The management of the Council's investment and cash flows, its banking, money market and capital market transactions.

The effective control of the risks associated with these activities.

And the pursuit of optimum performance consistent with those risks.

1.2 The Council is required to operate a balanced budget which means that cash raised during the year will meet cash expenditure. Part of treasury management is to ensure the cash flow is properly planned with cash available when needed. Surplus monies are invested in line with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

1.3 The second main function of treasury management is funding the Council's capital plans. The plans give a guide to the future borrowing need of the Council. The management of this longer-term cash flow may involve arranging long or short-term loans or using longer

term cash flow surpluses. Occasionally outstanding debt may be restructured to reduce Council risk or meet cost objectives.

1.4 The report has been prepared in line with the Treasury Management Code and Guidance (2021) written by The Chartered Institute of Public Finance & Accountancy (CIPFA). In the case of local authorities in England and Wales, the Code is significant under the provisions of the Local Government Act 2003. This requires local authorities 'to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify'. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 in paragraph 24 require local authorities to have regard to this guidance. Acceptance of this report fulfils those obligations.

1.5 CIPFA published revised codes on 20th December 2021 and the Council now adopts the liability benchmark treasury indicator to support the financing risk management of the capital financing requirement.

PRUDENTIAL CODE &

PRUDENTIAL INDICATORS

2.1 The Prudential Code is a professional code that sets out the framework for self-regulation of capital spending and financing. This allows councils to invest in capital projects without any limit as long as such investment is affordable, prudent and sustainable. The Code was produced by CIPFA.

2.2 The Code requires the Council to agree and monitor a minimum number of prudential indicators (including limits and statements). They relate to affordability, prudence, capital expenditure, external debt and treasury management. The indicators are purely for internal use and are not designed to be used as comparators between councils.

CAPITAL EXPENDITURE &

CAPITAL FINANCING REQUIREMENT

3.1 There is currently no specific restriction by the Government on Local Authorities' capital investment, subject to reserve powers. The Government has withdrawn the use of Capital Grants for capital expenditure purposes since 1st April 2011 as part of its measures to reduce public sector expenditure. Hyndburn Council's future financial plans assume no reliance on any direct capital grants from Government; expenditure will be funded by external funding, section 106

monies, capital receipts and contributions from revenue.

3.2 The projections in these tables are based on current continuing operations and no assumptions have been included for availability of new external finance for capital schemes or assessment for major organisational restructure.

| | 2024/25 Actual £000 | 2025/26 Forecast £000 | 2026/27 Estimate £000 | 2027/28 Estimate £000 | 2028/29 Estimate £000 |
|-----|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| CFR | £7,524 | £7,223 | £6,934 | £6,657 | £6,390 |

3.3 The programme for 2025/26 reflects slippage of additional grant funding available to be used for the Town Centre. The programme in 2027/28 and beyond is reducing due to the reduction in external funding and capital receipts which are available.

3.4 The Capital Financing Requirement (CFR) represents the Council's outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying need to borrow. Any capital expenditure, which has not immediately been paid for, will increase the CFR.

3.5 The movement in the CFR over the next three years is dependent on capital expenditure decisions. The CFR is currently reducing due to the payment of

Minimum Revenue Provision (MRP), a statutory annual revenue charge, which broadly reduces the borrowing need.

3.6 The limiting factors on the Councils ability to finance additional capital expenditure are:

- Whether the revenue resource is available to support in full the implications of both resource and running costs.
- Use of Government reserve powers.

3.7 The Council's expectations for the CFR in the next three years are shown in the table below. The table also shows the expected external debt for each year.

3.8 A key risk for these indicators is that the level of government support and other funding sources may change.

CONT. CAPITAL EXPENDITURE &

CAPITAL FINANCING REQUIREMENT

3.9 If or when borrowing is used to finance the Authority's additional spend, the full cost of the borrowing will be included within the revenue budget and forecasts.

3.10 Borrowing outstanding as at year-end 2024/25 and 2025/26 is based on, respectively, the Council's actual / revised estimated gross borrowing. The borrowing amount is also within the Operational Boundary (as defined below).

| | 2024/25 Actual £'000 | 2025/26 Forecast £'000 | 2026/27 Estimate £'000 | 2027/28 Estimate £'000 | 2028/29 Estimate £'000 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Capital Financing Requirement | | | | | |
| CFR - General Fund | £7,524 | £7,223 | £6,934 | £6,657 | £6,390 |
| External Debt | | | | | |
| Borrowing | £9,595 | £9,595 | £9,595 | £9,595 | £9,595 |
| Other Long-Term Liabilities | £1,542 | £4,088 | £3,605 | £2,648 | £2,628 |
| Total Debt 31 March | £11,137 | £13,683 | £13,200 | £12,243 | £12,223 |

IFRS 16 – LEASING

- 4.1 On 1 April 2024, there was a change in accounting standards to implement a new standard, IFRS16. This change relates to assets leased by the Council on operating leases (leases where the risks and rewards of ownership do not substantially transfer to the lessee).
- 4.2 Previously, the cost of these leases was expensed to the Revenue Account in year as they were incurred, however, going forward, at the start of a lease agreement the Council will have to recognise an asset and liability equal to the amount of future cash flows relating to that lease, discounted at the implied interest rate for that lease or the Council's incremental rate of borrowing.
- 4.3 On transition at 1 April 2024, the Council recognised an increase in assets, liabilities and Capital Financing Requirement in relation to lease agreements in place at that date. It is expected that there will be no change in the amount charged to the Revenue Account each year in respect of these leases.

Following a review of lease agreements, the impact on the Council as a result of this change in standards is expected to be minimal.

MINIMUM REVENUE PROVISION

- 5.1 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, Councils are required each year to set aside an amount within their accounts to meet the cost of borrowings. This is historically known as the minimum revenue provision (MRP) (for capital).
- 5.2 The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP.
- 5.3 **Option 1: Regulatory method**
Under the previous MRP regulations, MRP was set at a uniform rate of 4% of the adjusted CFR (i.e. adjusted for "Adjustment A") on a reducing balance method (which in effect meant that MRP charges would stretch into infinity). This historic approach must continue for all capital expenditure incurred in years before the start of this new approach. It may also be used for new capital expenditure up to the amount which is deemed to be supported by Government through the 'SCE allocation' (supported capital expenditure).
- 5.4 **Option 2: Capital Financing Requirement method**
This is a variation on Option 1 which is based upon a charge of 4% of the aggregate CFR without any adjustment for Adjustment A, or certain other factors which were brought into account under the previous statutory MRP calculation. The CFR is the measure of an authority's outstanding debt liability as depicted by their balance sheet.
- 5.5 **Option 3: Asset Life method**
Under this option, it is intended that MRP should be spread over the estimated

MINIMUM REVENUE PROVISION

useful life of either an asset created, or other purpose of the expenditure.

There are two methods of calculating charges under option 3:

- equal instalment method – equal annual instalments,
- annuity method – annual payments - gradually increase during the life of the asset.

5.6 Option 4: Depreciation Method

Under this option, MRP charges are to be linked to the useful life of each type of asset using the standard accounting rules for depreciation (but with some exceptions) i.e. this is a more complex approach than option 3.

5.7 For historical capital expenditure that is self-financed from debt, the Council's Budget for 2025/26 has provided for

MRP to be calculated on the regulatory basis (option 1). This will continue for 2026/27 for all current capital expenditure financed by borrowing.

5.8 In 2026/27, for assets acquired by leases, MRP will be determined as being equal to the principal element of the rent or charge that goes to write down the balance sheet liability.

5.9 For any new capital expenditure from 2026/27 onwards that is self-financed from debt, MRP will be provided based on the Asset Life Method (option 3) using the equal instalment method over the useful life of the asset to which it relates. Estimated life periods will be determined on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.

AFFORDABILITY PRUDENTIAL

INDICATORS

6.1 Within the prudential code framework, the Council is required to assess the affordability of the capital investment plans. These provide an indication of the impact of capital investment plans on the Councils overall finances.

Actual and Estimates of the Ratio of Financing Costs to Net Revenue Stream

6.2 This indicator identifies the ratio of financing costs as a percentage of the net revenue budget. The ratio is forecast to increase from 25/26 as the Council moves to a leasing model for its vehicles.

Ratio of Financing Costs to Net Revenue Stream

| | 2024/25 Actual % | 2025/26 Forecast % | 2026/27 Estimate % | 2027/28 Estimate % | 2028/29 Estimate % |
|--|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Ratio of Financing Costs to Net Revenue Stream | 6.3% | 27.5% | 23.3% | 18.9% | 18.9% |

TREASURY MANAGEMENT STRATEGY

2026/27 – 2028/29

6.3 The importance of treasury management is due to the freedoms provided by the Prudential Code. Treasury Management covers the borrowing, investment activities and the effective management of associated risks; and the activities are strictly regulated by statutory requirements and a professional code of practice (CIPFA Code of Practice on Treasury Management in public services, as revised or supplemented by CIPFA from time to time).

6.4 This strategy covers the:

- current treasury position,
- expected movement in interest rates,
- Council's borrowing and debt strategy,
- Treasury Management indicators,
- Debt re-scheduling, and the
- Council's investment strategy.

CURRENT TREASURY POSITION

| | 2024/25 Actual £'000 | 2025/26 Forecast £'000 | 2026/27 Estimate £'000 | 2027/28 Estimate £'000 | 2028/29 Estimate £'000 |
|--------------------------------------|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| External Debt | | | | | |
| Market Loans | £9,595 | £9,595 | £9,595 | £9,595 | £9,595 |
| Other Long-Term Liabilities | £1,542 | £4,088 | £3,605 | £2,648 | £2,628 |
| Total Debt 31 March | £11,137 | £13,683 | £13,200 | £12,243 | £12,223 |
| Capital Financing Requirement | | | | | |
| CFR - General Fund | £7,524 | £7,223 | £6,934 | £6,657 | £6,390 |
| Under/(Over) Borrowing | (£3,613) | (£6,460) | (£6,266) | (£5,586) | (£5,833) |

7.1 The current position of the treasury function, and its expected change in the future, introduces risk to the Council from an adverse movement in interest rates. The Prudential Code is constructed on the basis of affordability, part of which is related to borrowing costs and investment returns.

7.2 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. In general, the requirement is that CFR exceeds

gross debt. However, in 2025/26 and future years gross debt is forecast to exceed CFR. This is not due to new borrowing but a technical accounting position as under IFRS 16 lease payments are to be shown as debt, loan payments are paid at maturity keeping debt higher longer and timing between capital spend and financing.

7.3 The requirement to have CFR exceed gross debt centres around providing an assurance that borrowing is not taking place for revenue purposes. However, as the Council is not borrowing any

EXPECTED MOVEMENT

INTEREST RATES

additional funds at this time, this is not an issue.

7.4 The Council appointed MUFG Corporate Markets as treasury advisor to the

Council and part of their service is to assist the Council to formulate a view on interest rates. MUFG provided the following forecast on 22nd December 2025. The following table gives MUFG's view of the movement in interest rates.

| | Qtr 1 26/27 | Qtr 2 26/27 | Qtr 3 26/27 | Qtr 4 26/27 | Qtr 1 27/28 | Qtr 2 27/28 | Qtr 3 27/28 | Qtr 4 27/28 | Qtr 1 28/29 | Qtr 2 28/29 | Qtr 3 28/29 |
|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Base Rate | 3.50% | 3.50% | 3.25% | 3.25% | 3.25% | 3.25% | 3.25% | 3.25% | 3.25% | 3.25% | 3.50% |
| 5 Yr PWLB | 4.50% | 4.30% | 4.20% | 4.10% | 4.10% | 4.10% | 4.10% | 4.10% | 4.10% | 4.10% | 4.10% |
| 10 Yr PWLB | 5.20% | 4.90% | 4.80% | 4.80% | 4.70% | 4.70% | 4.70% | 4.70% | 4.60% | 4.60% | 4.60% |
| 25 Yr PWLB | 5.70% | 5.60% | 5.50% | 5.50% | 5.40% | 5.30% | 5.30% | 5.30% | 5.20% | 5.20% | 5.20% |
| 50 Yr PWLB | 5.50% | 5.40% | 5.30% | 5.30% | 5.20% | 5.10% | 5.10% | 5.10% | 5.00% | 5.10% | 5.00% |

EXTERNAL DEBT

OVERALL LIMITS

8.1 There are two Prudential Indicators which control the overall level of borrowing. These are:

- The Authorised Limit,
- The Operational Boundary.

8.2 The Authorised Limit represents the Council's total borrowing limit, covering short- and long-term debt. It is the **maximum level** of borrowing which the authority is expected to experience at any point within the year, inclusive of headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003 and needs to be set by Members and later (if necessary) revised by Members. The Authorised

Limit includes the borrowing requirement for unexpected cash movements, which is permitted under the Code. Examples of unexpected cash movements include service delivery failure etc.

8.3 The Operational Boundary is the anticipated level of external debt during the year. This indicator is primarily an internal monitoring tool that provides a warning of the potential breach of the Authorised Limit for External Debt; and it also informs whether the plans regarding capital expenditure are on target and whether cash flows are proceeding as planned.

CONT. EXTERNAL DEBT

OVERALL LIMITS

| | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 |
|-----------------------------|------------------|------------------|------------------|------------------|
| Authorised Limit | | | | |
| Total for External Debt | £35,000 | £35,000 | £35,000 | £35,000 |
| Operational Boundary | | | | |
| Total for External Debt | £20,000 | £20,000 | £20,000 | £20,000 |

EXTERNAL VS INTERNAL

BORROWING

9.1 The Council currently has a difference between gross debt and net debt (after deducting cash balances) of £25,085m.

9.2 In 2026/27 and beyond it is assumed that during this period of uncertainty, all current investments will be repaid and used for cash flow purposes.

9.3 The general aim of this treasury management strategy is to reduce the difference between the two debt levels in order to reduce the credit risk incurred by holding investments. However, measures previously taken have already reduced substantially the level of credit risk so another factor which will be carefully considered is the difference between borrowing rates and

investment rates to ensure the Council obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.

9.4 The next financial year is expected to see the bank rate fall to 3.25%.

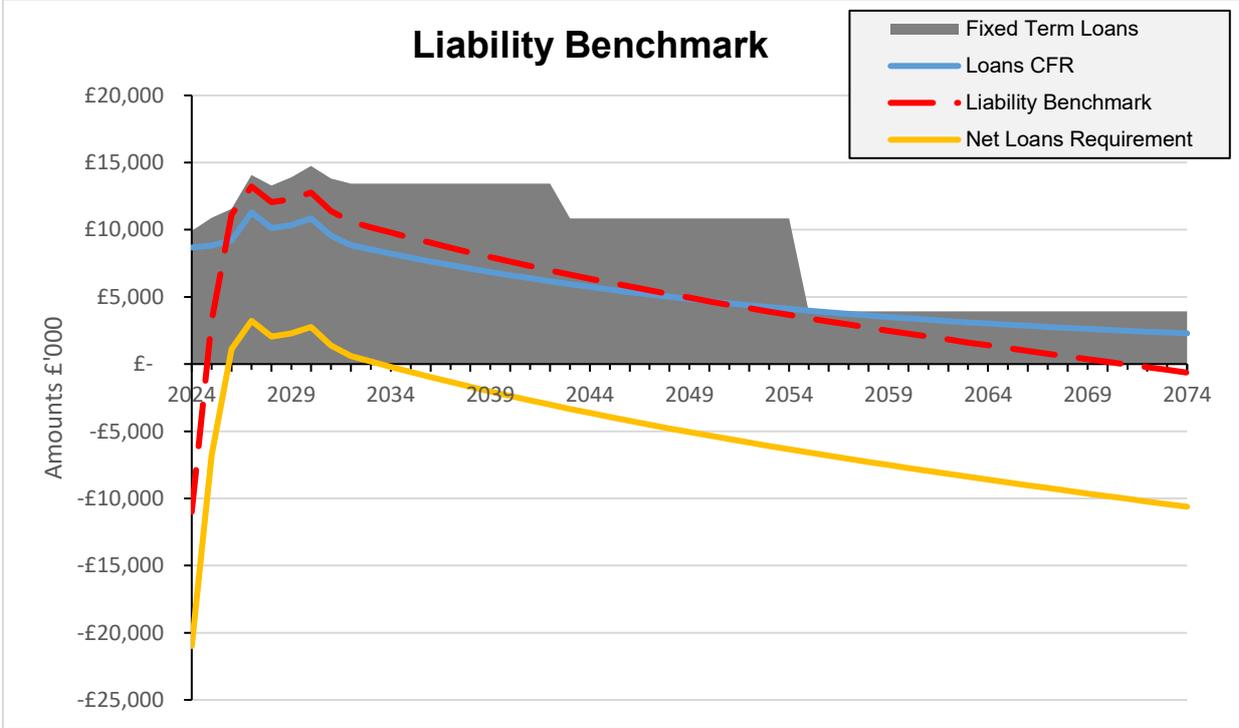
9.5 Against this background caution will be adopted with the 2026/27 treasury operations. The Executive Director of Resources will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to the appropriate decision-making body.

| | 2024/25 Actual £'000 | 2025/26 Forecast £'000 | 2026/27 Estimate £'000 | 2027/28 Estimate £'000 | 2028/29 Estimate £'000 |
|----------------------|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Actual External Debt | £11,137 | £13,683 | £13,200 | £12,243 | £12,223 |
| Cash Balances | £35,193 | £38,768 | £10,000 | £10,000 | £10,000 |
| Net Debt | (£24,056) | (£25,085) | £3,200 | £2,243 | £2,223 |

LIABILITY BENCHMARK

10.1 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as used throughout this report, but that cash and investment balances are kept to a minimum level of £10M at each year-end to maintain sufficient liquidity but minimise credit risk.

10.2 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.



10.3 The long-term liability benchmark assumes no new capital expenditure funded by borrowing and that income, expenditure and reserves all increase by inflation of 1.0% each year. This is shown in the chart above together with the maturity profile of the Council's existing borrowing.

liability benchmark, and therefore the Council would not be expecting to enter into new borrowings over the short term.

10.4 The chart above shows that the Council has long-term borrowings, that were committed to a number of years ago, which are forecast to be above the

10.5. Borrowing levels are above the liability benchmark due to high cash balances as a result of grants received in advance of capital spend, as well as the Council holding healthy levels of reserves.

LIMITS ON ACTIVITY

11.1 The aim of the prudential indicators is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest or borrowing decisions which could impact negatively on the Council's overall financial position.

11.2 The proposed local limit of 100% on variable rate loan debt, as shown in the following table, relates to the potential situation where maturing fixed rate is not replaced.

11.3. TREASURY MANAGEMENT INDICATORS

| | 2024/25 Upper | 2025/26 Upper | 2026/27 Upper |
|---|------------------|------------------|------------------|
| Limits on Fixed Interest Rates | 100% | 100% | 100% |
| Limits on Variable Interest Rates | 100% | 100% | 100% |
| Maximum Principal Sums Invested for Over 365 Days | £3M | £3M | £3M |

The Council must set upper and lower limits for the maturity structure of its borrowings.

11.4. LIMITS FOR MATURITY STRUCTURE FOR BORROWING

| Period to Maturity of Debt | Upper Limit | Lower Limit |
|------------------------------|-------------|-------------|
| Under 12 Months | 75% | 0% |
| 12 Months and with 24 Months | 75% | 0% |
| 24 Months and within 5 Years | 75% | 0% |
| 5 Years and within 10 Years | 75% | 0% |
| 10 Years and Above | 75% | 0% |

The maturity in the under 12-month period relates to Lender Option, Borrower Option (LOBO) loans. From 2011/12, the maturity date of a LOBO is now deemed to be the next call date. The LOBO's have six monthly call dates.

DEBT RESCHEDULING

12.1 CIPFA issued an updated Statement of Recommended Accounting Practice (SORP 2007) incorporating, for financial instruments, Financial Reporting Standard 25 (Presentation & Disclosure), FRS 26 (Recognition & Measurement) and FRS 29 (replacement disclosure requirements). This presented major potential changes in the treatment of the valuation of debt and investments, the calculation of interest and the treatment of premiums and discounts arising from debt rescheduling. The SORP removed the ability to spread premiums and discounts arising under debt

rescheduling over the life of replacement borrowing.

12.2 In the main, the above-mentioned financial reporting standards have converged with international standards for 2011/12 and onwards reporting.

12.3 In exceptional circumstances the Executive Director of Resources may approve rescheduling under emergency powers, e.g. where swift action is required to secure favourable rates. This action would be reported to Cabinet.

INVESTMENT STRATEGY

- 13.1 The Council will have regard to the MHCLG revised guidance on Local Government Investments; and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance notes revised in 2021. The Council's investment priorities are:
- The security of capital,
 - The liquidity of its investments.
- 13.2 The Council will also aim to achieve optimum return on its investments commensurate with proper levels of security and liquidity.
- 13.3 The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council does not engage in the activity.
- 13.4 If the Council is in a position where it has surplus funds for a period of time, competitive quotations will be sought from a range of institutions with a view to making a temporary investment. Investments will be placed with the most cost-effective institution, taking dealing costs into account. The Council uses the services of City brokers to identify the optimum investment opportunities.
- 13.5 The Council uses the credit ratings available from the three major credit rating agencies; Fitch, Moodys and Standard & Poor, to derive its lending criteria. All credit ratings will be monitored weekly. The Council is alerted to changes in Credit ratings through its use of the MUFG Corporate Markets creditworthiness service. The creditworthiness service uses a sophisticated modeling approach with credit ratings from all three credit rating agencies. If a downgrade results in the counterparty no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately. If required new counterparties which meet the criteria are added to the list. The Credit ratings are supplemented by use of Credit Default Swap (CDS) spreads which give an early warning of likely changes in credit ratings.
- 13.6 Fully Nationalised Banks in the UK have credit ratings which do not conform to the credit criteria usually used by local authorities to identify banks which are of high credit worthiness. In particular, as they are no longer separate institutions in their own right, it is impossible for Fitch to assign to them an individual rating for their stand-alone financial strength. Accordingly, Fitch have assigned an F rating which means that at a historical point of time, this bank has failed and is now owned by the Government. However, these institutions are now recipients of an F1+ short term rating as they effectively take on the credit worthiness of the Government itself i.e. deposits made with them are effectively being made to the government. They also have a support rating of 1; in other words, on both counts, they have the highest rating possible.
- 13.7 The other situation which could arise is where the Bank hasn't been fully nationalised but receives support from the UK Government, in which case the individual rating is E i.e. the Fitch definition is "A bank which requires external support".
- 13.8 Investment instruments identified for use in the financial year are classified as 'Specified' and 'Non-Specified' Investments. Counterparty limits will be as set through the Council's Treasury Management Practices.
- 13.9 Specified Investments are sterling investments of not more than one-year maturity. These are low risk assets, and the possibility of loss of

CONT. INVESTMENT STRATEGY

principal or investment income is very low. The investments are defined as:

- The UK Government (such as the Debt Management Office, UK Treasury Bills or a gilt with less than one year to maturity),
- A local authority, parish council or community council,
- An investment scheme that has been awarded a high credit rating by a credit rating agency such as Standard and Poor, Moody's or Fitch,
- Pooled Investment Vehicles (such as Money Market Funds) that have been awarded a high credit rating by a credit rating agency,
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society).

13.10 Non-Specified Investments include any other type of investment (i.e. not defined as specified above). These are sterling investments with:

- Securities admitted to the Official List of the Stock Exchange, which

are guaranteed by the UK Government (such as supranational bonds),

- Gilt edged securities with a maturity of greater than one year,
- Institutions not meeting the basic security requirements under the specified investments,
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society), for deposits with a maturity of more than one year.

13.11 At the present time, the Council has no immediate plans to invest in non-specified investments, in order to maintain the high security and liquidity of Council funds.

ENVIRONMENTAL, SOCIAL

& GOVERNANCE (ESG)

14.1 Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks

that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

TREASURY MANAGEMENT

PRACTICES (TMP)

CIPFA recommend that all the following TMPs should be adopted, with the schedules where appropriate to the scope and nature of the treasury management activities undertaken:

TMP1 Risk Management

The Executive Director of Resources will implement and monitor all arrangements for the identification, management and control of treasury management risk, reporting at least annually on this; relevant issues include liquidity risk management, interest rate risk management, security of investments, refinancing risk management, legal and regulatory risk management, fraud error and corruption issues, market risk management.

TMP2 Best Value and Performance Measurement

Commitment to best value and performance measurement in treasury management activities.

TMP3 Decision-making and Analysis

Full records to be maintained.

TMP4 Approved Instruments, Methods, and Techniques

To list the instruments, methods, and techniques that the authority will use to ensure that any risks involved are fully understood and evaluated.

TMP5 Organization, clarity, segregation of responsibilities, dealing arrangements.

Clear written statements of responsibilities, and arrangements for absence cover.

TMP6 Reporting requirements and management information arrangements.

As a minimum, reports to be submitted to the Executive and Council on the strategy and plan to be pursued in the coming year, and on performance in the past year.

TMP7 Budgeting, accounting, and audit arrangements

To be fully documented.

TMP8 Cash and cash flow management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this organisation will be under the control of the Executive Director of Resources and aggregated for cash flow and investment management purposes. Cash flow projections to be prepared on a regular and timely basis.

TMP9 Money laundering

Where appropriate, to be alert to the possibility of money laundering, and to maintain procedures for verifying and recording the identity of counterparties etc.

TMP10 Staff training and qualifications

Recognising the importance of ensuring that staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them.

TMP11 Use of external service providers

Recognising the potential value of employing external providers of treasury management services in order to access specialist skills and resources, subject to evaluation of costs and benefits and proper documentation.

TMP12 Corporate governance

Commitment to the pursuit of proper corporate governance and the key recommendations of this Code; accordingly, the treasury management function to be undertaken with openness and transparency, honesty, integrity, and accountability.

A full description of each TMP is at Appendix 3.

POLICY ON THE USE OF EXTERNAL SERVICE PROVIDERS

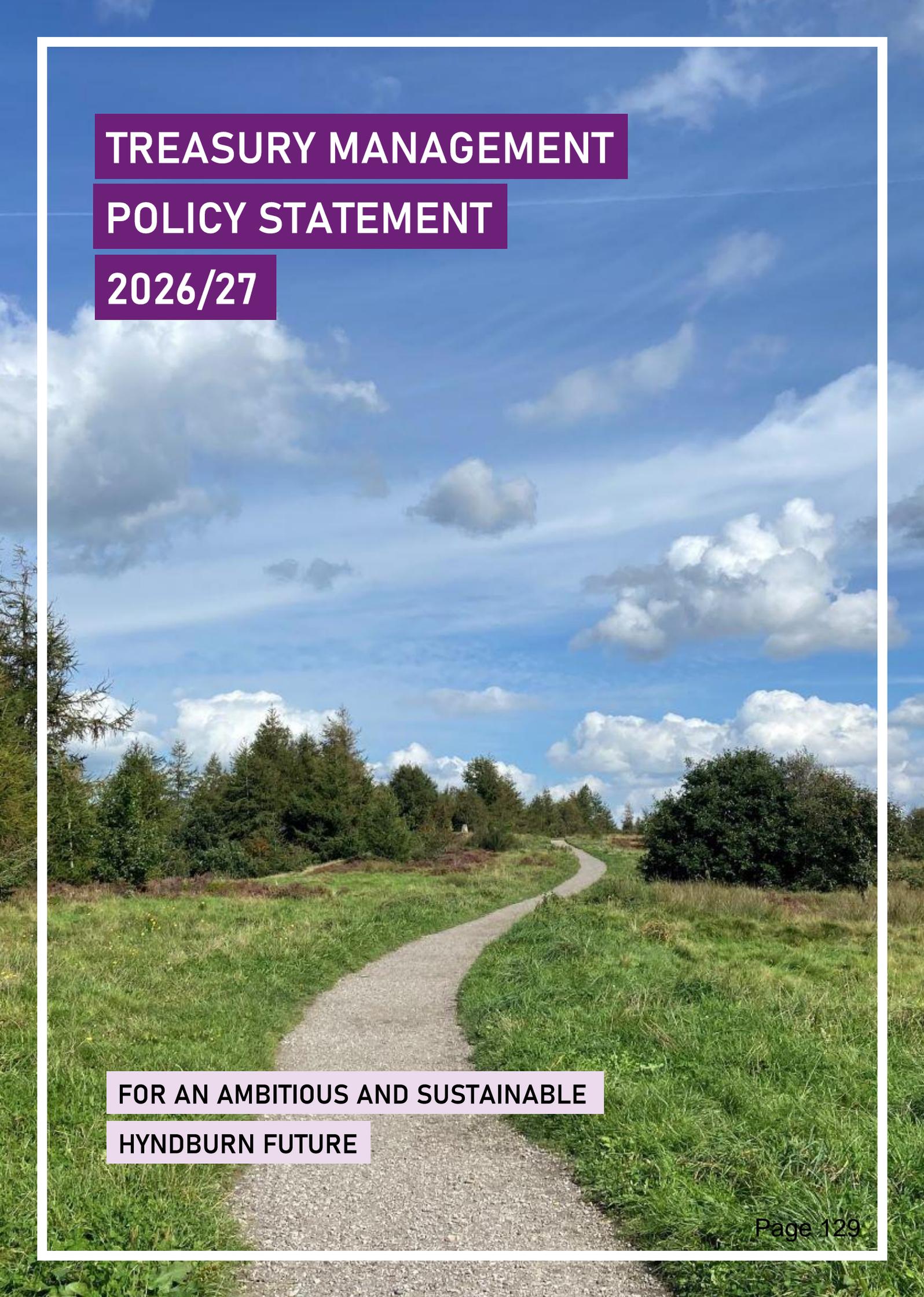
15.1 The Council uses MUFG Corporate Markets formerly Link Asset Services, as its external treasury management advisor.

15.2 The Council recognises that responsibility for treasury management always remains with the organisation and will ensure that undue reliance is not placed upon external service providers. It also recognises there is value in employing external providers of treasury management services in order to acquire specialist skills and resources.

TREASURY MANAGEMENT STRATEGY IN-YEAR & YEAR-END REPORTING

17.1 As well as the quarterly update report to Cabinet, treasury management features, when appropriate, in revenue budget monitoring reports during the year; and the annual outturn of treasury management and indicators is reported to Cabinet as soon as practicable after the year end. In addition, considering the revised code of practice, the Resources Overview and Scrutiny Committee was given a role to monitor and review the Council's treasury management strategy and policies by the Full Council, from March 2010 via addition to terms of reference. This also includes changes made to the Financial Procedures Rules for treasury management.





TREASURY MANAGEMENT

POLICY STATEMENT

2026/27

FOR AN AMBITIOUS AND SUSTAINABLE

HYNDBURN FUTURE

TREASURY MANAGEMENT POLICY

STATEMENT 2026/27

Hyndburn Borough Council defines its treasury management activities as follows:-

1. The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

A scenic view of a pond with reeds, ducks, and power lines in the background. The pond is surrounded by lush green vegetation, and several ducks are visible in the water. In the background, there are several high-voltage power lines and towers against a clear blue sky. The foreground is dominated by tall, green reeds with some brown seed heads.

TREASURY MANAGEMENT PRACTICES 2026/27

FOR AN AMBITIOUS AND SUSTAINABLE
HYNDBURN FUTURE

TMP 1 RISK MANAGEMENT

The responsible officer – Executive Director (Resources) – will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation’s objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and Management Information Arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set below.

1.1 Credit and Counterparty Risk Management

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty’s diminished creditworthiness, and the resulting detrimental effect on the organisation’s capital or current (revenue) resources.

This organisation regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments Methods and Techniques. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

1.1.1 Creditworthiness Policy

This Council applies the creditworthiness service provided by MUFG Corporate Markets. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody’s and Standard and Poor’s. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

| | |
|------------|--|
| Yellow | 5 years (UK Government debt, or its equivalent, money market funds) |
| Dark pink | 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25 |
| Light pink | 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5 |
| Purple | 2 years |
| Blue | 1 year (only applies to nationalised or semi nationalised UK Banks) |
| Orange | 1 year |
| Red | 6 months |
| Green | 100 days |

CONT. TMP 1 RISK MANAGEMENT

No colour not to be used
The MUFG Corporate Markets creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council use will be a Short-Term rating (Fitch or equivalents) of F1 and a Long-Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the MUFG Corporate Markets creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by MUFG Corporate Markets. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information, information on any external support for banks to help support its decision-making process.

Country and sector limits

The Council has determined that due to the uncertainty of Brexit it will use any UK bank regardless that the sovereign credit rating may be reduced from its current AA rating position. It will only use approved counterparties from other countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown below.

This list is based on those countries which have sovereign ratings of AA- or higher (at the date of this report) and also have banks operating in sterling markets which have credit ratings of green or above in the MUFG Corporate Markets credit worthiness service.

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Qatar

AA-

- Belgium
- France
- UK

CONT. TMP 1 RISK MANAGEMENT

Maximum maturity periods and amounts to be placed in different types of investment instrument are as follows: -

Maturities up to a maximum of 1 year

| Organisation | Minimum 'High' Credit Criteria | Max Amount | Max Period |
|---|--|------------|---|
| Debt Management Agency Deposit Facility | - | Unlimited | 6months (max is set by the DMO) |
| Term Deposits - Local Authorities | - | £2m | 1 year |
| Term Deposits - Banks & Building Societies | Short-term, Long-term, Viability, Support. | £2m | Colour Code Dependant but max of 1 year |
| Liquid Deposits - Nat West Bank | Short-term, Long-term, Viability, Support. | £3m | 1 year |
| Lancashire County Council - Call Account | Short-term, Long-term, Viability, Support | £2m | 1 year |
| Money Market Funds | AAA long-term rating | £2m | 1 year |
| UK Government Support to the banking sector | Sovereign Rating | £2m | 1 year |

Maturities in excess of 1 year:

Organisation

Debt Management Agency Deposit Facility

Term Deposits - Local Authorities

Term Deposits - Banks & Building Societies **

Money Market Funds

UK Government Support to the banking sector

Minimum 'High' Credit Criteria

-

-

Short-term, Long-term, Viability, Support.

AAA long-term rating

Sovereign Rating

This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

1. Diversification: this organisation will avoid concentrations of lending and borrowing by adopting a policy of diversification. It will therefore use the following: -
 - Maximum amount to be placed with any one institution - £2m - with the exception of a deposit in Nat West Liquidity Account where the investment will not exceed £3m and the Debt Management Agency Deposit Facility, which is unlimited.

- Group limits where a number of institutions are under one ownership - maximum of £10m.

2. Investments will not be made with counterparties, except other Local Authorities, that do not have a credit rating in their own right. The definition of 'high credit quality' in order to determine what are specified investments as opposed to non-specified investments which do not have high credit ratings is set out at the end of TMP1 in schedule 1.

1.2 Liquidity Risk Management

This is the risk that cash will not be available when it is needed, that ineffective management of liquidity

CONT. TMP 1 RISK MANAGEMENT

creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised. This organisation will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives. This organisation will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

1.2.1 Amounts of approved minimum cash balances and short-term investments

The Treasury Management section shall seek to minimise the balance held in the Council's main bank accounts at the close of each working day. Borrowing or lending shall be arranged in order to achieve this aim.

1.2.2 Details of:

- a. Standby facilities
At the end of each financial day any unexpected surplus funds are transferred to the Nat West Liquidity Account which is available from the Council's main bank. The balance on this account is instantly accessible if the group bank account becomes overdrawn.
- b. Bank overdraft arrangements
There is no overdraft arrangement for the Council's accounts. Bank Charges will be calculated on overdrawn amounts at 15% on any amount over the Net limit.
- c. Short-term borrowing facilities

The Council may access temporary loans through approved brokers on the London money market. The approved borrowing limit for short term debt is £10m.

- d. Insurance/guarantee facilities
There are no specific insurance or guarantee facilities as the above arrangements are regarded as being adequate to cover all unforeseen occurrences.

1.3 Interest Rate Risk Management

There is a risk that fluctuations in the levels of interest rates would create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

This Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

1.3.1 Details of approved interest rate exposure limits

CONT. TMP 1 RISK MANAGEMENT

The Treasury Indicators for 2026/27 include a figure of £35 million for External Debt – Authorised Limit.

1.3.2 Trigger points and other guidelines for managing changes to interest rate levels

The Treasury Indicators for 2026/27 include a figure of £20 million for External Debt – Operational Boundary.

1.3.3 Upper limit for fixed interest rate exposure

The Prudential Indicators for 2026/27 include an estimated exposure of 100% of principal sums outstanding in respect of borrowing at fixed interest rates.

1.3.4 Upper limit for variable interest rate exposure

The prudential Indicators for 2026/27 include an estimated exposure of 100% of principal sums outstanding in respect of borrowing at variable interest rates.

1.3.5 Policies concerning the use of instruments for interest rate management.

- a. **Forward Dealing**
Consideration will be given to dealing from forward periods dependent upon market conditions.
- b. **Callable Deposits**
The Council may use callable deposits as part as of its Annual Investment Strategy (AIS). The credit criteria and maximum periods are set out in the Schedule of Specified and Non-Specified Investments appended to the AIS.

- c. **LOBOS (borrowing under lender's option/borrower's option)**
Use of LOBOs are considered as part of the annual borrowing strategy. All borrowing for periods in excess of 365 days must be approved by the Executive Director of Resources.

1.4 Exchange Rate Risk Management

The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

1.5 Inflation Risk Management

The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

1.6 Refinancing Risk Management

The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

This Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to

CONT. TMP 1 RISK MANAGEMENT

obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

1.6.1 Debt/Other Capital Financing, Maturity Profiling, Policies and Practices

The Council will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year/period.

Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous, and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for any rescheduling to take place will include:

- a) the generation of cash savings at minimum risk,
- b) to reduce the average interest rate,
- c) to amend the maturity profile and /or the balance of volatility of the debt portfolio.

All rescheduling will be reported to the Cabinet at as soon as possible after the debt rescheduling exercise.

1.6.2 Projected Capital Investment Requirements

The Executive Director of Resource will prepare a three-year plan for capital expenditure for the Council. The capital plan will be used to prepare a three-year revenue budget for all forms of financing charges.

In addition, the Executive Director (Resources) will draw up a capital strategy report which will give a longer-term view.

The definition of capital expenditure and long-term liabilities used in the Code will follow recommended accounting practice as per the Code of Practice on Local Authority Accounting.

1.6.3 Policy Concerning Limits on Affordability and Revenue Consequences of Capital Financing

In considering the affordability of its capital plans, the Council will consider all the resources currently available/estimated for the future together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the two following years and the impact these will have on council tax. It will also take into account affordability in the longer term beyond this three-year period.

The Council will use the definitions provided in the Prudential Code for borrowing (65), capital expenditure (66), capital financing requirement (67), debt (68), financing costs (69), investments (70), net borrowing (71), net revenue stream (72), other long-term liabilities (73).

1.7 Legal and Regulatory Risk Management

CONT. TMP 1 RISK MANAGEMENT

The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

The Council will ensure that all its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the organisation, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

1.7.1 References to Relevant Statutes and Regulations

The treasury management activities of the Council shall comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council. These are:

English Authorities: -

- Local Government Finance Act 1988 section 114 – duty on the responsible officer to issue a report if the Council is likely to get into a financially unviable position,
- Requirement to set a balanced budget – Local Government Finance Act 1992 section 32,
- Local Government Act 2003,

- S.I. 2003 No.2938 Local Government Act 2003 (Commencement No.1 and Transitional Provisions and Savings) Order 2003 13.11.03,
- S.I. 2003 No.3146 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and associated commentary 10.12.03,
- S.I. 2004 No.533 Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004 8.3.04,
- S.I. 2004 No.534 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2004 8.3.04,
- S.I. 2004 no.3055 The Local Authorities (Capital Finance and Accounting) (Amendment) (England) (No.2) Regulations 2004,
- S.I. 2006 no.521 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2006,
- S.I. 2007 no. 573 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2007,
- Local Government and Public Involvement in Health Act 2007 s238(2) – power to issue guidance; to be used re: MRP,
- S.I. 2008 no. 414 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2008,
- S.I. 2009 no. 321 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2009,
- S.I. 2009 no. 2272 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.2) Regulations 2009,
- S.I. 2009 no. 3093 The Local Government Pension Fund Scheme (Management and Investment of Funds) Regulations 2009,

CONT. TMP 1 RISK MANAGEMENT

- S.I. 2010 no. 454 (Capital Finance and Accounting) (Amendment) (England) Regulations 2010,
- Localism Act 2011,
- S.I. 2012 no.265 Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2012,
- S.I.2012 no 711 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.2) Regulations 2012,
- 2012 no.1324 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.3) Regulation 2012,
- S.I. No 2269 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.4) Regulations 2012,
- S.I. 2013 no 476 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2013,
- S.I. 2015 no.234 Accounts and Audit Regulations 2015,
- S.I. 2017 no. 536 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2017,
- S.I. 2018 no. 1207 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018,
- Statutory Guidance on Investments 2018,
- Statutory Guidance on MRP 2018,
- 2019 No. 394 Exiting the European Union financial services: The Money Market Funds (Amendment) (EU Exit) Regulations 2019,
- S.I. 2019 no. 396 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2019,

Guidance and codes of practice

- CIPFA Local Authority Capital Accounting – a reference manual for practitioners latest year edition,
- CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities 1996,
- CIPFA Standard of Professional Practice on Treasury Management 2002,
- CIPFA Standard of Professional Practice on Continuous professional Development 2005,
- CIPFA Standard of Professional Practice on Ethics 2006,
- The Good Governance Standard for Public Services 2004,
- CIPFA's Treasury Management Codes of Practice and Guidance Notes 2021,
- CIPFA Prudential Code for Capital Finance in Local Authorities – guidance notes for practitioners 2021,
- LAAP Bulletins,
- IFRS – Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of recommended Practice,
- PWLB circulars on Lending Policy,
- The UK Money Markets Guide (was formerly known as Financial Conduct Authority's Code of Market Conduct),
- The Council's Standing Orders relating to Contracts,
- The Council's Financial Regulations,
- The Council's Scheme of Delegated Functions.

1.7.2 Procedures for Evidencing the Council's Powers/Authorities to Counterparties

The Council's powers to borrow and invest are contained in legislation.

CONT. TMP 1 RISK MANAGEMENT

Investing: Local Government Act 2003, section 12

Borrowing: Local Government Act 2003, section 1

Required Information on Counterparties

Lending shall only be made to counterparties on the Approved Lending list. This list has been compiled using advice from the Council's treasury advisers based upon credit ratings supplied by Fitch, Moodys and Standard & Poors.

1.7.3 Statement on the Council's Political Risks and Management of Same

The Executive Director (Resources) shall take appropriate action with the Council, the Chief Executive and the Leader of the Council to respond to and manage appropriately political risks such as change of majority group, leadership in the Council, change of Government etc.

1.7.4 Monitoring Officer

The monitoring officer is the Executive Director – Legal & Democratic Services; the duty of this officer is to ensure that the treasury management activities of the Council are lawful.

1.7.5 Chief Financial Officer

The Chief Financial Officer is the Executive Director (Resources); the duty of this officer is to ensure that the financial affairs of the Council are conducted in a prudent manner and to make a report to the Council if they have concerns as to the financial prudence of its actions or its expected financial position.

1.8 Operation Risk, Including Fraud, Error and Corruption

There is a risk that an organisation could fail to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fail to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. This is commonly referred to as operational risk.

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

The Council will therefore:-

- a) Seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimises such risks.
- b) Fully document all its treasury management activities so that there can be no possible confusion as to what proper procedures are.
- c) Staff will not be allowed to take up treasury management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.
- d) Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

CONT. TMP 1 RISK MANAGEMENT

1.8.1 Details of Systems and Procedures to be Followed, Including Internet Services

Authority

- The Scheme of Delegation to Officers sets out the delegation of duties to officers.
- All loans and investments are negotiated by the responsible officer or authorised persons.
- Loan procedures are defined in the Council's Financial Regulations.

Procedures

- Electronic Banking procedures – A password and PIN number is required to access the Bankline system which is used to make electronic payments.
- CHAPS payments – Payments can only be authorised by agreed officers who have been notified to the current provider of our banking services.

Investment and borrowing transactions

- A detailed register of all loans and investments is maintained by the treasury team. This is regularly checked to the ledger.
- Adequate and effective cash flow forecasting records are maintained on spreadsheets to support the decision to lend or borrow.
- A written acknowledgement of each deal is sent promptly to the lending or borrowing institution.
- Written confirmation is received and checked against the dealer's records for the transaction.
- Any discrepancies are immediately reported to the

Principal Accountant for resolution.

- All transactions placed through brokers are confirmed by a broker note showing details of the loan arranged. Written confirmation is received and checked against the dealer's records for the transaction. Any discrepancies are immediately reported to the Principal Accountant for resolution.

Regularity and security

- Lending is only made to institutions on the Approved List of Counterparties.
- All loans raised and repayments made go directly to and from the bank account of approved counterparties.
- Counterparty limits are set for every institution that the Council invests with.
- Brokers have a list of named officials authorised to agree deals.
- There is a separation of duties in the section between dealers and the checking and authorisation of all deals.
- The Council's bank holds a list of Council officials who are authorised signatories for treasury management transactions.
- Payments can only be authorised in a formal letter by an authorised signatory, the list of signatories having previously been agreed with the current provider of our banking services.
- There is adequate insurance cover for employees involved in loans management and accounting.

Checks

- The bank reconciliation is carried out monthly from the bank statement to the financial ledger.

CONT. TMP 1 RISK MANAGEMENT

- A debt charge/investment income listing is produced monthly when a review is undertaken against the budget for interest earnings and debt costs.

Calculations

- The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy against the amount calculated by the Treasury Team.

1.8.2 Emergency and Contingency Planning Arrangements Disaster Recovery Plan.

Treasury Management related files (word and excel) are stored on the Council's 'H' Drive with arrangements for contingency/back-up. Backup facilities can be accessed off site.

In the event of a 'Bankline System' failure, manual procedures would be followed with information being provided from the Council's Bankers by telephone.

All members of the treasury management team are familiar with this plan, and new members will be briefed on it.

1.8.3 Insurance Cover Details Crime Insurance

The Council has 'Crime' insurance cover with Zurich Municipal Insurance. This covers the loss of cash by fraud or dishonesty of employees.

This cover is limited to £2m per employee with an overall policy aggregate limit of indemnity of £2m. There is an excess of £10,000 for any one claim.

Officials Indemnity Insurance

The Council also has an 'Officials Indemnity' insurance policy with Zurich Municipal which covers loss to the Council from the actions and advice of its officers in the course of their duty which are negligent and without due care. This cover is limited to £2m for any one event with an excess of £25,000 for any one event.

Business Interruption

The Council also has a 'Business Interruption' cover as part of its property insurance with Maven Public Sector Insurance.

1.9 Price Risk Management

The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect itself from the effects of such fluctuations.

1.9.1 Details of Approved Procedures and Limits for Controlling Exposure to Investments Whose Capital Value May Fluctuate (Gilts, CDs, Etc.)

CONT. TMP 1 RISK MANAGEMENT

These are controlled through setting limits on investment instruments where the principal value can fluctuate. The limits are determined and set through the Annual Investment Strategy.

- **Non-Specified Investments:** These are investments which do not meet the Specified Investment Criteria.

The guidance and CIPFA TM Code distinguishes between specified and non-specified investments, as follows:-

TMP 1 SCHEDULE 1 – SPECIFIED AND NON-SPECIFIED INVESTMENTS

The guidance and CIPFA TM Code distinguishes between specified and non-specified investments, as follows:-

- **Specified Investments:** All such investments will be sterling denominated with maturities up to a maximum of 1 year, meeting the minimum 'high' quality criteria where applicable.

- **Specified Investments:** All such investments will be sterling denominated with maturities up to a maximum of 1 year, meeting the minimum 'high' quality criteria where applicable.
- **Non-Specified Investments:** These are investments which do not meet the Specified Investment Criteria.

| Organisation – Specified unless otherwise stated | Minimum credit criteria / colour band | Max Amount | Max Period |
|--|---|------------|--|
| Term deposits with UK Clearing Banks | Blue Orange Red Green No Colour | £2m | Up to 1 year* Up to 1 year Up to 6 months Up to 100 days Not for use |
| Liquid deposits with Nat West Liquidity Account | Blue Orange Red Green No Colour | £3m | Up to 1 year* Up to 1 year Up to 6 months Up to 100 days Not for use |
| Term deposits with UK Building Societies | Blue Orange Red Green No Colour | £2m | Up to 1 year* Up to 1 year Up to 6 months Up to 100 days Not for use |
| UK Local Authorities | N/A | £2m | Up to 1 year |
| Money Market Funds CNAV | Minimum AAA | £2m | Up to 1 year |
| Money Market Funds LVNAV | Minimum AAA | £2m | Up to 1 year |
| Money Market Funds VNAV | Minimum AAA | £2m | Up to 1 year |

* Nationalised and part Nationalised banks

TMP 2 PERFORMANCE MANAGEMENT

2.1 Evaluation and Review of Treasury Management Decisions

The Council has a number of approaches to evaluating treasury management decisions: -

- a. reviews with our treasury management consultants
- b. annual review after the end of the year as reported to full council
- c. half yearly reports to Cabinet

2.1.1 Reviews with our treasury management consultants

The treasury management team holds reviews with our consultants every 12 months to review the performance of the investment and debt portfolios.

2.1.2 Review reports on treasury management

An Annual Treasury Report is submitted to the Council each year after the close of the financial year which reviews the performance of the debt and investment portfolios. This report contains the following: -

- a. total debt and investments at the beginning and close of the financial year and average interest rates
- b. borrowing strategy for the year compared to actual strategy
- c. investment strategy for the year compared to actual strategy
- d. explanations for variance between original strategies and actual
- e. debt rescheduling done in the year
- f. actual borrowing and investment rates available through the year

- g. compliance with Prudential and Treasury Indicators
- h. other

2.1.3 Quarterly Monitoring Reports

A quarterly Report on Treasury Management is submitted to Cabinet which reviews the performance of the debt and investment portfolios. This report contains the same information as the annual report but only includes information for each quarter.

2.1.4 Comparative reviews

When data becomes available, comparative reviews are undertaken to see how the performance of the authority on debt and investments compares to other authorities with similar size portfolios (but allowing for the fact that Prudential and Treasury Indicators are locally set). Data used will be sourced from: -

- CIPFA Treasury Management statistics published each year for the last complete financial year
- CIPFA Benchmarking Club
- Other

2.2 Benchmarks and Calculation Methodology:

2.2.1 Debt management

- Average rate on all external debt
- Average rate on external debt borrowed in previous financial year
- Average rate on internal borrowing
- Average period to maturity of external debt
- Average period to maturity of new loans in previous year

CONT. TMP 2 PERFORMANCE

2.2.2 Investment.

The performance of investment earnings will be measured against the following benchmarks: -

- a. in house investments
- b. MUFG Corporate Markets model

Performance may also be measured against other local authority funds with similar benchmark and parameters managed by other fund managers.

2.3 Policy Concerning Methods for Testing Value for money in Treasury Management

2.3.1 Frequency and processes for tendering

Tenders are normally awarded on a 3 year basis. The process for advertising and awarding contracts will be in line with the Council's Contract Standing Orders.

2.3.2 Banking services

The Council's banking arrangements are to be subject to competitive tender unless it is considered that there will be changes in the volume of transactions in the foreseeable future which renders a shorter period appropriate.

2.3.3 Money-broking services

The Council may use money broking services in order to make deposits or to borrow and will establish charges for all services prior to using them.

2.3.4 Consultants'/advisers' services

This Council's policy is to appoint full-time professional treasury management consultants (MUFG

Corporate Markets) and separate leasing advisory service.

2.3.5 Policy on External Managers (Other than relating to Superannuation Funds)

The Council's policy is not to appoint external investment fund managers.

TMP 3 DECISION-MAKING

AND ANALYSIS

3.1 Funding, Borrowing, Lending, and New Instruments/Techniques:

3.1.1 Records to be kept

All loan transactions are recorded on a spreadsheet. The following records will be used relative to each loan or investment.

- Daily cash balance forecasts
- Money market rates obtained by telephone and e-mail from brokers or direct
- Dealing slips for all money market transactions
- Brokers' confirmations for investment and temporary borrowing transactions
- Confirmations from borrowing /lending institutions where deals are done directly
- PWLB loan confirmations
- PWLB debt portfolio schedules.
- Certificates for market loans, local bonds and other loans

3.1.2 Processes to be pursued

- Cash flow analysis.
- Debt and investment maturity analysis
- Ledger reconciliation
- Review of opportunities for debt restructuring (if applicable)
- Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer value for money)
- Performance information (e.g. monitoring of actuals against budget for debt charges, interest earned, debt management; also monitoring of average pool rate, investment returns, etc).

3.1.3 Issues to be addressed.

3.1.3.1 In respect of every treasury management decision made the Council will:

- a) Above all be clear about the nature and extent of the risks to which the Council may become exposed

- b) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
- c) Be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping
- d) Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded
- e) Be content that the terms of any transactions have been fully checked against the market and have been found to be competitive.

3.1.3.2 In respect of borrowing and other funding decisions, the Council will:

- a) consider the ongoing revenue liabilities created, and the implications for the organisation's future plans and budgets
- b) evaluate the economic and market factors that might influence the manner and timing of any decision to finance capital schemes
- c) consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and external grant providers
- d) consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

3.1.3.3 In respect of investment decisions, the Council will:

- a) Consider the optimum period, in the light of cash flow availability and prevailing market conditions.
- b) Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital.

TMP 4 APPROVED INSTRUMENTS,

METHODS AND TECHNIQUES

4.1 Approved Activities of the Treasury Management Operation

- borrowing;
- lending;
- debt repayment and rescheduling;
- consideration, approval and use of new financial instruments and treasury management techniques;
- managing the underlying risk associated with the Council's capital financing and surplus funds activities;
- managing cash flow;
- banking activities;
- leasing.

4.2 Approved Instruments for Investments

Refer to the Annual Investment Strategy.

4.2.1 Implementation of MIFID II Requirements

Since 3 January 2018, UK public sector bodies have been defaulted to "retail" status under the requirements of MiFID II. However, for each counterparty it is looking to transact with, (e.g. financial institution, fund management operator, broker), there remains the option to opt up to "professional" status, subject to meeting certain requirements specified by MIFID II and that it has the appropriate level of knowledge and experience and decision-making processes in place in order to use regulated investment products.

MIFID II does not cover term deposits so local authorities should not be required to opt up to professional status. However, some non-UK banks do not have the necessary regulatory permissions to deal with retail clients, so opting up to professional status would be required.

For investing in negotiable investment instruments, (e.g. certificates of deposit, gilts, corporate bonds), money market funds

and other types of investment funds, which are covered by MIFID II, a schedule is maintained of all counterparties that the treasury management team are authorised to place investments with. This specifies for each investment instrument and for each counterparty, whether the authority has been opted up to professional status. (N.B. some money market funds will deal with both retail and professional clients.)

A file is maintained for all permissions applied for and received for opt ups to professional status specifying name of the institution, instrument, date applied for, and date received.

4.3 Approved Techniques

- Forward dealing
- LOBOs – lenders option, borrower's option borrowing instrument
- The use of structured products such as callable deposits

4.4 Approved Methods and Sources of Raising Capital Finance

Finance will only be raised in accordance with the Local Government Act 2003, and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

| On Balance Sheet | Fixed | Variable |
|--|-------|----------|
| PWLB | • | • |
| Market (long-term) | • | • |
| Market (temporary) | • | • |
| Market (LOBOs) | • | • |
| Local authorities | • | • |
| Local temporary | • | • |
| Local Bonds | • | • |
| Banks | • | • |
| Overdraft | • | • |
| Internal (capital receipts & revenue balances) | • | • |
| Leasing (not operating leases) | • | • |
| Deferred Purchase | • | • |

Other Methods of Financing

- Government and EC Capital Grants
- Lottery monies
- Operating leases

CONT. TMP 4

Borrowing will only be done in Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations, and local considerations. The Executive Director (Resources) has delegated powers in accordance with Financial Regulations, Standing Orders, the Scheme of Delegation to Officers Policy and the Treasury Management Strategy to take

the most appropriate form of borrowing from the approved sources.

4.5 Investment Limits

The Annual Investment Strategy sets out the limits and the guidelines for use of each type of investment instrument.

4.6 Borrowing Limits

See the Treasury Management Strategy Statement and Prudential and Treasury Indicators.

TMP 5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, DEALING ARRANGEMENTS

5.1 Allocation of responsibilities

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.
- approval of capital strategy

(ii) Full Council / Cabinet

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

(iii) Resources Overview & Scrutiny Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible bodv.

5.2 Principles and Practices Concerning Segregation of Duties

5.2.1 The following duties are undertaken by separate officers:

| | |
|-----------------------------------|---|
| Dealing | Negotiation and approval of deal. Receipt and checking of brokers confirmation note against loans diary. Reconciliation of cash control account. Bank reconciliation |
| Accounting Entry | Processing the expenditure or income i.e. posting the entries into the accounting system. |
| Authorisation/ Payment of Deal | Entry onto system. Approval and payment. Approval of deals |

5.3 Treasury Management Organisation Chart



CONT. TMP 5

5.4 Statement of the treasury management duties/responsibilities of each treasury post

5.4.1. The responsible officer

The responsible officer is the person charged with professional responsibility for the treasury management function and in this Council is the Executive Director of Resources (*This post is also the S151 officer.*) This person will carry out the following duties: -

- a) Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- b) Submitting regular treasury management policy reports
- c) Submitting budgets and budget variations
- d) Receiving and reviewing management information reports
- e) Reviewing the performance of the treasury management function
- f) Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- g) Ensuring the adequacy of internal audit, and liaising with external audit
- h) Recommending the appointment of external service providers.
- i) The responsible officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
- j) The responsible officer may delegate his power to borrow and invest to members of his staff. The Accounts Manager, the Principal Accountant or the Accountancy Assistant Treasury Management Team must conduct all dealing transactions, or staff authorised by the responsible officer to act as temporary cover for leave/sickness. All transactions must

be authorised by at least two of the named officers above.

- k) The responsible officer will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.
- l) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations
- m) It is also the responsibility of the responsible officer to ensure that the Council complies with the requirements of The UK Money Markets Code (formerly known as the Non-Investment Products Code) for principals and broking firms in the wholesale markets.

5.4.2. Principal Accountant

The responsibilities of this post will be: -

- a) Execution of transactions
- b) Adherence to agreed policies and practices on a day-to-day basis
- c) Maintaining relationships with counterparties and external service providers
- d) Supervising treasury management staff
- e) Monitoring performance on a day-to-day basis
- f) Submitting management information reports to the responsible officer
- g) Identifying and recommending opportunities for improved practices

5.4.3. The Head of the Paid Service – the Chief Executive

The responsibilities of this post will be: -

CONT. TMP 5

- a) Ensuring that the system is specified and implemented
- b) Ensuring that the Executive Director of Resources reports regularly to the full Council and Cabinet on treasury policy, activity and performance.

5.4.4. The Monitoring Officer – Executive Director – Legal & Democratic Services

The responsibilities of this post will be: -

- a) Ensuring compliance by the Executive Director of Resources with the treasury management policy statement and treasury management practices and that they comply with the law.
- b) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice.
- c) Giving advice to the Executive Director of Finance when advice is sought.

5.4.5. Internal Audit

The responsibilities of Internal Audit will be: -

- a) Reviewing compliance with approved policy and treasury management practices.
- b) Reviewing division of duties and operational practice.
- c) Assessing value for money from treasury activities.
- d) Undertaking probity audit of treasury function.

5.5 Absence Cover Arrangements

The Head of Finance is also the deputy S151 Officer.

5.6 Dealing Limits

The following posts are authorised to deal: -

- Head of Finance
- Finance Manager
- Principal Accountant

The Senior Accounts Assistants are also authorised to deal but details checked by someone above.

The dealing limits are set out in TMP 1.1.1

5.7 Direct Dealing Practices

The Council will consider dealing directly with counterparties if it is appropriate and the Council believes that better terms will be available. At present, most deals are arranged through brokers. There are certain types of accounts and facilities, however, where direct dealing is required, as follows;

- Business Reserve Accounts:
- Call Accounts:
- Money Market Funds
- Debt Management Office

5.8 Settlement Transmission Procedures

For payments a transfer will be made through the CHAP's system or Faster Pay system to be completed by the appropriate bank deadlines in place that day.

5.9 Documentation Requirements

For each deal undertaken a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker.

5.10 Arrangements Concerning the Management of Third-Party Funds.

The Council holds a number of trust funds. The cash in respect of these funds is held in the Council's bank account, but transactions are separately coded. Interest is given on credit balances at the bank base rate for internal balances for the year.

TMP 6 REPORTING REQUIREMENTS & MANAGEMENT

6.1 Annual programme of reporting

- a) Annual reporting requirements before the start of the year: -
 - a. review of the organisation's approved clauses, treasury management policy statement and practices
 - b. strategy report on proposed treasury management activities for the year comprising of the Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy Statement
 - c. Capital Strategy to cover the following:
 - I. Give a longer-term view of the capital programme and treasury management implications thereof beyond the three year time horizon for detailed planning.
 - II. An overview of treasury and non-treasury investments to highlight the risks and returns involved in each and the balance (proportionality), between both types of investments.
 - III. The authorities risk appetite and specific policies and arrangements for non-treasury investments.
 - IV. Schedule of non-treasury investments
- b) Quarterly Treasury Management Update
- c) Annual review report after the end of the year

6.2 Annual Treasury Management Strategy Statement

1. The Treasury Management Strategy Statement sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to the Cabinet and then to the full Council for approval before the commencement of each financial year.

2. The formulation of the annual Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, the Council may decide to postpone borrowing if fixed interest rates are expected to fall or borrow early if fixed interest rates are expected to rise.

3. The Treasury Management Strategy Statement is concerned with the following elements:
 - a) Prudential and Treasury Indicators
 - b) current Treasury portfolio position
 - c) borrowing requirement
 - d) prospects for interest rates
 - e) borrowing strategy
 - f) policy on borrowing in advance of need
 - g) debt rescheduling
 - h) investment strategy
 - i) creditworthiness policy
 - j) policy on the use of external service providers
 - k) any extraordinary treasury issue
 - l) the MRP strategy
4. The Treasury Management Strategy Statement will establish the expected move in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable) and highlight sensitivities to different scenarios.

6.3 The Annual Investment Strategy Statement

At the same time as the Council receives the Treasury Management Strategy Statement it will also receive a report on the Annual Investment Strategy which will set out the following: -

- a) The Council's risk appetite in respect of security, liquidity and optimum performance
- b) The definition of 'high credit quality' to determine what are specified

CONT. TMP 6

investments as distinct from non-specified investments

- c) Which specified and non-specified instruments the Council will use
- d) Whether they will be used by the in-house team, external managers or both (if applicable)
- e) The Council's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
- f) Which credit rating agencies the Council will use
- g) How the Council will deal with changes in ratings, rating watches and rating outlooks
- h) Limits for individual counterparties and group limits
- i) Country limits
- j) Levels of cash balances
- k) Interest rate outlook
- l) Budget for investment earnings
- m) Policy on the use of external service providers

6.4 The Annual Minimum Revenue Provision Statement

This statement will set out how the Council will make revenue provision for repayment of its borrowing using the four options for so doing and will be submitted at the same time as the Annual Treasury Management Strategy Statement.

6.5 Policy on Prudential and Treasury Indicators

1. The Council approves before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators.
2. The responsible officer is responsible for incorporating these limits into the Annual Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the responsible officer shall submit the changes for approval to Cabinet and then full Council.

6.6 Quarterly Treasury Management Update

The Council will review its treasury management activities and strategy on a quarterly basis with a report presented to the Cabinet. This review will consider the following: -

- a) activities undertaken
- b) variations (if any) from agreed policies/practices
- c) interim performance report
- d) regular monitoring
- e) monitoring of treasury management indicators for local authorities.

6.7 Annual Review Report on Treasury Management Activity

An annual report will be presented to the Cabinet and then to the full Council at the earliest practicable meeting after the end of the financial year, but in any case, by the end of September. This report will include the following: -

- a) transactions executed and their revenue (current) effects
- b) report on risk implications of decisions taken and transactions executed
- c) compliance report on agreed policies and practices, and on statutory/regulatory requirements
- d) performance report
- e) report on compliance with CIPFA Code recommendations
- f) monitoring of treasury management indicators

6.8 Management Information Reports

Management information reports will be prepared every month by the Principal Accountant and will be presented to the Accounts Manager.

These reports will contain the following information: -

- a) a summary of transactions executed and their revenue effect; and
- b) the effect on loan charges/investment income; and
- c) any non-compliance with Prudential limits or other treasury management limits.

6.9 Publication of Treasury Management Reports

Reports presented to Council and Cabinet are available to view on the Council's website
www.hyndburnbc.gov.uk.

TMP 7 BUDGETING, ACCOUNTING & AUDIT ARRANGEMENTS

7.1 Statutory/Regulatory Requirements

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognised by statute as representing proper accounting practices.

The Council has also adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services - Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to this Council's treasury management activities.

7.2 Sample Budgets / Accounts / Prudential and Treasury Indicators

The Executive Director of Resources will prepare a three-year medium term financial plan with Prudential and Treasury Indicators for treasury management which will incorporate the budget for the forthcoming year and provisional estimates for the following two years. This will bring together all the costs involved in running the function, together with associated income. The Executive Director of Resources will exercise effective controls over this budget and monitoring of performance against Prudential and Treasury Indicators and will report upon and recommend any changes required in accordance with TMP6.

7.3 List of Information Requirements of External Auditors.

- Reconciliation of loans outstanding in the financial ledger to Treasury Management records
- Maturity analysis of loans outstanding

- Certificates for new long-term loans taken out in the year
- Reconciliation of loan interest, discounts received, and premiums paid to financial ledger by loan type
- Calculation of loans fund interest and debt management expenses
- Details of interest rates applied to internal investments
- Calculation of interest on working balances
- Interest accrual calculation
- Analysis of any deferred charges
- Calculation of loans fund creditors and debtors
- Annual Treasury Report
- Treasury Management Strategy Statement and Prudential and Treasury Indicators
- Review of observance of limits set by Prudential and Treasury Indicators
- Calculation of the Minimum Revenue Provision

7.4 Monthly Budget Monitoring Report

Monthly Budget Monitoring reports are produced for the Executive Director of Resources, whilst a quarterly budget monitoring report goes to Cabinet. The report is intended to highlight any variances between budgets and spend in order that the Council can assess its financial position. Details of treasury management activities are included within this report.

TMP 8 CASH AND

CASH FLOW MANAGEMENT

8.1 Arrangements for Preparing/Submitting Cash Flow Statements

Cash flow projections are prepared annually, monthly, and daily. The annual and monthly cash flow projections are prepared from the previous years' cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known.

8.2 Bank Statements Procedures

The Council downloads daily bank statements and a monthly download of data from its bank. All amounts on the statement are checked to source data from Payroll, Creditors etc. A formal bank reconciliation is undertaken on a monthly basis by the Finance Department.

8.3 Payment Scheduling and Agreed Terms of Trade with Creditors

Our policy is to pay creditors (including sub-contractors) as per the agreed terms of trading.

8.4 Arrangements for Monitoring Debtors / Creditors Levels

The Administration Services Manager is responsible for monitoring the levels of debtors and creditors.

8.5 Procedures for Banking of Funds

All money received by an officer on behalf of the Council will without unreasonable delay be passed to the collection office to deposit in the Council's bank accounts. Cash and cheques banked the previous day will be taken into account in the daily cash flow.

8.6 Practices Concerning Prepayments to Obtain Benefits

The Council has no formal arrangement in place. Where such opportunities arise, the prepayment would be sought and authorised by the responsible officer.

TMP 9 MONEY LAUNDERING

9.1. Proceeds of Crime Act 2002

Money laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering. The Proceeds of Crime Act (POCA) 2002 established the main offences relating to money laundering. In summary, these are:

- concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland
- being concerned in an arrangement which a person knows, or suspects facilitates the acquisition, retention, use or control of criminal property
- acquiring, using or possessing criminal property.

These apply to all persons in the UK in a personal and professional capacity. Any person involved in any known or suspected money-laundering activity in the UK risks a criminal conviction. Other offences under the POCA include:

- failure to disclose money-laundering offences
- tipping off a suspect, either directly or indirectly
- doing something that might prejudice an investigation – for example, falsifying a document.

9.2 The Terrorism Act 2000

This act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism or resulting from acts of terrorism. All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment

9.3 The Money Laundering Regulations 2012, 2015 and 2017

Organisations pursuing relevant business (especially those in the financial services industry regulated by the FCA) are required to do the following:

- identify and assess the risks of money laundering and terrorist financing
- have policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing identified through the risk assessments
- appoint a nominated officer
- implement internal reporting procedures
- train relevant staff in the subject
- obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken
- report their suspicions

9.4 Local authorities

Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and subsequent Terrorism Acts and may commit most of the principal offences under the POCA but are not legally obliged to apply the provisions of the Money Laundering Regulations 2012, 2015 and 2017.

However, as responsible public bodies, they should employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering, regimes.

Accordingly, this Council will do the following: -

- a) evaluate the prospect of laundered monies being handled by them
- b) determine the appropriate safeguards to be put in place
- c) require every person engaged in treasury management to make themselves aware of their personal and legal responsibilities for money laundering awareness

CONT. TMP 9

- d) make all its staff aware of their responsibilities under POCA
- e) appoint a member of staff to whom they can report any suspicions. This person is Head of Accounts.
- f) in order to ensure compliance is appropriately managed, this Council will require senior management to give appropriate oversight, analysis and assessment of the risks of clients and work/product types, systems for monitoring compliance with procedures and methods of communicating procedures and other information to personnel.
- g) The officer responsible for the creation and monitoring the implementation of a corporate anti money laundering policy and procedures is Executive Director – Legal & Democratic Services and it shall be a requirement that all services and departments implement this corporate policy and procedures.

9.5 Procedures for Establishing Identity / Authenticity of Lenders

It is not a requirement under POCA for local authorities to require identification from every person or organisation it deals with. However, in respect of treasury management transactions, there is a need for due diligence, and this will be affected by following the procedures below.

The Council does not accept loans from individuals.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the FCA website on www.fca.gov.uk.

When repaying loans, the procedures in 9.6 will be followed to check the bank details of the recipient.

9.6 Methodologies for Identifying Deposit Takers

In the course of its Treasury activities, the Council will only lend money to or invest with those counterparties that are on its approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The FCA register can be accessed through their website on www.fca.gov.uk.

All transactions will normally be carried out by CHAP's or Faster Payment as appropriate for making deposits or repaying loans.

TMP 10 TRAINING & QUALIFICATIONS

The Council recognises that relevant individuals will need appropriate levels of training in treasury management due to its increasing complexity. There are two categories of relevant individuals: -

- a) Treasury management staff employed by the Council
- b) Members charged with governance of the treasury management function

All treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a Personal Development Review system which identifies the training requirements of individual members of staff engaged on treasury related activities.

Additionally, training may also be provided on the job, and it will be the responsibility of the Executive Director of Resources to ensure that all staff under his authority receives the level of training appropriate to their duties. This will also apply to those staff who from time-to-time cover for absences from the treasury management team.

10.1 Details of Approved Training Courses

Treasury management staff and members attend courses provided by our treasury management consultants, CIPFA, money brokers etc.

10.2 Records of Training Received by Treasury Staff

The relevant line manager will update the relevant officers Personal Development Review with details of training received. This will be passed the Human Resources Department

who will maintain records on all staff and the training they receive.

10.3 Record of Secondment of Senior Management

Records will be kept of senior management who are seconded into the treasury management section in order to gain first-hand experience of treasury management operations.

10.4 Statement of Professional Practice (SOPP)

1. Where the Chief Financial Officer is a member of CIPFA, there is a professional need for the CFO to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.
2. Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

10.5 Member training records

Records will be kept of all training in treasury management provided to members.

10.6 Members charged with governance

Members charged with diligence also have a personal responsibility to ensure that they have the appropriate skills and training for their role.

TMP 11 USE OF EXTERNAL

SERVICE PROVIDERS

11.1 Details of Contracts with Service Providers, Including Bankers, Brokers, Consultants, Advisers

This Council will employ the services of other organisations to assist it in the field of treasury management. In particular, it will use external consultants to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

It will also ensure that the skills of the in-house treasury management team are maintained to a high enough level whereby they can provide appropriate challenge to external advice and can avoid undue reliance on such advice.

Treasury management staff and their senior management will therefore be required to allocate appropriate levels of time to using the following sources of information so that they are able to develop suitable levels of understanding to carry out their duties, especially in challenge and avoiding undue reliance.

- The quality financial press
- Market data
- Information on government support for banks and
- The credit ratings of that government support

11.1.1 Banking Services

- a) Name of supplier of service is the National Westminster Bank.
- b) Regulatory status – banking institution authorised to undertake banking activities by the FSA
- c) The branch address is:

PO Box No.2
St James Street
Accrington
Lancashire
BB5 1NB
Tel:- 0345 835 1215

Contract commenced 13/6/1975 and is reviewed annually.

- d) Cost of service is variable depending on schedule of tariffs and volumes
- e) Payments monthly and quarterly

11.1.2 Money-Broking Services

The Council may use money brokers for temporary borrowing and investment and long-term borrowing. It will seek to give an even spread of business amongst the approved brokers.

Name of supplier of service:

- a) RP Martin Brokers (UK) Ltd
Level 3
1 Snowdon Street
London
EC2A 2DQ
Tel: 020 7894 8698
Regulatory Status: FCA registered counterparty 187916
- b) Tullet Prebon Europe Ltd
135 Bishopsgate
2nd Floor
London
EC2M 3TP
Tel: 020 7200 7042
Regulatory Status: FCA Authorised 146880
- c) Imperial Treasury Services
Imperial House
5 Port Hill
Hertford
SG14 1PJ
Tel: 01992 945 550
Regulatory Status: FCA Authorised 836275
- d) Tradition (UK) Ltd
Beaufort House

CONT. TMP 11

15 St Botolph Street
London
EC3A 7QX
Tel: 0207 422 3566
Regulatory Status: FCA Authorised
139200

- f) King & Shaxon
155 Fenchurch Street
London
EC3M 6AL
Tel: 0207 655 4708
Regulatory Status: FCA Authorised
179213

When undertaking temporary borrowing. The brokers currently charge commission at 0.1% of the amount borrowed for the duration of the loan. There is no commission charge for undertaking investment transactions.

11.1.3 Consultants'/Advisers' Services

Treasury Consultancy Services

The Council will seek to take expert advice on interest rate forecasts, annual treasury management strategy, timing for borrowing and lending, debt rescheduling, use of various borrowing and investment instruments, how to select credit worthy counterparties to put on its approved lending list etc.

The performance of consultants will be reviewed by the Executive Director of Resources annually to check whether performance has met expectations.

- a) Name of supplier of service is MUFG Corporate Markets Treasury Limited (formerly Link Group). Their address is 6th Floor, 65 Gresham Street, London, EC2V 7NQ Tel: 0207 204 7624
- b) Regulatory status: Investment Adviser authorised by the FCA
- c) Contract commenced 2003 and is re-negotiated annually.
- d) Cost of service is currently £8,100 per year.
- e) Payments due annually

Leasing Consultancy Services

- a) Currently in the process of procuring a new leasing consultant.

11.1.4 Credit Rating Agency

The Council receives a credit rating service through its treasury management consultants, the costs of which is included in the consultant's annual fee.

11.2 Procedures & Frequency for Tendering Services

The procedure for awarding contracts will be as per the Councils contract procedure rules.

TMP 12 CORPORATE GOVERNANCE

12.1 List of Documents to be Made Available for Public Inspection

- a. The Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.
- b. It has adopted the CIPFA Code of Practice on Treasury Management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.
- c. The following documents are available for public inspection: -
 - Treasury Management Policy Statement
 - Treasury Management Strategy Statement
 - Annual Investment Strategy
 - Minimum Revenue Provision policy statement
 - Annual Statement of Accounts
 - Annual revenue budget & capital programme
 - 3 Year Capital Plan
 - Capital Strategy
 - Medium Term Financial Plan
 - Minutes of Council, Cabinet & committee meetings

CAPITAL STRATEGY

2026/27

FOR AN AMBITIOUS AND SUSTAINABLE
HYNDBURN FUTURE

OVERVIEW

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and take account of stewardship, value for money, prudence, sustainability and affordability.
- 1.2 The Capital Strategy is a key document for the Council and forms part of the

authority's integrated revenue, capital and balance sheet planning. It provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It includes an overview of the governance processes for approval and monitoring of capital expenditure.

SCOPE

2.1 This Capital Strategy includes all capital expenditure and capital investment decisions, not only as an individual local authority but also those entered into under group arrangements. It sets out the long-term context in which decisions are made with reference to the life of the projects/assets.

2.2 The Capital Strategy:

- States the council's processes for:
 - project initiation
 - deciding on the prioritisation of capital projects
 - monitoring and evaluating schemes.
- Takes account of significant revenue implications,
- Provides a framework for the management and monitoring of the capital programme,
- Identifies funding and provides a basis to inform bidding for additional capital resources (e.g. from the National Lottery, government initiatives),

- Apprises the corporate review of existing properties.

2.3 The Capital Strategy considers all aspects of the Council's capital expenditure and extends to areas where the Council is able to influence others through the use of its capital resources. It forms part of the Council's integrated revenue, capital and balance sheet planning.

CAPITAL EXPENDITURE

3.1 Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset that is needed to provide services. Fixed assets are tangible or intangible assets that yield benefits to the Council generally for a period of more than one year, e.g. land, buildings, roads, vehicles. This is in contrast to revenue expenditure which is spending on the day to day running costs of services

such as employee costs and supplies and services.

3.2 The capital programme is the authority's plan of capital works for future years, including details on the funding of the schemes. Included are the projects such as the purchase of land and buildings, the construction of new buildings, design fees and the acquisition of vehicles and major items of equipment. Also included could be service and commercial investments.

CAPITAL V TREASURY MANAGEMENT

4.1 Treasury Management investment activity covers those investments which arise from the organisation's cash flows and debt management activity and ultimately represent balances which need to be invested until the cash is required for use in the course of business.

The management of associated risk is set out in the Treasury Management Policy and the Annual Investment Strategy.

4.2 For Treasury Management investments the security and liquidity of funds are placed ahead of the investment return.

4.3 The CIPFA Treasury Management Code recognises that organisations may make investments for policy reasons outside of normal treasury management activity. These may include service and commercial investments.

SERVICE AND COMMERCIAL

INVESTMENTS

5.1 These are investments for policy reasons outside of normal treasury management activity. This may include:

Service investments: These are investments held clearly and explicitly in the course of the provision, and for the purposes, of operational services, including regeneration.

Commercial investments: These are investments taken for mainly financial reasons. These may include:

- investments arising as part of business structures, such as shares and loans in subsidiaries or other outsourcing structures such as IT providers or building services providers.
- investments explicitly taken with the aim of making a financial surplus for the Council.

Commercial investments also include fixed assets, which are held primarily for financial benefit, such as investment properties. Due to the nature of the assets

CONT. SERVICE AND COMMERCIAL INVESTMENTS

or for valid service reasons, such investments do not always give priority to security and liquidity over yield. In these cases, such a decision will be explicit, with the additional risks set out and the impact

on financial sustainability identified and reported.

The Executive Director (Resources) will ensure that the Council has the appropriate legal powers to undertake such investments.

COUNCIL OBJECTIVES

The Council has agreed a number of corporate aims, priorities and objectives which guide its work. These are set out in the Corporate Plan and Medium-Term

Financial Strategy (MTFS). Capital investment projects must be in line with these overall objectives as well as individual service aims and objectives. The following processes are designed to ensure this happens.

CAPITAL BUDGET SETTING PROCESS

7.1 Identifying the need for Capital Expenditure

The need for a capital scheme is identified by a Service Manager and a bid is submitted to the Autumn Capital Programme Working Group.

Capital projects are subject to robust justification process, bringing together a clear business case with sufficient detailed costings to ensure transparent decisions can be taken.

Proposals are reviewed in terms of validation arrangements and estimated figures.

To ensure project delivery is achievable project management arrangements are undertaken with ownership and responsibility of projects siting in the initiating department.

The capital bids are discussed and prioritised at Capital Programme Working Group. This report is then considered by Corporate Management Team. The recommendations are given to members for

their discussion and input. The final report is then submitted to Cabinet and then Full Council.

7.2 Criteria used to decide which schemes are recommended.

Capital projects will be assessed for:

- Strategic fit – corporate objectives are being met by the expenditure,
- Identified need – e.g. vital repairs and maintenance of existing assets,
- Achievability – this may include alternatives to direct expenditure by the Council such as partnerships with others, rent or buy options, alternative delivery vehicles,
- The scheme is deliverable by the Council within its resources, skills and legal constraints,
- Acceptable risk levels,
- Reduces future capital or revenue spend,

CONT. BUDGET SETTING PROCESS

- Practicality and deliverability,
- Revenue generation,
- The scheme has a good gearing ratio,
- Maintains or enhances service provision,
- Provides value for money for the taxpayer,
- Provides long term benefits,
- Has a positive environmental and social impact.

Additionally, consideration should be given to:

Prudence:

- Recognition of the capacity in the organisation to deliver such a programme,
- The approach to treasury management and the management of risk as set out in the Treasury Management Strategy.

Affordability:

- Revenue impact of the proposals on the Medium-Term Financial Plan,
- The borrowing position of the Council, projections of external debt and the use of internal borrowing to support capital expenditure,
- The authorised limit and operational boundary for the following year,
- Whether schemes are profiled to the appropriate financial year.

Sustainability:

- Provision for the repayment of debt over the life of the underlying debt as set out in the Minimum Revenue Provision policy,
- An overview of asset management planning including maintenance requirements and planned disposals.

All bids are produced in line with the appropriate timetable with consideration for

the financial information contained within the bid.

Portfolio Holders must be briefed and understand the service need and the budget consequences, both revenue and capital, of completing the scheme.

Possible sources of funding can then be considered for each of the proposed capital schemes. Each project will be considered in terms of revenue funding to cover the operational running costs of the asset and any borrowing repayment costs, and also how the asset will be funded in terms of capital expenditure.

The proportionality of the proposals as a whole will then be considered in respect of overall resources and longer-term sustainability and risk. The Executive Director (Resources) will take an overall view on the prudence, affordability and sustainability of the overall borrowing level if all bids are accepted.

Once the Executive Director (Resources) has taken a view of the prudence of the overall borrowing level, the Corporate Management Team will then consider the bids from a corporate priority perspective.

7.3 Member Approval Process

In autumn, the Executive Director (Resources) will present the agreed list of key capital projects to the Corporate Management Team. At this stage funding details are sometimes unavailable, as Government funding allocations are announced later in the year. The presentations inform Members of the key projects to be completed over the next year.

Where appropriate schemes will be reported to Members based on the schemes being subject to external funding approval. These overall capital programme totals are then reported to Cabinet Members as part of

CONT. BUDGET SETTING PROCESS

the annual budget process, who then make recommendations on the overall capital programme.

The Cabinet receives the Capital Programme in February each year and makes their recommendations to full Council.

Members approve the overall borrowing levels at the budget meeting in February each year as part of the Treasury Management Report. The taking of loans then becomes an operational decision for the Executive Director (Resources) who will decide on the basis of the level of reserves and money market position whether financing should be met internally from the Capital Reserve/Capital Receipts or whether to enter into external borrowing.

Once the Council has approved the capital programme, then expenditure can be committed against these approved schemes subject to the normal contract procedure rules and the terms and conditions of funding. Before expenditure commences an "Approval to Spend" form is completed by officers and authorised. This confirms the profile of expenditure and confirmation that any external grant allocation has been obtained.

Whether capital projects are funded from grant, contributions, capital allocations or borrowing, the revenue costs must be able to be met from existing revenue budgets or identified (and underwritten) savings or income streams.

MONITORING OF THE CAPITAL PROGRAMME EXPENDITURE

8.1 Once detailed capital programmes have been approved by members, the financial spend is monitored at Capital Programme Working Group on an alternate monthly basis.

8.2 The Council will assign a Project Manager to each project to oversee planning, delivery, management and governance of capital projects.

MULTI-YEAR SCHEMES

9.1 Payments for capital schemes often occur over several years, depending on the size and complexity of the project. Therefore, estimated payment patterns are calculated for each project so that the expected capital expenditure per year is known. This is called a cash flow projection or budget profiling.

9.2 The approval of a rolling multi-year capital programme assists the Council in a number of ways. It assists service managers, allowing them to develop

longer term capital plans for service delivery.

9.3 It allows greater flexibility in planning workloads and more certainty for preparation work for future schemes. It will also allow greater integration of the revenue budget and capital programme. It also matches the time requirement for scheme planning and implementation since capital schemes have a considerable initial development phase.

FUNDING STRATEGY &

CAPITAL POLICIES

This section sets out the policies of the Council in relation to funding capital expenditure and investment.

Proposals for capital projects must identify the funding requirements for the timescale of the project including any revenue implications. Funding must be appropriate for the project and will come from:

- Reserves,
- Capital receipts – from the sale of assets or finance lease receipts,
- Government grants – such as disabled facilities grant funding,
- Third party grants and contributions,
- Revenue contributions,
- Other developer contributions,
- External (prudential) borrowing.

Any restrictions on borrowing or funding of ongoing capital finance will be assessed. Project appraisal will consider additional or alternative funding sources, match funding opportunities, bidding timeframes and the likely success of being awarded a grant. Other funding sources may include national lottery, government grant, heritage lottery fund etc.

10.1 External Funding

Services must seek to maximise external funding wherever possible to support capital schemes. This can be in the form of grants and contributions from outside bodies including central government. However, services must underwrite any cost overruns on externally funded schemes. If services bid for external funding for schemes and say at tender or during construction or procurement, costs exceed the available funding, then services must fund any shortfall from their existing resources (either revenue or capital).

In respect of match funding bids then the relevant service must fully identify the necessary match funding resources from within existing service budgets. If this is not possible then the appropriate service must raise this for consideration with the members of the Corporate Management Team and the relevant Portfolio Holder prior to submitting any bid for funding.

10.2 Capital Receipts

A capital receipt is an amount of money exceeding £10,000 which is received from the sale of an asset. This cannot be spent on revenue items.

The Executive Director (Resources) will review all of the Council's property annually. The general policy is that any capital receipts are then pooled and used to finance future capital expenditure and investment according to priorities, although they may be used to repay outstanding debt on assets financed from loans, as permitted by the regulations.

10.3 Revenue Funding

Services may use their revenue budgets to fund capital expenditure. The revenue reserve may also be used to finance capital expenditure as an alternative to external borrowing.

The Head of the Service and the Executive Director (Resources) will need to take an overview and decide the most appropriate way of funding their service areas.

10.4 Prudential/Unsupported Borrowing

Local Authorities can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code

CONT. STRATEGY & POLICIES

and set out in the Treasury Management Statement. The borrowing costs are not supported by the Government so services need to ensure they can fund the repayment costs. This borrowing may also be referred to as Prudential Borrowing.

Capital projects that cannot be funded from any other source can be funded from Prudential Borrowing. Services must be able to afford the borrowing repayment and interest charges on the loan from existing revenue budgets, or the Council must see this as their key priority for the budget process and to be factored into the medium-term financial strategy accordingly.

The Executive Director (Resources) will make an assessment of the overall prudence, affordability and sustainability of the total borrowing requested. The impact of this borrowing will be reported in the Treasury Management Strategy alongside the Prudential Indicators required by CIPFA's Prudential Code for Capital Finance.

The view of the Executive Director (Resources) will be fed into the corporate bidding process so that, should the borrowing levels be unaffordable or not prudent, then the schemes will be

prioritised against the available funding from borrowing.

The Executive Director (Resources) will also determine whether the borrowing should be from internal resources such as the Revenue/Capital Reserve or whether to enter into external borrowing.

10.5 Leasing

The Executive Director (Resources) may enter into finance leasing agreements to fund capital expenditure on behalf of services. However, a full option appraisal and comparison of other funding sources must be made, and the Executive Director (Resources) must be confident that leasing provides the best value for money method of funding the scheme.

Under the Prudential Code finance leasing agreements are counted against the overall borrowing levels when looking at the prudence of the authority's borrowing.

PROCUREMENT & VALUE FOR MONEY

11.1 Procurement is the purchase of goods and services, with a strategy being developed to assist with the definition of quality standards and securing provision of the best possible services for local people for a given price.

11.2 It is essential that all procurement activities comply with EU procurement directives and adhere to the relevant requirements stipulated in directives. Procurement must also comply with the

Councils policies and regulations such as Contract Procedural Rules and Financial Regulations.

11.3 The main aim is to hold 'value for money' as a key goal in all procurement activity to optimise the combination of cost and quality.

PARTNERSHIPS & RELATIONSHIPS

WITH OTHER ORGANISATIONS

12.1 Wherever possible and subject to the usual risk assessments services should look to expand the number of capital schemes which are completed on a

partnership basis and continually look for areas where joint projects can be implemented.

MANAGEMENT FRAMEWORK

13.1 For The governance structure of the Council has the Corporate Management Team that takes a corporate and group view on the capital programme and investment.

PERFORMANCE MANAGEMENT

14.1 Clear measurable outcomes should be developed for each capital scheme. After the scheme has been completed, services should check if outcomes have been achieved.

14.2 Post scheme evaluation reviews should look at the effectiveness of the whole project in terms of service delivery outcomes, design and construction, financing etc. and identify good practice and lessons to be learnt in delivering future projects.

RISK MANAGEMENT

Risk is the threat that an event or action will adversely affect the Council's ability to achieve its objectives and to execute its strategies successfully.

Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.

The aim is to reduce the frequency of adverse risk events occurring (where possible), minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties.

To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored.

It is important to identify the appetite for risk by each scheme and for the capital programme as a whole, especially when investing in capital assets held primarily for financial returns. Under the CIPFA Prudential Code these are defined as investments and so the key principle of control of risk and optimising returns consistent with the level of risk applies.

The Executive Director (Resources) will report on the affordability and risk associated with the Capital Programme.

An assessment of risk should therefore be built into every capital project.

15.1 Credit Risk

This is the risk that the organisation with which we have invested capital monies becomes insolvent and cannot pay us our investment returns or complete the agreed contract.

15.2 Liquidity Risk

This is the risk that the timing of any cash inflows from a project will be delayed, for example if other organisations do not make their contributions when agreed. This is also the risk that the cash inflows will be less than expected, for example due to the effects of inflation, interest rates or exchange rates. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes.

15.3 Interest Rate Risk

This is the risk that interest rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Interest rates will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary, contract re-negotiations.

15.4 Inflation Risk

This is the risk that rates of inflation will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates of inflation will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary, contract re-negotiations.

15.5 Legal and Regulatory Risk

This is the risk that changes in laws or regulation make a capital project more

CONT. STRATGEY & POLICIES

expensive or time consuming to complete, make it no longer cost effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, the Council will understand the powers under which the investment is made.

15.6 Fraud, Error and Corruption

This is the risk that financial losses will occur due to errors or fraudulent or corrupt activities. Officers involved in any of the

processes around capital expenditure or funding are required to follow the Council's policies and procedures. This is supported by the Employee Code of Conduct and detailed policies such as Anti-Fraud and Corruption, Anti Money Laundering, Whistle Blowing and Declaration of Interests.

OTHER CONSIDERATIONS

16.1 Capital Schemes must comply with legislation, such as the Disability Discrimination Act, and also Council policies, Contract Procedure Rules and Financial Regulations. Reference should also be made to other strategies and plans of the Council.

Important Linking Documents for reference are:

- Corporate Plan,
- Corporate Asset Management Strategy,
- Individual Service Plans,
- Procurement Strategy,
- Financial Regulations,
- Contract Procedure Rules,
- Treasury Management Strategy,
- Minimum Revenue Provision Policy,
- Medium Term Financial Strategy.

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|--|-----------|--|--|
| REPORT TO: | | CABINET | |
| DATE: | | 18 February 2026 | |
| PORTFOLIO: | | Councillor Vanessa Alexander - Resources and Council Operations | |
| REPORT AUTHOR: | | Martin Dyson, Executive Director (Resources) | |
| TITLE OF REPORT: | | General Fund Revenue Budget 2026/27 | |
| 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 sets out proposals contained in Revenue Budget Report 2026-2027 as attached at **Appendix A**. It also provides an overview of key issues arising from the Medium-Term Financial Strategy.
- 1.2 The decision to set the Budget is a key decision of the Council. The role of the Cabinet is to recommend a proposed Budget to Council.

2. Recommendations

- 2.1 That Cabinet recommends the proposal to increase Council Tax for 2026/27 by 2.99%, thus increasing the charge for a Band D property to £284.73.
- 2.2 The Budget for 2026/27 will therefore be £17,607,700 as detailed in Appendices 1 to 3 of the Revenue Budget 2026-2027 report attached at **Appendix A** of this report.
- 2.3 That Cabinet recommend approval of the changes in budget requirement through including inflation, growth and savings identified in **Appendix 3** of the Revenue Budget 2026-2027 report, to ensure the Council can set and approve a balanced budget.

- 2.4 That Cabinet note the significant improvement made in relation to budget monitoring and cost reduction within the Authority over the past 20 years and confirms its commitment to continuing this approach in the year ahead.
- 2.5 That Cabinet recommends during the financial year 2026/27, the Executive Director (Resources) be delegated responsibility to amend the Budget (following consultation with the Leader of the Council) for technical reasons, such as the restructuring of cost centres, the re-apportionment and re-allocation of overheads etc., provided such amendments have an overall neutral impact on the Budget.
- 2.6 That Cabinet recommends during the financial year 2026/27, the Executive Director (Resources) be delegated responsibility to amend the Budget (following consultation with the Leader of the Council) should the estimate of Business Rates not be sufficiently accurate, by drawing on reserves if needed or paying over additional contributions to reserves.
- 2.7 That to aid future financial management planning any surpluses generated during 2026/27 are set aside to help the Council reduce its cost base over the next three years, to support its long-term capital programme or to strengthen its overall reserve position.
- 2.8 That Cabinet recommends that any additional funds from Government that are not ring-fenced funding, as well as any other surplus funds, can be used, if required, to support Capital expenditure as determined by the Executive Director (Resources) in the overall financing of capital expenditure or be transferred to Reserves.

3. Reasons for Recommendations and Background

- 3.1 This report sets out the Council's Revenue Budget for 2026/27. This will require net expenditure of £17,607,700.
- 3.2 Under these proposals, Council Tax for Hyndburn residents will incur a rise in charge for Hyndburn Council provided services and the charge for a Band D property will increase from £276.46 in 2025/2026 to £284.73.
- 3.3 A number of national and global issues have undoubtedly had an impact on the council's budgets and this along with the impact of higher inflation and forecast pay settlements has contributed to the Council raising its element of the Council tax by the maximum 2.99%, an increase of £8.27 annually on a Band D property.
- 3.4 Lancashire County Council, the Police & Crime Commissioner and the Lancashire Combined Fire Authority have not yet formally taken their decisions on Council Tax Levels for 2026/27. The County Council have proposed a Council Tax increase of 3.8%, as opposed to the maximum of 4.99% that would be possible without referendum. The Police and Crime Commissioner have

proposed an increase to the Band D Property charge of £15.00 (5.41%) and that the Lancashire Combined Fire Authority have proposed a £5.00 (5.57%) increase.

- 3.5 Altham Parish Council has set a separate precept for its activities. This year the Parish Council has decided not to increase the Band D charge for Altham Parish Council will therefore remain at £44.33 for 2026/27. The Parish Council will precept the Collection Fund for £14,141 for 2026/27. Details of the proposed position on other Bandings for properties in Altham are shown in Appendix 6.
- 3.6 In setting the Budget for 2026/27 the Council faces continued volatility around some of the most significant items within its Budget. Major reforms of local government finance have transferred the risk of business rate revenues and Council Tax benefits to the Council. The certainty on which the Council could budget and manage its finances has therefore decreased since 2013 and it will be important going forward to plot any deviations away from the expected figures and take appropriate action if these should start to emerge. This might result in the need to reduce spending during the year, if revenue monitoring starts to indicate the amounts of funds received will fall short of the target or if we face an upsurge in spending.
- 3.7 The Cabinet intends to continue the good financial stewardship of the Council's affairs by continuing its successful policies to manage costs effectively and promote appropriate service investment. This Budget will therefore deliver,
- A continuation of our established approach of limiting enhancements on early retirement, continuing our rigorous approach to absence management and committing to minimising borrowing costs. These actions have already stemmed the build-up of unproductive costs within the organisation. In each of these cases we have put a stop to the costly and financially damaging policies of the past and created a healthier and more financially stable culture within the Council.
 - The Capital Programme for 2026/27 will continue to deliver key investment in council and public facilities adding another £7.86m to £56.51m the Council currently has approved.
 - A large proportion of the capital programme will be phased over the next few financial years, and this includes the continued delivery of £29m investment in the Huncoat Garden Village Project, with all the funding coming from Homes England, and finalising the Levelling Up works in Accrington Town Centre along with other complementing Town centre regeneration.
 - The additions to the programme in 2026/2027 of £7.86m include:
 - a) £689,000 of investment into Parks and Play areas of which the council expected to be able to utilise £630,000 of external grant funding to contribute to the improvements.

- b) £1,359,906 to provide Disabled Facility Grants this year which is fully funded from the better care fund.
- c) £2,161,135 to maintain and invest in its operational assets and vehicle fleet.
- d) £165,000 to improve and develop new ICT and technical equipment to deliver services in a more efficient way.
- e) £435,000 on Community projects that involve War Memorial restoration, Christmas decoration replacement and Maiden Street Clock Towner lighting.
- f) £2,600,000 towards the future development of the Market Chambers building linked to a bid for additional grant from the Heritage Lottery Fund to re-imagine the interior and exterior of the building into a Heritage and Arts venue.
- g) £450,000 for the continuing repurposing of Mercer Hall Leisure Centre and the contribution towards Accrington Stanley Community Trusts capital investment in sports initiatives.

- The Capital programme for 2026/2027 is partly funded from the governments grants to deliver a Pride in Place Impact Fund. Hyndburn will receive £1.5m to be committed to projects that deliver visible improvements to community spaces; public spaces and high street and town centre revitalisation.
- Despite costs of around £90,000 to provide car parking in Hyndburn for residents and visitors and particularly for shoppers, we will continue to provide this facility free of charge and not introduce charges for parking in Hyndburn. We believe this action will help bolster our town centres through these difficult economic times and provide an incentive for people to shop locally rather than drive and pay to shop elsewhere across the North-West.
- The Council has once again prioritised affordability for residents and cleanliness across the borough by freezing green waste charges at £35 per annum and offering bulky household waste collections free of charge, this service currently costs the Council approximately £169,000 each year.
- Further reductions in our accommodation costs, building on the success over the last 15 years including further rationalising our accommodation and looking at more ways of using our accommodation more effectively. We will also continue our actions to reduce our carbon emissions and our energy costs and continue contributing to the improvements of our environmental footprint by positive action.

3.8 We intend to continue to deliver all the above and remain committed to a radical agenda of improvement while managing within our available resources. This will be more difficult in the years to come, given our reduced resources from the Government. However, there remains a firm commitment and absolute determination amongst Members and Officers of the Council to control the finances of the Council, drive forward on the efficiency agenda and continue to

improve service delivery. We wish to continue to push forward on the drive for delivering value for money as a key priority for the Council.

- 3.9 The rewards of strong financial control remain clearly evident. The Council has built itself back from experiencing major difficulties in controlling expenditure and a position of negative reserves in 2003/04 to a situation by March 2026, in which general reserve balances are expected to be just under £1.9m. We have been able to operate within our existing financial resources over the last four years, through good financial management and will continue to deliver strong financial performance in the years to come.
- 3.10 Within the Budget for 2026/27 there are a number of areas which are subject to our best estimation. There are therefore a number of risks around the Budget, should these estimated costs or revenue amounts vary during the year.
- 3.11 After the introduction of the Government reforms to Business Rates Funding of Local Government, the Council now carries a significant risk around the level of monies available, fluctuating substantially from this source. In addition as the calculation of how much funds will be available is dependent on a number of factors including debt collection rates, the size of appeals against business rates assessment and the success of these appeals, new rules around levies, safety nets and pooling, the introduction of new multipliers on rates for retail, hospitality and leisure premises, as well as predicted levels of growth or decline in business activities and the estimation of a number of figures which will only truly emerge after the end of the financial year, the imprecision in these estimates is regarded as high and could be subject to variations of hundreds of thousands of pounds. The volatility around these forecasts have increased due to the impact recent national and global issues have had on the Business Community.

4. Alternative Options considered and Reasons for Rejection

- 4.1 There have been a wide number of individual proposals put forward to produce a Balanced Budget. Options have been rejected on a variety of grounds including policy objectives, practicalities and the potential for additional costs to be incurred. Further options may be presented at the Council meeting.

5. Consultations

- 5.1 As outlined in the Report, the public and businesses are invited to participate in a meeting of the Council's Overview & Scrutiny Committee on the 23th February 2026 at 4:00pm to review in detail the Budget proposals of all parties, consider the proposals put forward and make suggestions for changes and improvements to the Budget plans to be submitted to Full Council on the 26th February 2026.

6. Implications

| | |
|---|---|
| Financial implications (including any future financial commitments for the Council) | As outlined in the report. |
| Legal and human rights implications | The Council is required to set a Balanced Budget for the Financial Year ahead and needs to take into consideration the Government's threat of Capping. |
| Assessment of risk | There are a number of financial risks around setting the Budget. These are set out in detail in the report and cover the impact of making estimations of several large financial areas which contain a degree of volatility. The Council is able to offset these risks by the effective management it has in place over budgets during the year and the ability to take early corrective action and make additional savings and re-prioritise spending decisions if necessary. It can also draw upon its reserves as a short-term measure while it takes corrective action. |
| 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> | Any detailed policy changes, changes in service provision or operational changes as a result of the budget proposals will have an EIA produced by the relevant Service Head where this is required. |

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

- 7.1 This Report should be read in conjunction with the other finance reports presented to the Cabinet meeting on the 18th February 2025. The relevant reports are listed below and can be found by accessing the Council's website.
- Medium Term Financial Strategy 2026/27 to 2028/29

- Prudential Indicators Monitoring & Treasury Management Strategy 2026/27 to 2028/29
- Capital Budget Report 2026/27

8. Freedom of Information

- 8.1 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.



REVENUE BUDGET

2026-2027

FOR AN AMBITIOUS AND SUSTAINABLE

HYNDBURN FUTURE

BACKGROUND

- 1.1 Over the last 15 years, the Council has faced its most significant challenge since it was created in 1974. It has been able to respond effectively to calls from Government to provide a significant amount of support to the local community as well as implementing an extensive Capital Programme aimed at developing Accrington Town Centre, expanding the Leisure offer across the Borough and providing much needed new housing. It has managed this within its overall financial resources, through its strong financial management and retained reserves to enable management the ability to respond effectively to any future crisis.
- 1.2 The Financial Year 2024/25 ended with the Council achieving a surplus on its Revenue Account and it is expected that a surplus will be achieved again in 2025/26. The improvement has meant it has not been necessary to strengthen reserves from the Council's Revenue budget in any of the last 17 years, which has freed up resources to go directly into service provision. Despite the continuing financial implications of wider national and global issues, the reserves level we currently hold is likely to be sufficient going forward and therefore we are again proposing that there is no need to direct resources away from front line services for this purpose during 2026/27.
- 1.3 The Councils controlling party have continued working with officers and are taking positive steps towards tackling the several external pressures on costs and loss of income over the current year. These extra pressures have not only been contained within the overall budget, but additional savings are expected to be generated in 2025/26.
- 1.4 This has allowed the Council to face the continuing financial pressures from a strong position, knowing it has the reserves to meet the challenges it faces.
- 1.5 Although it is worth noting the major improvements in financial management and cost control over the last 20 years, the Council needs to continue to press this home in the year ahead in order to continue to drive value for money across its core operations. This will also ensure the Council continues to protect its reserves and it will ensure the Council is in a strong position to meet any unexpected future demands. Members of all parties have made it clear that this is an absolute priority for the Authority and have supported a rigorous approach to this issue.
- 1.6 The Council must also deal clearly and effectively with the challenges ahead. The MTFS continues to indicate major savings pressures over the next three years, most of which stem from forecast inflationary increases and costs arising from new and emerging issues.
- 1.7 For Hyndburn this will require a focus on, and commitment to, tough decisions for several years ahead. Indications from right across local government suggest there is huge pressure on services due to the limited amount of funding available. The reduction in funding for Hyndburn Council announced as part of the Finance Settlement will place a significant pressure on the Council's revenue budget over the MTFS period. This is despite a purportedly stronger link to deprivation within the distribution formulas for government funding and Hyndburn's position as 16th most deprived borough on the 2025 Index of Multiple Deprivation (IMD).

MEDIUM TERM FINANCIAL STRATEGY

2.1 The Medium-Term Financial Strategy (MTFS) has been updated by the Executive Director (Resources) ahead of the preparation of the Council's Budget

and submitted to the Cabinet meeting of the 18th February 2026. It will also be presented to the Council on the 26th February 2026.

2.2 The MTFS demonstrates the strong link between the Council's fortunes and decisions taken by Central Government, with deficits in future years as a direct result of Fair Funding review outcomes. Given our historical ability to deliver savings, balancing the Budget in these circumstances is within the capabilities of the Council. However, it will be challenging, and a savings and transformation plan will be developed to identify and monitor progress in achieving these savings. Given the extent of future gaps, it may be necessary to use earmarked reserves to bridge the gap whilst the benefits of transformation are yet to manifest.

2.3 2026/27 marked the first year of a multi-year settlement, the first for 10 years. The settlement saw the implementation of major reforms brought about as part of the Governments Fair Funding Review 2.0. The changes included:

- A revised funding formula with a stronger link to deprivation levels and population size.
- A full reset of the baseline for retained business rates in 2026/27.
- Ending the New Homes Bonus and reallocating the funding to the core settlement.
- Simplifying and merging multiple grant streams, including those for homelessness prevention, rough sleeping, and temporary accommodation.

- Introducing transitional funding, including a minimum funding floor, to protect councils from the full impact of the changes

2.4 The MTFS is produced on the assumption that the Council will continue to operate in its own right over the next 3 years. Current discussions regarding Local Government reorganisation have not yet produced a definitive path forward for the Council and therefore this has not been taken into account when preparing the budget or MTFS. However, it is worth noting that the potential cost of LGR may place pressure on future revenue budgets and will potentially be a call on the Council's reserves.

2.5 The Council may face other external pressures that it cannot control such as:

- Inflationary pressures on wages and the purchase of goods and services.
- Any continuing impact of the War in Ukraine on Energy Prices.
- Other global changes such as increases on Insurance premium due to Climate change or natural disasters.

2.6 In addition, the Council could face further financial pressure over the period of the MTFS if it uses up all its available capital resources and has to finance any future Capital spend from its Revenue Budget. In this context the Budget for 2026/27 needs to be a cautious one as significant turbulence to our financial well-being may be just a little over 12 months away.

CONTINUATION BUDGET

3.1 The basis of the revenue budgets is to continue to provide the same level of services as provided in 2025/26 and therefore roll forward the budgets with the addition of the financial pressures that are being faced to create a new budgeted cost for continuation of service delivery. Our long-term Corporate Priorities are detailed within our Corporate Strategy with the overall objective of improving the local economy and the mix of housing within Hyndburn. The vision set out in the Corporate Strategy continues to be re-enforced, to minimise impact on those who have low incomes, those who have poor health and those who live in the poorest housing conditions. The Corporate Strategy seeks to overcome these factors by improving the local economy and the housing offer across Hyndburn. Our in-year objective is however a continued focus to support the national efforts to address any continuing factors from high cost of living and increasing costs for businesses in order to assist in a clear and speedy recovery locally. The delivery of our key corporate objectives remains a significant challenge in a period of reduced funding as well as uncertain national and global economic indicators.

3.2 Our current budgets are aligned to these objectives. Service Plans are updated on an on-going basis as required by Managers throughout the year and Service Managers are invited to update their medium-term running costs and changes of strategic or tactical direction ahead of the compilation of the Medium-Term Financial Strategy. Equally, the existing MTFS guides managers on the likely resources available over the future period and gives an indication of the potential boundaries and challenges they may face and need to address within their Service Plans. Cost pressures are initially dealt with internally within service areas, as are developments in new services provision with managers exercising their abilities to re-organise between priorities and choose between competing demands based on the guidance set out in the Corporate Strategy and discussions with Cabinet Members.

3.3 These calculations indicate a Continuation Budget of just over £17.608m with £1.939m of growth and inflationary pressures and this figure has been used in Appendix 1 to show the level of potential spend the Council faces compared to the resources available and establish the savings target for the Council going into 2026/27.

GROWTH & INFLATION PRESSURES

4.1 The Council also needs to adjust its Budget this year to recognise a series of cost pressures from the salary increases and the national wage settlement for local government workers.

4.2 The negotiation of the local government pay award in 2025/26 resulted in a 3.2% increase, 0.2% higher than the original estimate. The 2026/27 budget includes a forecast for a 2.5% increase.

4.3 The impact of inflation and increased costs of materials has impacted the supplies and services budgets and created budget pressures across all service areas. These costs have been managed within budget resources within 2025/2026 through increased investment income returns. These returns are not expected to continue at such a high level over the period of the MTFS as interest rates continue to fall and the forecast level of capital expenditure in 2026/27 significantly reduces the balances available for investment. These are shown in Appendix 3.

4.4 The Council is seeing significant pressures in 2025/26 with regards in a couple of areas, which are expected to continue over the period of the MTFS and have therefore been reflected in the budget for 2026/27:

- Support for Leisure services – The Council's leisure services are outsourced and run by Hyndburn Leisure Trust. Increases over recent years in utility costs, minimum wage and more recently National Insurance, have all significantly impacted the Trusts ability to maintain a breakeven position. The Trust are in the process

of setting their budget for 2026/27, but it is expected that they will require financial support from the Council of around £0.5m. Financial support equal to this amount has been included in the Council's budget but will require a subsidy control assessment before it could be provided to Hyndburn Leisure.

- Accrington Indoor Market – Following the regeneration of the Market Hall in Accrington Town Centre, the Council has allocated revenue budget provision for ongoing operational costs, including staffing and utilities. These costs are currently estimated at approximately £0.300m for 2026/27 and are expected to increase in line with inflation over the MTFS period.
- Additional Leasing Costs – In 2025/26 the Council transitioned to a leasing model for procuring vehicles and equipment, enabling capital receipts previously intended for vehicle purchases to be redirected to support the wider capital programme. In accordance with lease accounting requirements, this approach results in a revenue pressure arising from additional interest costs (£0.188m) and Minimum Revenue Provision charges (£0.209m).
- Housing Benefits / Exempt Accommodation – The Council processes Housing Benefit claims on behalf of the Department for Work and Pensions (DWP), the majority of which it recovers through subsidy grant funding. However, there are certain categories of benefit claims which the Council is unable to recover. The Council has seen a significant

GROWTH & INFLATION PRESSURES

(CONTINUED)

increase over 2025/26 in claims related to the 'exempt properties' category of which the Council is unable to recover. In line with the expected outturn for the current financial year, additional costs of £0.4m were included in the 2025/26 budget for dealing with this issue, this will be increased each year across the MTFS period. The Council has set up a working group who are looking at how this issue can be addressed.

- 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 approved £60,000 per annum in its revenue budget from 2024/2025 to cover any associated costs. The Council also set aside capital funding of £517,000 to carry out works including roof replacements and interior refurbishments that to make progress towards re-opening parts of the building. It is anticipated that the funding of any further major capital works will be provided through external bodies. The site has been added to a heritage "at risk" register by the Theatres Trust charity as part of its efforts to protect the venue.
- Waste Disposal / Transfer Station – Negotiations with Lancashire County Council regarding their contract

situation for the disposal of waste at the Whinney Hill site have been positive, with LCC identifying a new site just outside the borough that will be available after the closure of the Whinney Hill Site. It is not expected that the Council will incur any additional costs in disposing of its waste at this new location.

- Introduction of Food Waste Collections – From April 2026 the Council is required to introduce a food waste collection service for residents. A grant has been received from DEFRA to support the capital costs of implementation, including the purchase of vehicles, bins and food caddies. It had been assumed that further grant funding would be provided to meet the associated ongoing revenue costs; however, MHCLG has confirmed through the Finance Settlement that no new burdens funding will be made available. This results in an additional revenue pressure of £0.300m from 2026/27 onwards.
- Cremation services – It has now been confirmed that there will 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 Council has set aside a total of

GROWTH & INFLATION PRESSURES

(CONTINUED)

£0.350m to date within earmarked reserve to support with the cost of the works. Further contributions of £0.150m are included in the budgets from 2026/27 onwards. A scheme has been included in the future years capital programme for 2027/2028 with estimated £1m costs to carry out these improvements.

- Extended Producer Responsibility – From 2025, some organisations and businesses must pay a fee for the packaging they supply to or import into the UK market. This is called extended producer responsibility (EPR) for packaging. The money will go to local authorities (LAs) are classed as either waste disposal, waste collection or unitary authorities or statutory waste disposal authorities. The fees collected will be paid over to local authorities to cover net costs of collecting, managing, recycling and disposing of household packaging waste. The Council has been notified it could receive a grant of over £1.224m in 2026/2027 to cover these costs. Future years grants are assumed to be at a similar level.
 - Levelling Up Fund Projects and Town Centre Regeneration – these schemes have revenue consequences for the Council and to date there are no known pressures although as the schemes progress there is a possibility that there could become pressures once buildings are fully operational.
 - Huncoat Garden Village delivery – the Council has accepted a grant offer from Homes England for nearly £30m to facilitate the development of over 1,800 new homes on a site designated at Huncoat. To date there are no known pressures as the delivery of the project is covered within the grant.
- 4.5 To reduce the impact of rising costs, the service plans include increases in service charges through fees and charges.
- 4.6 The Council is also making provision within its revenue budget to set aside reserves to deal with the future service provision and capital costs of legislation changes in mercury abatement at the crematorium in 2027.
- 4.7 To balance the Budget, it is proposed to introduce a vacancy management target at cost centre level, undertake an operational building review and also maintain supplies and services at 2025/26 levels. The Council is also introducing a new statutory function around separate food waste collection from April 2026. Some of the cost of this new food waste service is now included within the Council's finance settlement. This is difficult to identify.
- 4.8 The Council's organisational review in late 2025 identified several service areas requiring additional resources to meet key corporate objectives over the coming years. As a result, from 2026/27 onwards the MTFS includes a series of growth assumptions, mainly relating to

new or amended posts within the following priority services:

- Planning
- Legal
- Facilities
- Community Safety
- Leisure and Sport

4.9 The growth proposals also include costs for equalising pay and conditions, as well

as training to prepare staff for the local government review in April 2028.

4.10 In addition, the Council will take on a new statutory duty to provide separate food waste collection from April 2026. Some funding for this service is included within the finance settlement, although it is difficult to isolate. Overall, the total estimated cost of all growth items over the MTFS period is approximately £4.2m.

AVAILABLE RESOURCES

As covered in the MTFS, briefly, these are the resources available to the council:

FUNDING REFORM

allow councils greater freedom to respond to local priorities.

5.1 The reform of Local Government

funding, dubbed the Fair Funding Review 2.0, aimed to bring about wide-reaching changes to the funding landscape, with the intention of providing greater stability, predictability, coherence, and a clearer link to need. A central principle of the reforms is the move towards a multi-year local government finance settlement. This approach is intended as a means of reducing uncertainty, enabling councils to plan more effectively across spending review periods, and strengthening accountability by clarifying expectations about funding arrangements and performance outcomes over time.

5.2 Another key principle is the aim to simplify and rationalise funding streams in order to reduce complexity in the local government finance system, including a preference for fewer, more flexible funding mechanisms. This is intended to support local discretion, reduce administrative burdens, and

5.3 MHCLG have adopted a phased approach to transition, intended to allow local authorities time to adjust financial plans, governance arrangements and service models, by moving to the revised funding position over a 3-year period, and the implementation of funding floors. The majority of Councils have been guaranteed a cash flat settlement against the 2025/26 baseline, however where a local authority is over 15% above its calculated funding position a 95% funding floor has been adopted. Hyndburn Council was highlighted early on in the consultation process as being one of hardest hit by the changes and this was confirmed in the December Provisional Local Government Finance Settlement. As such Hyndburn is set to lose 5% of funding by 2028/29.

AVAILABLE RESOURCES

(CONTINUED)

CORE GOVERNMENT REVENUE

SUPPORT GRANT (RSG)

5.4 The Government's Finance settlement has allocated Revenue Support Grant (RSG) for 2026/27 of £5,715,200. This is an increase compared to the 2025/26 allocation of £2,069,300. However, funding reforms and consolidation of multiple funding streams such as New Homes Bonus and Business Rates Under indexation compensation means that it is not possible to compare RSG between years. Funding should instead be considered as a whole, including grants, Business Rates and Council Tax, which saw funding decrease from £17.401m in 2025/26 to £16.836m in 2026/27. For 2026/27 Homelessness Grants were distributed as part of the funding settlement bringing total funding to £17.608m, previously this grant was included within net service expenditure.

5.5 During 2025/26 a new Recovery Grant was introduced by the Government, which has been distributed to '*places with greater need and demand for services, and which are least able to fund their own services locally*'. Hyndburn received an allocation of £390,068, following responses from the Fair Funding Review consultation, MHCLG announced that this funding will continue throughout the Settlement period 2026/27 to 2028/29.

BUSINESS RATES

5.6 Business Rates, which until 2013/14 came in the form of a grant from Central

Government, is now collected and partially retained locally and is therefore a separate revenue source for the Council. The Council currently shares the business rates collected locally with the Government who take 50% of the sums raised, Lancashire County Council who receive 9% and the Lancashire Combined Fire Authority who receive 1%. In addition, the Government operates a system of Tariffs and Top-ups which sees the amount retained by Hyndburn Council reduced by a further £10.081m. The Council also now has the risk around non-collection and the impact of late payments.

5.7 These changes add an additional degree of complexity to forecasting correctly the level of Business Rates the Council will receive to manage its Budget in 2026/27 and therefore there is a recommendation to allow the Executive Director (Resources) to draw upon reserves if this figure included in the Budget is too high compared to the actual level of revenue received and for the Executive Director (Resources) to contribute any additional sums received over and above the Budgeted figure to reserves, or to support the Capital Programme going forward with these one-off sums.

5.8 The long-awaited reset of the business rates system has now been implemented and has recalculated both the 'baseline funding level' and the 'business rates baseline' for all English authorities. This equates to the level of funding the Government believe the Council needs versus what it can collect in Business Rates. This effectively takes any growth in the business rates system since its

inception on redistributes it across the country.

5.9 New multipliers have also been introduced, with businesses in the Retail, Hospitality and Leisure service paying a lower rate. Nationally, this change is being funded by a new higher multiplier on hereditaments with rateable values of over £500,000. For 2026/27 the estimated revenue from Business Rates is expected to be £3.955m, which includes a forecast surplus of £0.422m from the 2025/26 financial year.

COUNCIL TAX

5.10 It is expected that Council Tax will raise the equivalent of £6.368m of revenue for the Council in 2026/27. In 2026/27 the council will increase its portion of the residents' bill. This year will see the Band D equivalent increase by 2.99% on the 2025/26 levels, therefore there will be an increase of £8.27 per household charge for a band D Property, increasing the charge to £284.73. Following the funding reforms, Council Tax will form an ever-greater proportion of overall funding for the Council, increasing the potential negative effects of non-collection.

RESOURCE SUMMARY

The Council's estimated Resources for 2026/27 are £17,607,700.

The largest items of funding come from Central Government Funding of £7,285,300 (41%) with RSG forming the largest element. The retention of Business rates £3,954,600m (22%) and Council Tax raised with £6,367,800m (37%) represent locally raised funding; this includes prior year surpluses. As indicated above, the reform of local government funding has significantly changed the proportion of funds received via Grant compared to Business Rates.

BUDGET PROPOSAL

5.1 The Cabinet recognises that it needs to maintain services and continue to deliver on its key priorities. It also has a clear duty to set a balanced financial budget for 2026/27 and continue its financial strategy to ensure its financial stability over the medium term.

5.2 The proposals for 2026/27 assume that savings activated to deliver previous budgets continue to be used and that where one-off savings were identified, Budget Holders bring forward equivalent amounts in 2026/27 to buttress their

budgets ahead of any further proposed savings for 2026/27 onwards.

5.3 With expected resources of £17,607,700 for 2026/27, the cost of operating the organisation of £16,444,000 for the year ahead plus £1,663,700 for inflation and other cost pressures, the Council has incorporated savings targets of £500,000 within its 2026/27 revenue budget to meet its funding of £17,607,700. This includes an in-built vacancy management of £0.150m, a freeze on supplies and services to 2025/26 levels at circa £0.250m and other small savings targets of £0.100m.

RESERVES

7.1 The Council has recognised the need to refresh and maintain its financial reserves after they became dangerously low as a result of the financial difficulties we experienced over a decade ago.

7.2 However, after the significant improvement achieved over the last few years it has not been necessary to make an additional provision since 2006/07 from the Revenue Budget, and it is possible for 2025/26 to continue with this policy. General reserves are currently just over £2.4m and with an expected surplus anticipated for 2025/26, reserve levels should remain consistent with previous years.

7.3 The strong position on reserves therefore allows the Council to commit its entire available budget to service provision, further improving the delivery to the residents of Hyndburn.

7.4 Reserves, while having been restored after the difficulties of a few years ago, need to be maintained and increased when possible. The MTFS outlines the large number of potential claims on our expenditure from items that are not contained within the Budget and a minimum provision to face these threats of £1.0m is considered appropriate. Some of the potential calls upon the Reserves are listed below from the MTFS,

- The reductions in core Government Grants stemming from how the Government determines to manage public sector finances over the next few years.
- The threat of substantial increased costs from the Government's proposals to cap the amount it reimburses the Council in relation to Council Tax support.
- The increased threat of industrial action during a period of public sector pay restraint and job losses.

- The Government's stated intention to end paying Housing Benefit and the potential for large residual costs that may fall upon Councils in terminating this service.
- Potential costs from challenges to Planning decisions or enforcement action.
- The increased threat of settling employment disputes as a result of employment tribunal decisions and changes in employment law.
- Emergency spend pressures in-year, due to one-off items of capital or revenue spend.
- The continuing trading difficulties experienced by Hyndburn Leisure and financial pressures on other partner organisations.
- Supplier failure during an elongated period of financial constraint.
- Legal challenges over the operation of our fees and charges.
- Continuing reductions in our income from fees and charges as the economy remains sluggish.
- Potential large fines under the General Data Protection Regulations introduced in 2022/23.
- The uncertain revenue budget implications of the introduction of the new Food Waste service and the requirements for new Waste transfer arrangements from 2026.
- The unknown impact of Local Government reorganisation

7.5 This is not a fully comprehensive list of all the potential calls that could be made on the reserves, however it provides some indication of the financial risks outside the core Budget that the Council could face.

7.6 While some events are more likely than others and they vary in their potential cost to the Council, the extent and monetary range of these unbudgeted challenges have the potential to severely damage the Council's finances if they mature.

CONT. RESERVES

7.7 The Council is expecting significant movement in its reserves over the next financial year, as it continues the planned capital programme works. There will also be additions to its reserves over the next few years through forecast underspends in 2025/26 and planned set asides for future commitments on capital expenditure.

7.8 The table below shows the forecast position for the Councils usable reserves as at 31st March 2026 at £17.346m, with this further reducing to £7.507m by 31st March 2027.

| | Balance of Reserves 1 April 2025 | Forecast Change in Reserves 2025/26 | Forecast Balance of Reserves at 31 March 2026 | Forecast Change in Reserves 2026/27 | Forecast Balance of Reserves at 31 March 2027 |
|--|-------------------------------------|--|--|--|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| General Fund: | | | | | |
| General Fund Balance | 2,464 | (577) | 1,887 | (606) | 1,281 |
| Total Unallocated General Fund Reserves | 2,464 | (577) | 1,887 | (606) | 1,281 |
| Earmarked Reserves: | | | | | |
| Planning S106 Reserve | 294 | (144) | 150 | - | 150 |
| Invest to Save | 696 | (579) | 117 | 1,000 | 1,117 |
| Communities for Health Reserve | 53 | (42) | 11 | - | 11 |
| Dilapidations Reserve | 26 | 7 | 33 | - | 33 |
| Revenue Funding for Capital Schemes | 2,638 | - | 2,638 | (2,638) | - |
| Collection Fund Volatility Reserve | 545 | (121) | 424 | - | 424 |
| Climate Change Reserve | 548 | (494) | 54 | - | 54 |
| Balances Set Aside to Fund Specific Future Expenditure | 4,291 | (1,760) | 2,531 | (519) | 2,012 |
| Levelling Up and Leisure Investment | 6,592 | (3,343) | 3,249 | (2,725) | 524 |
| Total Earmarked Reserves | 15,683 | (6,476) | 9,207 | (4,882) | 4,325 |
| Capital Receipts Reserve: | | | | | |
| Capital Receipts Reserve | 2,422 | 445 | 2,867 | (966) | 1,901 |
| Total Capital Receipts Reserve | 2,422 | 445 | 2,867 | (966) | 1,901 |
| Capital Grants Unapplied: | | | | | |
| Capital Grants Unapplied | 9,656 | (6,271) | 3,385 | (3,385) | - |
| Total Capital Grants Unapplied | 9,656 | (6,271) | 3,385 | (3,385) | - |
| Total Usable Reserves | 30,225 | (12,879) | 17,346 | (9,839) | 7,507 |

RISKS & MANAGEMENT

- 8.1 The 2026/27 Budget is constructed on a number of estimates, because exact figures are not known for many future events. There are a number of these estimations which are subject to uncertainty and volatility. In order to complete the Budgetary exercise, it is necessary to make a series of judgements around the level at which certain items should be costed. The significant areas in the Budget around which judgements have been applied are explained below.
- 8.2 There is also significant estimation in the figure for Business Rates paid in the year and these are liable to fluctuate significantly for a wide variety of reasons and may be more volatile in 2026/27 than previously as a wider number of businesses struggle financially.
- 8.3 There is no agreement over the national wage increase for local government workers currently, however given the recent economic situation it may be a risk that the 2.5% pay award budgeted does not fulfil the union wage demands and this could create a financial risk to the Budget of the Council. General inflationary pressures on non-wage expenditure have been included in the budget, and it is not expected that these will accelerate to create an immediate threat to our Budget.
- 8.4 Both national and global factors may create additional economic volatility and impact the Bank Base Rate over the 2026/27 financial year. It is expected that this volatility will reduce although rates may remain high and this creates additional costs. The council has been, and will continue to, mitigate these additional costs through the maximisation of its treasury investments to ensure the best interest rates are achieved whilst minimising the risk surrounding security of funds and maintaining liquidity.
- 8.5 The next 12 months therefore sees a Budget period in which the management of costs and the monitoring of Business Rates will be key.
- 8.6 The normal risks around in-year pressures on spending and income will be dealt with via our well-developed budget reporting mechanisms, which not only displays how much is spent each month within the Council but requires Service Managers to estimate their spend to the end of the year. We should therefore receive early warnings of any overspends allowing corrective action to be taken. Reserve levels are also sufficient to allow us to be protected from any immediate threat, while we take action to adjust our cost base to cope with any external financial pressures.
- 8.7 The Council uses various external advisers to assist in the mitigation of risk and ensure that the Council is prepared and well advised on how to identify, assess and control risks.

CONSULTATION

This year we asked the public and businesses to attend a meeting of the Council's Overview and Scrutiny Committee on the Budget which will take place at 4:00pm on 23rd February 2026. Details can be found on the Council's website. At this meeting all those who joined us got to hear the questions put to each of the main parties around their Budget proposals and the public as well as businesses representatives were invited to put questions to the Leaders of each group and make any general comments. This direct involvement with the public and businesses at this key meeting to debate the Cabinet's budget proposals is seen as a continuing innovative way to engage the public and create a dialogue that informs Councillors and the public of the choices and difficulties around setting the budget.

The Council Tax due to Hyndburn Borough Council for each property by Band is shown at Appendix 4.

The overall estimated Council Tax per household for 2026/27 is shown at Appendix 5.

CONCLUSION

The overall Revenue Budget 2026/27 is set out at Appendix 2. The Budget for 2026/27 will be £17,607,700 and will be supported by a Council Tax levy of £284.73 for a Band D property—translating into a revenue source of £6.368m to meet services to the local community. The Budget has been determined in light of continuing upward

pressure on costs, the additional costs associated with both national and global issues, previous financial difficulties that continue to overhang the Council, the available funding from Government and the Council's strong desire to provide high levels of service to the Community in line with its priorities.



APPENDIX 1

INITIAL OUTLINE BUDGET

2026/27

| INITIAL OUTLINE BUDGET 2026/27 | £'000 |
|--|-----------------|
| Resources: | |
| Non-Ringfenced Government Grants | (7,285) |
| Business Rates | (3,955) |
| Council Tax | (6,368) |
| Total Resources Available | (17,608) |
| Net Expenditure: | |
| Roll Forward Budget | 17,444 |
| Net Expenditure Increases | |
| Inflationary Increases | 486 |
| Budget Pressures - Net Expenditure Pressures/Savings | (991) |
| Budget Pressures - Net Income Changes | 100 |
| Approved Budget Additions | 706 |
| Changes in Movement to/from Reserves | (137) |
| Total Changes in Net Expenditure | 164 |
| Predicted Spend | 17,608 |
| Savings Required | |
| Corporate Savings Target | 0.00% |
| | - |
| Predicted Spend After Savings Targets | 17,608 |
| Unfunded Spend at this Time | (0) |

APPENDIX 2

REVENUE BUDGET

2026/27

| REVENUE BUDGET 2026/27 | £'000 |
|---|-----------------|
| Service Expenditure | |
| Resources | 5,855 |
| Legal and Democratic | 2,069 |
| Planning and Transportation | 648 |
| Environmental Services | 4,234 |
| Environmental Health | 882 |
| Regeneration and Housing | 1,651 |
| Growth Items | 706 |
| Total Service Expenditure | 16,045 |
| Non-Service Income and Expenditure | |
| Minimum Revenue Provision | 1,294 |
| Interest Payable | 669 |
| Investment Income | (603) |
| Capital Items | 4 |
| Total Non-Service Income and Expenditure | 1,364 |
| Net Cost of Services | 17,409 |
| Contributions to/(from) Reserves | 199 |
| Total Net Expenditure | 17,608 |
| Funded by: | |
| Non-Ringfenced Government Grants | |
| Revenue Support Grant | (5,715) |
| Recovery Grant | (390) |
| Funding Floor Payments | - |
| Homelessness, Rough Sleeping and Domestic Abuse Grant | (722) |
| Adjustment Support Grant | (458) |
| Total Non-Ringfenced Government Grants | (7,285) |
| Business Rates | |
| Business Rates Income | (13,594) |
| Business Rates Tariff | 10,081 |
| Business Rates (Surplus)/Deficit from Prior Year | (442) |
| Net Business Rates Income | (3,955) |
| Council Tax | |
| Council Tax Requirement | (6,316) |
| Council Tax (Surplus)/Deficit from Prior Year | (52) |
| Net Council Tax Income | (6,368) |
| Total Estimated Funding | (17,608) |
| Funding Gap Remaining | |

APPENDIX 3

BUDGET MOVEMENTS IN YEAR

2026/27

| BUDGET MOVEMENTS | £'000 |
|---|---------------|
| Expenditure Budgets | |
| Prior Year Expenditure Budgets | 17,444 |
| <i>Inflationary Increases:</i> | |
| Salaries & Wages | 569 |
| Utilities | (158) |
| Supplies & Services | 240 |
| Changes in Service Grant Income | (229) |
| Changes in Service Fees and Charges Income | 64 |
| Housing Benefit Subsidy & Administration | - |
| Total Inflationary Adjustments | 486 |
| <i>Identified Budget Pressures/Savings:</i> | |
| Pension Contribution Savings | (1,488) |
| Food Waste Collection | 300 |
| Additional Interest Payable - Leasing | 188 |
| Additional MRP - Leasing | 209 |
| Indoor Markets operations Costs | 300 |
| Vacancy Management Savings | (150) |
| Operational Building Review and Procurement - Savings | (100) |
| Supplies and Services - Savings | (250) |
| Reduction in Forecast Interest Receivable | 100 |
| Total Identified Budget Pressures | (891) |
| <i>Approved Budget Additions:</i> | |
| Labour Group Proposals | |
| Growth - Additional Posts | 360 |
| Growth - Additional Salary Costs | 346 |
| Total Labour Group Proposals | 706 |
| Total Approved Budget Additions | 706 |
| <i>Changes in Contributions to/from Reserves</i> | |
| Change in Contributions from Reserves | 757 |
| Change in Contributions to Reserves | (894) |
| Net Change in Contributions to/from Reserves | (137) |
| Spend Total | 17,608 |
| Corporate Savings Target Identified | 0.00% |
| | - |
| Total Net Expenditure | 17,608 |

APPENDIX 4

HBC TAX INCREASE 2026/27

BY PROPERTY BAND

| Valuation Band and Statutory Ratios of Band D Council Tax | Ratio | Council Tax | | |
|---|-------|-------------|----------|-----------------|
| | | 2025/26 | 2026/27 | Annual Increase |
| Band A | 6/9 | £ 184.31 | £ 189.82 | £ 5.51 |
| Band B | 7/9 | £ 215.02 | £ 221.46 | £ 6.44 |
| Band C | 8/9 | £ 245.74 | £ 253.09 | £ 7.35 |
| Band D | 9/9 | £ 276.46 | £ 284.73 | £ 8.27 |
| Band E | 11/9 | £ 337.90 | £ 348.00 | £ 10.10 |
| Band F | 13/9 | £ 399.33 | £ 411.28 | £ 11.95 |
| Band G | 15/9 | £ 460.77 | £ 474.55 | £ 13.78 |
| Band H | 18/9 | £ 552.92 | £ 569.46 | £ 16.54 |

APPENDIX 5

ESTIMATED OVERALL CHANGE IN COUNCIL TAX 2026/27

| Council Tax Schedule | 2026/27 | | | | | | | | | Change Between 2025/26 and 2026/27 | | | | | | | | | 2026/27 % of total Band D |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------------------------|
| | Band AA £ | Band A £ | Band B £ | Band C £ | Band D £ | Band E £ | Band F £ | Band G £ | Band H £ | Band AA £ | Band A £ | Band B £ | Band C £ | Band D £ | Band E £ | Band F £ | Band G £ | Band H £ | |
| Hyndburn Borough Council | £158.18 | £189.82 | £221.46 | £253.09 | £284.73 | £348.00 | £411.28 | £474.55 | £569.46 | £4.59 | £5.51 | £6.44 | £7.35 | £8.27 | £10.10 | £11.95 | £13.78 | £16.54 | 11.51% |
| Lancashire County Council | £1,000.97 | £1,201.17 | £1,401.36 | £1,601.56 | £1,801.75 | £2,202.14 | £2,602.53 | £3,002.92 | £3,603.50 | £36.64 | £43.98 | £51.30 | £58.64 | £65.96 | £80.62 | £95.28 | £109.94 | £131.92 | 72.84% |
| Lancashire Police & Crime Commissioner | £162.44 | £194.93 | £227.42 | £259.91 | £292.40 | £357.38 | £422.36 | £487.33 | £584.80 | £8.33 | £10.00 | £11.66 | £13.33 | £15.00 | £18.34 | £21.67 | £25.00 | £30.00 | 11.82% |
| Lancashire Fire & Rescue Authority | £52.63 | £63.15 | £73.68 | £84.20 | £94.73 | £115.78 | £136.83 | £157.88 | £189.46 | £2.78 | £3.33 | £3.89 | £4.44 | £5.00 | £6.11 | £7.22 | £8.33 | £20.00 | 3.83% |
| Total Council Tax | £1,374.22 | £1,649.07 | £1,923.92 | £2,198.76 | £2,473.61 | £3,023.30 | £3,573.00 | £4,122.68 | £4,947.22 | £52.34 | £62.82 | £73.29 | £83.76 | £94.23 | £115.17 | £136.12 | £157.05 | £198.46 | 100.00% |
| Parish Precepts: | | | | | | | | | | | | | | | | | | | |
| Altham Parish Council | £24.63 | £29.55 | £34.48 | £39.40 | £44.33 | £54.18 | £64.03 | £73.88 | £88.66 | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | |
| Total Altham Parish Council & Hyndburn Borough Council | £182.81 | £219.37 | £255.94 | £292.49 | £329.06 | £402.18 | £475.31 | £548.43 | £658.12 | £4.59 | £5.51 | £6.44 | £7.35 | £8.27 | £10.10 | £11.95 | £13.78 | £16.54 | |
| Total for Altham Parish Properties | £1,398.85 | £1,678.62 | £1,958.40 | £2,238.16 | £2,517.94 | £3,077.48 | £3,637.03 | £4,196.56 | £5,035.88 | £52.34 | £62.82 | £73.29 | £83.76 | £94.23 | £115.17 | £136.12 | £157.05 | £198.46 | |

APPENDIX 6

ALTHAM PARISH PRECEPT

BY PROPERTY VALUATION BAND

2026/27

| Valuation Band and Statutory Ratios of Band D Council Tax | Ratio | Council Tax | | |
|---|-------|-------------|---------|-----------------|
| | | 2025/26 | 2026/27 | Annual Increase |
| Band A | 6/9 | £ 29.55 | £ 29.55 | £ - |
| Band B | 7/9 | £ 34.48 | £ 34.48 | £ - |
| Band C | 8/9 | £ 39.40 | £ 39.40 | £ - |
| Band D | 9/9 | £ 44.33 | £ 44.33 | £ - |
| Band E | 11/9 | £ 54.18 | £ 54.18 | £ - |
| Band F | 13/9 | £ 64.03 | £ 64.03 | £ - |
| Band G | 15/9 | £ 73.88 | £ 73.88 | £ - |
| Band H | 18/9 | £ 88.66 | £ 88.66 | £ - |

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| | | | |
|--|------------|---|--|
| REPORT TO: | | Cabinet | |
| DATE: | | 18 February 2026 | |
| PORTFOLIO: | | Councillor Vanessa Alexander - Resources and Council Operations | |
| REPORT AUTHOR: | | Martin Dyson, Executive Director (Resources) | |
| TITLE OF REPORT: | | Capital Programme 2026/2027 to 2028/2029 | |
| EXEMPT REPORT (Local Government Act 1972, Schedule 12A) | No | Not applicable | |
| | | | |
| KEY DECISION: | Yes | If yes, date of publication: | |

1. Purpose of Report

1.1 The report informs Cabinet of the proposed capital programme for 2026/27 – 2028/29.

2. Recommendations

It is recommended that Cabinet proposes to Council:

2.1 Approve the Capital Programme for 2026/27 including new scheme additions of £7,860,041 with a net cost to the Council of £3,609,970 as set out in Appendix 3.

2.2 Approve the funding of the programme by the use of newly awarded direct external grants totalling £3,229,909, lease vehicle borrowing costs £1,020,165 and the remaining funding of £3,609,970 to come from the Council’s resources.

2.3 Note the expected new scheme additions for 2027/8 onwards set out in appendix 1.

2.4 Give delegated authority to the Executive Director (Resources), following consultation with the Portfolio Holder for Resources to flex the programme in

accordance with the available funding, provided this does not require any additional borrowing.

- 2.5 Agree that the individual projects within the Capital Programme will require the written authorisation of the Executive Director (Resources) following consultation with the Portfolio Holder for Resources and Council Operations before commencing and incurring expenditure and that Service Managers must provide the Executive Director (Resources); with written details of estimated project costs and a full justification of the need for and benefits from undertaking the capital expenditure before such approval is provided; and that the ability to approve commencement of capital projects is delegated to the Executive Director (Resources); in consultation with the Portfolio Holder for Resources and Council Operations and that the Executive Director (Resources) is given delegated authority to release capital funding in stages if deemed appropriate to ensure effective financial control and risk management.
- 2.6 Agree that in-year underspends will not be made available to fund new projects during the year.

3. SUMMARY

- 3.1 The report sets out the Council's Capital Programme for 2026/27 including forecast slippage on schemes from 2025/26 and the additions of new schemes to the Council's Capital Programme for 2026/27.
- 3.2 The significant level of investment in previous years has only been possible by the Council obtaining external financial support, as well as the Council's own effective financial management over recent years which has allowed it to have the funds necessary to finance these major projects when other funding has become available.
- 3.3 The new additions to the capital programme for 2026/27 have increased to £7.860m (including £1.020 leasing costs), compared to £2.476m in 2025/26. External funding of £3.20m has been confirmed towards the cost of these new capital schemes (Disabled Facilities Grant, Extended Producer Responsibility Grant (EPR) and Pride In Place Impact Grant) with a further £0.03m funding to be secured.
- 3.4 The additions to the programme in 2026/27 will bring the total approved capital programme to £38.565m, including forecast slippage of the unspent programme from 2025/26 of £30.706m, which can be seen in Appendix 1. The forecast slippage from the 2025/26 programme includes £22.366m (£3.815m slippage to 2027/28) for Huncoat Garden Village, £0.40m for the Leisure Estate Investment Programme and £6.251m for the Levelling Up Programme. The capital budgets for the Levelling Up Programme are based on the latest forecast of costs however as these are not tendered

figures, they are still subject to change and should there be any changes to the current forecast, these will be reported during the year.

- 3.5 It is important to note that the Council funding of the 2026/27 capital programme is based on using council reserves and potential capital receipts. There will be a continued emphasis relating to the realisation of additional capital receipts during the year. The programme assumes £3.010m of expenditure will be funded from capital reserves, and £0.6m from unfunded receipts. Any new receipts received will replace the funding required from these reserves
- 3.6 The small number of expected new schemes for 2027/28 and 2028/29 (totalling £1.910m) are detailed in Appendix 3. This is for information only as funding will need to be identified for these schemes before they are put forward for approval into the programme in future years, alongside any Local Government reorganisation (LGR) consequences.
- 3.7 The Council intends to continue its strong policies of financial management and look only to borrow what it needs to fund major investment projects. The Council will continue to rely on securing external sources of funding, using capital receipts, making revenue contributions to capital projects and will use unspent monies to fund its programme. It will also apply a rigorous approach to selecting projects by examining all proposals against its corporate objectives and only selecting the most pressing and deserving projects to fund. This is in accordance with Council policy.
- 3.8 The Revenue implications to finance the Capital Programme continue to be a key element in the affordability issues on the Revenue Budget this year. The programme contains a limited amount of risk this year. The level of risk remains increased compared to previous years due to the size of the overall programme. However, to further reduce the risk the Council has supplemented its own project management and cost control capacity by the appointment of experienced professionals in both disciplines for its two largest projects. The Council's overall resources and management systems are believed to be sufficiently robust to effectively monitor these risks and ensure appropriate action is taken if they should materialise.
- 3.9 The Council will continue with its strategy to reduce its level of debt wherever possible by restricting borrowing and repaying debt and will continue to work extensively with external funders to bring forward realistic plans for capital investment in the area.

4. DETAIL

- 4.1 See the attached report on the Capital Programme.

5. Reasons for Recommendations and Background

5.1 These schemes represent the best value for money and meet the Council's overall Corporate Policy objectives, within the funding envelope for the year.

6. Alternative Options considered and Reasons for Rejection

6.1 A wider programme of funding/borrowing has not been considered due to the Council's policy commitment to limiting Capital Expenditure to affordable levels and seeking to repay debt.

7. Consultations

7.1 A variety of schemes are recommended from a number of sources to the Council. These are considered by the Council's CPWG against a list of corporate priorities and other assessment criteria before the final list is determined. Councillors and the Public as well as Businesses are invited to participate via a meeting of the Council's Resources Overview & Scrutiny Committee on the 23rd of February 2026 at 4:00pm to review the proposals and give their views. These views are then reported to the Council ahead of them making their decision on the Capital Budget.

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 | The main risks within the programme relate to the dangers of escalating costs linked to building work, as many of the buildings are old and potential problems can emerge once the scheduled work has commenced. The Council attempts to mitigate this risk by undertaking survey work ahead of schemes commencing and adopting a rolling programme of work to allow flexibility in the scheduling of projects if cost overruns start to occur. The Council will seek to supplement its own project management skills by the appointment of professional project managers and cost control experts for its larger projects. |

| | |
|---|---|
| <p>Equality and diversity implications A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</p> | <p>There are no specific measures within the report that require an Equality Impact Assessment. Individual proposals stemming from the budgetary process will be Equality Impact Assessed as required over the coming months.</p> |
|---|---|

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

9.1 This Report should be read in conjunction with the other finance reports presented to the Council meeting on the 18th February 2026. The relevant reports are listed below and can be found by accessing the Council’s website.

For access to the Cabinet Agenda and Reports --please follow this link to the appropriate dates and reports

Prudential Indicators Monitoring & Treasury Management Strategy 2026/27 to 2028/29

Revenue Budget Report 2026/27

Medium Term Financial Strategy Report 2026/27 – 2028/29

10. 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.

CAPITAL PROGRAMME

2026-2027

FOR AN AMBITIOUS AND SUSTAINABLE

HYNDBURN FUTURE

CAPITAL PROGRAMME

The proposed additions to the capital programme for 2026/27 are listed in Appendix 3, with expected new schemes to come forward for 2027/28 and 2028/29 also detailed for note. A summary of the major projects is given below.

1.1 COMMUNITY PROJECTS

This programme includes £532,962 of proposed community works which include Neighbourhood Environmental Improvement Projects, War Memorial Restoration, replacing lighting at Maden Street clock tower and replacement of Christmas decorations.

Pride in Place Funding (£400,000) will be used for these projects

1.2 HOUSING IMPROVEMENT PLAN

The Council has been allocated £1,359,906 in Disabled Facility Grants in 2026/27, to help those that suffer from medical conditions that threaten their ability to live independent lives in their own homes. The money will provide stair lifts, toilet and bathroom adaptations, access ramps and other equipment, as well as grants for major structural alterations where needed.

1.3 HUNCOAT GARDEN VILLAGE

Huncoat Garden Village remains a major strategic scheme for the Council, fully funded by a £29.187m grant from Homes England. Forecast expenditure is phased over three financial years, with £3.006m in 2025/26, £22.366m in 2026/27, and £3.815m in 2027/28.

1.4 IT PROJECTS

The programme includes £171,740 of schemes to develop new ICT and refresh the ICT equipment used in order to deliver services in a more efficient way.

1.5 LEISURE ESTATE INVESTMENT PROGRAMME

As part of the planning conditions for the new Leisure Facility at Wilsons Playing Fields, the Council must undertake drainage works on the surrounding sports pitches. £300,000 was included in the capital programme for 2024/25 for these works which have been rephased into 2025/26 and now into 2026/27. Planned efficiency works at Hyndburn Leisure Centre of £766,532 was budgeted in 2025/26. It is forecast that £100,000 of works will be rephased into 2026/27

1.6 LEVELLING UP PROGRAMME

The 2026/27 programme includes £6.251m in total for projects in the Levelling Up funded programme to improve the Market Hall, Burton Chambers and Market Chambers. These budgets are the rephased costs from 2025/26

1.7 TOWN CENTRE REGENERATION

The Council purchased the Market Chambers buildings in the Town Centre as part of the Levelling Up programme. Since the final part of the purchase completed in Summer 2025, survey work has taken place, and reports will be available in the coming weeks. This will allow the Council to fully understand the costs of repair works to the roof, windows, and façade. Some work may be required in this financial year to ensure the building condition does not deteriorate

CONT. CAPITAL PROGRAMME

further. The Council is therefore proposing a scheme of £600,000 (funded by capital receipts) to facilitate these initial works. Future works will be aligned with the delivery stage (if successful in bid to be submitted later in 2026) of the National Lottery Heritage Funded work, to re-imagine the interior of the building into a new Heritage and Arts venue. The delivery stage bid will require £2,000,000 in match funding, from Council reserves that have previously been earmarked for this purpose. Any additional funding required for external building works aligned with the delivery stage will be put forward as part of next year's capital programme.

1.8 RECREATION & SPORT

£450,000 of Pride in Place funding will be used for schemes including the repurposing of Mercer Hall Leisure Centre and Accrington Stanley Community Trust Sports Initiatives

1.9 OPERATIONAL BUILDINGS

Following the Levelling Up works at Accrington Market, the Council has external works which need to be undertaken on Accrington Town Hall. A total budget of £569,652 is included in the capital programme in 2026/27, including works rephased (£233,682) from 2025/26.

There is a further £1,423,061 in the programme which includes £773,061 which has been rephased from 2025/26. This includes £317,000 for Oswaldtwistle Civic Theatre refurbishment.

In order to ensure that the Council's buildings continue to comply with fire safety regulations and satisfy the Council's insurance requirements, the programme includes £403,287 (£153,287 rephased from 2025/26 and £250,000 in 2026/27) for these works across the Council's properties. This

is expected to be an ongoing programme of capital works.

Pride in Place Funding of £50,000 will contribute towards these schemes.

1.10 PARKS & OPEN SPACES

The programme includes £195,000 for works to the Leeds and Liverpool canal cycle path (rephased from 2025/26).

New additions to the programme total £689,000 and this includes:

Play Area refurbishment (£315,000) and Brookside Accessibility Works (£200,000) for which external funding has been secured for both schemes.

In addition, there are works at Mercer Park for access improvements and fence, Peel Park for play area refurbishment, Bullough Woodland Works, Gatty Park partial play area refurbishment, Lowerfold Park pavilion upgrade and Gt Harwood Cricket Wicket.

Pride in Place Funding of £600,000 will contribute towards these schemes

1.11 PLANNED ASSET IMPROVEMENTS

The programme includes £115,000 for 2026/27 for planned asset improvements plus £116,732 which has been rephased from 2025/26. This is expected to be an ongoing programme of capital works.

1.12 VEHICLES & EQUIPMENT

There is provision in the 2026/27 budget for the Council's planned vehicle replacement programme.

The purchase of new replacement vehicles and equipment (£1,020,165). Will be funded via leasing.

1.13 PRIDE IN PLACE

The Pride in Place Impact Fund is a new UK Government programme intended to deliver visible improvements to high streets and improve places and spaces valued by local communities. Hyndburn will receive £1.5m to be committed to projects before March 2027. These funds are to be administered by the Council, but the use made of them has been decided the Council in conjunction with our Member of Parliament and the Plan for Neighbourhoods Board.

Suggestions from the Council, local businesses and community organisations have been considered to decide how best this funding can be used across Hyndburn.

The Pride in Place Impact Fund is a capital only fund. This means that whilst it can pay for purchasing or improving assets, it cannot pay for running costs. An asset in this sense is something that will last for twelve months or more.

The funding can be spent on three categories of project:

- Community spaces:
- Public spaces:
- High street and town centre revitalisation

Appendix 4 shows a breakdown of Pride in Place allocations that are included in the figures shown in section 1.1 to 1.11 above.

IMPROVING THE MANAGEMENT OF OF CAPITAL INVESTMENTS

- 2.1 The Council needs to continue to develop its financial control over its major capital investment programme. It is critical that during 2026/27 the Council continues to adequately manage this spend, to ensure it gains as much benefit from this investment as possible and effectively controls its costs.
- 2.2 The outline of schemes for the 2026/27 Capital Programme can be seen at Appendix 2. However, the Council needs to ensure these schemes can provide the positive benefits the level of spend requires. Each scheme is required to provide more detailed analysis before final approval for spending is committed, to ensure that the project can be delivered within the funds made available, that revenue costs of the schemes can be accommodated within existing revenue budgets and most importantly that the benefits from the scheme are clearly identified and delivered.
- 2.3 The Executive Director (Resources) will have the authority to release permission to spend in stages as he deems appropriate for larger projects to ensure the effective management of the overall scheme and the mitigation of risk. The Executive Director (Resources) will only release funds for capital investment once the required written detail has been submitted to him for approval. Until this has been given, Service Managers are not allowed to commit expenditure. Additional projects may be authorised by the Executive Director (Resources), in consultation with the Portfolio Holder for Resources during the year if the projects have sufficient external funding to meet their costs or other funding sources can be obtained.
- 2.4 Under the current regime of Prudential Borrowing, there is no requirement to spend up to a budgeted amount. The Council should determine its needs for Capital spend purely on rational grounds and underspends in the programme should not automatically lead to other projects being brought forward to soak up potentially available funds. Given that a rigorous process of determining the need for Capital spend has taken place at the start of the year and the Council's strong commitment for reducing the overall level of debt, there should be a major predisposition to continued banking of these underspends as a genuine saving to the Council.

CONCLUSION

5.1 Overall, the Council will be investing an additional £3.610m of its own resources to fund the capital programme additions in 2026/27.

5.2 The details behind all these proposals remains at the outline stage only and further work is required to ensure that these projects provide positive benefits to the Community and the Council. Each project is therefore required to submit further detailed plans to obtain final approval for expenditure to occur and to obtain final clearance from the Executive Director (Resources), in consultation with the Portfolio Holder for Resources.

5.3 The Capital Programme does require a degree of flexibility within it, to respond to sudden demands for Capital expenditure, actions to be taken on the

receipts of monies and revisions to proposals as projects are not financially viable or encounter other problems such as securing external funding. The Capital Programme Working Group (CPWG) will report back to Cabinet at frequent intervals throughout the year to ensure Cabinet is kept apprised of the current situation and that any approvals necessary for alteration are obtained.



APPENDIX 1

CAPITAL PROGRAMME 2026/27

SUMMARY

| | 2025/26 | | 2026/27 | | | 2027/28 |
|--|--------------------|--------------------|--------------------------------------|-------------------|-----------------------|--------------------------------------|
| | Approved Programme | Forecast Spend | Programme to be Slipped into 2026/27 | New Additions | New Programme (Total) | Programme to be Slipped into 2027/28 |
| Budgeted Expenditure on Capital Schemes | | | | | | |
| Community Projects | £607,753 | £517,388 | £97,962 | £435,000 | £532,962 | - |
| Food Waste Collection | £668,723 | £256,410 | - | - | - | - |
| Housing Improvement Plan | £1,799,305 | £1,649,305 | £150,000 | £1,359,906 | £1,509,906 | - |
| Huncoat Garden Village | £29,186,653 | £3,005,737 | £22,365,916 | - | £22,365,916 | £3,815,000 |
| IT Projects | £556,262 | £549,116 | £6,740 | £165,000 | £171,740 | - |
| Leisure Estate Investment Programme | £6,921,097 | £6,521,097 | £400,000 | - | £400,000 | - |
| Levelling Up Programme | £13,459,771 | £7,208,521 | £6,251,250 | - | £6,251,250 | - |
| Town Centre Regeneration | - | - | - | £2,600,000 | £2,600,000 | - |
| Recreation & Sport | £120,000 | £120,000 | - | £450,000 | £450,000 | - |
| UK Shared Prosperity Fund | £254,859 | £254,859 | - | - | - | - |
| Operational Buildings | £1,390,009 | £422,270 | £966,743 | £1,025,970 | £1,992,713 | - |
| Parks & Open Spaces | £1,314,644 | £960,173 | £350,366 | £689,000 | £1,039,366 | - |
| Planned Asset Improvements | £216,642 | £99,910 | £116,732 | £115,000 | £231,732 | - |
| Vehicles & Equipment | £14,100 | £13,785 | - | £1,020,165 | £1,020,165 | - |
| Total Budgeted Expenditure | £56,509,818 | £21,578,571 | £30,705,709 | £7,860,041 | £38,565,750 | £3,815,000 |
| Funding of Capital Schemes | | | | | | |
| Grants | £45,006,269 | £14,815,045 | £26,119,116 | £3,229,906 | £29,349,022 | £3,815,000 |
| Revenue Contributions/Reserves | £7,787,604 | £6,232,923 | £2,637,822 | £3,009,970 | £5,647,792 | - |
| Capital Receipts | £3,715,945 | £530,603 | £1,948,771 | £600,000 | £2,548,771 | - |
| Borrowings | - | - | - | £1,020,165 | £1,020,165 | - |
| Total Capital Scheme Funding | £56,509,818 | £21,578,571 | £30,705,709 | £7,860,041 | £38,565,750 | £3,815,000 |

APPENDIX 2

CAPITAL PROGRAMME 2026/27

DETAILED

| Scheme | Programme to be Slipped into 2026/27 | New Additions 2026/27 | Proposed Programme 2026/27 |
|---|--------------------------------------|-----------------------|----------------------------|
| Community Projects | | | |
| Christmas Decorations | | £35,000 | £35,000 |
| Gatty Park War Memorial Refurbishment | | £10,000 | £10,000 |
| Memorial Park - War Memorial Lighting | £55,000 | £15,000 | £70,000 |
| Maden Street Clock Tower Lighting Replacement | £12,000 | | £12,000 |
| Local Area Management Capital Improvement Schemes | £30,962 | | £30,962 |
| Neighbourhood Environment Improvement Projects | | £255,000 | £255,000 |
| War Memorial Restoration | | £120,000 | £120,000 |
| Sub-Total | £97,962 | £435,000 | £532,962 |
| Housing Improvement Plan | | | |
| Disabled Facilities Grant | £150,000 | £1,359,906 | £1,509,906 |
| Sub-Total | £150,000 | £1,359,906 | £1,509,906 |
| Huncoat Garden Village | | | |
| Huncoat Garden Village | £22,365,916 | | £22,365,916 |
| Sub-Total | £22,365,916 | - | £22,365,916 |
| IT Projects | | | |
| ICT Technology Refresh - Annual Replacement Programme | | £55,000 | £55,000 |
| Financial System Software | £6,740 | | £6,740 |
| ICT Security System | | £110,000 | £110,000 |
| Sub-Total | £6,740 | £165,000 | £171,740 |
| Leisure Estate Investment Programme | | | |
| WPF Development Contract | £300,000 | | £300,000 |
| Hyndburn Leisure Centre Efficiency Works | £100,000 | | £100,000 |
| Sub-Total | £400,000 | - | £400,000 |
| Levelling Up Programme | | | |
| Burton Chambers | £2,727,000 | | £2,727,000 |
| Market Chambers | £37,100 | | £37,100 |
| Indoor Market Hall Redevelopment | £2,665,150 | | £2,665,150 |
| Market Hall Fire Compliance Works | £322,000 | | £322,000 |
| Market Hall Solar Panels | £500,000 | | £500,000 |
| Sub-Total | £6,251,250 | - | £6,251,250 |

CONTINUED ON THE NEXT PAGE

CONT. APPENDIX 2

CONT. CAPITAL PROGRAMME 2026/27

| Scheme | Programme to be Slipped into 2026/27 | New Additions 2026/27 | Proposed Programme 2026/27 |
|---|--------------------------------------|-----------------------|----------------------------|
| Town Centre Regeneration | | | |
| Market Chambers External Works PH1 | | £600,000 | £600,000 |
| Market Chambers Heritage Lottery Match Funding | | £2,000,000 | £2,000,000 |
| Sub-Total | - | £2,600,000 | £2,600,000 |
| Recreation & Sport | | | |
| Mercer Hall Leisure Centre Repurposing | | £250,000 | £250,000 |
| Accrington Stanley Community Trust - Sports Initiative | | £200,000 | £200,000 |
| Sub-Total | - | £450,000 | £450,000 |
| Operational Buildings | | | |
| Cemetery Depot Recycling Bay | | £15,000 | £15,000 |
| Old Salt Compound Refurbishment | | £100,000 | £100,000 |
| Willows Lane - waste bays refurbishment | | £150,000 | £150,000 |
| Accrington Town Hall External Improvements Additional Funding | £233,682 | £335,970 | £569,652 |
| Acc Town Hall Roof Access Equipment | £55,000 | | £55,000 |
| Fire Stopping Works (Fire Risk Assessment) - additional works | £153,287 | £250,000 | £403,287 |
| Fire Assessment Building Alterations Acc Crematorium | £50,000 | | £50,000 |
| CCTV & Wireless Upgrade | £12,774 | £50,000 | £62,774 |
| Vehicle ramp CVMU | | £75,000 | £75,000 |
| Osw Civic Theatre Refurbishment Works | £317,000 | | £317,000 |
| Bullough Park Pavillion | £40,000 | £50,000 | £90,000 |
| Lee Lane Cemetery Tap & Water Supply | £80,000 | | £80,000 |
| Crematorium - Internal Repairs and Decoration | £25,000 | | £25,000 |
| Sub-Total | £966,743 | £1,025,970 | £1,992,713 |
| Parks & Open Spaces | | | |
| Mercer Park CLM Access Improvements | | £24,000 | £24,000 |
| Peel Park Play Area Refurbishment | | £65,000 | £65,000 |
| Mercer Park Fence | | £50,000 | £50,000 |
| Bullough Park Woodlands | | £50,000 | £50,000 |
| Great Harwood Cricket Wicket | | £50,000 | £50,000 |
| Brookside Accessibility Works | | £200,000 | £200,000 |
| Leeds Liverpool Canal Cycle Path | £195,000 | | £195,000 |
| Gatty Park Play Area Partial Refurbishment | £132,400 | | £132,400 |
| Lowerfold Park Pavilion Upgrade | £22,966 | | £22,966 |
| Playground & Parks Refurbishment | | £250,000 | £250,000 |
| Sub-Total | £350,366 | £689,000 | £1,039,366 |
| Planned Asset Improvements | | | |
| PAIP 2026/27 | £71,999 | £115,000 | £186,999 |
| PAIP Replacement Boilers | £44,733 | | £44,733 |
| Sub-Total | £116,732 | £115,000 | £231,732 |
| Vehicles & Equipment | | | |
| Vehicle Replacement Programme | | £1,020,165 | £1,020,165 |
| Sub-Total | - | £1,020,165 | £1,020,165 |
| Total New Schemes | £30,705,709 | £7,860,041 | £38,565,750 |

APPENDIX 3

CAPITAL PROGRAMME 2026/27

NEW ADDITIONS

| Scheme | Total Cost 2026/27 | External Funding Available 2026/27 | Cost to be Funded by the Council 2026/27 | Potential Future Net Cost 2027/28 | Potential Future Net Cost 2028/29 |
|---|-----------------------|---|---|--|--|
| Community Projects | | | | | |
| Christmas Decorations | £35,000 | - | £35,000 | £35,000 | £35,000 |
| Gatty Park War Memorial Refurbishment | £10,000 | £10,000 | - | | - |
| Memorial Park - War Memorial Lighting | £15,000 | £15,000 | - | | |
| Neighbourhood Environment Improvement Projects | £255,000 | £255,000 | - | | |
| War Memorial Restoration | £120,000 | £120,000 | - | | |
| Sub-Total | £435,000 | £400,000 | £35,000 | £35,000 | £35,000 |
| Housing Improvement Plan | | | | | |
| Disabled Facilities Grant | £1,359,906 | £1,359,906 | - | - | - |
| Sub-Total | £1,359,906 | £1,359,906 | - | - | - |
| IT Projects | | | | | |
| ICT Technology Refresh - Annual Replacement Programme | £55,000 | - | £55,000 | £55,000 | £55,000 |
| ICT Security System | £110,000 | - | £110,000 | | |
| Sub-Total | £165,000 | - | £165,000 | £55,000 | £55,000 |
| Operational Buildings | | | | | |
| Cemetery Depot Recycling Bay | £15,000 | £15,000 | - | | - |
| Old Salt Compound Refurbishment | £100,000 | £100,000 | - | | |
| Willows Lane - waste bays refurbishment | £150,000 | £150,000 | - | | |
| Accrington Town Hall External Improvements Additional Funding | £335,970 | - | £335,970 | | |
| Fire Stopping Works (Fire Risk Assessment) - additional works | £250,000 | - | £250,000 | £250,000 | £250,000 |
| CCTV & Wireless Upgrade | £50,000 | - | £50,000 | | |
| Vehicle ramp CVMU | £75,000 | £75,000 | - | | |
| Bullough Park Pavillion | £50,000 | £50,000 | - | | |
| Mercury Abatement Crematorium | | - | - | £1,000,000 | |
| Sub-Total | £1,025,970 | £390,000 | £635,970 | £1,250,000 | £250,000 |
| Parks & Open Spaces | | | | | |
| Mercer Park CLM Access Improvements | £24,000 | - | £24,000 | | - |
| Peel Park Play Area Refurbishment | £65,000 | £30,000 | £35,000 | | - |
| Mercer Park Fence | £50,000 | £50,000 | - | | |
| Bullough Park Woodlands | £50,000 | £50,000 | - | | |
| Great Harwood Cricket Wicket | £50,000 | £50,000 | - | | |
| Brookside Accessibility Works | £200,000 | £200,000 | - | | |
| Playground & Parks Refurbishment | £250,000 | £250,000 | - | | |
| Sub-Total | £689,000 | £630,000 | £59,000 | - | - |
| Town Centre Regeneration | | | | | |
| Market Chambers External Works PH1 | £600,000 | - | £600,000 | | |
| Market Chambers Heritage Lottery Match Funding | £2,000,000 | - | £2,000,000 | | |
| Sub-Total | £2,600,000 | - | £2,600,000 | - | - |
| Recreation & Sport | | | | | |
| Mercer Hall Leisure Centre Repurposing | £250,000 | £250,000 | - | | |
| Accrington Stanley Community Trust - Sports Initiatives | £200,000 | £200,000 | - | | |
| Sub-Total | £450,000 | £450,000 | - | - | - |
| Planned Asset Improvements | | | | | |
| PAIP 2026/27 | £115,000 | - | £115,000 | £115,000 | £115,000 |
| Sub-Total | £115,000 | - | £115,000 | £115,000 | £115,000 |
| Vehicles | | | | | |
| Vehicle Replacement Programme | £1,020,165 | £1,020,165 | - | - | - |
| Sub-Total | £1,020,165 | £1,020,165 | - | - | - |
| Total New Schemes | £7,860,041 | £4,250,071 | £3,609,970 | £1,455,000 | £455,000 |

APPENDIX 4

CAPITAL PROGRAMME 2026/27

PRIDE IN PLACE

| Scheme | Township | Details of Scheme | Budget 2026/27 |
|---|---------------|--|-------------------|
| Community Projects | | | |
| Gatty Park War Memorial Refurbishment | Accrington | To be combined with ongoing restoration | £10,000 |
| Memorial Park - War Memorial Lighting | Gt Harwood | In addition to £55k Memorial Restoration budget in 25/26 | £15,000 |
| Neighbourhood Environment Improvement Projects | All Wards | Environmental improvement schemes throughout the borough | £255,000 |
| War Memorial Restoration | All Wards | Ongoing restoration works | £120,000 |
| Sub-Total | | | £400,000 |
| Operational Buildings | | | |
| Bullough Park Pavillion | Accrington | Pavillion enhancements | £50,000 |
| Sub-Total | | | £50,000 |
| Parks & Open Spaces | | | |
| Mercer Park Fence | Clayton | Fencing around the bowling green | £50,000 |
| Bullough Park Woodlands | Accrington | Woodland works at Bullough Park | £50,000 |
| Great Harwood Cricket Wicket | Gt Harwood | Installation of new cricket wicket | £50,000 |
| Brookside Accessibility Works | Oswaldtwistle | Accessibility Works | £200,000 |
| Playground & Parks Refurbishment | All Wards | Refurbishment in line with parks strategy | £250,000 |
| Sub-Total | | | £600,000 |
| Recreation & Sport | | | |
| Mercer Hall Leisure Centre Repurposing | Gt Harwood | Phase 2 works. | £250,000 |
| Accrington Stanley Community Trust - Sports Initiatives | Accrington | Council Contribution towards Capital Scheme | £200,000 |
| Sub-Total | | | £450,000 |
| Total New Schemes | | | £1,500,000 |