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Agenda

HYNDBURN
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Cabinet

Wednesday, 5 August 2026 at 5.00 pm,
QER, Scaitcliffe House, Ormerod Street, Accrington

Membership

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

Councillors Vanessa Alexander, Jodi Clements, Paul Cox, Melissa Fisher, Clare Pritchard and Kate Walsh

S U P P L E M E N T A L A G E N D A No.1

PART B: PORTFOLIO ITEMS

The following matters to be taken in Part B, immediately after Item 6.

Deputy Leader of the Council, Portfolio Holder for Resources and Council Operations (Councillor Vanessa Allexander)

10. Prudential Indicators Monitoring and Treasury Management Strategy Update - Quarter 1 2026/27 *(Pages 87 - 96)*

Report attached.

11. Revenue Budget Monitoring 2026/27 - Quarter 1 to end of June 2026 *(Pages 97 - 106)*

Report attached.

12. Capital Programme Monitoring 2026/27 - 1st Quarter Update to 30th June 2026

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Email: memberservices@hyndburnbc.gov.uk
Published on Thursday, 30 July 2026

(Pages 107 - 122)

Report attached.

Deputy Leader of the Council, Portfolio Holder for Housing and Regeneration (Councillor Melissa Fisher)

13. Hyndburn Leisure - Financial Monitoring - Provisional Revenue Outturn 2025/2026
(Pages 123 - 132)

Report attached.

Leader of the Council (Councillor Munsif Dad BEM JP)

14. Local Government Review Implementation Reserve *(Pages 133 - 148)*

In accordance with Regulation 11(1) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, approval is being sought from Councillor Steven Button, Chair of the Resources Overview and Scrutiny Committee, to the following key decision is being made by Cabinet on 5th August 2026r, under the Special Urgency provisions, on the grounds that the decision is urgent and cannot reasonably be deferred.

Report attached.

REPORT TO:		Cabinet	
DATE:		5 August 2026	
PORTFOLIO:		Councillor Vanessa Alexander – Resources & Council Operations	
REPORT AUTHOR:		Carol Worthington – Principal Accountant M Dyson – Executive Director of Resources	
TITLE OF REPORT:		**Prudential Indicators Monitoring and Treasury Management Strategy Update – Quarter 1 2026/27**	
EXEMPT REPORT:	**No**		
KEY DECISION:	**No**	If yes, date of publication:	

1. PURPOSE OF REPORT

1.1 The purpose of this report is to provide Cabinet with an update on the Council's treasury management activities for the current financial year Quarter 1 (Q1). It outlines the performance of investments and borrowing, assesses compliance with the approved Treasury Management Strategy, and highlights any emerging risks or opportunities that may impact the Council's financial position.

1.2 This report supports effective budget monitoring and ensures transparency and accountability in the management of public funds.

2. RECOMMENDATION(S)

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

3. BACKGROUND

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

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

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

4. BORROWING ACTIVITIES DURING THE PERIOD

4.1 Table 1 below shows the current borrowing position at Q1 2026/27 compared with the original estimate. The increase in finance leases relating to vehicle purchases has increased the liability and Capital Financing Requirement (CFR) totals.

4.2 **Table 1 – Comparison of latest position with the original estimate as at Q1 2026/27**:

Borrowing Position – Q1 2026/27	Original Estimate 2026/27 £'000	Forecast at Q1 2026/27 £'000
External Debt		
Borrowing	9,595	9,595
Other Long-Term Liabilities	3,605	3,771
Total External Debt	**13,200**	**13,366**
Capital Financing Requirement	10,539	10,705
Under/(Over) Borrowing	**(2,661)**	**(2,661)**

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

4.4 The CFR represents the total amount the Council has needed to borrow over time to fund capital investment — such as buildings, infrastructure, and equipment. It reflects the underlying need to borrow, even if the Council chooses to use internal resources (like reserves or cash balances) instead of taking out loans. The gross external debt of £13.366m is the actual amount the Council has borrowed from external sources, such as the LOBO loans and finance leases.

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

4.6 In 2026/27, the Council's gross debt is forecast to exceed the CFR by £2.661m, placing us in an over-borrowed position. This is not due to new borrowing, but is explained by:

- Historic loans that are structured with repayment at maturity (i.e. the full amount is repaid at the end of the loan term). These loans keep the gross debt figure high, while the CFR reduces each year through the Minimum Revenue Provision (MRP) — an annual charge that reflects repayment of capital.

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

- Timing differences between capital expenditure and financing, which can temporarily affect the CFR.

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

5. INVESTMENT ACTIVITIES DURING THE PERIOD

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

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

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

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

5.4 Table 2 below provides a list of counterparties and the balances invested as at Q1 2026/27.

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

Investment Portfolio – Q1 2026/27	Balance at Q1 2026/27 £'000
Local Authorities	20,000
Debt Management Agency Deposit Facility	10,427
Money Market Funds	2,000
Bank Deposit Accounts	80
Total Short-Term Investments	**32,507**

5.6 Table 3 below shows the investments with other local authorities as at Q1 2026/27.

5.7 **Table 3 – Local Authority Investments**

Local Authority	Date From	Date To	Amount £'000	Interest Rate
<u>Loans Outstanding as at Q1 2026/27</u>				
Cheshire East Council	14-May-26	08-Jul-26	2,000	4.100%
Blackpool Council	12-Feb-26	13-Jul-26	2,000	4.750%
Penrith & Kinross Council	28-Jul-25	27-Jul-26	2,000	4.150%
West Northamptonshire Council	26-May-26	16-Sep-26	2,000	4.200%
Uttlesford Borough Council	19-May-26	19-Oct-26	2,000	4.250%
Antrim & Newtownabbey BC	18-Mar-26	18-Dec-26	2,000	4.500%
Moray Council	06-Jan-26	05-Jan-27	2,000	4.600%
Surrey CC	15-Apr-26	06-Jan-27	2,000	4.250%
Eastleigh Council	18-Jun-26	07-Jan-27	2,000	4.250%
Telford & Wrekin Council	22-May-26	22-Jan-27	2,000	4.450%
Total Local Authority Loans			**20,000**	

5.8 The Council has one future dated loan agreed at the end of the quarter:

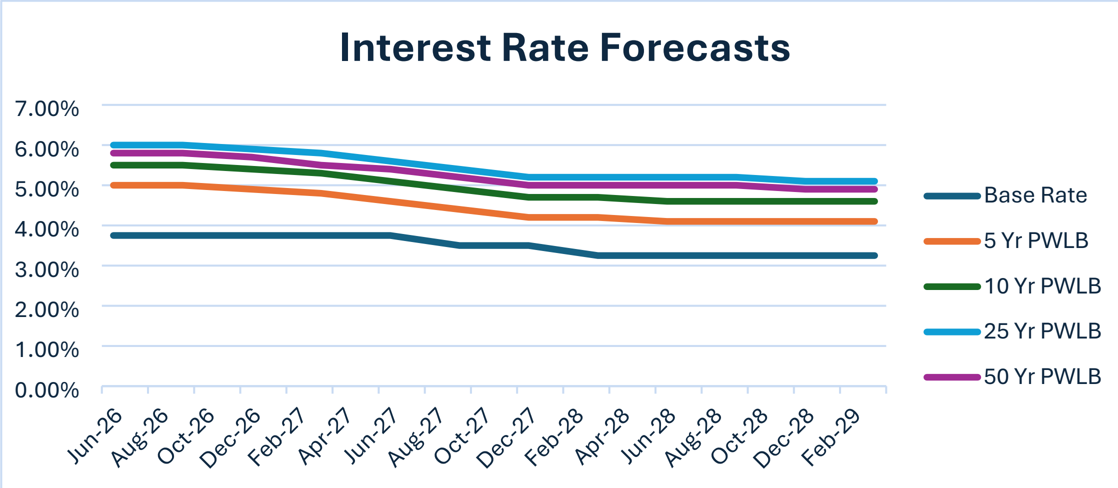
Local Authority	Date From	Date To	Amount £'000	Interest Rate
<u>Future Dated Loans Agreed</u>				
Cheshire East Council	08-Jul-26	10-Aug-26	2,000	4.050%
Total Future Dated Local Authority Loans			**2,000**	

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

6. INTEREST RATES

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

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



MUFG interest rate forecasts as at 26/03/2026.

6.3 The latest forecast reflects that the MPC is unlikely to feel comfortable with cutting rates until the likely rise in inflation has worked its way through the system over the next 9 months. It is forecast that the bank rate reductions is set at Q3 2027.

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

6.5 **Interest Receivable**

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

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

6.7 As a result, the Council now expects to receive £0.97m in additional interest income by the end of March 2027. The investment strategy continues to prioritise security and liquidity, ensuring that funds are safe and available when needed.

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

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

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

6.10 **Interest Payable**

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

6.12 **Forecast Revenue Outturn – 2026/27 Q1**

6.13 Table 4 below shows the forecast revenue outturn position on the Council's Treasury Management activities as at 2026/27 Q1.

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

6.15 **Table 4 - Forecast Revenue Outturn – 2026/27 Q1**

Portfolio Position 2026/27	**Working Budget 2026/27 £'000**	**Forecast Outturn 2026/27 £'000**	**Forecast (Under) / Over Spend £'000**
Interest Receivable			
Interest Receivable on Temporary Lending	(600)	(832)	(232)
Other Interest Receivable	-	-	-
Total Interest Receivable	**(600)**	**(832)**	**(232)**
Interest Payable			
Interest Payable on Long-Term Borrowings	440	440	-
Interest Payable on Finance Leases	229	229	-
Other Interest Payable	-	-	-
Total Interest Payable	**669**	**669**	**-**
Minimum Revenue Provision	1,294	1,294	-
Net (Income) / Expenditure from Treasury Activities	**1,363**	**1,131**	**(232)**

7. PERFORMANCE AGAINST PRUDENTIAL INDICATORS

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

7.2 Hyndburn Borough Council adopted its Prudential Indicators for 2026/27 at its meeting in February 2026.

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

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

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

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

7.6 **Liability Benchmark**

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

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

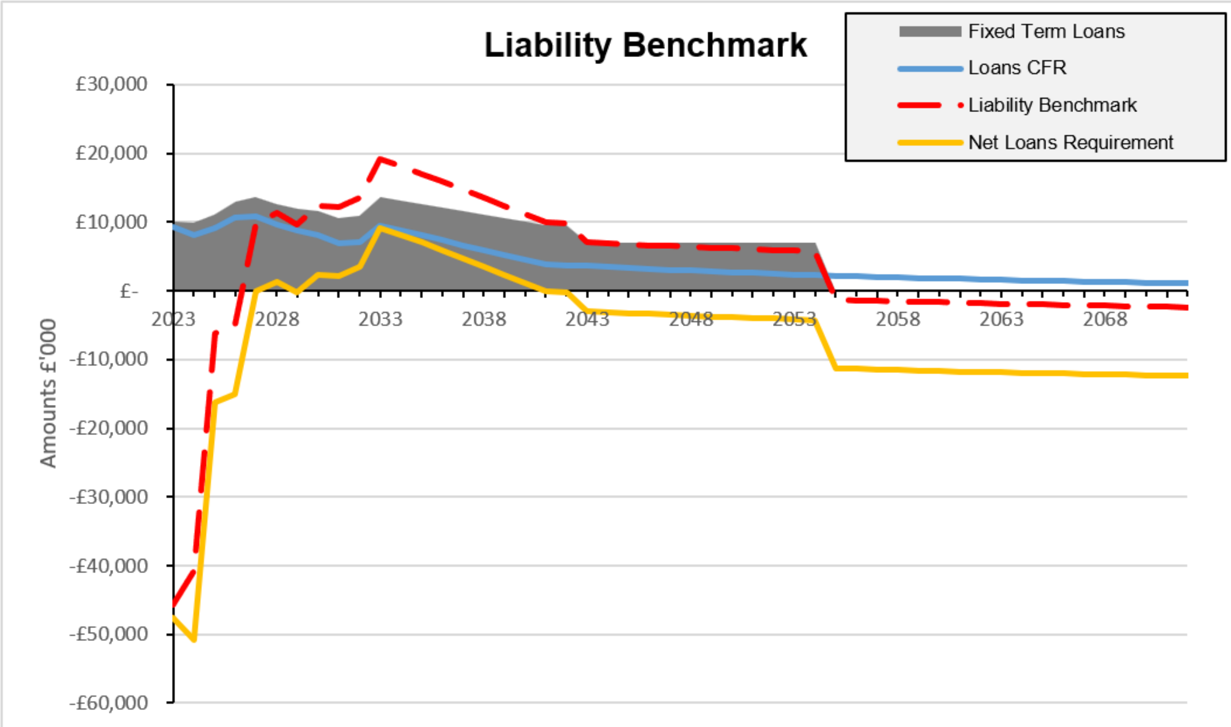
- Fund planned capital expenditure
- Repay existing debt
- Maintain only the minimum level of cash investments required for day-to-day operations

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

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

7.11 Based on current forecasts, the Liability Benchmark suggests that the Council may need to undertake new borrowing around the year 2030. However, this is only a projection based on existing capital and revenue plans — it is not a confirmed borrowing requirement and may change as plans and funding sources evolve.

7.12 Liability Benchmark as at Q1 2026/27:



8. ALTERNATIVE OPTIONS CONSIDERED AND REASONS FOR REJECTION

Not applicable.

9. CONSULTATIONS

Not applicable.

10. IMPLICATIONS

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

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

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

List of Background Papers

- The Local Government Act 2003 and related regulations
- The Prudential Code for Capital Finance in Local Authorities (CIPFA 2021)
- The Treasury Management Code of Practice (CIPFA 2021)
- Prudential Indicators, Treasury Management and Investment Strategy (Including Capital Strategy) approved at full Council 18th February 2026

13. FREEDOM OF INFORMATION

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

Performance Against Treasury & Prudential Indicators in 2026/27 **Appendix 1**

<table>
<tr><th>Indicator</th><th colspan="3">As Approved February 2026</th><th colspan="3">As at 30 Jun 26</th><th>Comments</th></tr>
<tr><td>Estimated Capital Expenditure</td><td colspan="3">£44.265M</td><td colspan="3">£18.823M</td><td>The current figure takes account of additional slippage in the capital programme where spend will now be incurred in 2026/27.</td></tr>
<tr><td>Estimated Capital Financing Requirement at Year End</td><td colspan="3">£10.539M</td><td colspan="3">£10.705M</td><td>Capital Financing Requirement is a prescribed measure of the capital expenditure incurred historically by the authority which has been financed by external or internal borrowing.</td></tr>
<tr><td>Estimated Ratio of Financing Costs to Net Revenue Stream</td><td colspan="3">9.30%</td><td colspan="3">13.20%</td><td></td></tr>
<tr><td rowspan="4">External Debt Prudential Indicators (Operational Boundary and Authorised Borrowing Limit)</td><td colspan="2" rowspan="2">Operational Boundary</td><td rowspan="2">£20M</td><td colspan="2">Borrowing to Date</td><td>£M</td><td rowspan="4">Borrowing has been within both the Operational Boundary and Authorised Borrowing Limit throughout the year.</td></tr>
<tr><td colspan="2">Long-Term Borrowing</td><td>9.595</td></tr>
<tr><td colspan="2" rowspan="2">Authorised Borrowing Limit</td><td rowspan="2">£35M</td><td colspan="2">Finance Lease Debt</td><td>3.771</td></tr>
<tr><td colspan="2">Total</td><td>13.366</td></tr>
<tr><td>Variable Interest Rate Exposure</td><td colspan="3">100%</td><td colspan="2">Exposure to Date</td><td>43%</td><td rowspan="2">In 2016/17 Barclays notified the Council that the debt held by Barclays was being converted into fixed rate debt from its original agreement as a LOBO.
All remaining LOBO debt is classified as having a variable interest rate.</td></tr>
<tr><td>Fixed Interest Rate Exposure</td><td colspan="3">100%</td><td colspan="2">Exposure to Date</td><td>57%</td></tr>
<tr><td rowspan="8">Prudential Limits for Maturity Structure of Borrowing</td><td colspan="3"></td><td colspan="3">Actual Maturity Structure to Date</td><td rowspan="8">Borrowings of £4.12M are subject to LOBO (Lender Option Borrower Option) agreements. As they have call periods at 6 monthly intervals they are classed as borrowing under 12 months.</td></tr>
<tr><td>Period</td><td>Lower Limit</td><td>Upper Limit</td><td>Period</td><td>£M</td><td>%</td></tr>
<tr><td>< 1 Year</td><td>0%</td><td>75%</td><td>< 1 Year</td><td>4.120</td><td>43%</td></tr>
<tr><td>1-2 Years</td><td>0%</td><td>75%</td><td>1-2 Years</td><td>-</td><td>0%</td></tr>
<tr><td>2-5 Years</td><td>0%</td><td>75%</td><td>2-5 Years</td><td>-</td><td>0%</td></tr>
<tr><td>5-10 Years</td><td>0%</td><td>75%</td><td>5-10 Years</td><td>-</td><td>0%</td></tr>
<tr><td>>10 Years</td><td>0%</td><td>75%</td><td>>10 Years</td><td>5.405</td><td>57%</td></tr>
<tr><td colspan="3"></td><td>Total</td><td>9.525</td><td>100%</td></tr>
<tr><td>Total Investments for Longer than 364 Days</td><td colspan="3">£3M</td><td colspan="3">No Long-Term Investments Made</td><td></td></tr>
</table>

REPORT TO:		Cabinet	
DATE:		05 August 2026	
PORTFOLIO:		Councillor Vanessa Alexander – Resources and Council Operations	
REPORT AUTHOR:		Amanda Fox, Head of Finance Martin Dyson, Executive Director of Resources	
TITLE OF REPORT:		Revenue Budget Monitoring 2026/27 – Quarter 1 to end of June 2026	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	**No**	Not applicable	
KEY DECISION:	**No**	If yes, date of publication:	

1. Purpose of Report

1.1 This report updates Cabinet on the Council's financial performance up to the end of June 2026 for the 2026/27 financial year.

2. Recommendations

2.1 Cabinet notes the forecast underspend against the Revenue Budget for 2026/27 and the underspend in year of (£12k).

2.2 Cabinet approves the use of £50k from revenue reserves to support the capital bid for Green Flag status at Bullough Park. Planned works include boundary treatments, access improvements, interpretation signage, and way-marking upgrades. This funding will be used for a new scheme and will be added to the capital programme for 2026/27.

2.3 Cabinet approves the use of £45k from revenue reserves to support the management costs associated with the Market Chambers development continuing beyond the current funding stream timelines.

3. Revenue Budget Forecast 2026/27

3.1 At the Full Council meeting on 26th February 2026, Council agreed the General Fund Revenue Budget for 2026/27. This set a budget for the Council's total revenue spend in 2026/27 of £17.608m.

3.2 The current forecast spend to the end of the financial year in March 2027 is £17.596m. This brings the forecast underspend for the year against the budget to (£12k). Further analysis of changes in forecast spend are shown in section 4 of the report.

Table 1: Actual Performance Against Budgets

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn £'000	Forecast Outturn Variance to Working Budget £'000
Environment	4,076	135	4,211	4,269	58
Regeneration and Housing	906	174	1,080	762	(318)
Legal and Democratic	2,739	211	2,950	3,072	122
People and Communities	1,599	25	1,624	1,646	22
Resources	6,217	133	6,350	6,686	336
Net Cost of Services	**15,537**	**678**	**16,215**	**16,435**	**220**
Non-Service	2,070	(678)	1,392	1,160	(232)
Total Net Expenditure	**17,607**	**-**	**17,607**	**17,595**	**(12)**
Funding	(17,607)	-	(17,607)	(17,607)	-
(Under)/Overspend	**-**	**-**	**-**	**(12)**	**(12)**

3.3 Note that the table above and all future reports will now reflect the new organisational structure implemented at the end of 2025/26 and will not reflect previous reports.

3.4 A total net underspend of (£12k) is currently anticipated when compared to the original balanced budget reported to Council on 26th February 2026.

3.5 A summary of the changes between the original budget and quarter 1 forecast are shown in table 2 below.

Table 2: Movements in Forecast During the Quarter

Main Variances / Movements	Changes Since Last Report - Original Budget		
	Original Budget Forecast Variance £'000	Forecast (Under)/ Overspend £'000	Movement in Variance £'000
Staffing Pressures	-	499	499
Additional costs of ICT and Software	-	120	120
Additional costs related to Consultancy Fees	-	50	50
Planning fees	-	(48)	(48)
Corporate Property Income	-	(50)	(50)
Additional Grant Income	-	(34)	(34)
Use of reserves	-	(297)	(297)
Other	-	(20)	(20)
Total Net Cost of Services	**-**	**220**	**220**
Non-Service			
Additional Investment Income	-	(232)	(232)
Total Non-Service	**-**	**(232)**	**(232)**
Total (Under)/Overspend	**-**	**(12)**	**(12)**

4. Variance by Service

4.1 The narrative below provides more detail on the variances from the original budget and the forecast outturn at Quarter 1.

4.2 Environment

4.2.1 The forecast outturn position at quarter 1 for Environment is an overspend of £58k.

Table 3: Environment – Forecast Outturn 2026/27 Quarter 1

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Environmental Services	92	455	547	561	14
Leisure	648	45	693	693	-
Parks and Open Spaces	1,371	(19)	1,352	1,346	(6)
Waste and Cleansing Operations	2,167	(342)	1,825	1,846	21
Cemeteries	(202)	(4)	(206)	(202)	4
Other	-	-	-	25	25
Total Environmental Health	**4,076**	**135**	**4,211**	**4,269**	**58**

4.2.2 Environmental Services - £14k overspend - The service has a projected overspend of £12k due to recruitment and retention issues, £12k on additional premises related costs and £4k on other small variances. This has been partially offset by additional MOT testing income of (£14k)

4.2.3 Leisure – Leisure is currently on track to spend as per the working budget, although the financial performance of Hyndburn Leisure will continue to be monitored and reported to cabinet as required.

4.2.4 Parks and Open Spaces – (£6k) Underspend – There is currently a projected underspend of (£13k) on employee costs and (£5k) on additional fee income, however this is being partially offset by premises cost pressures of £10k and other small variances £2k.

4.2.5 Waste and Cleansing Operations - £21k Overspend – The service has a projected overspend of £15k on employee related costs, £4k on premises costs and other small variances of £2k.

4.2.6 Cemetries - £4k overspend - There is currently a projected overspend of £44k on employee costs which is partially offset by an underspend on premises costs of (£40k).

4.2.7 Other – £25k overspend - Employee costs in relation to call outs outside of normal working hours projects a £25k pressure, however this will be monitored throughout the year.

4.3 Regeneration and Housing

4.3.1 The forecast outturn position for Regeneration and Housing Services is an underspend of (£318k).

Table 4: Environmental Services – Forecast Outturn 2026/27 Quarter 1

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Community Safety	133	0	133	143	10
Economic Development	90	154	244	247	3
Grant Funded	-	-	-	-	-
Housing	683	20	703	372	(331)
Total Environmental Health	**906**	**174**	**1,080**	**762**	**(318)**

4.3.2 Community Safety - £10k Overspend – a pressure of £10k is due to increased costs associated with the CCTV system.

4.3.3 Economic Development - £3k overspend – There is a small employee related pressure of £3k.

4.3.4 Grant Funded – For schemes funded from external grant sources, we expect to spend to budget allocations, therefore there are no reported variations at this time.

4.3.5 Housing (£331k) Underspend – the service if forecast to recognise a saving of (£331k), largely due to release of reserves from previous years grant funding (£297k) and from additional grant income available in year to support services (£34k).

4.4 Legal and Democratic Services

4.4.1 The forecast outturn position for Legal and Democratic Services is an overspend of £122k.

Table 5: Legal and Democratic Services – Forecast Outturn 2026/27 Quarter 1

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Legal and Land Charges	302	71	373	436	63
Member Services	595	(1)	594	575	(19)
Elections	313	3	316	315	(1)
Environmental Health	881	18	899	942	43
Planning	389	112	501	525	24
Building Control	6	5	11	23	12
Engineers and Transportation	217	1	218	218	-
Green Infrastructure	36	2	38	38	-
Total Environmental Health	**2,739**	**211**	**2,950**	**3,072**	**122**

4.4.2 Legal and Land Charges - £63k Overspend – the service is forecasting a pressure of £46k in relation to staffing cover by an agency worker, £11k in relation to licensing income and other small variances of £6k.

4.4.3 Member Services - (£19k) Underspend – There is a forecast saving of (£25k) in relation to staffing costs, which is partially offset by running cost pressures of £6k.

4.4.4 Elections - (£1k) Underspend – the service has a small forecast underspend of (£1k) on staffing budgets.

4.4.5 Environmental Health - £43k overspend – the service is forecasting a total pressure of £43k, this is due to requiring specialist advice in connection to environmental health and protection cases.

4.4.6 Planning - £24k Overspend – The service is forecasting a pressure of £24k due to staffing pressures.

4.4.7 Building Control - £12k Overspend – whilst there are staffing pressure of £45k, these are being partially offset by additional income (£33k).

4.4.8 Engineers and Transportation – the service is currently forecast to breakeven.

4.4.9 Green Infrastructure – the service is currently forecast to breakeven.

4.5 People and Communities

4.5.1 The forecast outturn position for People and Communities is an overspend of £22k.

Table 6: People and Communities – Forecast Outturn 2026/27 Quarter 1

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Policy and Organisational Development	221	6	227	230	3
Human Resources	356	19	375	399	24
Communities	16	-	16	16	-
Community Safety	61	43	104	99	(5)
Culture and Heritage	440	(35)	405	399	(6)
Grant Funded	184	(10)	174	174	-
Housing Service	23	-	23	23	-
Markets	298	2	300	306	6
Total Environmental Health	**1,599**	**25**	**1,624**	**1,646**	**22**

4.5.2 Policy and Organisational Development - £3k overspend – there is a small variation on staffing budgets of £3k.

4.5.3 Human Resources – £24k overspend - the service is forecasting a pressure within staffing budgets of £24k (this will be offset by savings in the Management team budget, within Resources).

4.5.4 Communities – the service is currently forecast to breakeven.

4.5.5 Community Safety – (£5k) Underspend - there is a small variation on staffing budgets of (£5k).

4.5.6 Culture and Heritage – (£6k) Underspend - there is a small variation on staffing budgets of (£6k).

4.5.7 Grant Funded Projects - the service is currently forecast to breakeven.

4.5.8 Housing Services - the service is currently forecast to breakeven.

4.5.9 Markets - £6k overspend – there is a small pressure of £6k in relation to increased waste disposal charges.

4.6 Resources

4.6.1 The forecast outturn position for Resources is an overspend of £336k.

<u>Table 7: Resources – Forecast Outturn 2026/27 Quarter 1</u>

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Corporate and Democratic	595	-	595	595	-
Finance and Audit	1,724	18	1,742	1,774	32
ICT	823	11	834	806	(28)
Management Team	603	2	605	568	(37)
Property	779	79	858	990	132
Revs, Bens, and Customer Contact	1,619	23	1,642	1,879	237
Strategic Housing	74	-	74	74	-
Total Environmental Health	**6,217**	**133**	**6,350**	**6,686**	**336**

4.6.2 Corporate and Democratic - the service is currently forecast to breakeven.

4.6.3 Finance and Audit - £32k Overspend – current forecasts assume a pressure of £76k within staffing budgets, partially offset by savings within running costs (£44k).

4.6.4 ICT - (£28k) Underspend – the service is currently forecasting an underspend of (£58k) in relation to staffing budgets, which is offset by additional licence costs of £30k.

4.6.5 Management Team (£37k) Underspend – the service is currently forecasting an underspend of (£37k) in relation to staffing budgets. This is partially offset by a pressure within Human Resources as detailed at 4.5.3 above.

4.6.6 Property £132k Overspend – the service has a pressure of £120k which relates to staffing and £12k in relation to additional cleaning costs.

4.6.7 Revenue, Benefits and Customer Contact - £237k overspend – whilst there are staffing underspends of (£76k), these are off-set by pressures in IT system costs £90k, legal fees £15k and unrecoverable housing benefit payments £203k. There are other minor variations of £5k.

4.6.8 Strategic Housing - the service is currently forecast to breakeven.

4.7 Non-Service

4.7.1 The forecast outturn position for Resources is an underspend of (£232k).

Table 8: Non Service - Forecast Outturn 2026/27 Quarter 1

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Centrally held budgets	703	(678)	25	25	-
Interest	69	-	69	(163)	(232)
Minimum Revenue Provision	1,294	-	1,294	1,294	-
Contribution to Capital Costs	4	-	4	4	-
Total Environmental Health	**2,070**	**(678)**	**1,392**	**1,160**	**(232)**

4.7.2 Centrally Held Budgets – whilst the majority of budgets have now been transferred out to service budgets, there remains a small balance of £25k that will be distributed shortly, therefore it is projected that the budget will be fully spent.

4.7.3 Interest – (£232k) Underspend - additional treasury investment income of (£232k) is forecast due to favourable interest rates and the significant balances that the Council has been able to invest, largely due to the upfront receipt of capital grants.

4.7.4 Minimum Revenue Provision – at the present time it is assumed that the budget will breakeven.

4.7.5 Contribution to Capital Costs - at the present time it is assumed that the budget will breakeven.

4.8 Funding

4.8.2 There are currently no expected variances on the Council's funding.

Table 9: Funding – Forecast Outturn 2026/27 Quarter 1

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn Quarter 1 £'000	Forecast Outturn Variance to Working Budget £'000
Council Tax	(6,184)	-	(6,184)	(6,184)	-
Government Grants	(7,468)	-	(7,468)	(7,468)	-
Non-Domestic Rates	(3,955)	-	(3,955)	(3,955)	-
Total Environmental Health	**(17,607)**	**-**	**(17,607)**	**(17,607)**	**-**

4.9 Reserves

4.9.2 As per the 2025/26 outturn report presented to cabinet at the 24th June 2026 meeting, closes balances within reserves stood at £25.091m.

4.9.3 At the present time the forecast call on reserves stands at £14.049m, including reserves to be used to fund capital financing. Forecast movements in reserves are shown in the table below.

Table 10: Reserves – Forecast Outturn 2026/27 – Quarter 1

Reserve	Opening Balances £'000	Transfers to/From Reserves £'000	Capital Contributions £'000	Used for Capital Financing £'000	Closing Balances £'000
General Fund - Unallocated	2,036	-	-	-	2,036
Total Unallocated Reserves	**2,036**	**-**	**-**	**-**	**2,036**
Balances Set Aside to Fund Specific Future Expenditure	6,441	(920)	-	(983)	4,538
Collection Fund Volatility Reserve	424	-	-	-	424
Climate Change Reserve	38	(38)	-	-	-
Communities for Health Funding	11	-	-	-	11
Dilapidations Reserve	56	-	-	-	56
Invest to Save	1508	(554)	-	(489)	465
Levelling Up and Leisure Investment	3,537	(100)	-	(1,037)	2,400
Planning S106 Fund	328	-	-	(1)	327
Revenue Funding for Capital Schemes	2,638	-	-	(2,638)	-
Total Earmarked Reserves	**14,981**	**(1,612)**	**-**	**(5,148)**	**8,221**
Capital Receipts Reserve	3,312	-	-	(2,736)	576
Capital Grants Unapplied	4,762	-	-	(4,553)	209
Total Capital Reserves	**8,074**	**-**	**-**	**(7,289)**	**785**
Total Reserves	**25,091**	**(1,612)**	**-**	**(12,437)**	**11,042**

5. Alternative Options Considered and Reasons for Rejection

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

6. Consultations

6.1 Not applicable in this instance.

7 Implications

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

8 Local Government (Access to Information) Act 1985:

8.1 List of Background Papers

General Fund Revenue Budget, Council Tax Levels and Capital Programme 2026/27 – Council 26th February 2026.

Provisional Financial Outturn Position – Revenue Budget Monitoring - Financial Year 2025/26 – Cabinet 24th June 2026

9 Freedom of Information

9.1 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.

REPORT TO:		Cabinet	
DATE:		05 August 2026	
PORTFOLIO		Councillor Vanessa Alexander – Resources & Council Operations	
REPORT AUTHOR:		Amanda Fox – Interim Head of Finance Martin Dyson – Executive Director of Resources	
TITLE OF REPORT:		**Capital Programme Monitoring 2026/27 – 2028/29 - Quarter 1 Update to 30th June 2026**	
EXEMPT REPORT:	**No**		
KEY DECISION:	**No**	If yes, date of publication:	

1. **Purpose of the Report**

1.1. The purpose of this report is to provide an update on the delivery and financial performance of the capital programme as at Quarter 1 (Q1) of 2026/27, highlighting progress against budget, identifying any variances, risks or slippage, and forecasting the expected outturn. It supports effective decision-making, ensures transparency and accountability, and informs any necessary adjustments to project timelines, funding allocations, or future financial planning.

2. **Recommendations**

1.2. That Cabinet note the financial position of the Capital Budget at Q1 of the 2026/27 financial year, as shown in Appendix 2.

1.3. That Cabinet approve the in-year addition to the Capital Programme of £0.679m of capital projects, as shown in Appendix 1.

1.4. That Cabinet approve the rephasing of the capital programme and approve the slippage of £25.923m of expenditure into 2027/2028.

3. **2026/27 Capital Budget**

1.5. The Capital Budget for 2026/27 is year one of the Capital Programme 2026/27 – 2028/29.

1.6. At the Council meeting on the 26th of February 2026, Members approved a capital budget for 2026/27 of £7.860m plus further late additions of £0.175m (for Sports Initiatives and Oswaldtwistle Civic Theatre) totalling £8.035m.

1.7. A further £36.230m was added to this budget from rephased capital projects carried forward from 2025/26. Of this, £32.716m related to major projects, such as the Market Development schemes for Accrington town centre and Huncoat Garden Village

1.8. Ad hoc budget adjustments have reduced the Capital programme by £0.197m. Of which, £0.195m was removed from the Capital Programme relating to Leeds Liverpool Canal Cycle Path which will now no longer progress.

1.9. This report requests a further £0.679m to be added to the Capital Programme at Q1. £0.255m relates to Playground Refurbishment schemes at Higham Play area (£155k) and Burnley Road CLM (£100k) which will be funded from external grant. £0.150m will be spent on Brookside Accessibility Works which will be funded from earmarked reserves . There is also an offset (£0.274m) relating to lower spend on various schemes

1.10. Details of all in-year budget adjustments can be found in Appendix 1.

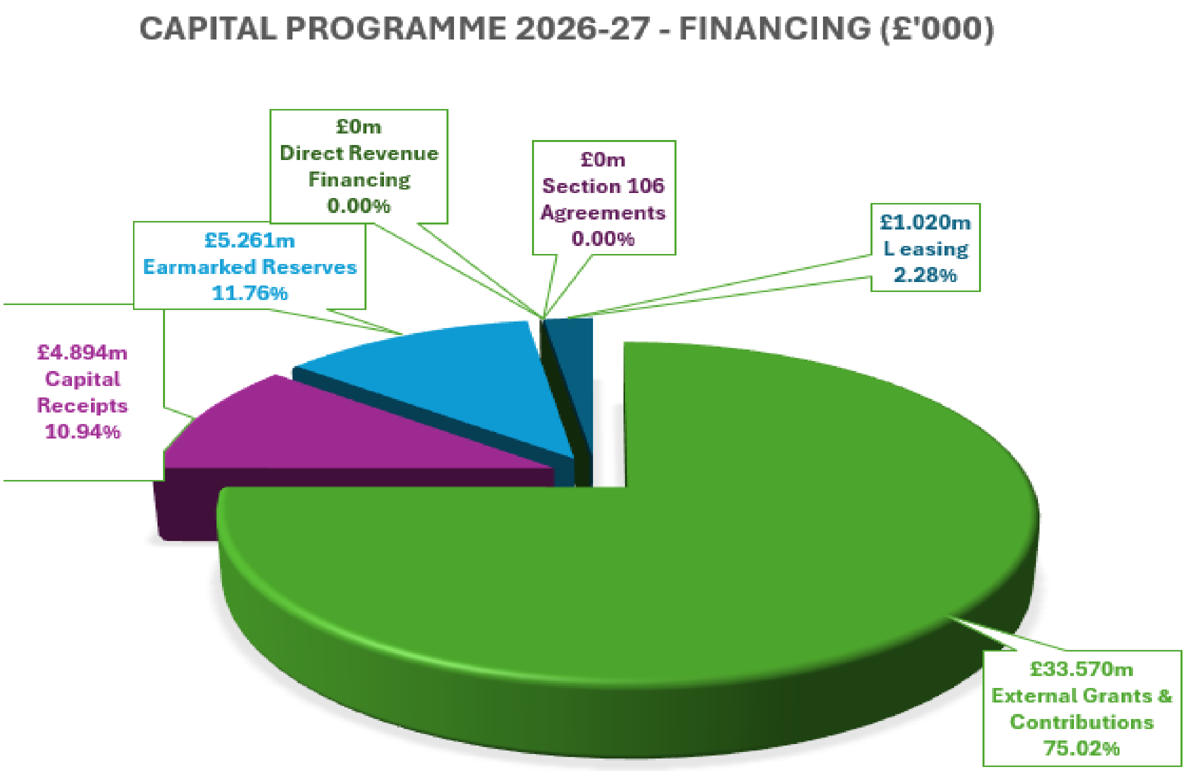
1.11. Therefore, the Capital Budget for 2026/27 now totals £44.747m, as shown in Table 1 below:

1.12. Table 1 – Capital Budget 2026/27 Reconciliation:

Capital Budget 2026/27	Amounts £'000
Budget Approvals (Council Feb-26)	8,035
Slippage b/f from 2025/26	36,230
Budget Adjustments in Year	(197)
Schemes Recommended for Approval (QTR1)	679
Approved Capital Programme 2026/2027	**44,747**
Less Slippage to 2027/2028	(25,923)
Proposed Capital Budget 2026/27	**18,824**

1.13. A more detailed set of tables showing movements by service area can be found in Appendix 2.

1.14. The proposed financing of the Capital Budget of £44.747m for 2026/27 is shown in Chart 1 below:



3.11. The current capital programme of £47.747m, including rephasing into future years is shown in the table below:

Table 2 - Capital Programme by Service Area

Programme Area - Budgets	Proposed Capital Budget 2026/27 £'000	Proposed Capital Budget 2027/28 £'000	Proposed Capital Budget 2028/29 £'000	Proposed Capital Programme £'000
Community Projects	566	-	-	566
Housing Improvement Programme	1,694	-	-	1,694
Huncoat Garden Village	3,500	22,762	-	26,262
IT Projects	216	-	-	216
Leisure Estate Investment	288	300	-	588
Recreation & Sport	525	-	-	525
Market Development Works	7,054	2,000	-	9,054
Operational Buildings	1,670	629	-	2,299
Parks & Open Spaces	1,846	232	-	2,078
Planned Asset Improvements	315	-	-	315
UK Shared Prosperity Fund	41	-	-	41
Vehicles & Equipment	1,109	-	-	1,109
Total Approved Capital Spend Budgets	**18,824**	**25,923**	**-**	**44,747**

3.12 The £25.923m rephased into the 2027/28 budget, is mainly due to natural slippage of capital projects, or where projects have not commenced due to the absence of funding. Subject to Cabinet approval, these projects will be rephased to subsequent years.

3.13 The largest area of estimated slippage relates to the Huncoat Garden Village project. Initial estimates propose that £22.762m of budget will be slipped into next year in line with the revised grant funding agreement with Homes England.

3.14 A further £2m of estimated slippage relates to the match funding required at Market Chambers. The Heritage Lottery bid for the delivery stage is now scheduled for November 2026 with a decision expected around March 2027

3.15 Wilsons Playing Fields Sport Pitch Drainage £0.300m. The Council is liaising with Hyndburn Leisure to develop a scheme which is now scheduled for summer 2027.

3.16 A further £0.628m of slippage relates to operational buildings. £0.418m is for external improvements at Accrington Town Hall, this work cannot start until the market cabins have been removed. This work is expected to commence in February 2027. A further £0.210m relates to works at Oswaldtwistle Civic Theatre with a detailed schedule of works is still to be agreed.

3.17 The governments has awarded £0.270m of additional grant funding to the Council to be spent on parks within the Accrington area. This funding must be spent by 31st March 2028. Due to the priority of other Pride in Place park schemes that must be completed in 2026/27, it is now planned that £230k of this grant work will be spent in 2027/28.

4 <u>2026/27 Capital Budget – Q1 Forecast Outturn</u>

4.1 As of 30th June 2026, actual and committed expenditure totals £3.412m, representing 18.12% of the rephased 2026/27 budget of £18.824m. Table 3 below shows the committed expenditure and forecasted outturn by service area.

4.2 As shown in the table above, £25.923m of budget has been rephased into 2027/2028, to reflect forecast expenditure in future years.

4.3 The rephased capital budget for 2026/27 is shown in the table below with a more detailed breakdown shown in Appendix 1.

4.4 A summary of the new additions approved at Council in February 2026, together with new schemes approved in year and proposed known slippage to 2027/28 are shown in Appendix 2.

4.5 Table 3 - 2026/27 Capital Budget – Q1 Forecast Outturn:

Programme Area - Budgets	Proposed Capital Budget 2026/27 £'000	Actuals & Commitments - Q1 £'000	Forecast Spend for the Remainder of the Year £'000	Forecast Outturn for the Year £'000	Forecast Variance £'000
Community Projects	566	-1	567	566	0
Housing Improvement Programme	1,694	364	1,330	1694	0
Huncoat Garden Village	3,500	71	3,429	3500	0
IT Projects	216	153	63	216	0
Leisure Estate Investment	288	-117	405	288	0
Recreation & Sport	525	88	437	525	0
Market Development Works	7,054	2,076	4,978	7054	0
Operational Buildings	1,670	176	1,494	1670	0
Parks & Open Spaces	1,846	509	1,337	1846	0
Planned Asset Improvements	315	2	313	315	0
UK Shared Prosperity Fund	41	1	40	41	0
Vehicles & Equipment	1,109	88	1,021	1109	0
Total Approved Capital Spend Budgets	**18,824**	**3,410**	**15,414**	**18,824**	**0**
% of Budget Spend		**18.12%**	**81.88%**	**100.00%**	**0.00%**

4.6 Further forecast expenditure of £15.414m is anticipated before the end of the financial year, resulting in a total forecast outturn figure of £18.824m. This represents the remaining 81.88% of the allocated budget with no forecast variances shown to date against the rephased 2026/27 budget of £18.824m.

4.7 The capital programme will be subject to close monitoring throughout the financial year to ensure that project expenditure remains aligned with approved forecasts and is accurately reflected in the Council's cash flow projections. Any deviations from planned spending profiles, along with their financial implications, will be assessed and incorporated into future treasury management and revenue budget forecasts as appropriate.

4.8 A more detailed breakdown of the forecast outturn for 2026/27 is shown in Appendix 3.

5 Major Schemes

5.1 The Capital Programme includes several major schemes that require robust and continuous monitoring to ensure they are delivered on time, within budget, and that all external funding is both secured and claimed promptly. The following have been identified as key major schemes currently requiring close oversight:

5.2 Levelling Up Town Centre – The redevelopment of Market Hall, Market Chambers, and Burton Chambers remains a challenge for the Council. However, enhanced monitoring and management arrangements have ensured that key milestones are being met, with the project progressing on time and within budget.

5.3 The programme has a remaining budget of £8.232m. This is funded by £3.611m from the Levelling Up Fund and other grants, the majority of which have already been claimed. The balance of £4.621m will be met from available capital receipts and revenue reserves, ensuring the Council has the necessary resources in place to deliver the scheme as planned.

5.4 Huncoat Garden Village – Huncoat Garden Village remains a major strategic scheme for the Council, fully funded by a £29.897m grant from Homes England. Forecast expenditure is phased over three financial years, with £0.710m spent in 2025/26, £26.262m budgeted spend in 2026/27, and the balance in 2027/28.

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

5.6 Pride in Place Grant. The Council has received grant funding of £1.5m which must be spent by 31st March 2027. This funding has been allocated to several schemes which will be closely monitored to ensure completion by the deadline. Funding may be allocated to alternative schemes if any approved scheme is not likely to complete by the deadline.

6 Funding Risks

6.1 **Capital Receipts**

- **Capital Receipts and Funding Position**

  At Q1 2026/27, Grants represent £33.570m, Capital Receipts £4.894m, Reserves £5.261m, Leasing £1.020m, s106 and Revenue £0.002m to total £44.747m required capital funding for the programs of works and projects.

- **Capital Receipts**

  The Financing of the capital programme is dependent on securing £4.894m in capital receipts from the sale of Council-owned land and buildings. To date £2.988m has been generated, leaving a balance of £1.906m to be achieved.

- **Next Steps**

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

This is a high-level risk.

6.2 **External Grants and Contributions**

- **Levelling Up Project (LUF)** – this scheme is primarily funded through a government grant, supplemented by a contribution from Lancashire County Council. A total of £3.611m in grant funding is required to complete the scheme. To date, the Council has not received the outstanding balance of this funding, further claims are being submitted on a quarterly basis to help manage cash flow effectively.

- **Huncoat Garden Village** – The Council has been awarded a government grant of £29.897m to support this scheme. Grant claims are submitted monthly, following the incurrence of eligible expenditure, to help manage the Council's cash flow.

  To date, the Council has received over £3.0m in grant funding. Homes England has structured the grant to allow for prepayment of certain elements, further supporting local authority cash flow management.

- **Disabled Facilities Grant** – the Council receives grant funding from the Better Care Fund via Lancashire County Council, which includes £1.409m of funding for 2026/27, which the Council is expecting to receive shortly

- **Pride of Place Impact Fund -** The Council has been awarded £1.5m through the Pride in Place Impact Fund. Schemes have been developed collaboratively with officers, Cabinet, the local MP, and the community to ensure the funding delivers maximum benefit across the borough. All funds must be spent by 31 March 2027.

This is a low-level risk.

7 Conclusion

7.1 The Capital Programme has grown substantially over the past two financial years and now totals £44.747m. While approximately 89% of this funding is secured through external grants and contributions, the increased scale and complexity of the programme are placing significant demands on the Council's staffing and delivery capacity.

7.2 To ensure successful delivery within agreed timescales and budgets, it is essential that all projects are strategically planned, adequately resourced, and appropriately phased. Effective programme management and coordination will be critical to maintaining progress and achieving intended outcomes.

7.3 The Programme will continue to be carefully monitored, and it may require further revisions in its phasing in the future.

8 Alternative Options considered and Reasons for Rejection

8.1 Not applicable

9 **Consultations**

9.1 Not applicable

10 **Implications**

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

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

11.1 Council 26th February 2026 – Capital Programme 2026/27

12 **Freedom of Information**

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

APPENDIX 1

	Approved since Feb 2026 Cabinet				
Programme Area	Project Name	Cost Centre	Reason	Quarter 1 (£'000)	Total (£'000)
Housing Improvement Programme	Disabled Facility Grant	20006	Funding	49	49
Operational Buildings	Old Salt Compound Refurbishment	20275	Funding	47	47
Parks & Open Spaces	Peel Park Play Area Refurbishment	20287	New Scheme	40	40
Parks & Open Spaces	Bullough Park Improvements Green Flag	20297	New Scheme	50	50
Parks & Open Spaces	Accrington Playground Refurbishment Scheme Oakhill Park	20298	New Scheme	155	155
Parks & Open Spaces	Accrington Playground Refurbishment Scheme Higham Play Area	20299	New Scheme	75	75
Parks & Open Spaces	Brookside Accessibility Works	20285	Funding	150	150
Parks & Open Spaces	Playground & Parks Refurbishment - Burnley Rd Rec CLM	20290	Funding	100	100
Vehicles & Equipment	Electric Bikes	20217	New Scheme	6	6
Vehicles & Equipment	Vehicle ramp CVMU	20279	Funding	7	7
	Schemes added in year			**679**	**679**
Operational Buildings	Old Salt Compound Refurbishment	20275	Adjustment	-1	-1
Parks & Open Spaces	Leeds Liverpool Canal Cycle Path	20221	Adjustment	-195	-195
Parks & Open Spaces	Lowerfold Park Pavilion Upgrade	20270	Adjustment	-4	-4
Parks & Open Spaces	Bullough Park Woodland Enhancement PH2	20271	Adjustment	20	20
UK Shared Prosperity Fund	Improve Town Centre Car Parks / Planting	20207	Adjustment	-17	-17
Community Projects	Bollards Station Road G Harwood	20296	Virement	17	17
Operational Buildings	Lee Lane Cemetery Tap & Water Supply	20260	Virement	-77	-77
Parks & Open Spaces	Lowerfold Park Pavilion Upgrade	20270	Virement	1	1
Parks & Open Spaces	Peel Park Play Area Refurbishment	20287	Virement	-35	-35
Parks & Open Spaces	Great Harwood MUGA	20286	Virement	60	60
Parks & Open Spaces	Playground & Parks Refurbishment		Virement	-250	-250
Parks & Open Spaces	Playground & Parks Refurbishment - Harwood Rd Rishton	20288	Virement	165	165
Parks & Open Spaces	Playground & Parks Refurbishment - Windsor Rd Gt Harwood	20289	Virement	70	70
Parks & Open Spaces	Playground & Parks Refurbishment - Burnley Rd Rec CLM	20290	Virement	50	50
Parks & Open Spaces	Planned Asset Improvement Programme - Not Defined	20226	Virement	-1	-1
	Budget adjustments in year			**-197**	**-197**
	Total movements in year			**482**	**482**

APPENDIX 2

Programme Area - Budgets	Budget Approvals (Council Feb-26) £'000	Slippage b/f from 2025/26 £'000	Budgets Adjustments in Year £'000	Schemes Recommended for Approval (QTR1) £'000	Less Proposed Slippage into 2027/2028 £'000	Proposed Capital Budget 2026/27 £'000
Community Projects	435	114	17	-	-	566
Housing Improvement Programme	1,360	285	-	49	-	1694
Huncoat Garden Village	-	26,262	-	-	(22,762)	3500
IT Projects	165	51	-	-	-	216
Leisure Estate Investment	-	588	-	-	(300)	288
Recreation & Sport	525	0	-	-	-	525
Market Development Works	2,600	6,454	-	-	(2,000)	7054
Operational Buildings	1,051	1,279	(78)	47	(629)	1670
Parks & Open Spaces	689	938	(119)	570	(232)	1846
Planned Asset Improvements	115	200	-	-	-	315
UK Shared Prosperity Fund	-	58	(17)	-	-	41
Vehicles & Equipment	1,095	-	-	14	-	1109
Total Approved Capital Spend Budgets	**8,035**	**36,229**	**(197)**	**680**	**(25,923)**	**18,824**

Programme Area - Financing	Budget Approvals (Council Feb-26) £'000	Slippage b/f from 2025/26 £'000	Budgets Adjustments in Year £'000	Schemes Approved in Year (QTR1) £'000	Less Proposed Slippage into Future Years £'000	Proposed Capital Budget 2026/27 £'000
External Grants & Contributions	(2,890)	(30,458)	202	(424)	22,992	**(10,578)**
Capital Receipts	(732)	(2,709)	(1,453)	-	593	**(4,301)**
Earmarked Reserves	(3,393)	(3,062)	1,448	(254)	2,338	**(2,923)**
Direct Revenue Financing	-	-	-	(1)	-	**(1)**
Section 106 Agreements	-	(1)	-	-	-	**(1)**
Leasing	(1,020)	-	-	-	-	**(1,020)**
Total Approved Capital Spend Budgets	**(8,035)**	**(36,230)**	**197**	**(679)**	**25,923**	**(18,824)**

APPENDIX 3

Cost Centre	Scheme Detail	Approved Budget £'000	Slippage B/Fwd £'000	In-Year Approvals £'000	Budget Virement £'000	Budget / Funding Adj £'000	Less Slippage into 2027/2028	Approved Net Budget £'000	Total Forecast £'000	Forecast Variance £'000
20085	Christmas Decoration Replacement	35	3	0	0	0	0	38	38	0
20242	Gt Harwood TC (Greening Project) Accelerator Fund use classification code	0	0	0	0	0	0	0	0	0
20253	Newark St Landscaping (Project Phoenix)	0	3	0	0	0	0	3	3	0
20267	Maden Street Clock Tower Lighting Replacement	0	12	0	0	0	0	12	12	0
20276	Covid Memorial Accrington Cemetery	0	10	0	0	0	0	10	10	0
20296	Bollards Station Road G Harwood	0	0	0	17	0	0	17	17	0
20225	Local Area Management Capital Improvement Schemes	0	31	0	0	0	0	31	31	0
20291	Gatty Park War Memorial Refurbishment	10	0	0	0	0	0	10	10	0
20292	Memorial Park - War Memorial Lighting	15	0	0	0	0	0	15	15	0
20293	Neighbourhood Environment Improvement Projects	255	0	0	0	0	0	255	255	0
20032x	War Memorial Restoration Programme	0	55	0	(55)	0	0	0	0	0
20032	War Memorial Restoration	120	0	0	55	0	0	175	175	0
Total	**Community Projects**	**435**	**114**	**0**	**17**	**0**	**0**	**566**	**566**	**0**
20268	Mercer Hall Leisure Centre Repurposing	250	0	0	0	0	0	250	250	0
20295	Accrington Stanley Community Trust - Sports Initiatives	275	0	0	0	0	0	275	275	0
Total	**Recreation & Sport**	**525**	**0**	**0**	**0**	**0**	**0**	**525**	**525**	**0**
20006	Disabled Facilities Grant	1,360	47	49	(144)	0	0	1,312	1,312	0
20007	DFG Affordable Warmth Grant	0	51	0	99	0	0	150	150	0
20008	DFG Emergency Works Grant	0	13	0	37	0	0	50	50	0
20009	DFG Home Security Grant	0	21	0	4	0	0	25	25	0
20211	DFG Hospital Discharge Grant	0	6	0	4	0	0	10	10	0
20234	DFG - Health & Wellbeing Board	0	136	0	0	0	0	136	136	0
20011	LCC Affordable Warmth Grant	0	11	0	0	0	0	11	11	0
Total	**Housing Improvement Programme**	**1,360**	**285**	**49**	**(0)**	**0**	**0**	**1,694**	**1,694**	**0**

Cost Centre	Scheme Detail	Approved Budget £'000	Slippage B/Fwd £'000	In-Year Approvals £'000	Budget Virement £'000	Budget / Funding Adj £'000	Less Slippage into 2027/2028	Approved Net Budget £'000	Total Forecast £'000	Forecast Variance £'000
20251	Huncoat Garden Village	0	26,262	0	0	0	(22,762)	3,500	3,500	0
Total	**Huncoat Garden Village**	**0**	**26,262**	**0**	**0**	**0**	**(22,762)**	**3,500**	**3,500**	**0**
20042	Tech Refresh Annual Replacement Programme	55	1	0	0	0	0	56	56	0
20043	Financial System Software	0	17	0	0	0	0	17	17	0
20045	Wi-Fi Upgrade Scaitcliffe House	0	4	0	0	0	0	4	4	0
20245	Assure Software Planning/Building Control	0	17	0	0	0	0	17	17	0
20256	Committee Management Software	0	13	0	0	0	0	13	13	0
20277	ICT Security System	110	0	0	0	0	0	110	110	0
Total	**IT Projects**	**165**	**51**	**0**	**0**	**0**	**0**	**216**	**216**	**0**
20178	WPF Development Contract	0	181	0	0	0	0	181	181	0
20227	Wilsons Playing Fields Sports Pitch Drainage	0	300	0	0	0	(300)	0	0	0
20230	Hyndburn Leisure Centre Efficiency Works	0	107	0	0	0	0	107	107	0
Total	**Leisure Estate Investment**	**0**	**588**	**0**	**0**	**0**	**(300)**	**288**	**288**	**0**
20135	Market Hall	0	3,509	0	0	0	0	3,509	3,509	0
20136	Market Chambers	0	111	0	0	0	0	111	111	0
20137	Burton Chambers	0	2,012	0	0	0	0	2,012	2,012	0
20294	Market Chambers External Works PH1	600	0	0	0	0	0	600	600	0
20231	Market Chambers Heritage Lottery Match Funding	2,000	0	0	0	0	(2,000)	0	0	0
20237	Market Hall Fire Compliance Works	0	322	0	0	0	0	322	322	0
20266	Market Hall Solar Panels	0	500	0	0	0	0	500	500	0
Total	**Market Development Works**	**2,600**	**6,454**	**0**	**0**	**0**	**(2,000)**	**7,054**	**7,054**	**0**

Cost Centre	Scheme Detail	Approved Budget £'000	Slippage B/Fwd £'000	In-Year Approvals £'000	Budget Virement £'000	Budget / Funding Adj £'000	Less Slippage into 2027/2028	Approved Net Budget £'000	Total Forecast £'000	Forecast Variance £'000
20048	Fire Safety Improvements - Fire Assessment Building Alterations Various Buildings	250	225	0	0	0	0	475	475	0
20300	CCTV Upgrade Town Centre	50	0	0	0	0	0	50	50	0
20051	CCTV Upgrade Various Buildings	0	13	0	0	0	0	13	13	0
20053	Acc Town Hall External Improvements	336	234	0	0	0	(420)	150	150	0
20165	Fire Assessment Building Alterations Acc Crematorium	0	50	0	0	0	0	50	50	0
20215	Willows Lane Security Barrier	0	0	0	0	0	0	0	(0)	(0)
20223	Osw Civic Theatre Refurbishment Works	100	515	0	0	0	(210)	405	405	0
20244	Acc Town Hall Roof Access Equipment	0	62	0	0	0	0	62	62	0
20246	Fence at Acc Cemetery	0	30	0	0	0	0	30	30	0
20261	Crematorium - Internal Repairs and Decoration	0	25	0	0	0	0	25	25	0
20262	Mercer Park Bowling CCTV	0	9	0	0	0	0	9	9	0
20260	Lee Lane Cemetery Tap & Water Supply	0	77	0	(77)	0	0	0	0	0
20275	Old Salt Compound Refurbishment	100	0	48	0	(1)	0	147	147	0
20280	Cemetery Depot Recycling Bay	15	0	0	0	0	0	15	15	0
20281	Willows Lane - waste bays refurbishment	150	0	0	0	0	0	150	150	0
20263	Bullough Park Pavillion	50	40	0	0	0	0	90	90	0
Total	**Operational Buildings**	**1,051**	**1,279**	**48**	**(77)**	**(1)**	**(630)**	**1,670**	**1,670**	**(0)**

Cost Centre	Scheme Detail	Approved Budget £'000	Slippage B/Fwd £'000	In-Year Approvals £'000	Budget Virement £'000	Budget / Funding Adj £'000	Less Slippage into 2027/2028	Approved Net Budget £'000	Total Forecast £'000	Forecast Variance £'000
20029	Knuzden recreation Play Ground	0	1	0	0	0	0	1	1	0
20128	Memorial Park Heritage Lottery Project	0	0	0	0	0	0	0	0	0
20161	King George V Pitches	0	415	0	0	0	0	415	415	0
20177	Milton Close Play Area Gt Harwood	0	0	0	0	0	0	0	0	0
20278	King George V Pavillion	0	120	0	0	0	0	120	120	0
20220	Gatty Park Polytunnels & Greenhouse Replacement	0	3	0	0	0	0	3	3	0
20221	Leeds Liverpool Canal Cycle Path	0	235	0	0	(195)	0	40	40	0
20239	Bullough Park Woodland Enhancement PH1	0	2	0	0	0	0	2	2	0
20257	Oak Hill Park Bowling Green Railings	0	13	0	0	0	0	13	13	0
20264	Lowerfold Park Footpaths	0	0	0	0	0	0	0	0	0
20265	Gatty Park Play Area Partial Refurbishment	0	125	0	0	0	0	125	125	0
20270	Lowerfold Park Pavilion Upgrade	0	23	0	1	(5)	0	19	19	0
20271	Bullough Park Woodland Enhancement PH2	0	1	0	0	20	(2)	18	18	0
20282	Mercer Park CLM Access Improvements	24	0	0	0	0	0	24	24	0
20287	Peel Park Play Area Refurbishment	65	0	40	(35)	0	0	70	70	0
20297	Bullough Park Improvements Green Flag	0	0	50	0	0	0	50	50	0
tbc	Accrington Playground Refurbishment Scheme	250	0	0	(250)	0	0	0	0	0
20298	Accrington Playground Refurbishment Scheme Oakhill Park	0	0	155	0	0	(155)	0	0	0
20299	Accrington Playground Refurbishment Scheme Higham Play Area	0	0	75	0	0	(75)	0	0	0
20283	Mercer Park Fence	50	0	0	0	0	0	50	50	0
20284	Bullough Park Woodlands	50	0	0	0	0	0	50	50	0
20286	Great Harwood Cricket Wicket - MUGA	50	0	0	60	0	0	110	110	0
20285	Brookside Accessibility Works	200	0	150	0	0	0	350	350	0
	Playground & Parks Refurbishment	0	0	0	0	0	0	0	0	0
20288	Playground & Parks Refurbishment - Harwood Rd Rishton	0	0	0	165	0	0	165	165	0
20289	Playground & Parks Refurbishment - Windsor Rd Gt Harwood	0	0	0	70	0	0	70	70	0

Cost Centre	Scheme Detail	Approved Budget £'000	Slippage B/Fwd £'000	In-Year Approvals £'000	Budget Virement £'000	Budget / Funding Adj £'000	Less Slippage into 2027/2028	Approved Net Budget £'000	Total Forecast £'000	Forecast Variance £'000
20290	Playground & Parks Refurbishment - Burnley Rd Rec CLM	0	0	100	50	0	0	150	150	0
Total	**Parks & Open Spaces**	**689**	**938**	**570**	**61**	**(180)**	**(232)**	**1,846**	**1,846**	**0**
20226	Planned Asset Improvement Programme - Not Defined	115	72	0	0	0	0	187	186	0
20070	Replacement Boilers	0	45	0	0	0	0	45	45	0
20145	Walls around Parks & Open Spaces	0	16	0	0	0	0	16	16	0
20171	Fences	0	17	0	0	0	0	17	17	0
20274	Mercer House PAIP	0	50	0	0	0	0	50	50	0
Total	**Planned Asset Improvements**	**115**	**200**	**0**	**0**	**0**	**0**	**315**	**315**	**0**
20207	Improve Town Centre Car Parks / Planting	0	58	0	0	(17)	0	41	41	0
Total	**UK Shared Prosperity Fund**	**0**	**58**	**0**	**0**	**(17)**	**0**	**41**	**41**	**0**
20217	Electric Bikes	0	0	7	0	0	0	7	7	0
20235	Vehicle Replacement Programme - Lease	1,020	0	0	0	0	0	1,020	1,020	0
20279	Vehicle ramp CVMU	75	0	7	0	0	0	82	82	0
Total	**Vehicles & Equipment**	**1,095**	**0**	**14**	**0**	**0**		**1,109**	**1,109**	**0**
	TOTAL CAPITAL BUDGET 2026/27	**8,035**	**36,230**	**679**	**(0)**	**(197)**	**(25,923)**	**18,824**	**18,824**	**0**

REPORT TO:		CABINET	
DATE:		05 August 2026	
PORTFOLIO:		**Councillor Melissa Fisher - Deputy Leader of the Council (Housing and Regeneration)**	
REPORT AUTHOR:		Martin Dyson – Executive Director (Resources)	
TITLE OF REPORT:		Hyndburn Leisure Financial Monitoring– Provisional Outturn 2025/2026.	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	**No**	Not applicable	
KEY DECISION:	**No**	If yes, date of publication:	

1. Purpose of Report

1.1 This report updates Cabinet on Hyndburn Leisure's financial performance up to the end of 2025/2026.

2. Recommendations

2.1 That Cabinet notes the provisional financial position of Hyndburn Leisure at the end of 2025/2026 financial year as shown in section 4 of this report.

3. Background

3.1 The Council and Hyndburn Leisure have been working in partnership for over 20 years and with several key operational building leases due to expire and Hyndburn Leisure having faced significant financial pressures over the years, it was necessary for the Council to review the existing arrangements to secure the long-term sustainability of its leisure services, improve health and wellbeing outcomes for residents, and gradually reduce the level of financial support required from the Council.

3.2 The Cabinet agreed at its meeting on 18 March 2026 to support a long-term partnership with Hyndburn Leisure by granting 30-year operational building leases, writing off £1.624m of historic debt, and providing a further £500k support in 2026/27 to safeguard leisure services.

3.3 In March 2025, Hyndburn Leisure set a budget with a forecast deficit of £700,000, which included achieving a savings target of £58,417.

3.4 Hyndburn Borough Council had forecast the following subsidy payments to Hyndburn Leisure over the term of its Medium-Term Financial Strategy last agreed by Council in February 2026.

MTFS Forecasts	Subsidy from the Council £
2024/2025 - Actual Paid	£1,000,000
2025/2026	£700,000
2026/2027	£500,000
2027/2028	£350,000

3.5 The subsidy for 2025/2026, and the table below shows the breakdown of the expected facility costs and cost of subsidy per attendance by site and the overall subsidy for the total annual attendances.

Facility Analysis	Direct Costs Budget for Year £'000	Allocation of Central Operating Costs + Savings £'000	Budget for Year (including Operating costs + Savings) £'000	% of Overall Subsidy %	Forecast Annual Attendance No. of visits	Subsidy per Attendance £
Facility Operating Costs						
Accrington Town Hall	£47,957	£80,412	£128,369	18.34%	50,000	£2.57
Hyndburn Leisure Centre	(£152,919)	£382,735	£229,816	32.83%	420,000	£0.55
Wilsons Playing Field Site	£85,752	£104,348	£190,100	27.16%	80,000	£2.38
Mercer Hall Leisure Centre	£104,165	£21,320	£125,485	17.93%	12,500	£10.04
Community Facilities	(£13,770)	£40,000	£26,230	3.75%	15,500	£1.69
Education Facilities	£0	£0	£0	0.00%	-	£0
Grant Funded Programmes (Net)	£0	£0	£0	0.00%	-	£0
Total Facility Operating Costs	**£71,185**	**£628,815**	**£700,000**	**100.00%**	**578,000**	**£1.21**
Central Operating Costs	£687,232	(£628,815)	£58,417			
Budget Savings Target	(£58,417)		(£58,417)			
Council Subsidy Required	**£700,000**	**£0**	**£700,000**			

3.6 There was a reduction in the subsidy from £1m in 2024/2025 to £700k in 2025/2026 plus a forecast increase in annual attendances from 493,559 in 2024/2025 to 578,000 in 2025/2026.

3.7 The reduction in subsidy was largely due to the following factors:

- Late in 2024/2025 Hyndburn Leisure took over responsibility for procuring their own energy costs and were able to negotiate substantially reduced rates for the leisure centres than had been possible through the Councils contract. This resulted in a reduction in the kilowatt charge rate and the VAT rate, which has enabled savings of almost £300k per annum.

- As all costs have risen with inflation Hyndburn Leisure have also renegotiated several of their other premises and supplies and services contracts and set a further savings target to be achieved in year to ensure the subsidy would be reduced from 2024/2025.

- The opening of the Cath Thom Leisure Centre in October has also contributed towards increased attendances although in the first six months of operation the centre did not make a financial surplus.

3.8 The financial support provided to Hyndburn Leisure in 2025/2026 was used to make repayments against current year debts owed to the Council. This subsidy payment has enabled Hyndburn Leisure to meet all debts due to the Council by the end of March 2026.

3.9 Rather than making a physical payment to Hyndburn Leisure for £700,000, the subsidy amount has been offset against the outstanding trading debt due to the Council.

3.10 Several other Local Authorities in Lancashire operate their leisure services under similar outsourced models and are also providing financial support to their leisure trust or leisure subsidiary companies. The level of financial support being provided by other Councils around Lancashire for 2025/26 ranges from £0.80million to £2million.

3.11 The future years subsidy targets have been agreed with the Council and are as follows:

Financial Year	Subsidy from the Council £	% of Budget %	Forecast Annual Attendance No. of visits	Subsidy per Attendance £
2024/2025 - Actual	£1,000,000	18.81%	493,559	£2.03
2025/2026	£700,000	12.79%	578,000	£1.21
2026/2027	£500,000	8.87%	668,000	£0.75
2027/2028	£350,000	6.03%	706,500	£0.50

Note: The above targets will be reviewed as part of the Council's budget process and any changes reflected and reported back to Cabinet.

4. Financial Monitoring Position as at the end of March 2026

4.1 The current provisional net expenditure to the end of the financial year in March 2026 was 734,689. This shows a provisional overspend for the year against the budget to £34,689.

4.2 As shown in the following table the provisional overspend to date is shown by the facility operated, with most areas performing ahead of budget except for Cath Thom and Mercer Hall which was closed due to the repurposing works.

Facility Analysis	Budget for Year £'000	Actual to Date £'000	Year to Date Variance £'000
Facility Operating Costs			
Accrington Town Hall	£47,957	£38,479	(£9,478)
Hyndburn Leisure Centre	(£152,919)	(£153,347)	(£428)
Cath Thom / Wilsons Playing Field	£85,752	£117,533	£31,781
Mercer Hall Leisure Centre	£104,165	£115,510	£11,345
Community Facilities	(£13,770)	(£30,033)	(£16,263)
Education Facilities	(£27,444)	(£33,351)	(£5,907)
Grant Funded Programmes (Net)	£0	£0	£0
Total Facility Operating Costs	**£43,741**	**£54,791**	**£11,050**
Central Operating Costs (inc Savings Target)	£656,259	£679,898	£23,639
Council Subsidy	(£700,000)	(£700,000)	£0
Net Outturn for Year	**£0**	**£34,689**	**£34,689**

4.3 The table above shows that the provisional outturn position by facility for 2025/26 is an overall operating loss of £54.8k, compared with a budgeted loss of £43.7k. This represents an adverse variance of £11.k against budget. In addition, Hyndburn Leisure had set savings targets of £58.4k to reduce their overall costs to enable the subsidy from the Council to enable a break-even position for the year. The impact of higher utility costs at the Cath Thom Leisure centre has resulted in these savings not being achieved and the trust will need to find additional savings in 2026/2027 to cover the 2025/2026 loss of 34.7k.

4.4 The Cath Thom Leisure Centre is forecast to show a notable improvement between the provisional outturn position for 2025/2026 and the 2026/27 forecast. The facility only opened in October 2025, meaning the draft 2025/26 position reflects a part-year of operation, including the early mobilisation and establishment phase. It is expected that there will be a movement from the provisional outturn deficit of £117.5k in 2025/26 to a forecast surplus of £61.2k in 2026/27, which reflects the centre maturing as a facility and moving into a full-year operating model.

4.5 Further analysis of the variances by Income and Expenditure type are shown in the table below:

Expenditure / Income Analysis	Budget for Year £'000	Actual for Year £'000	Variance £'000
Operational Costs			
Employee Costs	£2,894,771	£2,954,574	£59,803
Premises Costs	£850,811	£955,672	£104,861
Supplies & Services	£635,175	£709,338	£74,163
Project Expenditure	£874,847	£835,684	(£39,163)
Finance & VAT Costs	£59,904	£32,517	(£27,387)
Total Operational Costs	**£5,315,508**	**£5,487,785**	**£172,277**
Income & Funding			
Trading Income	(£414,788)	(£416,862)	(£2,074)
Fees & Charges	(£2,730,866)	(£2,837,578)	(£106,712)
Other Income	(£78,541)	(£153,508)	(£74,967)
External Grant Funding	(£1,332,896)	(£1,345,147)	(£12,251)
Total Income	**(£4,557,091)**	**(£4,753,096)**	**(£196,005)**
Net Deficit	**£758,417**	**£734,689**	**(£23,728)**
Savings Target	(£58,417)		£58,417
Council Subsidy Required	**£700,000**	**£734,689**	**£34,689**
Subsidy Due/Owed	(£700,000)	(£700,000)	£0
Net	**£0**	**£34,689**	**£34,689**

The narrative below provides more detail on the variances from the original budget and the provisional outturn as at the end of March 2026.

4.6 **Employee Costs**

The forecast outturn position for employee costs shows an increase to the original budget of £59.8k. This increase is mainly due to the increased NJC pay award of 3.2% that is 0.2% above the 3% budgeted in year and additional costs on recruitment and training with some of these costs relating to the additional grant work undertaken.

4.7 **Premises Costs**

The provisional outturn position for premises costs shows an overspend of £104.8k, which is largely due to Utility Costs that ended the year £82k above budget. Electricity costs totalled £551.9k at the end of the year. This was a notable movement from the position earlier in the year, when electricity was performing better than budget during the first half of the financial year. Higher than estimated energy costs at The Cath Thom Leisure Centre played a significant role in the final electricity overspend, contributing to the adverse year-end position.

4.8 **Supplies and Services**

Operational Supplies and Services were £74.1k above budget. This category includes a range of operationally necessary costs, including catering and refreshments, school transport, licences and royalties, consumable materials, bought-in services and other service delivery costs. The year end position indicates that this budget was set too low for the level of activity and cost now being incurred. This issue has been recognised and has addressed through the subsequent budget-setting process for 2026/2027,

4.9 **Project Expenditure**

The costs in this area show an underspend of £39k but this is reflected in the income received and nets out to zero.

4.10 **Finance & VAT Costs**

The forecast outturn position for finance and VAT costs shows an underspend to the original budget of £27.4k. This underspend relates to savings / profit share from the operations at Accrington Academy and additional VAT savings as the new utility contracts only attract VAT at 5%.

4.11 **Trading Income –** includes Catering, Bar, Vending, Resale, Events

The forecast outturn position for trading income shows an increase to the original budget of (£2k). Bar income, special occasion resources and resale income exceeded budget, while catering and refreshment income and vending income were slightly below budget. Overall, the trading position was stable.

4.12 **Fees & Charges Income –** Memberships, Pay As you Go activities, Facility Hire

The forecast outturn position for fees and charges Income shows an increase to the original budget of (£106.7k), with the strongest contribution coming from Fitness income, which is £92k above budget. There were also positive variances in Learn to Swim, School Swimming Transport, Swimming, Facility Hire, and Sports hall. This demonstrates continued demand for core leisure services and provides a strong commercial contribution to the overall position.

There was, however, some areas of income underperformance. Adventure City admissions were £15.3k below budget, Parties were £9.2k below budget, and Rental income was £5.7k below budget. These shortfalls will continue to be monitored as part of the efficiency and growth plan in 2026/27.

4.13 **Other Income –** Service Recharges & Sponsorship

The forecast outturn position for Other Income shows an increase against the original budget of (£74.9k). This increase is made up of:

a) Sponsorship received for the Hyndburn Sports Awards (£6,9k).
b) Recharges for supplies & services £68k

4.14 **External Grant Funding –** External Grants & Commissions

There was additional grant funding of (£12.2k) in year, although this was offset by additional costs above.

4.15 **Impact on Subsidy Required from the Council**

As shown in the provisional outturn, Hyndburn Leisure are projecting a provisional overspend of £34.7k for the year after the Council has paid its agreed subsidy of £700k. Hyndburn Leisure have not requested any additional subsidy from the Council to cover this in year deficit and are forecasting it as a one-off position that can be covered in the trading position in 2026/2027. As part of the agreed working arrangements between the Council and Hyndburn Leisure reports will be presented to Cabinet and notifications of any requirements for variations to the planned subsidy will be reported to Cabinet along with updated financial forecasts.

5 Alternative Options considered and Reasons for Rejection

5.3 None, this report shows the Provisional financial position for Hyndburn Leisure for the year 2025/2026 and is only for noting.

6 Consultations

6.1 The Council set a budget of £700k for the support required by Hyndburn Leisure in its the revenue budget for 2025/26, which was approved by Full Council on 27th February 2025.

6.2 The Council has included the subsidy as part of its own provisional Revenue Outturn Report taken to Cabinet in June 2026.

6 Implications

Financial implications (including any future financial commitments for the Council)	Budgets of £700k were included for the support required by Hyndburn Leisure in the original revenue budget for 2025/26, approved by Full Council on 27th February 2025. The provisional outturn for the Council included the payment of £700k for the 2025/26 financial year. Therefore, the total subsidiary payment of £700k was funded within the approved budget.
Legal and human rights implications	These are set out in detail in paragraph 3 above.
Assessment of risk	Payment of the grant did not pose any significant risks to the Council. There is a risk of legal challenge to making subsidy payments and the Council has undertaken steps to ensure it complies with the requirements of the Subsidy Control Act.
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.*	The Council is subject to the public sector equality duty introduced by the Equality Act 2010. When making a decision in respect of the recommendations in this report, Cabinet must have regard to the need to: Eliminate unlawful discrimination, harassment and victimisation ; and Advance equality of opportunity between those who share a relevant protected characteristic and those who don’t; and Foster good relations between those who share a relevant protected characteristic and those who don’t. For these purposes, the relevant protected characteristics are age, disability, gender, reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

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

7.1 Provision of Leisure Services within Hyndburn – Cabinet 18 March 2026.

7.2 Provisional Financial Outturn Position – Revenue Budget Monitoring - Financial Year 2025/26 – Cabinet 24 June 2026.

8 Freedom of Information

9.1 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.

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REPORT TO:		Cabinet	
DATE:		05 August 2026	
PORTFOLIO:		**Councillor Munsif Dad BEM JP - Leader of the Council**	
REPORT AUTHOR:		Martin Dyson, Executive Director (Resources)	
TITLE OF REPORT:		Local Government Review Implementation Reserve	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	**No**	Not applicable	
KEY DECISION:	**Yes**	If yes, date of publication:	30th July 2026

1. Purpose of Report

1.1 To inform members of the proposed LGR Implementation Reserve Assurance Framework.

2. Recommendations

2.1 That Cabinet notes the content of the proposed LGR Implementation Reserve Assurance Framework.

2.2 That Cabinet agrees to Hyndburn Borough Council's contribution of £421,305 (1.4%) of the overall £30m Implementation Reserve.

2.3 That Cabinet approves the signing of this Assurance Framework on behalf of this Council.

3. Reasons for Recommendations

3.1 Following requests from Government, in November 2025, Councils across Lancashire submitted business cases on the proposed options for the future make up of Local Government across the County.

3.2 Each of the 5 proposals submitted recognised that, regardless of the number of Local Authorities in Lancashire following LGR, there would be significant costs to undertake a programme to set up the new Unitary Councils, ready for the expected vesting day of 1st April 2028. These implementation costs are required to be funded by the existing Local Authorities.

3.3 A programme for LGR across Lancashire has been established, and an initial Implementation Reserve of £30m has been agreed between the 15 existing Councils. Contributions towards the Implementation Reserve have been agreed between the existing Authorities, ensuring the split was equitable for each Council. The contribution from Hyndburn Borough Council is £421,305.

3.4 The purpose of the Reserve is to fund capacity within the LGR Programme to ensure that the new Unitary authorities can provide safe and legal services from 1st April 2028.

3.5 The government recently announced its preferred option for Local Government Reorganisation (LGR) in Lancashire. Subject to parliamentary approval, four Unitary Councils will be created, to replace the current 15 Councils.

3.6 As the LGR programme is starting to develop, the arrangements for the governance of the implementation budget have been developed by the Lancashire Chief Finance Officers (LCFOs) Group and subsequently reviewed by the Lancashire Strategic LGR Chief Executives Board.

4. Creation and use of the Reserve

4.1 The reserve was created on 1st April 2026 and will be held until 30th September 2028. It is initially being hosted by Lancashire County Council (LCC) until vesting day (1st April 2028), at which point any remaining reserve will transfer to one of the new Unitary Authorities, as part of the legacy arrangements to be determined by the Shadow Councils, who will host the reserve until it is closed. If there are any funds remaining in the reserve on 30th September 2028, they will be split equitably between the new Unitary Authorities.

4.2 The use and governance arrangements for the Implementation Reserve will be determined by the Assurance Framework. As the reserve will be hosted by LCC, it will also be managed in accordance with their Financial Rules and Regulations in Section 10 of the Constitution of LCC.

4.3 The purpose of the reserve is to support the implementation process associated with LGR in Lancashire, and a set of example eligible costs to be covered by the reserve have been set out in the Assurance Framework. These are costs directly attributable to the LGR programme, with the objective of ensuring the new Unitary Councils can provide safe and legal services from 1st April 2028.

4.4 Any changes to the scope of the activity to be funded by the reserve will only be made by the Lancashire Strategic LGR Chief Executives Board. When voluntary Joint Committees and Shadow Councils are established any changes in the scope of the activity to be funded will require their approval.

4.5 As set out above, the initial total value of the Implementation Reserve will be £30m. This will be reviewed in light of the Government's preferred option and any subsequent decisions made through the parliamentary approval process. Should there be any changes to the contribution required from Hyndburn BC, these will be reported in line with the Council’s own reporting requirements.

4.6 Each Council's contribution to the reserve is conditional on it being used in accordance with the Assurance Framework and for the purposes stated within that document.

4.7 Where the Government provides any additional LGR capacity funding for the programme, this will be added to the Implementation Reserve contingency budget.

4.8 The total value of the Implementation Reserve is £30m with agreed contributions from:

Council	Split	Value
Lancashire County Council	55.00%	£ 16,500,000.00
Blackburn and Darwen Council	11.00%	£ 3,300,000.00
Blackpool Council	9.00%	£ 2,700,000.00
Burnley Council	1.50%	£ 458,202.00
Chorley Council	2.50%	£ 736,651.00
Fylde Borough Council	2.10%	£ 620,941.00
Hyndburn Borough Council	1.40%	£ 421,305.00
Lancaster City Council	2.80%	£ 830,748.00
Pendle Borough Council	1.60%	£ 477,478.00
Preston City Council	2.80%	£ 839,876.00
Ribble Valley Borough Council	1.60%	£ 487,571.00
Rossendale Borough Council	1.30%	£ 402,086.00
South Ribble Borough Council	2.40%	£ 726,790.00
West Lancs Borough Council	2.50%	£ 742,080.00
Wyre Council	2.50%	£ 756,272.00
Total	**100.00%**	**£ 30,000,000.00**

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4.9 The value of the reserve will be reviewed as of 30th September 2026.

4.10 Each Council's contribution will be conditional on all other Councils making their agreed contribution and the reserve being used for the purposes and in accordance with the terms of this Assurance Framework.

4.11 Our contribution of £421,305 was included in our Medium-term Financial Strategy Forecasts agreed as part of our budget setting process for 2026/27.

4.12 The Lancashire County Council Director of Finance will report quarterly to the Finance Workstream Board (LCFOs group) and the Lancashire Strategic LGR Chief Executives Board. Following the establishment of the Joint Committees and the Shadow Authorities, six monthly monitoring reports will be provided to them.

5. Alternative Options considered and Reasons for Rejection

5.1 The agreement on the implementation reserve contributions is based upon all Councils contributing the amounts stated in section 4.8. Failure by any Authority to make its agreed contribution may require the implementation arrangements and funding assumptions to be reviewed.

6. Consultations

6.1 Government have recently undertaken a statutory consultation on the Local Government Reorganisation proposals and there are no specific consultations required in respect of the contents of this report.

7. Implications

Financial implications (including any future financial commitments for the Council)	The Council will initially contribute £421,305 towards the LGR Implementation Reserve, and this amount was included in the financial forecasts within the Council Medium Term Financial Strategy approved by Council in February 2026.
Legal and human rights implications	The Local Government and Public Involvement in Health Act 2007 ('the Act') sets out the legal framework for Local Government Reorganisation (LGR). The Act gives the Secretary of State the power to implement an LGR proposal, which is done using a Structural Changes Order. Now the Government has announced its preferred option on the future structure of Local Government in Lancashire, once approved by Parliament a Structural Changes Order WILL come into place. The Structural Changes Order for other areas across England which have been through the Local Government Reorganisation process in recent years have all stated that expenditure incurred by the shadow Authorities in relation to their execution of duties under the Order is to be divided among the existing Councils in such proportions as may be agreed between them.
Assessment of risk	The LCFOs group have agreed an Assurance Framework, setting out the

	governance arrangements for the Implementation Reserve, which has subsequently been presented to the Lancashire Strategic LGR Chief Executives Board.
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.*	In line with the latest Government Guidance the Council has not produced a specific customer first analysis of the overall budget. Individual services remain responsible for the production of any customer first analysis required where it is deemed the proposed budgetary adjustments may impact on different groups in different ways. Due to the nature of the savings proposals for 2025/26 no individual customer first analysis was undertaken by individual services as none were deemed to impact directly on service provision and therefore would not disproportionately impact on any of the protected characteristics.

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

8.1 The relevant reports are listed below and can be found by accessing the Council's website.

- Medium Term Financial Strategy 2025/26 to 2027/28
- General Fund Revenue Budget 2025/26

9. Freedom of Information

9.1 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.

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Lancashire LGR Programme

Implementation Reserve

Assurance Framework

1. Background

1.1 The Lancashire Strategic LGR Chief Exec Board have recommended that a single 'LGR Implementation Reserve' is created which can be managed collectively with Lancashire County Council acting as the host authority.

1.2 The purpose of the Reserve is to fund capacity within the LGR Programme to ensure the new unitary authorities can provide safe and legal services from 1 April 2028.

1.3 The Finance workstream has been tasked with developing effective governance for the Reserve and has determined that an Assurance Framework is the most appropriate approach to ensuring transparency, accountability and best value is maintained through the use of the Implementation Reserve.

1.4 The statutory sct 151 officers of the fifteen Councils that are supporting the LGR Programme will be required to approve the Assurance Framework for the Implementation Reserve.

2. Creation of the Reserve

2.1 The Reserve will be created on 1 April 2026 and will be held until 30 September 2028, which is six months beyond 1 April 2028 which is the date for implementation of local government reorganisation in Lancashire.

2.2 Lancashire County Council will be the host organisation for the Non LCC Reserve and will hold the Reserve from 1 April 2026 until Vesting Day, with arrangements from Vesting Day to 30 September 2028 set out in Section 10 below.

2.3 As the Reserve will be held by Lancashire County Council it will be managed in accordance with the Financial Rules and Regulations in Section 10 of the Constitution of Lancashire County Council (the "FSO").

2.4 The purpose of the Reserve will be to support the implementation process associated with LGR in Lancashire with examples of eligible revenue expenditure against the Reserve being the following:

- Additional staff capacity to deliver the programme (including funding the pro rata costs of substantive roles where existing council staff are seconded into the programme)
- Procurement of strategic partner/consultant to support delivery of the programme
- Procurement of specialist support and advisory services
- Communication across the LGR programme and public consultation

- Purchase of Systems and Information Technology to support safe and legal transition for the new unitary authorities
- Election costs with regards to the new shadow unitary authorities
- Shadow Council costs including interim statutory officers and member allowances
- External legal advice
- Redundancy costs for LGR relevant redundancies approved pre-vesting day as per the agreed HR policy for the LGR programme
- Essential rebranding to support safe and legal creation of the new unitary authorities
- Contingency – other reasonable costs identified by the individual workstreams required to support delivery of safe and legal new councils

2.5 The Reserve will be used to support delivery of the LGR Implementation Plan and approved workstream activities. Any changes to the scope of the activity which can be funded from the Reserve as set out in 2.4 and 2.5 above will only be made by the Lancashire Strategic LGR Chief Exec Board. When the voluntary Joint Committee and Shadow Council are established any changes to the scope of activity to be funded will require their approval.

2.6 The initial total value of the Implementation Reserve will be £30m. This will be reviewed as of 30 September 2026 following the 'minded to' announcement and more detailed project planning by the workstreams.

2.7 If an increase in the Implementation Reserve is required this will be initially recommended by the Finance workstream, for approval by the Lancashire Strategic LGR Chief Exec Board and if in place the voluntary Joint Committee. Any increase approved for the Implementation Reserve will be funded using the same initial allocation %'s already agreed.

2.8 The individual councils will then make decisions through their usual governance arrangements to approve the increased contributions.

2.9 The revenue contributions to the Reserve will be made by all fifteen Councils in 8 equal instalments on a quarterly basis starting on 1 April 2026. Where there is a delay in approval for the funding by an individual council then a separate agreement for a catch up payment may be required. This will be approved by the Chair(s) of the Finance workstream.

2.10 Each Council's Contribution will be conditional on the Reserve being used for the stated purposes and in accordance with the terms of this Assurance Framework.

2.11 Contributions to the Reserve will be approved through each Council's own governance processes.

2.12 The split of the Upper tier and District contributions and the values are shown in the table below (full detail is shown in Appendix 2):

Council	% split	Value
Upper Tier	75%	£22.5m
District Councils	25%	£7.5m

2.13 Any expenditure incurred by any of the Councils on the matters set out in 2.4 above prior to the date on which contributions are made into the Reserve will be deducted from the contribution actually paid into the Reserve.

2.14 It has been agreed that the only relevant expenditure incurred pre 1 April 2026 will be in relation to the already commissioned EY support and the appointment of the LGR Programme Director. These costs will be deducted from the relevant Council's contribution paid into the Reserve.

2.15 Lancashire County Council Internal Audit will review this pre 1 April 2026 expenditure as part of their review of governance and report to the Finance workstream and Chief Exec's Board that it is compliant with the Assurance Framework. To the extent that the Chief Finance Officers conclude that any expenditure should not have been deducted following the Internal Audit review the relevant Council will pay such additional amount by way of contribution to the Reserve.

3. Budget Allocation and virement approval

3.1 The finance workstream will propose an initial allocation of the £30m Reserve across the different workstreams and activities. This will be reviewed and approved by the Lancashire Strategic LGR Chief Exec Board. These initial allocations will provide the 'delegated budget' for that area of work and hence the workstream Chair will be the accountable officer for that budget.

3.2 Where Government provides any additional LGR capacity funding for the programme this will be added to the Implementation Reserve and allocated to the contingency budget.

3.3 Any changes to the initial allocations (budgets) to the workstreams and activities including any allocation from the contingency budget will be actioned as a formal virement and approved by the Director of Finance (DOF) (Section 151 Officer) of Lancashire County Council in consultation with the Lancashire Strategic LGR Chief Exec Board

4. Transfers from the LGR Reserve and scheme of delegation

4.1 Authorisation for expenditure funded from the Implementation Reserve will need to be approved.

4.2 A scheme of delegation for the Lancashire Strategic LGR Chief Exec Board, programme director and workstream chairs will be established (see Appendix 1).

4.3 This will be mirrored by the requirement for the Director of Finance for Lancashire County Council to authorise expenditure as per the LCC finance regulations. A separate scheme of delegation for the LCC DOF can be established within LCC.

4.4 Appendix 1 shows the LGR programme governance and structure and the mirrored LCC scheme of delegation for the Implementation Reserve.

4.5 For expenditure of not more than **£100,000** the Chair of the Workstream or Theme to which the expenditure relates will have the delegated authority to approve the expenditure. They will inform the LCC Director of Finance of that approval.

4.6 For expenditure of more than **£100,000** but not more than **£250,000** the Chair of the Workstream or Theme will need to get approval from the LGR Programme Director before the spend can be authorised. They will inform the LCC Director of Finance of that approval.

4.7 For expenditure of more than **£250,000** the Chair of the Workstream or Theme will need to get approval from the Programme Director and Chair of the Lancashire Strategic LGR Chief Exec Board before the spend can be authorised. They will inform the LCC Director of Finance of that approval.

5. Budget Monitoring and control

5.1 It is the responsibility of each Chair of the Workstream / Theme, as advised by the Lancashire County Council Finance team to control expenditure within their area of responsibility and to monitor performance using financial information derived from Lancashire County Council corporate financial systems maintained by the Director of Finance.

5.2 The Theme / Workstream Chair will control and manage revenue spending to ensure that each is contained within their approved budget. The Theme / Workstream Chair will investigate any variations and take appropriate action to deal with them.

5.3 The LCC Director of Finance will report quarterly to the Financial Workstream Board and the Strategic Board. Following the establishment of the Joint Committees and then

Shadow Authorities, six monthly monitoring reports will be provided reporting the levels of current spend, the overall forecast outturn position and any significant variances.

6. Spending of Budget

6.1 Lancashire County Council will set up a separate Cost Centre and Project Codes to record all expenditure from the amounts drawn down from the Reserve. The approval of all invoices and other expenditure out of the drawn down amounts including any recharges of expenditure incurred by one of the other Councils to the County Council will be the responsibility of the Director of Finance under the usual County Council governance arrangements.

6.2 The ordering of and payment for goods and services within amounts transferred will be in compliance with the Financial Standing Orders and the Contract Procurement Rules as set out in the Constitution.

7. Interest on funds held

7.1 Interest on monies held in the LGR Implementation Reserve will be calculated using the average investment rate for short term investments and charged quarterly based on the closing balance position for each quarter. It will be credited to the Reserve and added to the contingency allocation.

8. Internal Audit

8.1 The Accounts and Audit (England) Regulations 2015 specifically requires that a '…relevant body must undertake an effective internal audit of its risk management governance processes, taking into account public sector internal auditing standards or guidance'. The Director of Finance commissions regular audits on behalf of the Council of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. The LGR Reserve and budgets approved from that Reserve will be within the remit of such audits.

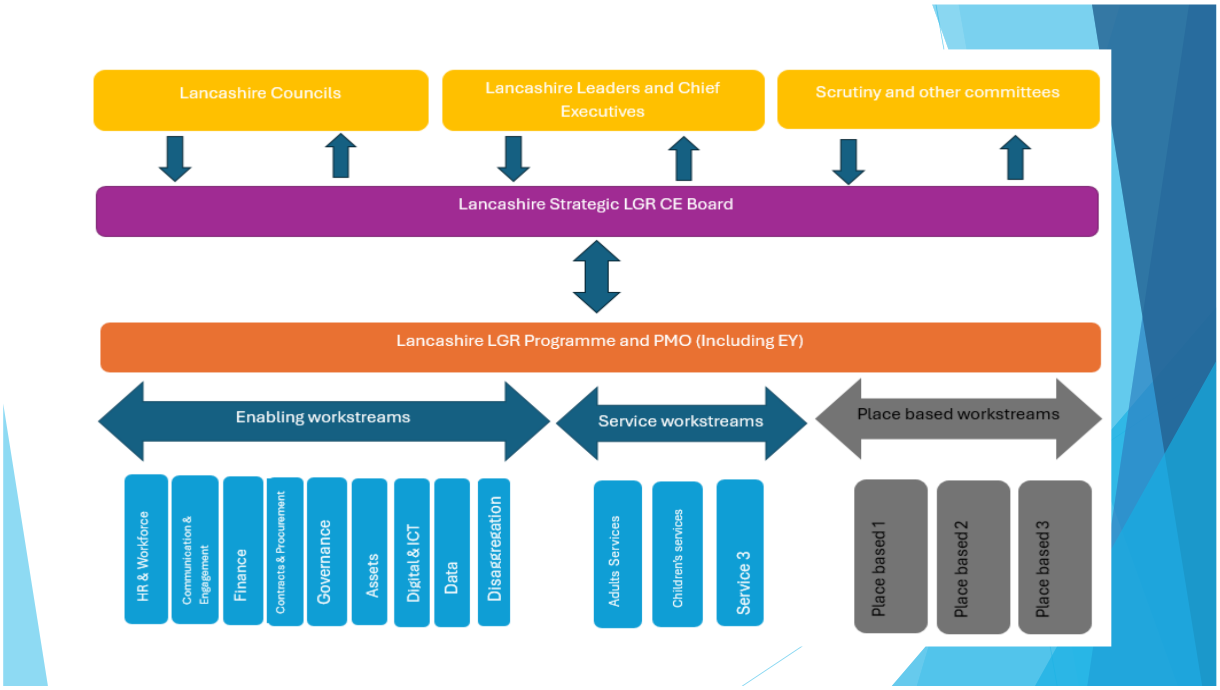
8.2 In addition, the LCC Director of Finance will commission specific regular audits of the LGR Reserve and spend relating to approved proposals to ensure they are in line with this Assurance Framework. The LCC Director of Finance will report to the Strategic Board on the outcome of such audits.

9. Transfer of LGR Implementation Reserve to host Council

9.1 The intention is for the Reserve to be held for a period of six months beyond Vesting Day, to 30 September 2028. Lancashire County Council will be the host council for the Reserve until Lancashire County Council is dissolved on 1 April 2028. At this point the Reserve will transfer to one of the new unitary authorities, as part of the agreed legacy arrangements determined by the shadow Council(s) for Lancashire County Council, who will host the Reserve until it is closed. This will be formally agreed through the sct 16 reports.

9.2 If there are any funds remaining in the Reserve as of 30 September 2028, they will be split equitably between the new unitary authorities.

Appendix 1 – Overall LGR Programme Governance



Authorisation levels	LCC Scheme of Delegation	LGR Scheme of Delegation
<£100,000	**DOF / deputy 151**	**Chair of workstream/ theme**
£100,000 - £250,000	**DOF / deputy 151**	**Chair of workstream/ theme** **Programme Director**
>£250,000	**DOF / deputy 151**	**Chair of workstream/ theme** **Programme Director** **Chair of LGR Strategic Chief Exec Board**
Virements between workstreams / contingency	**DOF / deputy 151**	**LGR Strategic Chief Exec Board**

Appendix 2 – Full Split of Council Costs

Council	% split	Value
Lancashire County Council	55%	£16.5m
Blackburn and Darwen Council	11%	£3.3m
Blackpool Council	9%	£2.7m
Burnley Council	1.5%	£458,202
Chorley Council	2.5%	£736,651
Fylde Borough Council	2.1%	£620,941
Hyndburn Borough Council	1.4%	£421,305
Lancaster City Council	2.8%	£830,748
Pendle Borough Council	1.6%	£477,478
Preston City Council	2.8%	£839,876
Ribble Valley Borough Council	1.6%	£487,571
Rossendale Borough Council	1.3%	£402,086
South Ribble Borough Council	2.4%	£726,790
West Lancs Borough Council	2.5%	£742,080
Wyre Council	2.5%	£756,272