CABINET

Wednesday, 12th February, 2025

Present:	Councillor Munsif Dad BEM JP (in the Chair), Councillors Vanessa Alexander, Noordad Aziz, Stewart Eaves, Melissa Fisher, Kate Walsh and Kimberley Whitehead
In Attendance:	Councillors Josh Allen and Danny Cassidy.
Apologies:	Scott Brerton

Councillor Munsif Dad BEM JP made the following announcements:

1) Lancashire Area SEND Partnership – Ofsted / CQC Inspection

Councillor Dad declared a personal interest in the following matter as an elected member of Lancashire County Council.

He reported that Ofsted and the Care Quality Commission (CQC) had carried out a five-day inspection of the Lancashire Local Area SEND Partnership in December 2024. The inspectors' report, published today, was damning. It highlighted widespread failings leading to significant concerns about the experiences of and outcomes for children and young people with special educational needs and disabilities (SEND). This amounted to families and children being let down over a period of years of neglect.

Families of children with SEND depended on the availability of appropriate places and facilities, but the system appeared not to be working. Councillor Dad expressed the view that the report had confirmed what Hyndburn's controlling group had believed for some time, namely that:

- there were insufficient places available;
- support was patchy and ineffective;
- children were being failed.

The families of SEND children deserved better. Accordingly, the Leader of the Council would write to County Councillor Phillippa Williamson, the Leader of Lancashire County Council, to ask her to take charge of the situation.

Councillor Melissa Fisher declared a personal interest in this matter as an employee of Lancashire County Council. She raised the matter of Hilltop Lodge Children with Different Abilities (CWD) Residential Service, on the site of the former North Cliffe Special School in Great Harwood. This facility was believed to be under-used by Hyndburn families, whereas the adjacent Meadowfold Hyndburn Ribble Valley Short Break Service for adults was well used. The children's facility had cost millions of pounds to build, but was not considered to be fit for purpose. Councillor Fisher requested that the Leader add her concerns about this facility to his letter to the County Council

Councillor Aziz declared a personal interest in this matter as the Shadow Portfolio Holder for Education and Skills at Lancashire County Council.

2) Accrington and Rossendale College – Ofsted Report

Accrington and Rossendale College, as part of the Nelson and Colne College Group, had again been graded ‘Outstanding’, following an Ofsted inspection in December 2024. The College had been outstanding for at least 20 years. The Leader offered his congratulations to the Group’s principal, Lisa O’Loughlin, and tutors at the College. The Council would continue to work in partnership with the College, as appropriate.

321 Apologies for Absence

Apologies for absence were submitted on behalf of Councillor Scott Brerton and in respect of standing invitees from the Opposition, Councillors Zak Khan and Kath Pratt.

322 Declarations of Interest and Dispensations

There were no further reported declarations of interest or dispensations granted.

323 Minutes of Cabinet

The minutes of the meeting of the Cabinet held on 2nd January 2025 were submitted for approval as a correct record.

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

324 Reports of Cabinet Members

There were no verbal reports from Cabinet members on this occasion.

325 Appointments to Corporate Peer Challenge Action Plan Working Group

At its meeting on 22nd January 2025, the Cabinet had agreed to establish a Working Group to advise upon the development of an Action Plan to address the recommendations of the LGA Corporate Peer Challenge. The terms of reference, also agreed at that meeting, provided for the composition of the Working Group, as follows:-

- 4 councillors from the Labour Party:
- 2 councillors from other political parties.

The following nominations had been received and their appointments were recommended for approval:

Labour	Councillors Vanessa Alexander, Munsif Dad, Stewart Eaves and Melissa Fisher
Conservative	Councillor Zak Khan
Green	Councillor Shabir Fazal

Resolved - **That the above nominations to the Corporate Peer Challenge Action Plan Working Group be approved.**

326 Non Domestic Rates - Retail, Hospitality and Leisure Relief for 2025/2026

Members considered a report of Councillor Vanessa Alexander, Portfolio Holder for Resources and Council Operations, presenting an amendment to the Retail, Hospitality and Leisure Non Domestic Rate Relief Scheme for the period 1st April 2025 to 31st March 2026 providing eligible businesses with a 40% rate relief on their business rates liability for this period.

Councillor Alexander provided a brief introduction to the report.

Councillor Cassidy enquired about the level of discount under the existing Scheme (2024-2025). Councillor Alexander responded that the current rate of relief was 75%.

Approval of the report was not deemed a key decision.

Reasons for Decision

At the Autumn Budget on 30 October 2024, the Chancellor had announced the extension of the business rates relief scheme for retail, hospitality and leisure properties, retaining the existing eligibility criteria but reducing the level of relief to 40%, up to a cap of £110,000 per business. This would support the businesses that made the nation's high streets and town centres a success and help them evolve and adapt to changing customer demands.

Government had supported billing authorities and their preceptors by funding, in full, the discretionary reliefs awarded under these measures using grants delivered under Section 31 of the Local Government Act 2003.

The administration of the discount scheme within this report was subject to restrictions laid out in Section 47 of the Local Government Finance Act 1988 which stipulated that any variation or termination of a discount scheme under Section 47 that would result in an increased financial liability for the ratepayer must be done at the end of a financial year and with 12 months' notice. By implementing this new scheme from 1st April 2025, the Council's administration of business rates relief remained within its discretionary powers.

Retail, Hospitality and Leisure Relief Scheme 2025/2026

Since 2019/20 the Government had provided a Business Rates Retail Discount for retail properties, which for 2020/21 it had expanded to include the leisure and hospitality sectors. On 30th October 2024, the Government had confirmed an extension of the Retail, Hospitality and Leisure Relief to apply in 2025/2026, but reducing the level of relief to 40%.

For 2025/2026, the Retail, Hospitality and Leisure Relief would apply after mandatory reliefs and other discretionary reliefs funded by grants made under section 31 of the Local Government Act 2003 had been applied. Other locally applied discounts under section 47 of the Local Government Finance Act 1988 would have to be applied after the Retail, Hospitality and Leisure relief.

Retail, Hospitality and Leisure Relief awards were made under section 47 of the Local Government Finance Act 1988 as amended.

For the 2025/2026 scheme, the Council had identified approximately 200 businesses that were considered to meet the relevant eligibility criteria from 1st April 2024 to 31th March 2025 with an estimated total of £525,000 in business rates relief to be awarded. As a pro-active measure, and in line with Ministry of Housing, Communities and Local Government (MHCLG) guidance, the Council intended to apply the Retail, Hospitality and Leisure Relief for these businesses automatically as part of the annual billing process for 2025/2026.

For the 2025/2026 scheme, awards of Retail, Hospitality and Leisure Relief were capped at £110,000 per business. In light of this, the Council would request applications to be made for Retail, Hospitality and Leisure Relief from businesses that were part of a national chains, or a subsidiary of another business.

For the 2025/2026 scheme, ratepayers would be given the right to refuse the discount.

Cash Caps

For the Retail, Hospitality and Leisure Relief 2025/2026, no ratepayer could in any circumstances exceed the £110,000 cash cap across all of their hereditaments in England.

Where a ratepayer had a qualifying connection with another ratepayer then those ratepayers should be considered as one ratepayer for the purposes of the cash caps. A ratepayer would be treated as having a qualifying connection with another:

a. Where both ratepayers were companies, and
    i. One was a subsidiary of the other, or
    ii. Both were subsidiaries of the same company, or

b. Where only one ratepayer was a company, the other ratepayer (the "second ratepayer") had such an interest in that company as would, if the second ratepayer where a company, result in it being the holding company of the other.

State Aid/Subsidy Control

Retail, Hospitality and Leisure Relief was likely to amount to subsidy. Any relief provided by local authorities under this scheme would need to comply with the UK's domestic and international subsidy control obligations, and, in particular, the Subsidy Control Act 2022 (the "SCA)". If the relief proposed in the Scheme fell within the rules relating to Minimal Financial Assistance ("MFA"), the subsidy could be paid lawfully by the Council without the need to carry out an assessment of compliance with the subsidy control principles.

The SCA rules relating to MFA enabled "an enterprise" to receive subsidy up to £315,000 over a period of 3 years, which for this purpose would include 2025/26 and the two previous financial years. A holding company and its subsidiaries would be treated as one enterprise for the purpose of the MFA calculation. The former Department for Business, Energy & Industrial Strategy (BEIS) COVID-19 business grants and any other subsidies claimed under the Small Amounts of Financial Assistance limit of the Trade and Cooperation Agreement should be counted towards the £315,000 MFA limit.

In those cases where it was clear to the Council that the ratepayer was likely to breach the cash cap or the MFA limit then the Council would automatically withhold the relief. Otherwise, the Council might include the relief in bills and ask the ratepayers, on a self-assessment basis, to inform the Council if they were in breach of the cash caps or MFA limit.

Alternative Options Considered and Reasons for Rejection

The scheme outlined in the report was provided to local ratepayers at no additional cost to the Council as discounts provided under the schemes were subsidised by Government.

Written and published guidance allowed for a consistent and fair application of the discount schemes.

The Council might extend the Retail, Hospitality and Leisure Relief Scheme for each applicable time period to include more business types, however any expansion would be at additional cost to the authority and all business types were already covered within the Council's broader discretionary powers via application and consideration on a case by case basis. A further expansion of the scheme was therefore considered not to be required and was not recommended.

Resolved	-	**That the Retail, Hospitality and Leisure Non Domestic Rate Relief Scheme 2025/2026 attached to the report as Appendix 1, is approved and applied to business rates bills as soon as is reasonably practicable in order to provide businesses with certainty around their business rates liabilities for 2025/2026.**

327 Medium Term Financial Strategy 2025/2026-2027-2028

The Cabinet considered a report of Councillor Noordad Aziz, Deputy Leader and Portfolio Holder for Transformation, Education and Skills, and Councillor Vanessa Alexander, Portfolio Holder for Resources and Council Operations, regarding the 3-year projections of income and expenditure for the Council ahead of formulating its 2025/28 Revenue and Capital Budgets.

Councillor Aziz gave a brief introduction to the report.

Approval of the report was not deemed a key decision.

Reasons for Decision

The Council required an update on its medium-term financial outlook ahead of setting the Budget for 2025/26 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 focus on continuing to deliver its major capital projects which had included the Levelling Up / Town Centre regeneration, its Leisure transformation through the construction of the new Leisure centre at the Wilson playing fields site and securing almost £30m in funding to facilitate the development of over 1,800 new homes at Huncoat. These activities had been carried out along-side of 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 2025/26 based on the 2024/25 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 2025/26. To achieve a balanced Budget, the Council would need to generate £163,900 of internal savings during the year. Overall expenditure would need to be contained at around £17.314m in 2025/26 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 consequence of both national and global issues. 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 Medium Term Financial Strategy (MTFS).

With the change in Government in May 2024, the new Deputy Prime Minister and Secretary of State for Housing, Communities and Local Government had stated that there was a vision for change, with local government at its very heart, although there were no illusions about the scale of problems facing local government with funding cuts since 2010 disadvantaging the most deprived areas. It had also stated that the Government would reform how councils were funded and would deliver funding where it was needed most. As a result, 2026-27 would mark the first multi-year funding settlement for local government in ten years.

Central Government had indicated that there would be significant reform of funding for Local Government before the 2026/27 Finance Settlement was produced, as well as a reset of the business rates system. Therefore, there were high levels of uncertainty over funding for future years, about which the authority did not have enough information to be able to accurately predict at the current time. Should the future funding changes reduce the income received from Central Government, the Council would need to take tough decisions around the future shape of its services.

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 any reform in the finances of Local Government still existed. Government had indicated they wished to reallocate funding to reflect an updated assessment of local need and revenues to now move away from the previous funding allocations that seemed to disadvantage the deprived areas with the greatest need.

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 might present 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 detailed 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;
- Other Assumptions;
- Equality Impact Assessment;
- Scenarios (including Breakdown of Pessimistic, Standard and Optimistic Models and a Suggested Course of Action);
- Robustness of the Forecast;
- Overall Net Position;
- Statutory Obligations of the Responsible Financial Officer (s151 Officer); and
- Meeting Future Funding Gaps

There were no alternative options for consideration or reasons

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

328 Prudential Indicators, Capital, Treasury Management and Investment Strategies 2025/26 - 2027/28

The Cabinet considered a report of Councillor Noordad Aziz, Deputy Leader and Portfolio Holder for Transformation, Education and Skills, and Councillor Vanessa Alexander, Portfolio Holder for Resources and Council Operations, setting out 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 2025/26.

Councillor Aziz provided a brief introduction to the report.

The Leader of the Council welcomed Martin Dyson, Executive Director – Resources, to his first Cabinet meeting following his illness and thanked him and his Finance Team, particularly Jody Spencer-Anforth, Head of Finance, for their dedicated work in producing the various Budget papers.

Approval of the report was not deemed 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:

> "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 The Chartered Institute of Public Finance & Accountancy (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 this 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 covering report comprised the Treasury Management Strategy 2025/26-2027/28 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 - Leasing;
- Minimum Revenue Provision;

- Affordability Prudential Indicators;
- Treasury Management Strategy 2025/26 – 2027/28;
- 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 detail of the authority's Treasury Management Practices 2025/26, 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 2025/26, 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 2025/26 – as set out in Section 5 of Appendix 1 to the report;

(5) Approve the Treasury Management Policy Statement for 2025/26 – Appendix 2 of the report

(6) Approve the Treasury Management Practices Statement 2025/26 – Appendix 3 of the report;

(7) Approve the Capital Strategy 2025/26 – Appendix 4 of the report.

329 General Fund Revenue Budget 2025/26

The Cabinet considered a report of Councillor Noordad Aziz, Deputy Leader and Portfolio Holder for Transformation, Education and Skills, and Councillor Vanessa Alexander, Portfolio Holder for Resources and Council Operations, introducing the proposals contained in the Revenue Budget Report 2025-2026 provided at Appendix A of that report. The report also provided an overview of key issues arising from the Medium-Term Financial Strategy.

The decision to set the Budget was a core decision of the Council. The role of the Cabinet was to recommend a proposed Budget to Council.

Councillor Alexander provided a brief introduction to the report.

Councillors Fisher, Aziz and Whitehead thanked Councillor Alexander for her work on the Revenue Budget and again thanked to the Finance Team for their efforts. Councillor Aziz also highlighted the steps taken by the controlling group to address significant pressures, including community leisure costs and waste disposal/transfer issues.

Approval of the report was not deemed a key decision.

Reasons for Decision

The report set out the Council's Revenue Budget for 2025/26. This would require net expenditure of £17,313,300.

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 would increase from £268.43 in 2024/2025 to £276.46.

A number of national and global issues had undoubtedly had an impact on the Council's budgets and this along with the impact of higher inflation and forecast pay settlements had contributed to the Council raising its element of the Council Tax by the maximum 2.99%, an increase of £8.03 annually 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 2025/26. 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 £82.50 (4.99%) increase overall. The Police Commissioner had confirmed that they would increase a Band D Property by £14.00 (5.31%) and the Lancashire Combined Fire Authority had proposed a £4.00 (5.90%) increase.

Altham Parish Council had set a separate precept for its activities. This year the Parish Council had decided to increase its precept by 2.66% and the Band D charge for Altham Parish Council would therefore increase from £43.18 for 2024/25 to £44.33 for 2025/26. The Parish Council would precept the Collection Fund for £14,185.60 for 2025/26. Details of the proposed position on other Bandings for properties in Altham were shown in Appendix 6.

In setting the Budget for 2025/26 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. 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 2025/26 would continue to deliver key investment in council and public facilities adding another £2.48m to £44.87m 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 continued delivery of £24m investment in Accrington Town Centre, with £20m coming from the Government's Levelling Up Fund, and continuing the £12m investment into the 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 2025/2026 of £2.48m included:

  a) £317,000 of investment into Parks and Play areas of which the Council expected to be able to attract £52,500 of external grant funding to contribute to the improvements.
  b) £1,359,906 to provide Disabled Facility Grants this year which was fully funded from the Better Care Fund.
  c) £115,000 to maintain and invest in its operational assets and vehicle fleet.
  d) £419,500 to improve and develop new ICT and technical equipment to deliver services in a more efficient way.
  e) £177,800 on UK Shared Prosperity projects. Decisions on which schemes this would involve had not yet been made, and this would be reported once a proposal was available.
  f) £87,000 on Community projects that involved War Memorial restoration, Christmas decoration replacement and Maiden Street Clock Tower lighting in Church.

- Despite costs of over £87,000 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. It was believed that this action would help bolster Hyndburn's 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 Council accommodation costs, building on the success over the last 15 years including further rationalising its accommodation and looking at more ways of using its accommodation more effectively. The council would also continue its actions to reduce its carbon emissions and its energy costs and continue contributing to the improvements of its environmental footprint by positive action.

The Council intended to continue to deliver all 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 Council'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. The authority 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 remain clearly evident. The Council has built itself back from experiencing major difficulties in controlling expenditure and a position of negative reserves in 2003/04 to a situation by March 2025, in which general reserve balances are expected to be just under £2.5m. We have years, through good financial management and will continue to deliver strong financial performance in the years to come.

Within the Budget for 2025/26 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.

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 those 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 recent national and global issues had had on the Business Community.

The detailed Revenue Budget Report 2025-2026, set out at Appendix A of the report, included the following information:

- Background;
- Medium Term Financial Strategy;
- Continuation Budget;
- Growth and Inflation Pressures;
- Available Resources;
- Resources Summary;
- Budget Proposal;
- Budget Saving Proposals;
- Reserves;
- Risks and Management;
- Consultation;
- Conclusion; and
- Appendices Nos. 1 - 6

Alternative Options considered and 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. Further options might be presented at the Council meeting.

Resolved

(1) That Cabinet recommends the proposal to increase Council Tax for 2025/26 by 2.99%, increasing the charge for a Band D property to £276.46.

(2) The Budget for 2025/26 will therefore be £17,313,300 as detailed in Appendices 1 to 3 of the Revenue Budget 2025-2026 report attached at Appendix A of the covering report.

(3) That Cabinet recommend approval of the changes in budget requirement through including inflation, growth and savings identified in Appendix 3 of the

Revenue Budget 2025-2026 report, to ensure the Council can set and approve a balanced budget.

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

(5) That Cabinet recommends during the financial year 2025/26, 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 2025/26, 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 2025/26 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 the Extended Producer Responsibility Grant is set aside in reserves to be drawn down as required, so the Council can meet its obligations under the legislation.

(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.

330 Capital Programme 2025/26 to 2027/28

The Cabinet considered a report of Councillor Noordad Aziz, Deputy Leader and Portfolio Holder for Transformation, Education and Skills, and Councillor Vanessa Alexander, Portfolio Holder for Resources and Council Operations, regarding the proposed capital programme for 2025/26 – 2027/28.

Councillor Alexander gave a short verbal introduction to the report.

Approval of the report was not deemed a key decision.

Reasons for Decision

The report set out the Council's Capital Programme for 2025/26, including forecast slippage on schemes from 2024/25 and the additions of new schemes to the Council's Capital Programme for 2025/26.

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 £2.476m, compared to £4.404m in 2024/25. External funding of £1.538m had been confirmed towards the cost of these new capital schemes (Disabled Facilities Grant and UK Shared Prosperity Funding) with a further £0.052m funding to be secured.

The additions to the programme in 2025/26 would bring the total approved capital programme to £26.054m, including forecast slippage of the unspent programme from 2024/25 of £23.578m, which could be seen in Appendix 1 of the report. The forecast slippage from the 2024/25 programme included £4.555m for the Leisure Estate Investment Programme and £16.789m for the Levelling Up Programme. The capital budgets for the Levelling Up Programme were based on the latest forecast of costs however as these were not tendered figures, they were still subject to change and should there be any changes to the current forecast, these would be reported during the year.

It was important to note that the funding of the 2025/26 capital programme was based on the realisation of additional capital receipts during the year. The programme assumed £3.092m of expenditure would be funded from capital receipts, of which £0.595m related to the King George V Pavilion and pitches scheme which was contingent on funding from the disposal of land. £1.147m in available receipts was forecast to be brought forward at the beginning of the year, leaving a target of £1.350m of new receipts which were required, which if not realised would need to be replaced by funding from earmarked reserves.

The capital programme currently excluded the proposed Huncoat Garden Village scheme which would be wholly funded from the Home England Brownfield Infrastructure and Land Fund grant of £29.898m. When the funding agreement was approved, the capital and revenue costs of the scheme and associated funding would be submitted for inclusion in the Council's revenue and capital budgets.

The expected new schemes for 2026/27 and 2027/28 (totalling £2.4m) were detailed in Appendix 3 of the report. This was for information only as funding would need to be identified for these schemes before they were put forward for approval into the programme in future years.

The Council intended to continue its strong policies of financial management and 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 increased 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.

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

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 2025/26 (Summary);
- Appendix 2 - Capital Programme 2025/26 (Detailed); and
- Appendix 3 - Capital Programme 2025/26 (New Additions).

Alternative Options considered and 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 proposes to Council:**

(1) To approve the Capital Programme for 2025/26 including new scheme additions of £2,476,406 with a net cost to the Council of £886,000, as set out in Appendix 3 of the report.

(2) To approve the funding of the programme by the use of newly anticipated direct external grants totalling £1,590,206 with the remaining funding of £886,000 to come from the Council's resources.

(3) To note the expected new scheme additions for 2026/27 and 2027/28.

(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 and Council Operations 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 project risk managed.

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

Signed:……………………………………………

Date: …………..………………………………………

Chair of the meeting
At which the minutes were confirmed