CABINET

Tuesday, 13th February, 2024

Present:	Councillor Peter Britcliffe (in the Chair), Councillors Loraine Cox, Zak Khan, Sajid Mahmood, Kath Pratt, Steven Smithson and Mohammed Younis
In Attendance:	Councillor Carole Haythornthwaite
Apologies:	Councillor Marlene Haworth (Leader of the Council)

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298 Apologies for Absence

Apologies for absence were submitted on behalf of Councillor Marlene Haworth, Leader of the Council, and on behalf of Councillors Munsif Dad BEM JP, Noordad Aziz and Melissa Fisher, who were standing invitees as Leader and Acting/Joint Deputy Leaders of the Labour Group respectively.

299 Declarations of Interest and Dispensations

Councillors Zak Khan and Mohammed Younis both declared a disclosable pecuniary interest in Agenda Item 6, Council Tax Empty Property Liability, on the grounds that they had, or might have, an interest in properties which would be subject to the Council Tax Empty Property Liability Policy.

The Chair announced that he intended to defer Item 6 to the end of the meeting.

There were no reported dispensations granted.

300 Minutes of Cabinet

The minutes of the meeting of the Cabinet held 24th January 2024 were submitted for approval as a correct record.

Resolved - **That the Minutes be received and approved as a correct record.**

301 Minutes of Boards, Panels and Working Groups

The minutes of the meeting of the following body were provided:

Name of Body	Date of Meeting
Leader's Policy Development Board	16th January 2024

Resolved - **That the Minutes of the meeting of the above body be noted.**

302 Reports of Cabinet Members

There were no verbal reports from Portfolio Holders on this occasion.

With the agreement of the meeting, Item 6 was deferred to be taken as the last Agenda Item

303 Medium Term Financial Strategy 2024/2025 to 2026/2027

The Cabinet considered a report of Councillor Peter Britcliffe, Deputy Leader and Portfolio Holder for Resources, setting out the 3-year projections of income and expenditure for the Council ahead of formulating its 2024/25 Revenue and Capital Budgets.

Councillor Britcliffe highlighted that the Medium Term Financial Strategy (MTFS) identified the financial outlook for the next three years. In setting its Budget, the Council should have regard to the medium term situation and not take a narrow one year view.

Approval of the report was not considered to be a key decision.

Reasons for Decision

The Cabinet required an update on its medium term financial outlook ahead of setting the Budget for 2024/25 and determining the level of Council Tax for the new financial year

In summary, the Council's activities and finances had been dominated this year by the impact from the War in Ukraine and focussing on the Levelling Up / Town Centre regeneration along with ensuring it delivered its day-to-day services and other key strategic projects. It was expected that these key events and their impact on the Council's finances would continue over the next few financial years, with the potential for the effects to continue much longer.

The Council would operate a roll forward Budget for 2024/25 based on the 2023/24 Budget with adjustments for changes to salary and wages, energy and other cost pressures. This provided Service Managers the ability to respond to inflationary pressures and allowed a degree of stability for 2024/2025. In order to achieve a balanced Budget the Council would need to generate £106,300 of internal savings during the year. Overall expenditure would need to be contained at around £15.999m in 2024/25 to set a balanced budget.

If necessary, the Council might have to use some of its Reserves to help balance the Budget. This was particularly likely if the Government reduced the amount of financial support it provided the Council or reduced the amount of Business Rates it was allowed to retain. Additionally, it might be necessary to use Reserves if it was believed that in the current economic climate it would be inappropriate to raise Council Tax.

The Council would face significant financial challenges over the next three years as it sought to overcome the consequences of the War in Ukraine and ongoing conflict in the Middle East. Addressing the impact of any proposed Government funding reforms and increased pressures on spending would present it with further challenges over this period. As the extent of the Government financial reforms were unclear at this time, this produced great uncertainty and potentially significant variance around the forecasts contained in the MTFS.

Previously, for the last five years the expectation had been that the Government would implement what it termed as a "Fair Funding Review of Local Government Finance." This proposal would effectively end the Revenue Support Grant to the Council and potentially redistribute the amount of Business Rates the Council was allowed to retain to other Councils. The expected impact of these changes, if they were to go ahead, was a likely significant decrease in the funding available to the Council.

In these circumstances, the Council would need to make substantial reductions in its expenditure levels as a consequence. The changes would need to be made either immediately in the aftermath of the announcement or over a short period, if some form of transitional arrangements accompanied these changes to assist those councils most dramatically impacted.

After 5 years in which these reforms had been postponed for various reasons and with a new Government with Rishi Sunak as Prime Minister, the certainty around the introduction of Fair Funding was no longer as sure as it once appeared, and it might be the case that these reforms were postponed for a number of years or dropped altogether. This would allow the potential current levels of funding to the Council to continue.

As a consequence, the modelling now recognised that there was a real possibility that continuation of Government funding at current levels might be the most likely outcome over the next few years of all the potential different scenarios that could occur. However, many of the drivers around the need to reform the finances of Local Government still existed. Department of Levelling Up, Housing and Communities (DLUHC) officials continued to indicate that they wished to introduce some kind of Fair Funding Review to re-shape council finances and the prospectus of this occurring over the next few years remained a distinct possibility.

This presented the Council with two very different future budget scenarios. The first was a scenario in which funding from Government remained largely in its current shape and where the Council, while under financial pressure from high pay inflation and a steep rise in its energy costs, should be able to largely cope. While the second scenario, would see reform of local government finance, with a wide range of possible outcomes for the Council potentially occurring, from changes that were relatively small in consequence, all the way through a whole series of potential results, some of which would be large and very dramatic in terms of the challenges it presented to the Council.

These two scenarios were modelled within the report - the more severe of the two, as the Pessimistic Scenario and the other as the Standard Model. A third model was also presented which indicated the Council's potential position if the Government chose to provide local government with an injection of cash over and above current levels and locally the Council was able to boost its own tax revenue as a consequence of a buoyant tax base. This Optimistic model was considered to have a much lower probability of occurring compared to the other two models, but was provided to illustrate the wide range of potential outcomes.

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

The main MTFS document, provided as an Appendix to the report, included the following sections:

- Snapshot View;
- Corporate Strategy Summary;
- Summary;
- Elements of the MTFS;
- Background;
- Resources (including Government Grant, Council Tax, Business Rates);

- Changes in Costs;
- Budget Pressures;
- Capital Costs;
- Growth;
- Reserves;
- Oher assumptions;
- Equality Impact Assessment;
- Scenarios (including Breakdown of Pessimistic, Standard and Optimistic Models);
- Robustness of the Forecast; and
- Overall Net Position

There were no alternative options for consideration or reasons

Resolved - **That the Cabinet approves the report and the accompanying Medium Term Financial Strategy (MTFS).**

304 Prudential Indicators, Capital, Treasury Management and Investment Strategies 2024/25 - 2026/27

Members considered a report of Councillor Peter Britcliffe, Deputy Leader of the Council and Portfolio Holder for Resources, providing the Council's policy and objectives with respect to treasury management, to explain how it would achieve its objectives and manage its activities; and to agree an investment strategy for 2024/25.

Councillor Britcliffe indicated that this was a largely technical report, which demonstrated compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance and Local Government Act 2003.

Approval of the report was not considered to be a key decision.

Reasons for Decision

The Cabinet required an update on the Council's Capital and Treasury Management activities, and the strategy for the upcoming year.

Treasury Management was defined as follows:

> "The management of the Council's investment and cash flows, its banking, money market and capital market transactions;
>
> The effective control of the risks associated with these activities; and.
>
> The pursuit of optimum performance consistent with those risks."

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

The second main function of treasury management was funding the Council's capital plans. The plans gave a guide to the future borrowing need of the Council. The management of this longer-term cash flow might involve arranging long or short-term loans or using longer term cash flow surpluses. Occasionally outstanding debt might be restructured to reduce Council risk or meet cost objectives.

The report had been prepared in line with the Treasury Management Code and Guidance (2021) written by CIPFA. In the case of local authorities in England and Wales, the Code was significant under the provisions of the Local Government Act 2003. This required local authorities ‘to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify’. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, in Paragraph 24, required local authorities to have regard to the guidance. Acceptance of this report fulfilled those obligations.

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

Appendix 1 of the report comprised the Treasury Management Strategy 2024/25-2026/27 document, which included the following detailed sections:

- Background;
- Prudential Code and Prudential Indicators;
- Capital Expenditure and Capital Financing Requirement;
- International Financial Reporting Standard (IFRS) 16;
- Minimum Revenue Provision;
- Affordability Prudential Indicators;
- Current Treasury Position;
- Expected Movement in Interest Rates;
- External Debt overall Limits;
- External v Internal Borrowing;
- Liability Benchmark;
- Limits on Activity;
- Debt rescheduling;
- Investment Strategy;
- Environmental Social and Governance (ESG);
- Treasury Management Practices (TMP);
- Policy on the use of External Service Providers; and
- Treasury Management Strategy In-Year and Year End Reporting.

Appendix 2 of the report comprised the Council’s Treasury Management Policy Statement 2024/25.

Appendix 3 set out the authority’s Treasury Management Practices 2024/25, comprising the 12 identified TMP areas, as follows:

1. Risk Management;
2. Performance Management;
3. Decision-Making and Analysis;
4. Approved Instruments, Methods and Techniques;
5. Organisation, Clarity, Segregation of Responsibilities and Dealing Arrangements;
6. Reporting Requirements and Management;
7. Budgeting, Accounting and Audit Requirements;
8. Cash and Cash Flow Management;

9. Money Laundering;
10. Training and Qualifications;
11. Use of External Service providers;
12. Corporate Governance.

Appendix 4 provided the Capital Strategy 2024/25, which included information on the following:

- Overview and Scope;
- Capital Expenditure;
- Capital v Treasury Management;
- Service and Commercial Investments;
- Council Objectives;
- Capital Budget Setting Process;
- Monitoring of the Capital Programme Expenditure;
- Multi-Year schemes;
- Funding Strategy and Capital Policies;
- Procurement and Value for Money;
- Partnerships and Relationships with Other Organisations;
- Management Framework;
- Performance Management;
- Risk Management; and
- Other Considerations

There were no alternative options for consideration or reasons

Resolved - **That Cabinet agrees to recommend Council to:**

(1) Adopt the prudential indicators and limits detailed in the report;

(2) Approve the Treasury Management Strategy, and associated indicators, as set out in Appendix 1 to the report;

(3) Approve the Investment Strategy as set out in Section 13 of Appendix 1 to the report;

(4) Approve the Minimum Revenue Provision Policy for the year 2024/25 – as set out in Section 5 of Appendix 1 to the report;

(5) Approve the Treasury Management Policy Statement for 2024/25 – Appendix 2 of the report

(6) Approve the Treasury Management Practices Statement 2024/25 – Appendix 3 of the report;

(7) Approve the Capital Strategy 2024/25 – Appendix 4 of the report.

305 General Fund Revenue Budget 2024/2025

The Cabinet considered a report of Councillor Peter Britcliffe, Deputy Leader of the Council and Portfolio Holder for Resources, setting out the Budget proposals contained in the main Revenue Budget Report 2024-2025, provided as Appendix A. The report also provided an overview of key issues arising from the Medium Term Financial Strategy.

Councillor Britcliffe highlighted that the Council intended to set a balanced budget for 2024/25 without drawing on its reserves, reducing services or staffing levels. This represented a very stable position, notwithstanding cost pressures caused by uncertainty around the award of Government grant (approximately £2m), the war in Ukraine, rising energy costs, inflation and the possible resurgence of pandemic issues. On-going conflict in the Ukraine and Middle East was unlikely to dissipate soon. The Budget included provision for the staff pay award (£1.2m). The total net expenditure increase was £1.72m.

The Budget would be financed mainly by Government grant, Business Rates growth, Council Tax increases and Council Tax Base growth. The Council Tax increase for Hyndburn would be 2.99%, which would give rise to an increase in a Band D property of £7.79 per year. The majority of Hyndburn properties were in Band A, for which the increase would be £5.20 per year. Members were reminded that there had been no Council Tax increase for Hyndburn in 2023/24. This year's increase would cover inflation and some growth as well as protecting staff pay, pensions and jobs.

The final precept requirements of Lancashire County Council, the Police and Crime Commissioner, Lancashire Combined Fire Authority and Altham Parish Council would be available before the Council meeting on 27th February 2024.

Following successful lobbying by the local MP, the Government had now announced the award of a further £123k grant per year, in addition to the amount indicated in the provisional finance settlement. Accordingly, it was the intention of the controlling group to propose an amendment to the published Budget proposal to provide additional investment to support the reopening of Oswaldtwistle Civic Theatre, repurposing of Mercer Hall and the introduction of a food waste collection service in 2026.

In response to a question by Councillor Loraine Cox, the Chair listed a number of projects in Great Harwood, which had recently received funding.

Councillors Steven Smithson, Mohammed Younis and Loraine Cox welcomed the report and highlighted the financial support made available for the Persistent Organic Pollutants (POPs) waste service, Civic Theatre, various projects in the townships and Leisure Transformation. The Chair added that close to £100k of Community Chest funding had recently been earmarked for local community and voluntary groups, although this had been delayed due to the operation of the call-in procedure.

Approval of the report was not considered to be a key decision.

Reasons for Decision

The recommendations in the report provided an appropriate platform on which the Cabinet could recommend a Budget to the Council which would meet the objectives and key priorities of the people of Hyndburn.

This report set out the Council's Revenue Budget for 2024/25. This would require net expenditure of £15,998,500.

Under these proposals, Council Tax for Hyndburn residents would incur a rise in charge for Hyndburn Council provided services and the charge for a Band D property will increase from £260.64 in 2022/2023 to £268.43.

The impact of the war in the Ukraine had undoubtedly had an impact on the Council's budgets and this along with the impact of higher inflation and higher than forecast pay settlements had contributed to the Council raising its element of the Council Tax by the maximum 2.99%, an increase of £7.79 on a Band D property.

Lancashire County Council, the Police & Crime Commissioner and the Lancashire Combined Fire Authority had not yet formally taken their decisions on Council Tax Levels for 2024/25. It was expected that the County Council would raise its Council Tax for each household by a general increase of 2.99% and a 2.0% increase to assist with meeting the cost of Adult Social Care which equated to a £78.58 (4.99%) increase overall. It was expected that the Police Commissioner would increase a Band D Property by £13.00 (5.17%) and that the Lancashire Combined Fire Authority had proposed a £2.46 (2.99%) increase.

Altham Parish Council had set a separate precept for its activities. This year the Parish Council had decided to increase its precept by 5.14% and the Band D charge for Altham Parish Council would therefore increase from £41.07 for 2023/2024 to £43.18 for 2024/2025. The Parish Council would precept the Collection Fund for £13,668 for 2024/2025. Details of the proposed position on other Bandings for properties in Altham were shown in Appendix 6 of the report.

In setting the Budget for 2024/25 the Council faced continued volatility around some of the most significant items within its Budget. Major reforms of local government finance had transferred the risk of business rate revenues and Council Tax benefits to the Council. The certainty on which the Council could budget and manage its finances had therefore decreased since 2013 and it would be important going forward to plot any deviations away from the expected figures and take appropriate action if these should start to emerge. The ongoing impact from the War in Ukraine was also difficult to predict at this time. This might result in the need to reduce spending during the year, if revenue monitoring started to indicate the amounts of funds received would fall short of the target or if the Council faced an upsurge in spending.

The Cabinet intended to continue the good financial stewardship of the Council's affairs by continuing its successful policies to manage costs effectively and promote appropriate service investment. This Budget would therefore deliver:

- A continuation of the Council's established approach of limiting enhancements on early retirement, continuing its rigorous approach to absence management and committing to minimising borrowing costs. These actions had already stemmed the build-up of unproductive costs within the organisation. In each of these cases the Council had put a stop to the costly and financially damaging policies of the past and created a healthier and more financially stable culture within the Council.

- The Capital Programme for 2024/25 would continue to deliver key investment in council and public facilities adding another £4.40m to £46.29m that the Council currently had approved.

- A large proportion of the Capital Programme would be phased over the next few financial years and this included the delivery of £24m investment in Accrington Town Centre with £20m coming from the Government's Levelling Up Fund and a £12m investment into the authority's Leisure Estate to modernise it and significantly boost the number of people making use of the facilities to keep fit and healthy.

- The additions to the Programme in 2024/2025 of £4.40m included:

    a) £495,000 of investment into Parks and Play areas of which the Council had been able to attract £40,000 of external grant funding to contribute to the improvements.
    b) £1,095,958 to provide Disabled Facility Grants this year which was fully funded from the Better Care Fund.
    c) £490,000 to maintain and invest in its operational assets and vehicle fleet.
    d) £300,000 further investment in the Leisure Estate, which was a condition of the Council being awarded £2.4m from Sport England for the new facility at Wilsons Playing Fields.
    e) £85,000 to improve and develop new ICT and technical equipment to deliver services in a more efficient way.
    f) £764,000 of works required as part of the Levelling Up programme / Town Centre Regeneration.
    g) £241,447 on Energy efficiency / Decarbonisation works, of which all was fully funded from external grant funding.
    h) £267,000 on Community projects that involved bringing the Oswaldtwistle Theatre back into use.
    i) £665,600 from a new Capital grant from the government to provide vehicles and equipment required for the introduction of the new Food Waste service to be introduced in 2026.

- Despite costs of over £85,000 to provide car parking in Hyndburn for residents and visitors and particularly for shoppers, the Council would continue to provide this facility free of charge and not introduce charges for parking in Hyndburn. The Council believed this action would help bolster its town centres through these difficult economic times and provide an incentive for people to shop locally rather than drive and pay to shop elsewhere across the North-West.

- Further reductions in the Council's accommodation costs, building on the success over the last 15 years including further rationalising its accommodation and looking at more ways of using the accommodation more effectively. The authority would also continue its actions to reduce its carbon emissions and energy costs and continue contributing to the improvements of its environmental footprint by positive action.

The Council intended to continue to deliver all of the above and remain committed to a radical agenda of improvement while managing within its available resources. This would be more difficult in the years to come, given the authority's reduced resources from the Government. However, there remained a firm commitment and absolute determination amongst Members and Officers of the Council to control the finances of the Council, drive forward on the efficiency agenda and continue to improve service delivery. Everyone wished to continue to push forward on the drive for delivering value for money as a key priority for the Council.

The rewards of strong financial control remained clearly evident. The Council had built itself back from experiencing major difficulties in controlling expenditure and a position of negative reserves in 2003/04 to a situation by March 2023, in which general reserve balances were over £1.8m. The authority had been able to operate within its existing financial resources over the last three years during the pandemic, through good financial management and would continue to deliver strong financial performance in the years to come.

Within the Budget for 2024/25 there were a number of areas which were subject to a best estimation. There were therefore a number of risks around the Budget, should these estimated costs or revenue amounts vary during the year. The Council had assumed that extra costs from another pandemic were containable within the funds previously provided by Government or that additional funds would be made available if required.

After the introduction of the Government reforms to Business Rates Funding of Local Government, the Council now carried a significant risk around the level of monies available, fluctuating substantially from this source. In addition, as the calculation of how much funds would be available was dependent on a number of factors, including debt collection rates, the size of appeals against business rates assessment and the success of these appeals, new rules around levies, safety nets and pooling, the introduction of new rules on rates relief on retail premises and small businesses, as well as predicted levels of growth or decline in business activities and the estimation of a number of figures which would only truly emerge after the end of the financial year, the imprecision in these estimates was regarded as high and could be subject to variations of hundreds of thousands of pounds. The volatility around these forecasts had increased due to the impact that the War in Ukraine had had on the Business Community. There had been growth in the calculation of business valuations within Hyndburn that showed positive signs, although this could remain uncertain for a number of years.

The main Budget Report was provided as Appendix A to the covering report and included the following detailed information:

- Background;
- Medium Term Financial Strategy;
- Continuation Budget;
- Growth and inflation Pressures;
- Available Resources and Summary;
- Budget Proposal;
- Budget Savings Proposals;
- Reserves;
- Risks and Management;
- Consultation; and
- Conclusion.

The overall Revenue Budget 2024/25 was set out at Appendix 2 of the main Budget Report. In summary, the Budget for 2024/25 would be £15,998,500 and would be supported by a Council Tax levy of £268.43 for a Band D property - translating into a revenue source of £5.931m to meet services to the local community. The Budget had been determined in light of continuing upward pressure on costs, the additional costs associated with the War in Ukraine, previous financial difficulties that continued to overhang the Council, the available funding from Government and the Council's strong desire to provide high levels of service to the community in line with its priorities.

Alternative options considered and the reasons for rejection

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

Resolved

(1) That Cabinet recommends to Council the proposal to increase Council Tax for 2024/25 by 2.99%, increasing the charge for a Band D property to £268.43.

(2) The Budget for 2024/25 will therefore be £15,998,500 as detailed in Appendices 1 to 3 of the Revenue Budget 2024-2025 report, attached at Appendix A to the covering report.

(3) That Cabinet recommends approval of the changes in budget requirement through including inflation, growth and savings identified in Appendix 3 of the Revenue Budget 2024-2025 report, to ensure the Council can set and approve a balanced budget.

(4) That Cabinet notes the significant improvement made in relation to budget monitoring and cost reduction within the Authority over the past 20 years and confirms its commitment to continuing this approach in the year ahead.

(5) That Cabinet recommends during the financial year 2024/25, the Executive Director (Resources) be delegated responsibility to amend the Budget (following consultation with the Leader of the Council) for technical reasons, such as the restructuring of cost centres, the re-apportionment and re-allocation of overheads etc., provided such amendments have an overall neutral impact on the Budget.

(6) That Cabinet recommends during the financial year 2024/25, the Executive Director (Resources) be delegated responsibility to amend the Budget (following consultation with the Leader of the Council) should the estimate of Business Rates not be sufficiently accurate, by drawing on reserves if needed or paying over additional contributions to reserves.

(7) That to aid future financial management planning any surpluses generated during 2024/25 are set aside to help the Council reduce its cost base over the next three years, to support its long term capital programme or to strengthen its overall reserve position.

(8) **That Cabinet recommends that the Services, Funding Guarantee and New Homes Bonus Grants awarded for 2024/25 are used to help balance the Council's Budget.**

(9) **That Cabinet recommends that any additional funds from Government that are not ring-fenced funding as well as any other surplus funds can be used if required to support Capital expenditure as determined by the Executive Director (Resources) in the overall financing of capital expenditure or be transferred to Reserves.**

306 Capital Programme 2024/2025 to 2026/2027

Members considered a report of Councillor Peter Britcliffe, Deputy Leader of the Council and Portfolio Holder for Resources, informing the Cabinet of the proposed Capital Programme for 2024/25 - 2026/27.

Councillor Steven Smithson commented that he was pleased to support the Programme, which included numerous projects, such as the refurbishment of Oswaldtwistle Civic Theatre and Rhyddings Park Play Area, as well as works at Jackhouse Nature Reserve and King George V Playing Fields pavilion and pitches. Councillors Younis welcomed the overall investment in Hyndburn and thanked those involved in developing the projects. Councillor Pratt was particularly keen to support the King George V development, which could facilitate a move there by Accrington Amateur Football Club, thereby freeing up their Livingstone Road ground for potential sale to Accrington Stanley FC.

The Chair expressed his delight at the proposed Capital Programme and was pleased that the ambition to reopen the Civic Theatre had received cross-party support at the recent Council meeting.

Approval of the report was not considered to be a key decision.

Reasons for Decision

The report and its main Appendix set out the Council's Capital Programme for 2024/25, including forecast slippage on schemes from 2023/24 and the additions of new schemes to the Council's Capital Programme for 2024/25.

The significant level of investment in previous years had only been possible by the Council obtaining external financial support, as well as the Council's own effective financial management over recent years, which had allowed it to have the funds necessary to finance these major projects when other funding had become available.

The new additions to the Capital Programme for 2024/25 had reduced to £4.404m, compared to £8.374m in 2023/24. External funding of £2.543m had been secured towards the cost of these new capital schemes.

The additions to the Programme in 2024/25 would bring the total approved capital programme to £36.104m, including forecast slippage of the unspent Programme from 2023/24 of £31.700m, which could be seen in Appendix 1 of the main report. The forecast slippage from the 2023/24 programme included £10.885m for the Leisure Estate Investment Programme and £17.116m for the Levelling Up Programme, which were projects that were expected to be ongoing for the next 1-2 years.

The Council intended to continue its strong policies of financial management and to look only to borrow what it needed to fund these major investment projects. The Council would continue to rely on securing external sources of funding, using capital receipts, making revenue contributions to capital projects and would use unspent monies to fund its programme. It would also apply a rigorous approach to selecting projects by examining all proposals against its corporate objectives and only selecting the most pressing and deserving projects to fund. This was in accordance with Council policy.

The Revenue implications to finance the Capital Programme continued to be a key element in the affordability issues on the Revenue Budget this year. The Programme contained a limited amount of risk this year. The level of risk remained elevated compared to previous years due to the size of programme. However, to further reduce the risk the Council had supplemented its own project management and cost control capacity by the appointment of experienced professionals in both disciplines for its two largest projects. The Council's overall resources and management systems were believed to be sufficiently robust to effectively monitor these risks and ensure appropriate action was taken if they should materialise.

The Council would continue with its strategy to reduce its level of debt wherever possible by restricting borrowing and repaying debt and would continue to work extensively with external funders to bring forward realistic plans for Capital investment in the area.

A detailed report on the Capital Programme was provided as an Appendix to the covering report, which set out information on the following:

- Summary of the major additions to the Capital Programme;
- Improving the management of Capital Investments;
- Conclusion;
- Appendix 1 - Capital Programme 2024/25 (Summary);
- Appendix 2 - Capital Programme 2024/25 (Detailed); and
- Appendix 3 - Capital Programme 2024/25 (New Additions).

Alternative options considered and the reasons for rejection

A wider programme of funding had not been considered due to the Council's policy commitment to limiting capital expenditure to affordable levels and seeking to repay debt.

Resolved - **That Cabinet recommends to Council:**

(1) To approve the Capital Programme for 2024/25 including new scheme additions of £4,404,015 with a net cost to the Council of £1,861,000 as set out in Appendix 3 of the Appendix to the covering report.

(2) To approve the funding of the programme by the use of newly anticipated direct external grants totalling £2,543,015 with the remaining funding of £1,861,000 to come from the Council's resources.

(3) To note the expected new scheme additions for 2025/26 and 2026/27.

(4) That delegated authority is given to the Executive Director (Resources), in consultation with the Portfolio Holder for Resources to flex the programme in accordance with the available funding, provided this does not require any additional borrowing.

(5) That the individual projects with the Capital Programme require the written authorisation of the Executive Director (Resources) following consultation with the Portfolio Holder for Resources before commencing and incurring expenditure and that Service Managers provide the Executive Director of Resources with written details of estimated costs of schemes with full justification of the need and benefits from undertaking the capital investments before approval is provided and that approval to commence is delegated to the Executive Director (Resources), in consultation with the Portfolio Holder for Resources. That where he deems it appropriate, the Executive Director (Resources) be given authority to release funding in stages to ensure effective financial control can be maintained and the project risk managed.

(6) That in-year underspends are not made available to fund new projects during the year

307 LUF Project and Other Funding Submission Updates

The Cabinet considered a report of Councillor Mohammed Younis, Portfolio Holder for Levelling Up, which provided an update on recent progress with the LUF funded Accrington Town Square projects and confirmation of the recent success with regards to the Department for Levelling Up, Housing and Communities (DLUHC) Long-Term Plan for Towns (LTPT), High Street Accelerators Pilot Programme (HSAP) and National Lottery Heritage Funding (NLHF) submissions.

Councillor Younis introduced the report and outlined the latest position. The Market Hall decant was around 90% complete. Some concerns had been raised about rain water ingress to the cabins and a possible solution was being considered. Overall, traders were satisfied and some good news stories had emerged. For example, the pet stall had reported significantly increase trade since moving into the cabin and the bakery shop had reported that it was doing well and would switch from opening 3 days per week to 6 days per week. Councillor Younis thanked all those who were working to make the project successful. Some minor issues had been identified and these were currently being addressed. The cabins would be fully open soon and a celebratory event was due to be held.

Work to remove the pavilions on Peel Street was due to start in the next few weeks and work inside the Market Hall would also commence shortly. The start of these works would be a major milestone in the transformation of the Market Hall.

A useful meeting had taken place recently about the creation of a dedicated space for the flea-market traders who operated on Thursdays and Sundays. It was important not to lose this trade. A solution was close to being identified.

The projects at Burtons Chambers and Market Chambers were also progressing well. The use of the compulsory purchase order (CPO) powers might ultimately be required, but negotiations were still on-going with a view to reaching an agreement with the relevant freehold and leasdholders.

The Chair reported that he was due to attend a site visit on Broadway tomorrow to view a selection of pop-up stalls, which could be used by the flea-market traders. The flea-market helped to maintain footfall on Thursdays and Sundays, which benefitted other town centre businesses.

Approval of the report was not considered to be a key decision.

Reasons for Decision

<u>LUF Funded Projects</u>

Cabinet had received regular updates on progress of the Accrington Town Square projects and this report provided a brief update on progress to date. The Council had created a dedicated Accrington Town Square website where all relevant information about the projects, latest news and documents were available to view. Key recent outcomes to note were:

- Submission of all planning applications for Burtons Chambers, Market Chambers, the Market Hall / Trader Decant and listed building consent for the Market Hall. At the time of writing this report, planning permission had been approved for Burtons Chambers and the Market Trader Decant. The remaining applications were due to be determined in February and March 2024.

- Appointment of Delivery Partner – Morgan Sindall had initially been appointed to undertake the enabling works, which included liaising with the existing project team on the relocation of the market traders to the new temporary market on the town square, although the contractual arrangements gave the Council the ability to extend the scope of their appointment subject to satisfactory performance.

- Procurement of operators for both Burtons Chambers and the Market Hall commenced and identification of a preferred operator was likely to be March for the Burtons Chambers and May for the Market Hall, with signing of the legal agreements following afterwards.

- Nineteen temporary market trader cabins had been erected on the town square and traders had been relocating in groups. There were two other traders and two businesses who were decanting into other Council owned properties in the town centre. These properties required some remodelling works, which was likely to be completed in March, along with some improvement works needed to reopen the toilets on Peel Street whilst the Market Hall was closed.

- Plans were being drawn up to allow for a small number of casual traders to utilise gazebos erected along Broadway. All existing businesses along Broadway had been consulted and raised no objections.

- Property acquisitions continued to progress, with the Council likely to achieve the fourth freehold interest and vacant possession of a ground floor unit in Market Chambers during February. Discussions were continuing with the other leaseholders in Market Chambers and the remaining tenant in Burtons Chambers, who had identified their preferred relocation property within the town centre and was in discussions with the owner.

- The fifth and final freeholder in Market Chamber had now engaged with the Council's property acquisition consultant.

- The Council continued to progress a CPO on both Burtons Chambers and Market Chambers, as an alternative way forward if sale by agreement and vacant possession / surrender of lease by agreement could not be achieved within the project timescale.

- Plans were in place for a 'Getting Connected' event with Morgan Sindall, the main contractor, for Friday 8th March 1pm-3pm in Accrington Town Hall. (A leaflet/poster was provided as an Appendix to the report).

<u>Long-Term Plan for Towns funding (LTPT)</u>

On the 18th December 2023, the Government had announced 55 towns, (which included Accrington) would each receive funding and support as part of a £1.1 billion levelling up investment to enable towns to develop their long-term plan.

The LTPT funding would ensure local people could develop plans that delivered their community priorities and were given the tools to change their town's long-term future. The published guidance set out that the 55 towns would:

- receive up to £20 million of endowment-style funding and support for local people's priorities, like regenerating local high streets and town centres, or securing public safety, over a 10 year period;

- be required to set up a Town Board by 1st April 2024 which would bring together community leaders, employers, local authorities and the local MP who would develop and deliver the Long-Term Plan for their town following consultation with local people; and

- make use of a suite of new regeneration powers and interventions currently progressing through the legislative process to boost pride and unlock private sector investment, for example, by auctioning empty high street shops, creating and maintaining parks/green spaces and / or improving heritage sites.

The Government had also confirmed £13.75 million of additional capacity funding for each of the benefiting local authorities. An initial £50k had immediately been made available and a further £200k would be paid once the appointment of an Independent Chair and Town

Board was in place to begin community engagement. The published guidance required the new Town Board to develop and submit its long term plan by 1st August 2024 at the latest.

The published guidance also confirmed that the Town Board should be led by an independent chair, who would act as a champion for the town. The chair could be anyone who held a prominent role in the community, such as heads of charities, education establishments or football clubs and who would provide leadership to ensure the Town Board was community-led and embedded within the local area.

The Town Board would have to include the relevant local MP, alongside a senior representative from the police. Other members should be respected local figures with an obvious passion for their area and could be drawn from community partners such as local businesses/property owners, health, cultural, arts, heritage and sporting/leisure organisations. In order to successfully deliver the funding requirements a project team with the following skills will be required:

- Communications, consultation and engagement;
- Regeneration and place making;
- Economic advisory;
- Procurement; and
- Programme management.

In addition, wider design and project team services would be required to support the review and development of the existing TCIP into a long term plan for areas such as town centre master planning and programme management.

<u>High Street Accelerators Pilot Programme (HSAP)</u>

In March 2023, the Government had published its Anti-Social Behaviour Action Plan, setting out an ambitious new approach to working with local agencies to tackle the blight of anti-social behaviour facing communities across England and Wales. The action plan recognised that significant levels of vacancy on the high street could make people feel unsafe and that, as our town centres continue to transform following the growth of online shopping, it would require leadership from the public, private and third sector to make sure our high streets regenerated successfully, and in a way that appealed to the people living, working, and visiting the area.

As part of this action plan, the Government had committed up to £2.5 million of funding to launch the High Street Accelerators in 10 pilot areas across the Country. The objective of the High Street Accelerators Pilot Programme was for local stakeholders to work in partnership to empower and incentivise residents, businesses, community groups and other stakeholders to work together with the local authority to develop and deliver a long-term vision to revive and regenerate the high street. The published guidance set out that each pilot authority:

- would receive £237,000 revenue funding split between 2023/24 and 2024/25 until March 2025, with funding available from the date the specific high street was agreed and grant agreements were put in place; and

- could submit an Expression of Interest (EOI) for additional funding to build parklets and green spaces on their high street by 1st March 2024. This additional funding was part of the Anti-Social Behaviour Action Plan announced investment in green spaces which would allocate up to £5 million between the 10 pilot authorities.

At the launch event on 6th December, the 10 pilot areas participating had been informed of the following mandatory elements:

- they must to form a partnership with a precise geographical boundary, develop a vision and a financial plan for the partnership, and identify and start to deliver projects to revive and regenerate the high street; and

- the new partnership must include representatives from the local authority, business, community, and property owners. The partnership was required to invite the Member of Parliament representing the area to be involved in some way – potentially in a consultative capacity. Although not mandatory, it was encouraged that additional partners be involved in the partnership, although these partners might vary depending on the characteristics of the area; and

- the Chair must be a non-Local Authority person; and

- the partnership must develop a terms of reference, governance structure, and meet regularly; and

- the partnership must have a project delivery plan and clear plans for the monitoring and evaluation of progress and results and the partnership was strongly recommended to use Key Performance Indicators to evaluate its work.

The Council had reached out to Peter Holden (President of the Great Harwood Civic Society and Secretary of the Great Harwood Community Action Group) who had agreed to be the independent chair of the new partnership. With his agreement, the Council had also reached out to representatives from four local businesses, a youth organisation, two community groups, two local councillors and the Cabinet Member for Levelling Up. Further discussions were ongoing to secure a representative from the Police and health sector.

The first meeting of the new partnership had been held on 22nd January in Bank Mill House Community Centre and further meetings had been planned during February.

National Lottery Heritage Fund (NLHF)

Whilst the Council was acquiring the Market Chambers building and undertaking external façade restoration and roof repairs through the LUF funding, at its meeting on 21st June 2023, Cabinet had approved a £5m funding bid submission to the National Lottery Heritage Fund. This application had been submitted on Wednesday 16th August 2023 to transform the internal space of the building into a heritage, culture and arts space.

On 29th November 2023, the Council had been informed it had been successful and would receive development stage funding to the value of £463k, with an agreement that a further £370k of match funding would be provided by the Council. This development stage would last for approximately 15 months and required the Council to undertake community engagement, develop the designs and project costs further, and to submit a Delivery Stage submission by a deadline date of 30th November 2025. If the Council was successful with its submission, it would then unlock the remaining circa £4.5m NLHF funding to undertake the capital and revenue element of the project.

Procurement / Appointment of Consultants

With the Council's externally funded town centre square projects progressing in parallel, there was limited capacity within the existing project management team's structure and additional resource would be required to deliver the other projects referred to above.

Due to the extremely tight timescales involved with the three funders highlighted in the report, many principles of the existing procurement strategy developed for the Levelling Up funded Accrington Town Square projects, (agreed by Cabinet in July 2022) were appropriate for the other projects. This included the recommendation that frameworks were likely to be the route that was most suitable for procuring the project teams, some examples being the use of SCAPE, NHS SBS, CCS, etc. The frameworks, (direct appointment and/or mini tender appointment) would be carefully considered for each consultant procurement to ensure the most appropriate framework or Dynamic Purchasing System for that particular work requirement was selected, whilst giving due consideration to achieving value for money, project continuity and deliverability within the required timescales.

Alternative Options considered and Reasons for Rejection

The Council could choose not to use existing Government compliant frameworks and simply operate open tenders. This had been discounted due to the tight deadlines set by the funders and need to appoint resources and commence work quickly.

Resolved - **That Cabinet:**

(1) Notes the recent progress on the LUF projects.

(2) Acknowledges the recent funding announcements and grants delegated authority to the Executive Director (Environment), following consultation with the Executive Director of Finance (Section 151 Officer) and Executive Director (Legal & Democratic Services) to accept in accordance with the relevant terms and conditions of each of the following funders:

- **Long-Term Plan for Towns - £20m over a 10 year period, plus £250k revenue capacity funding split over 2023/24 & 2024/25, for Accrington Town Centre;**

- **High Street Accelerator Pilot - £237k revenue funding split over 2023/24 & 2024/25, plus the potential for an additional £500k of capital funding for 2024/25, for Great Harwood;**

- **National Lottery Heritage Fund - £463k revenue funding split over 2023/24 and 2024/25 for Accrington Market Chambers.**

(3) Approves expenditure of the LTPT, HSAP and NLHF funding and grants delegated authority to the Executive Director (Environment) to take all reasonable steps to deliver each of the funders required project outcomes, subject to the

financial amounts highlighted in paragraphs 3.2.2, 3.2.3, 3.3.2 and 3.4.2 of the report.

(4) Agrees that due to the extremely tight deadlines required by the funding agreements for each of these funding streams, the procurement strategy previously agreed to deliver the LUF funded Accrington Town Centre projects is applied to the HSAP, LTPT and NLHF funded projects.

Councillors Zak Khan and Mohamed Younis, having previously declared a disclosable pecuniary interest in the following Item, left the meeting and did not take part in the debate or vote upon the matter.

308 Council Tax Empty Property Liability

Members considered a report of Councillor Peter Britcliffe, Deputy Leader of the Council and Portfolio Holder for Resources, seeking to further the Council's strategy to improve its housing stock and the regeneration of Hyndburn by adopting new Government provisions on premium rates of Council Tax in the following circumstances:

(i) for properties that were left vacant for over one year; or
(ii) for properties classed as second homes.

Councillor Britcliffe outlined the main purpose of the report and highlighted that 250 properties were currently empty, and would be subject to a 200% Council Tax liability in April 2024 if, following implementation of these recommendations, they remain unoccupied.

Councillor Kath Pratt suggested that the impact of the revised Policy should be carefully monitored and that a review of the effects of its implementation should take place after six months. Members agreed to consider this suggestion within the recommendations.

Approval of the report was not considered to be a key decision.

Reasons for Decision

The national problem of a housing shortage and many existing properties that were empty was well documented. Hyndburn had historically suffered from a higher than normal percentage of empty properties, many being left vacant for long periods and blighting their neighbourhoods. The Council had attempted to address the number of empty properties for a considerable time as part of its efforts to regenerate Hyndburn and provide better places to live. The Council had welcomed and had acted upon the Government's initial introduction of a premium on Council Tax in 2013 for long term empty properties, as a means of encouraging their occupation, together with the incremental changes effective from April 2019. While the initial Government legislation that had taken effect in 2013, and subsequent legislation in 2019 had helped reduce the number of empty properties, there were still over 800 empty properties that remained in Hyndburn that caused damage to the local housing market and neighbourhoods. The Council was therefore proposing to introduce the new Government rules fully, to further help reduce the overall number of empty properties.

The Local Government Finance Act 2012 had granted local authorities greater flexibility over certain Council Tax discounts and exemptions from April 2013. In January 2013, Cabinet had approved the Council's proposal to implement changes to empty property discounts and changes had been made to the following percentage rates of normal Council Tax liability:

Table 1 – Empty Property Liabilities implemented in 2013

Properties which are empty and substantially unfurnished		
	Pre-2013	From April 2013
Up to 6 months	0%	50%
From 6 months to 2 years	50%	100%
From 2 years	50%	150%

Properties which are empty and in need of or undergoing major repair		
	Pre-2013	From April 2013
Up to 6 months	0%	50%
From 6 months to 2 years	50%	100%
From 2 years	50%	150%

Owners of properties being actively marketed for sale or rent could apply to have the premium rate reduced to 100% of normal Council Tax liability.

Since 2013, the number of properties in the Borough classified as empty and unfurnished for Council Tax purposes on 1st April each year had reduced as outlined in Table 2 below. It should be noted that these figures represented those dwellings subject to former Class C empty and unfurnished discounts, not all empty dwellings in the Borough. Other empty properties included those undergoing major repairs and those subject to other exemptions.

Table 2 – Council Tax Empty Properties from 2012/2013 to 2022/2023

Financial Year	0-6 months	6-24 months	24+ months	Total
2012/2013	746	1275*	-	2021
2013/2014	593	751	593	1937
2014/2015	596	609	368	1573
2015/2016	576	523	357	1456
2016/2017	585	399	278	1262
2017/2018	437	553	252	1242
2018/2019	432	486	276	1194
2019/2020	489	442	243	1174
2020/2021	459	458	207	1124
2021/2022	193	364	193	750
2022/2023	258	372	166	796
2023/2024	225	411	166	802

The measures introduced to incentivise re-occupation or sale of empty property had been combined with other regeneration efforts, the work of the Council's Empty Properties Officer and work to survey and monitor empty properties each year since 2013.

Overall, the implementation of the Council Tax premium on empty properties could be said to have had a positive impact on the number of empty dwellings in the Borough, had supported the Council's regeneration efforts and had helped to increase the Council's New Homes Bonus allocations.

New Legislation

From April 2024, the Levelling Up and Regeneration Act 2023 amended section 11B of the Local Government Finance Act 1992 and granted local authorities the discretion to apply Council Tax premiums on empty dwellings that had been empty for one year.

The new legislation provided that the applicable premium and incremental implementation as follows:

Table 3 Empty Property Charges from April 2024

Duration	Amount
Up to 6 months	50% of normal liability
From 6 months to 1 years	100% of normal liability
From 1 years to 5 years	200% of normal liability
From 5 years to 10 years	300% of normal liability
From 10 years	400% of normal liability

The increased premiums that would apply from April 2024 could apply to any empty property which became empty at any time; the date of last occupation did not have to fall within the period of the amended premiums and, as such, some currently empty properties would fall into the increased premium categories immediately.

Currently, there were 250 properties which were empty and, if they remain unoccupied at April 2024, would be subject to a 200% Council Tax liability in 2024, if these measures were introduced. Of these properties 193 (74%) were in Band A, with 57 properties in Bands B – G.

Table 4 – Second Home Charges from April 2024

Duration	Amount
Second Home	100% of normal liability

The Levelling Up and Regeneration Act 2023 inserted section 11C of the Local Government Finance Act 1992 and granted authorities the discretion to apply higher amounts for properties that were occupied periodically (Second Homes).

Table 5 – Second Home Charges from April 2025

Duration	Amount
Second Home	200% of normal liability

Currently there were 20 properties which were classed as second homes and, if they were classed as such at April 2024, they would be subject to a 200% Council Tax liability in 2025, if these measures were introduced. This was because, in relation to the changes for second homes, a billing authority would have to allow at least one year before the beginning of the financial year to which it related. As such, the first financial year for which the premium could be applied to property classed as a second home would be from 1st April 2025.

Implementation

Should these measures be implemented, the Council was required to publish its intentions in at least one local newspaper at least 21 days prior to implementation.

In addition, it was the service's intention to write to all owners of empty properties and second homes to inform them of the increased premiums and the timescale for implementation, allowing them the opportunity to sell or occupy any empty properties they might have prior to any further premiums being applied.

The Council would review the administration of this policy in accordance with any guidance, as issued, by the Secretary of State

The report included a number of Appendices, which comprised the following:

- Appendix 1 - Council Tax Empty Property Liability Policy;
- Appendix 2 - Council Tax Premium Reduction Application Form
- Appendix 3 - Council Tax Discount Application Form (Major Structural Repairs)
- Appendix 4 – Customer First Analysis

Alternative Options considered and Reasons for Rejection

Do Nothing - The new legislation provided local authorities with the discretionary power to apply premiums to empty properties and there remained the option to retain the premium levels currently applicable or to delay the implementation of further premiums.

Alternative premium levels - Having considered the positive contribution that the existing premium had made towards bringing empty properties back in to use, it was recommended that the new premium structure be applied in full up to the maximum levels. Provisions remained within existing policy and legislation to lower the premiums if properties were being actively marketed for sale or rent, as well as discretionary powers to remit Council Tax liabilities in exceptional circumstances.

Resolved

(1) That the revised Council Tax Empty Property Liability Policy, attached as Appendix 1 to the report, is approved and the empty property premiums, and, premium for property classed as a second home, are revised as set out in Paragraphs 3.10 to 3.16 of the report in accordance with the provisions in the Rating (Property in Common Occupation) and Council Tax (Empty Dwelling) Act 2018, and the Levelling Up and Regeneration Act 2023

(2) That a review of the effects of the implementation of the above Policy should take place after six months.

Signed:……………………………………………

Date: ……………………………………………………….

Chair of the meeting

At which the minutes were confirmed