

Agenda



HYNDBURN

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Resources Overview and Scrutiny Committee

Wednesday, 10 December 2025 at 4.00 pm,
Queen Elizabeth Room, Scaitcliffe House, Ormerod Street, Accrington

Membership

Chair: Councillor Noordad Aziz (in the Chair)

Councillors Paul Cox, Andrew Clegg, Heather Anderson, Mike Booth, David Heap, Judith Addison and Steven Smithson

Co-optees: Christine Heys, Tim O'Kane and Richard Downie

A G E N D A

1. Apologies for absence, Substitutions, Declarations of Interest and Dispensations

2. Minutes of Last Meeting - 11th November 2025 (Pages 5 - 12)

The Minutes of the Resources Overview & Scrutiny Committee, held on 11th November 2025, are submitted for approval as a correct record.

Recommended - **That the Minutes of the meeting be approved as a correct record**

3. Chair's Update

The Chair will update the Committee on any items relating to the last meeting.

4. Budget Monitoring (Pages 13 - 48)



To receive and consider the following reports as an overview of the Council's financial position:

- Capital Programme Monitoring 2025/26 – 2027/28 - Quarter 2 Update to 30th September 2025

- Revenue Budget Monitoring 2025/26 – Quarter 2 to end of September 2025

- Prudential Indicators Monitoring and Treasury Management Strategy Update – Quarter 2 2025/26

Recommended - **That the report be noted.**

5. To Review the Number of Empty Homes in the Borough *(Pages 49 - 56)*

To consider the number of empty residential and commercial properties within the borough, the current service demands which relate to these premises and the challenges in returning these properties to use, including the limitations of the Council's legislative powers and work in default options.

Recommended - **That the report and comments be noted and actioned, as required.**

6. An Update on the Impact of Houses of Multiple Occupation (HMOs) in the Borough *(Pages 57 - 64)*

The report provides the Committee with an update on the impacts of Houses in Multiple Occupation (HMOs) in the Borough and progress on implementing the Article 4 Direction scheduled to take effect in March 2026 ("the March 2026 Article 4 Direction"). This Direction removes permitted development rights for small HMOs in specified areas of the Borough. The report also sets out further recommendations regarding the investigation of extending Article 4 Direction coverage to those electoral wards not currently included.

Recommended - **That the Resources Overview & Scrutiny Committee note the content of the report and supports further work to explore the potential extension of HMO Article 4 Direction coverage across the remainder of the Borough.**

7. Planning Enforcement *(Pages 65 - 68)*

The report provides the Resources, Overview & Scrutiny Committee with an update on the resources, performance, and current workload of the Council's planning enforcement service.

Recommended - **That the Resources Overview & Scrutiny Committee note the content of the report.**

RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Tuesday, 11th November, 2025

- Present:** Councillor Noordad Aziz (in the Chair),
Councillors Paul Cox (Vice Chair), Heather Anderson, David Heap,
Judith Addison, Steven Smithson and Bernard Dawson MBE
Co-optees: Tim O’Kane and Christine Heys
- In Attendance:** Councillor Dad, Leader of the Council, David Welsby (Chief Executive),
Stuart Sambrook (Policy Manager)
Councillor Alexander, Cabinet Portfolio Holder for Resources and Martin
Dyson (executive Director, Resources)
- Apologies:** Councillors Andrew Clegg, Mike Booth and Richard Downie
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195 Apologies for absence, Substitutions, Declarations of Interest and Dispensations

Apologies for absence were submitted on behalf of Councilor Booth and Councillor Clegg and Richard Downie.

Cllr Dawson acted as substitute representative for Cllr Clegg.

There were no interests or dispensations declared at the meeting.

196 Minutes of Last Meeting

The Minutes of the last meeting, held on 23rd July 2025, were submitted for approval as a correct record.

Resolved - That, the minutes of the Resources Overview & Scrutiny Committee held on 23rd July 2025, be accepted as a correct record.

197 Issues Arising from Overview & Scrutiny Reports

The Chair provided the Committee with an update on the items considered at the previous meeting. These included items on Performance Review, Household Support Fund and the Leisure Services Annual Review.

198 Local Government Reorganisation

The Leader of the Council, Councillor Munsif Dad, presented a report to update the Committee on preparations to submit a proposal for Local Government Re-organisation to Government. He gave details of the business case that had been prepared to support the creation of three unitary authorities in Lancashire. A one-page executive summary of this case was attached to the report and a copy of the full business case had been circulated to Committee Members, prior to the meeting. Also, in attendance at the meeting was the Chief Executive, David Welsby, and the Policy Manager, Stuart Sambrook, to respond to the questions of the Committee.

The Leader of the Council explained that the aim for Local Government Re-organisation was to improve service and financial efficiency. He reported that Hyndburn had chosen to propose the three unitary model to Government and pointed out that this model was the most suitable and met all Government tests without compromise. Other models weakened the case for any reform. He indicated that the issue was also due to be discussed by Full Council before a decision was taken by Cabinet on the 19th November 2025. All proposals had to be submitted to Government no later than 28th November 2025.

Questions in Advance

Members had submitted questions in advance which requested further information on timelines, consultation of the matter, the financial impact of the cost of Adult social care, clarity around an Elected Mayor and civic Mayors, Shadow Authority elections and electoral divisions and the number of Council representatives proposed for the new Unitaries.

The Committee was provided with a timeline and key dates for the Local Government Re-organisation and informed that a full consultation with the public would be carried out. It was pointed out that Adult Social Care was the biggest expenditure in Unitary Councils and one of the factors influencing Council reform. Of the different reform model options the evidence provided in the business cases favoured the 3-model option. In respect of the introduction of a Lancashire elected Mayor, the Committee was informed that this was a possibility and that there could be Mayoral elections in 2028. The continuation of Civic Mayors was currently unknown but this would be decided before the introduction of a new Shadow Authority. In respect of elections and electoral divisions, the Committee was informed that it was likely that wards would be based on County wards, although nothing had yet been confirmed.

Further Discussion

Members of the Committee submitted further questions and comments on Local Government Re-organisation including:

- During the September consultation, which business stakeholders participated and requested data and numbers.
- Was consideration given to coastal authorities and natural borders when considering the formation of new Unitary Authorities.
- Elected Members for the new Unitary Authorities would, potentially, have a greater number of electorates to represent. There was concern that representatives could find their workloads unmanageable and asked for consideration to be given to this factor.
- Will the Local Elections in May 2026 still take place?
- What will happen to Council reserves and to the debts carried by some Authorities?
- What will happen to the Hyndburn Leisure Trust?
- Would Parish and Area Councils need to be resurrected due to the potential size of the new Authority?
- What will the new Authorities be called?
- What happens if Hyndburn Borough Council can't decide which option they want?
- Will meetings of Hyndburn Borough Council and the Shadow Authority be separate?
- How would an Elected Mayor work?
- Social care issues – the greatest cost on Councils, staff recruitment issues and funding for it. How will this be dealt with?
- What will happen to staff of the current local authorities when the new Authorities are formed?

- Does the Council have the capacity to deal with any additional workload to establish a Shadow Authority?
- Would financial reports still be produced by each individual Council and will the Council need to be more careful with the funding of projects?

Responses:

An analysis of the consultation, carried out in September, had not yet been completed but the information would be broken down and circulated to Members for information.

It was explained that the Secretary of State required proposals to be submitted from each authority in Lancashire. However, none of the model options had full support but the 3 and 4 models were predominantly the most popular.

The issue that elected Members may have to represent a greater number of electorates and the manageability of potential workloads was considered and noted.

The Local Elections may possibly be deferred as they had been during the re-organisations that had taken place with other Local Authorities. The Decision was with the Secretary of State which would be known in early 2026.

Hyndburn Leisure Trust was an independent organization and there were currently no plans to change this.

The financial position of all authorities would be merged and any debt would be disaggregated. Reserves would remain where they are. The Chief Executive informed the Committee that financial restrictions would be introduced later as new regulations were brought in.

The names of the new authorities would be determined by the Secretary of State and it was likely that this would be simplistic names.

The Leader of the Council explained that Hyndburn Borough Council intended to propose the 3-model option and that each Lancashire Authority would submit their own proposal. There would be a public consultation in February and from this information the Secretary of State would make the final decision.

The Chief Executive explained that Hyndburn Borough Council would meet to make decisions associated with the Council whilst the Shadow Authority would meet to make the decisions of the new Authority. He explained that the two Authorities would work side by side until the transition had taken place.

A Lancashire Elected Mayor would be funded by the Government and oversee the whole of Lancashire. An elected Lancashire Mayor would replicate those of Liverpool and Manchester.

The Leader of the Council explained that the provision of social care was a major factor in forming the new Authorities and that it was important to ensure that the model options proposed covered a sufficient population of at least 500,000 to ensure that services could be delivered financially and efficiently. Anything under a population of 500,000 and it would be difficult to deliver, which was why Hyndburn would be proposing the 3-model option.

The Chief Executive reported that the general position on staffing was that everyone had the right to TUPE and that it applied to everyone.

The Chief Executive explained that a Joint Committee had been set up, with representatives from each authority. This Committee's role was to align services through ensuring each Council provided up to date lists of assets, personnel information and other relevant data. He pointed out that this may involve additional work for staff but that the Council's budget planning would include capacity for this, should it be required.

For each unitary formed, there would only be one financial report and each individual project would be given careful financial consideration before commencing to ensure that the funding and project could be delivered during the reforms.

The Chair thanked Members for their contributions to the discussion on Local Government Re-organisation that had centred around issues such as finances, staffing, public consultation, ward representation and boundaries, the continuation of projects currently underway, elections and the possibility of an Elected Mayor.

Resolved

(1) That the Resources Overview & Scrutiny Committee recommended that Cabinet noted their support for:

- a) The Council's proposal for a three unitary authority model for Local Government re-organisation in Lancashire; and**
- b) The postponement of the 2026 Local Elections for Hyndburn;**

(2) That it also be noted, that the Leader of the Council thanked the Chief Executive, the Policy Manager and the Executive Director, Resources, for their hard work in preparing the report and representing the Council at regional meetings; and

(3) That the Policy Manager provides details of a breakdown of the consultation, carried out in September, in respect of the numbers of those who responded, data relating to business and other stakeholders and other relevant data and circulates this analysis to Committee Members.

199 External Consultancy & Agency Fees

The Cabinet Portfolio Holder for Resources, Councillor Vanessa Alexander, submitted a report to inform Members of the Committee on the level of external consultancy fees and costs for both revenue and capital expenditure for 2024/25 and for the first six months of 2025/26. The Executive Director, Resources, was also in attendance to support the presentation.

The Executive Director, Resources, explained that recruitment agencies were used for staff cover if there was a need for additional staff to cover seasonal or temporary work as well as if there was a need to deliver short term projects which required expertise that the Council didn't have. He reported that the report only referred to revenue costs and detailed: costs per service area, company names against the cost and reasons for the recruitment. The Committee was informed of the total cost for 2024-25 of £925,653k and for the first six months of 2025-26 of £702,187.

In respect of the need to use recruitment agencies, he explained that they would be used when there had been unsuccessful attempts to recruit permanent staff, there was a need for specialist expertise for short-term projects and to meet seasonal or temporary demand. He indicated that the Council had found it difficult to appoint key personnel due to competition for people in these posts and informed the meeting that there was also a shortage of qualified people and that the salaries being offered were not competitive enough. However, he informed the meeting that the authority was managing and, although there was a need for a review of the Council's job evaluation system, this would not be feasible due to Local Government Reorganisation.

The Cabinet Portfolio Holder for Resources, Councillor Vanessa Alexander informed the Committee of the difficulty of appointing staff in some areas of the Council. She pointed out that there was a gap between experienced staff who had worked for the authority for years and young new starters in the authority.

Members submitted questions in advance of the meeting as follows:

The Cabinet Portfolio Holder for Resources, Councillor Alexander and the Executive Director, Resources responded to the questions as follows:

1. Has the Council negotiated with an agency in respect of the supply of staff, to ensure reduced rates?

Response - There was NOT one favoured agency, Matrix is often used by other larger authorities, but there was not currently a deal in place with any agency at Hyndburn as the selection for professional roles is based upon a 'best fit and experience' level with interviews generally taking place.

2. The report contains a breakdown of figures for revenue expenditure but not for Capital expenditure, is it possible for the figures to be provided for the Capital Expenditure for external consultancy fees?

Response -Capital expenditure figures were provided verbally as follows:

Capital expenditure for external consultancy fees was provided for the 2024/25 & 2025/26 to date.

2024/25 - £1.057m including £31k spent on DFG and £32k on Wilson's Playing Fields, £949k LUF scheme.

2025/26 - first six months £518k is currently £178k LUF, £323k on Huncoat Garden Village, £10k on DFG and £5k on Wilsons Development.

3. Are there any fees included in the payment for Universal Valuation 10 – Wilsons (details provided). If so, how much?

Response - Fees included £16,410 (contracting fees) and 1.7% invoice value. – Fees include VAT

4. How much of the payment for Wilson Field Leisure Centre Construction Valuation 11 and Fees (details provided) is related to fees?

Response -Fees included £16,000 project management and covering Alliance Leisure to deliver and manage a lot of the scheme. – 1.35% invoice value – Fees include VAT

5. How are these payments analysed within the Council's internal accounting system?

Response - The Executive Director, Resources reported that all payments were cost coded and each service area had a cost centre in relation to service need. All costs are broken down into service area with more detailed codes within this to identify if this was cost/fees etc.

Members commented and enquired about the following issues:

- It was important to attract appropriately qualified and experienced staff into roles.
- Shortages of qualified staff in some areas such as Finance and Planning meant that the Council was having to pay inflated rates to recruit staff from agencies.

Other issues raised in the meeting

1. Reference was made to legal proceedings against the Council and costs. Members requested a list of fees for legal proceedings.

Response - The Executive Director, Resources, reported that he would provide a list of legal fees in respect of legal proceedings brought against the Council.

2. Reference was made to the expenditure of over £100k on HMOs spent during 2024-25. An explanation was requested in respect of this payment.

The Executive Director, Resources reported that the Council had undertaken work regarding the increased uptake of HMO's in the borough and that this had become a budget pressure in Housing Benefit payments and therefore works were being undertaken to introduce more regulation and restrictions in this area. A piece of work was being undertaken to ensure that benefits were being claimed accurately, and grant money was being used to offset costs.

3. Members also referred to the cost of implementing Article 4 in relation to consultancy fees and ensuring that the report was accurate. Questions were also raised about why the whole borough had not been included in the Article 4 Direction.

Work was continuing on the Article 4 Direction to prevent further unregulated HMOs and so that the Council would have more control.

4. Reference was made to costs associated with Asylum Seekers, as set out in the report, and further clarification was sought on why these costs had arisen.

In respect of the cost listed against Asylum Seekers, it was reported that these costs were offset through Government funding and were being used for integration and housing.

5. Members agreed It was important to try and bring the right skill sets into the Council.

6. Had the Council applied for grants to assist the Planning Department.

Government money was also received in 2023/24 to help Planning authorities to get back on their feet after Covid, however, although there was still a backlog, the bulk of this was covered by planning fees. He pointed out that the Planning Department was also struggling to recruit suitably qualified and experienced staff.

7. Who signed off agency fees?

It was explained that Heads of Service / Service Managers signed off their own agency fees although any areas where this may lead to a budget pressure, would be reported through management team and a request for additional resources would be considered.

- Resolved**
- 1) That the report be noted; and
 - 2) That the Executive Director, Resources, circulates a list of legal fees, in respect of legal proceedings brought against the Council, to Members of the Committee.

200 Exclusion Of the Public

- Resolved**
- That, in accordance with Section 100A(4) Local Government Act 1972, the public be excluded from the meeting during the following item, when it was likely, in view of the nature of the proceedings that there would otherwise be disclosure of exempt information within the Paragraph at Schedule 12A of the Act specified at the following item.

201 Co-optee Vacancy

Exempt Information under the Local Government Act 1972, Schedule 12A, Paragraph 1 – Information relating to an individual

The Committee was requested to consider and make a recommendation to Full Council on the application submitted for the vacant co-optee position on the Communities and Wellbeing Overview & Scrutiny Committee.

- Resolved**
- That the Communities and Wellbeing Overview & Scrutiny Committee recommend that Full Council approve the application for the vacant co-optee position.

Signed:.....

Date:

Chair of the meeting
At which the minutes were confirmed

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Agenda Item 4.

<u>AGENDA ITEM</u>			
REPORT TO:		Resources Overview & Scrutiny Committee	
DATE:		10 December 2025	
PORTFOLIO		Councillor Vanessa Alexander – Resources & Council Operations	
REPORT AUTHOR:		M Dyson – Executive Director of Resources	
TITLE OF REPORT:		Capital Programme Monitoring 2025/26 – 2027/28 - Quarter 2 Update to 30th September 2025	
EXEMPT REPORT:	No		
KEY DECISION:	No	If yes, date of publication:	

1. **Purpose of the Report**

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

2. **Recommendations**

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

3. **2025/26 Capital Budget**

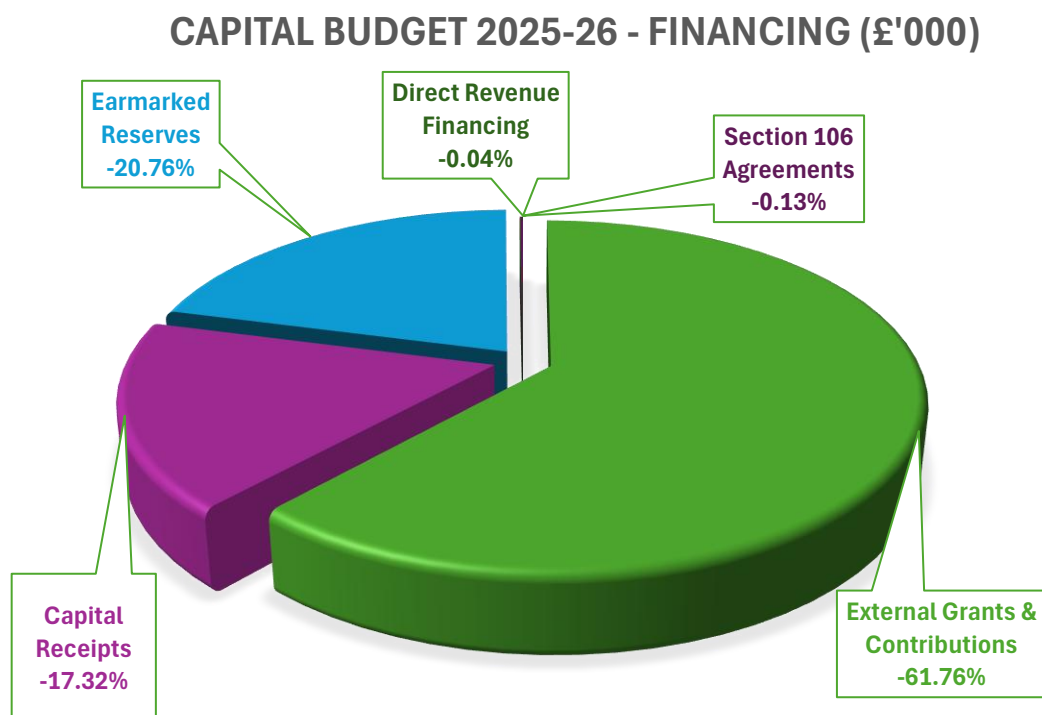
- 3.1. The Capital Budget for 2025/26 is Year One of the Capital Programme 2025/26 – 2027/28.
- 3.2. At the Council meeting on the 27th of February 2025, Members approved a capital budget for 2025/26 of £2.726m.
- 3.3. A further £23.236m was added to this budget from rephased capital projects carried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

- 3.4. Ad hoc budget adjustments have reduced the Capital programme by £0.157m. Of which, £0.178m was removed from the Capital Programme relating to a UKSPF funding adjustment. A further £0.021m of capital receipts funding was added, which was brought forward from 2024/25.
- 3.5. Approval was received at Q1 to add a further £29.780m to the capital programme. Of which, £29.187m is for the scheme at Huncoat Garden Village (HGV), which is fully funded from external grants. £0.500m relates to the addition of solar panels at Market Hall, which is funded from reserves. £0.094m relates to several smaller projects.
- 3.6. This report requests a further £0.681m to be added to the Capital Programme at Q2. £0.115m relates to Park & Open Spaces, on projects such as improvements at Lowerfold Park and Bullough Park, which are mostly funded by grants, contributions, and earmarked reserves.
- 3.7. £0.120m is the Council's contribution to the repurposing of Mercer Hall and £0.010m is for the purchase of vehicles & equipment funded from a revenue contribution. A further £0.250m for Market Development Works and £0.128m for Leisure Estate Investment has also been added. These works are funded by earmarked reserves.
- 3.8. Additional funding of £0.028m has been allocated to the Lee Lane Cemetery tap project and a new capital project has been added for £0.030m to proceed with the installation of a wireless conference system. Details of all in-year budget adjustments can be found in **APPENDIX 1**.
- 3.9. Several projects have been identified to be rephased into future years of the Capital Programme, which total £26.310m. Of which, HGV is £26.076m.
- 3.10. Therefore, the Capital Budget for 2025/26 now totals £29.957m, as shown in **Table 1** below:
- 3.11. **Table 1** – Capital Budget 2025/26 Reconciliation:

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

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

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



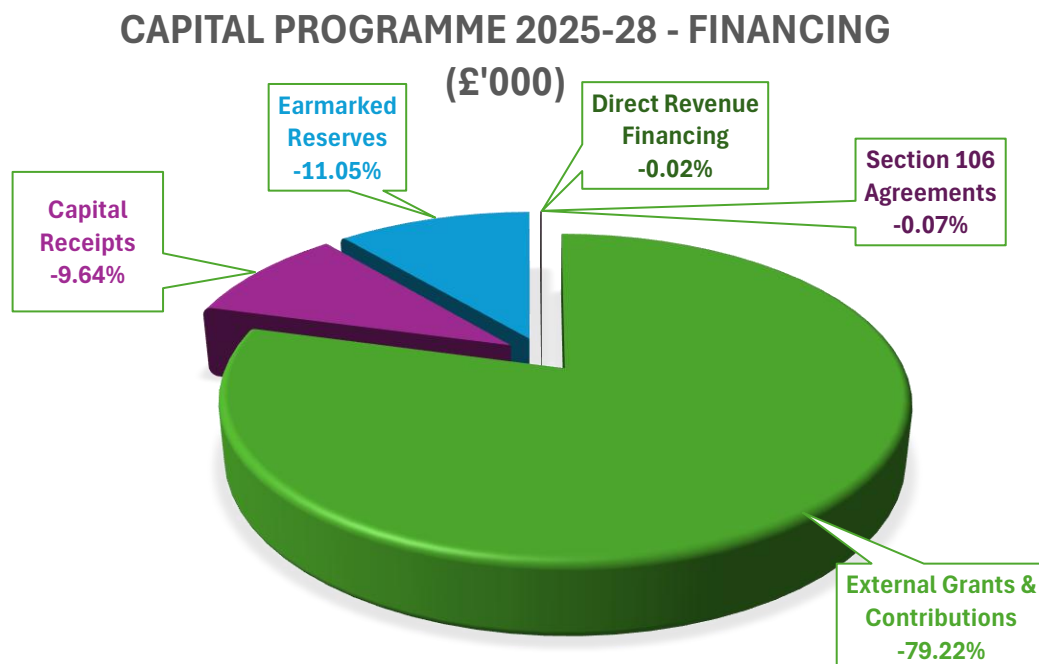
3.14. Following all budget adjustments as detailed above has resulted in a proposed revised Capital programme of £56.267m, which can be seen in **Table 2** below:

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

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

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

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



4. **2025/26 Capital Budget - Q2 Forecast Outturn**

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

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

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

4.3. Further forecast expenditure of £8.450m is anticipated before the end of the financial year, resulting in a total forecast outturn figure of £21.048m. This represents 70.26% of

the allocated budget and an underspend of £8.909m against the 2025/26 proposed budget.

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

5. Major Schemes

- 5.1. The Capital Programme includes several major schemes that require robust and continuous monitoring to ensure they are delivered on time, within budget, and that all external funding is both secured and claimed promptly. The following have been identified as key major schemes currently requiring close oversight:
- 5.2. **Market Development Works** – The redevelopment of Market Hall, Market Chambers, and Burton Chambers remains a significant challenge for the Council. However, enhanced monitoring and management arrangements have ensured that key milestones are being met, with the project progressing on time and within budget.
- 5.3. The programme has a remaining budget of £13.349m. This is funded by £10.617m from the Levelling Up Fund and other grants, the majority of which have already been claimed. The balance of £2.732m will be met from available capital receipts and revenue reserves, ensuring the Council has the necessary resources in place to deliver the scheme as planned.

- 5.4. At the time of writing, the contractor is working with the Council to finalise the spend profile. Nonetheless, the programme remains on track for completion in Q2 of the 2026/27 financial year.
- 5.5. **Leisure Estate Investment** – Comprises two key projects: the construction of the Cath Thom Leisure Centre and efficiency works at Hyndburn Leisure Centre. The overall programme budget is £6.921m, which includes provision for future pitch drainage works.
- 5.6. Construction of the Cath Thom Leisure Centre is now complete, with final accounts and outstanding project costs currently being finalised, with any minor overspends covered by the £0.128m underspend reserve previously approved by Cabinet.
- 5.7. The Hyndburn Leisure Centre project is expected to underspend by approximately £0.100m this year. This, along with the £0.300m allocated for pitch drainage works is expected to be slipped into the 2026/27 financial year.
- 5.8. **Huncoat Garden Village** – Huncoat Garden Village remains a major strategic scheme for the Council, fully funded by a £29.186 million grant from Homes England. Forecast expenditure is phased over three financial years, with £3.110m in 2025/26, £22.261m in 2026/27, and £3.800m in 2027/28.
- 5.9. Current activity is focused on progressing key preparatory work, including planning, legal, and land acquisition processes. Consultants are supporting the Council across several workstreams, including the residential relief road design, compulsory purchase order (CPO) documentation, landowner negotiations, and overall programme management. These activities are essential to enabling delivery of the scheme in line with the agreed programme.

6. Funding Risks

6.1. Capital Receipts

- **Capital Receipts and Funding Position**

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

- **2025/26 Forecast**

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

- **Future Requirements and Risks**

In 2026/27, a further £1.000m in Capital receipts is required to fund all approved projects. Funding for these future commitments has not yet been identified and excludes any new capital bids submitted for that year. Progress is being made on planned asset

disposals to generate the necessary receipts, but delays may require temporary use of reserves or pausing elements of the programme.

- **Next Steps**

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

This is a high-level risk.

6.2. External Grants and Contributions

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

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

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

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

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

This is a low-level risk.

7. Conclusion

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

8. Alternative Options considered and Reasons for Rejection

8.1. Not applicable

9. Consultations

9.1. Not applicable

10. Implications

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

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

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

12. Freedom of Information

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

APPENDIX 1

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

APPENDIX 2

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

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

APPENDIX 3

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

20044	Computer Aided Facilities Management (CAFM) System	0	5	0	0	0	5
tbc	Wireless Conference System	0	0	30	0	0	30
Total	IT Projects	420	78	30	0	0	527
20178	WPF Development Contract	0	5,727	128	0	0	5,855
20230	Hyndburn Leisure Centre Efficiency Works	0	767	0	0	0	767
20227	Wilsons Playing Fields Sports Pitch Drainage	0	300	0	0	0	300
Total	Leisure Estate Investment	0	6,793	128	0	0	6,921
20135	Market Hall	0	5,962	0	0	0	5,962
20137	Burton Chambers	0	4,443	0	0	0	4,443
20136	Market Chambers	0	1,112	250	21	0	1,383
20238	Market Hall Façade Works	0	500	0	0	0	500
20266	Market Hall Solar Panels	0	0	500	0	0	500
20237	Market Hall Fire Compliance Works	0	322	0	0	0	322
20059	Internal Development of Market Hall - Replace Passenger Lift	0	239	0	0	0	239
Total	Market Development Works	0	12,577	750	21	0	13,349
20223	Osw Civic Theatre Refurbishment Works	250	267	0	0	0	517
20048	Fire Safety Improvements - Fire Assessment Building Alterations Various Buildings	0	228	0	0	0	228
20244	Acc Town Hall Roof Access Equipment	65	65	0	(65)	0	65
20260	Lee Lane Cemetery Tap & Water Supply	52	0	28	0	0	80
20165	Fire Assessment Building Alterations Acc Crematorium	0	50	0	0	0	50
20262	Mercer Park Bowling CCTV	45	0	0	0	0	45
20263	Bullough Park Pavilion Demolition	40	0	0	0	0	40
20259	Dill Hall Cemetery Road Extension	35	0	0	0	0	35
20246	Fence at Acc Cemetery	0	30	0	0	0	30
20261	Crematorium - Internal Repairs and Decoration	25	0	0	0	0	25
20051	CCTV Upgrade Various Buildings	0	24	0	0	0	24
20031	External Security Improvements	0	12	0	0	0	12
20215	Vehicle Security Barrier Willows Lane	0	4	0	0	0	4
20053	Acc Town Hall External Improvements	0	169	0	65	(234)	0
20062	Accrington Cemetery Welfare & Depot Facilities PH2	0	0	0	0	0	0
20250	QE Room Roof	0	0	0	0	0	0

5	(0)	(0)	0
30	0	0	0
522	(6)	1	(7)
5,855	0	0	0
667	(100)	0	(100)
0	(300)	0	(300)
6,521	(400)	0	(400)
3,296	(2,665)	0	(2,665)
1,716	(2,727)	0	(2,727)
1,346	(37)	0	(37)
0	(500)	0	(500)
111	(389)	0	(389)
0	(322)	0	(322)
0	(239)	0	(239)
6,469	(6,879)	0	(6,879)
325	(192)	0	(192)
75	(153)	0	(153)
65	0	0	0
80	0	0	0
0	(50)	0	(50)
45	0	0	0
40	0	0	0
31	(4)	(4)	0
30	0	0	0
0	(25)	0	(25)
6	(18)	(18)	0
0	(12)	(12)	0
4	0	0	0
0	0	0	0
15	15	15	0
0	0	0	0

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

717	(439)	(19)	(420)
595	0	0	0
40	(195)	0	(195)
0	(100)	0	(100)
91	0	0	0
74	0	0	0
40	0	0	0
30	0	0	0
29	0	0	0
23	0	0	0
10	(10)	0	(10)
6	0	0	0
2	0	0	0
2	0	0	0
0	0	0	0
0	0	0	0
941	(305)	0	(305)
50	(72)	0	(72)
3	(45)	0	(45)
28	0	0	0
19	0	0	0
100	(117)	0	(117)
255	0	0	0
0	0	0	0
255	0	0	0
256	(409)	(409)	0
7	0	0	0
4	0	0	0
4	0	0	0
271	(409)	(409)	0
21,048	(8,909)	(428)	(8,481)

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REPORT TO:		Resources Overview & Scrutiny Committee	
DATE:		10 December 2025	
PORTFOLIO:		Councillor Vanessa Alexander – Resources and Council Organisation	
REPORT AUTHOR:		Martin Dyson, Executive Director (Resources)	
TITLE OF REPORT:		Revenue Budget Monitoring 2025/26 – Quarter 2 to end of September 2025	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. **Purpose of Report**

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

2. **Recommendations**

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

3. **Revenue Budget Forecast 2025/26**

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

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

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

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

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

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

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

3.8 Table 3: Change in Significant Variances

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

3.9 Staffing Costs and Pay Pressures

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

3.10 Utilities and Operational Savings

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

3.11 Grant Income and Housing Benefit

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

3.12 **ICT Costs**

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

3.13 **Council Tax Recovery Costs**

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

3.14 **Fees and Charges Income**

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

3.15 **Non-Service Budgets**

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

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

4. **Variance by Service Area**

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

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

4.3 **Environmental Health**

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

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

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

4.3.3 The variance within Environmental Health relates to staffing pressures.

4.4 Environmental Services

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

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

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

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

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

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

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

4.5 Legal and Democratic Services

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

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

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

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

4.6 Planning and Transportation

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

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

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

- 4.6.3 The forecast overspend of £0.014m on Building Control relates to the additional cost of two agency staff members, which is offset in part by vacant posts and additional fee income.
- 4.6.4 The underspend on Green Infrastructure is due to additional allotment income of £0.031m received during 2025/26, offset in part by an increased water charges for allotments of £0.005m and a small amount of additional income for garage rents of £0.003m.
- 4.6.5 The Planning team are forecasting an overspend on staffing costs following the engagement of agency workers in the Development Management and Planning Policy services of £0.219m. This is offset in part by savings on vacant posts of £0.069m, and additional fee income £0.018m. There is also an adverse variance in relation to refunds for delayed planning applications.

4.7 Regeneration and Housing

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

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

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

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

4.8 Resources

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

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

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

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

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

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

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

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

4.9 Non-Service and Corporate Savings Target

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

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

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

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

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

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

4.10 Funding

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

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

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

4.11 Reserves

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

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

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

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

5. Pressures and Risks

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

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

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

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

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

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

6. **Alternative Options Considered and Reasons for Rejection**

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

7. **Consultations**

7.1 Not applicable.

8. **Implications**

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

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

9.1 **List of Background Papers**

General Fund – Revenue Budget, Council Tax Levels and Capital Programme 2025/26
– Council 27th February 2025
Revenue Budget Monitoring 2025/26 – Quarter 1 to end of June 2025 – 30th July 2025

10. **Freedom of Information**

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

<u>AGENDA ITEM</u>			
REPORT TO:		Resources Overview & Scrutiny Committee	
DATE:		10 December 2025	
PORTFOLIO:		Councillor Vanessa Alexander – Resources & Council Operations	
REPORT AUTHOR:		Carol Worthington – Principal Accountant M Dyson – Executive Director of Resources	
TITLE OF REPORT:		Prudential Indicators Monitoring and Treasury Management Strategy Update – Quarter 2 2025/26	
EXEMPT REPORT:	No		
KEY DECISION:	No	If yes, date of publication:	

1. PURPOSE OF REPORT

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

2. RECOMMENDATION(S)

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

3. BACKGROUND

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

- 3.2 As part of this framework, councils must set Prudential Indicators each year to support decision-making around capital investment and borrowing. These indicators help demonstrate that the Council's plans are financially sound and that risks are being managed appropriately.
- 3.3 The Council also adopts a Treasury Management Strategy annually, which outlines how it will manage borrowing, investments, and cash balances throughout the year. Regular monitoring reports are required to track performance against the strategy and indicators, and to provide assurance that treasury activities remain aligned with the Council's financial objectives.

4. BORROWING ACTIVITIES DURING THE PERIOD

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

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

- 4.3 The Council continues to operate within the borrowing limits and targets set at the start of the financial year. A key measure in the Prudential Indicators is the relationship between the Capital Financing Requirement (CFR) and the Council's gross external debt.
- 4.4 The CFR represents the total amount the Council has needed to borrow over time to fund capital investment — such as buildings, infrastructure, and equipment. It reflects the underlying need to borrow, even if the Council chooses to use internal resources (like reserves or cash balances) instead of taking out loans. The gross external debt of £13.683m is the actual amount the Council has borrowed from external sources, such as the LOBO loans and finance leases.
- 4.5 In general, gross debt should not exceed the CFR. This is an important safeguard built into the Prudential Code, as it provides assurance that the Council is not borrowing more than it needs for capital purposes — and crucially, that it is not borrowing to fund day-to-day services, which is not permitted.
- 4.6 In 2025/26, the Council's gross debt is forecast to exceed the CFR by £2.372m, placing us in an over-borrowed position. This is not due to new borrowing, but is explained by:
- Historic loans that are structured with repayment at maturity (i.e. the full amount is repaid at the end of the loan term). These loans keep the gross debt figure high, while the CFR

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

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

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

5. INVESTMENT ACTIVITIES DURING THE PERIOD

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

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

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

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

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

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

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

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

TABLE 3 – Local Authority Investments

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

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

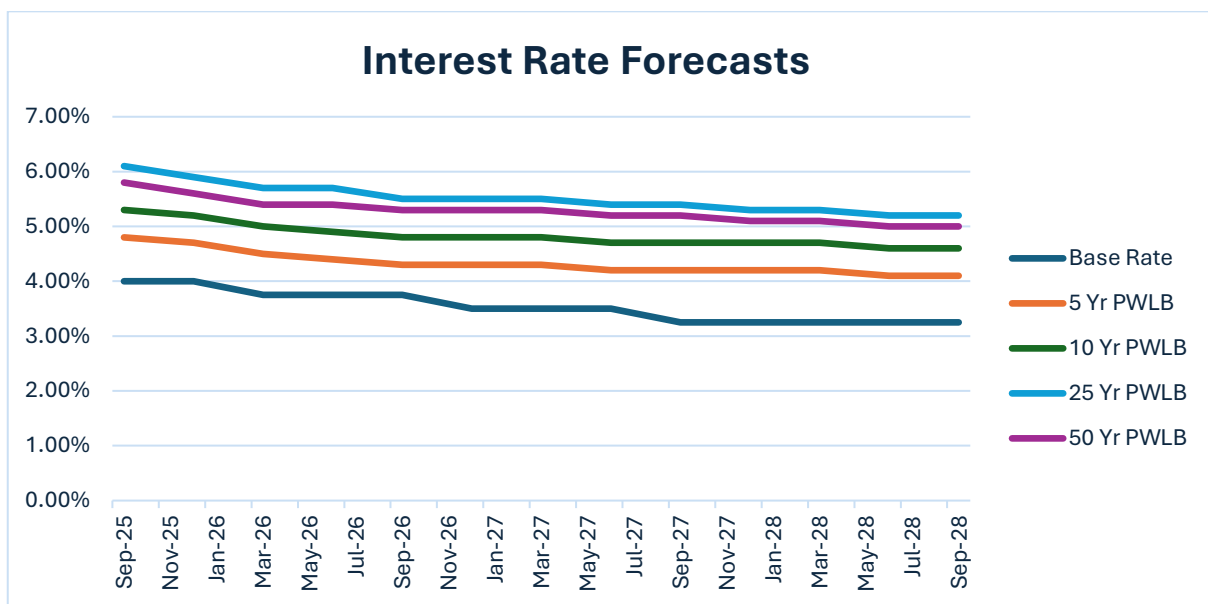
Local Authority	Date From	Date To	Amount £'000	Interest Rate
Future Dated Loans Agreed				
Total Future Dated Local Authority Loans				

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

6. INTEREST RATES

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

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



MUFG interest rate forecasts as at 11/08/2025.

- 6.3 The latest forecast sets out a view that both short and long-dated interest rates will start to fall, as inflation has fallen closer to the Bank of England's target of 2.00%.
- 6.4 Interest rate risk is minimised as our borrowings are fixed until a trigger point, where the lender seeks better rates. Current interest rates would need to rise significantly for this to occur. With rates expected to fall in the short-term this is unlikely to occur, but this will be monitored closely.
- 6.5 **Interest Receivable**
- 6.6 The Council has invested surplus cash on a short-term, temporary basis. These investments have generated interest income above the budgeted expectations for the year. This is mainly due to:
- Higher levels of cash being held (e.g. from grants received in advance of spending)
 - The Bank of England maintaining interest rates at higher levels than anticipated when the budget was set
- 6.7 As a result, the Council now expects to receive £0.097m in additional interest income by the end of March 2026. The investment strategy continues to prioritise security and liquidity, ensuring that funds are safe and available when needed.
- 6.8 The Council invests surplus cash in highly rated financial institutions, spreading deposits across multiple banks to reduce risk. This approach helps protect public funds in the event of an unexpected bank failure.
- Deposits are placed with banks where government guarantees are likely to apply
 - No more than £2 million is held with any single bank, except for the NatWest liquidity account, which has a limit of £3 million
 - The Council can place unlimited funds with the Government's Debt Management Account Deposit Facility (DMADF), which offers low risk returns and flexibility

- 6.9 This strategy continues to deliver a reasonable return while keeping risk to a minimum.
- 6.10 **Interest Payable**
- 6.11 The budget included an estimate for interest costs on potential new borrowing. However, as no new borrowing is expected to take place during the year, these interest costs will not be incurred.
- 6.12 **Forecast Revenue Outturn – 2025/26 Q2**
- 6.13 **TABLE 4** below shows the forecast revenue outturn position on the Council's Treasury Management activities as at 2025/26 Q2.
- 6.14 The interest forecast has increased since Q1 due to prevailing interest rates overperforming what was expected.
- 6.15 **TABLE 4 - Forecast Revenue Outturn – 2025/26 Q2**

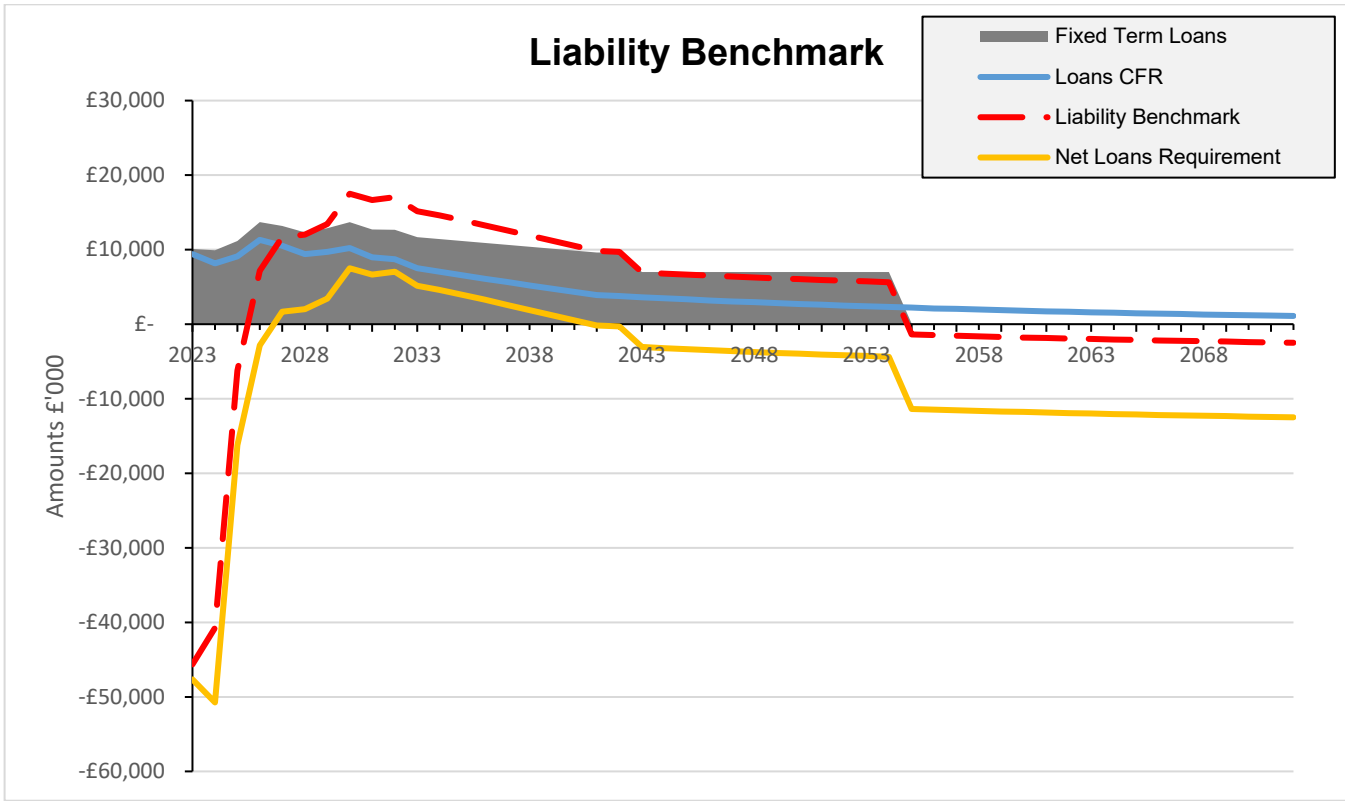
Portfolio Position	Working Budget 2025/26 £'000	Forecast Outturn 2025/26 £'000	Forecast (Under)/ Overspend £'000
INTEREST RECEIVABLE			
Interest Receivable on Temporary Lending	(700)	(1,287)	(587)
Other Interest Receivable	-	-	-
Total Interest Receivable	(700)	(1,287)	(587)
INTEREST PAYABLE			
Interest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

7. PERFORMANCE AGAINST PRUDENTIAL INDICATORS

- 7.1 The *Prudential Code for Capital Finance in Local Authorities* requires councils to set Prudential Indicators annually for the forthcoming three years. These indicators demonstrate that the Council's capital investment plans are affordable, prudent, and sustainable.
- 7.2 Hyndburn Borough Council adopted its Prudential Indicators for 2025/26 at its meeting in February 2025.
- 7.3 In addition to setting these indicators, the Prudential Code requires the Council to monitor them on a quarterly basis, using a locally determined format. These indicators are intended for internal use and are not designed for comparison between authorities.

- 7.4 Should it become necessary to revise any of the indicators during the year, the Executive Director of Resources will report and advise the Council accordingly.
- 7.5 Please see **APPENDIX 1** for a full list of monitoring information for each of the prudential indicators and limits. These include:
- External Debt Overall Limits
 - Affordability (e.g. implications for Council Tax)
 - Prudence and Sustainability (e.g. implications for external borrowing)
 - Capital Expenditure.
 - Other indicators for Treasury Management.
- 7.6 **Liability Benchmark**
- 7.7 As part of the approved Treasury Management Strategy, the Council set out a Liability Benchmark. This is a key tool that compares the Council's actual borrowing levels against a theoretical benchmark that represents the lowest risk level of borrowing, based on current capital and revenue plans.
- 7.8 The Liability Benchmark helps the Council understand whether it is likely to be a long-term borrower or a long-term investor. It does this by estimating the minimum level of external borrowing needed to:
- Fund planned capital expenditure
 - Repay existing debt
 - Maintain only the minimum level of cash investments required for day-to-day operations
- 7.9 This insight supports strategic decision-making around future borrowing and investment activity.
- 7.10 The inputs that determine the Liability Benchmark have been revised to include the increased capital expenditure relating to vehicle leasing and the increased draw down of useable reserves anticipated to support the revenue budget over the MTFS period.
- 7.11 Based on current forecasts, the Liability Benchmark suggests that the Council may need to undertake new borrowing around the year 2029. However, this is only a projection based on existing capital and revenue plans — it is not a confirmed borrowing requirement and may change as plans and funding sources evolve.

7.12 Liability Benchmark as at Q2 2025/26:



8. **ALTERNATIVE OPTIONS CONSIDERED AND REASONS FOR REJECTION**

Not applicable.

9. **CONSULTATIONS**

Not applicable.

10. **IMPLICATIONS**

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

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

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

List of Background Papers

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

13. **FREEDOM OF INFORMATION**

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

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

Agenda Item 5.

REPORT TO:		Resources O & S Committee	
DATE:		21 November 2025	
PORTFOLIO:		Councillor Melissa Fisher - Deputy Leader of the Council (Housing and Regeneration)	
REPORT AUTHOR:		Tom Birtwistle Environmental Health Manager (Housing Standards)	
TITLE OF REPORT:		Review of the number of Empty Homes in the Borough	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	N/A

1. Purpose of Report

1.1 The purpose of this report is to provide an overview of the number of empty residential and commercial properties within the borough, outline current service demands which relate to these premises and challenges in returning these properties to use, including the limitations of the Councils legislative powers and work in default options.

2. Recommendations

2.1 It is recommended that Cabinet/Committee:

1. Notes the current position regarding numbers of empty properties in the borough.
2. Note that whilst numbers of recorded residential empty properties is falling there is an increase in service demand in relation to long term empty properties and the number of empty commercial properties remains static.
3. Note the challenges of returning empty properties to use for stock that is in private ownership.
4. Considers additional investment or external funding opportunities to enhance the Empty Homes function where possible.

3. Reasons for Recommendations and Background

3.1 Empty homes represent a loss of valuable housing stock at a time of significant housing demand. Long-term empty properties (those vacant for more than six months) can also contribute to neighbourhood decline, attract anti-social behaviour, and reduce confidence in local areas. The recent trend for on-line shopping and banking for example has resulted in a significant impact on the high street in relation to a rise in vacant commercial premises. In a similar way to residential housing this has also contributed to neighbourhood decline and anti-social behaviour in the districts commercial centres.

3.2 Data obtained from the Councils Council Tax department and reported to Council on the 27th March 2025 shows the following numbers of empty residential properties see table 1 below. Since 2013, the number of properties in the Borough classified as empty and unfurnished for Council Tax purposes on 1st April each year has reduced. It should be noted that these figures represent those dwellings subject to former Class C empty and unfurnished discounts, not all empty dwellings in the Borough. Other empty properties include those undergoing major repairs and those subject to other exemptions.

Table 1 – Council Tax Empty Properties from 2012/2013 to 2024/2025

Financial Year	0-6 months	6-24 months	24+ months	Total
2012/2013	746	1275	Data not recorded	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
2024/2025	207	242	256*	705
*Properties subject to council tax premium from 01 April 2024				

3.3 Data from Council tax in relation to Non Domestic Residential (NDR) properties over the past three years shows the extent of empty commercial properties in Hyndburn. The figures show a steady number of empty commercial properties. However it is likely these premises will be in close proximity to each other residing in the various Central business districts of the borough creating pockets of blight and affecting currently operating commercial businesses.

Table Two- Number of empty non domestic properties April 2023- September 2025

Date	NDR properties
April 2023	466
April 2024	513
April 2025	438
September 2025	483

3.4 The Council currently employ one empty property officer within the Housing Standards service. The primary remit of the officer is to resolve service requests which are received by the Council in relation to empty properties. Table three below shows the number of service requests that Housing Standards have received over the past three years in relation to empty properties. The table shows a year on year increase in the number of reported issues. Typical service requests include fly tipping of waste on empty sites and back yards, properties which are open to access or have been subject to criminal activity, properties which are affected by pests such as mice and rats, empty premises which are affecting neighbouring properties due to water ingress and damp, and empty properties which are unsightly and detrimental to the local amenity. The empty property officer also assists with identifying and providing evidence of empty properties to the Council Tax department to ensure properties are on the correct banding.

Table Three- Number of Service Requests received in relation to Empty Properties April 23- November 2025

Financial Year	Number of Service Requests
2023/24	95
2024/25	114
2025/November 2025	125

4.0 Challenges

The Council currently faces several challenges in returning homes and commercial premises back into use, including:

4.1 Highstreet decline and larger former industrial sites

The decline of the high street in recent years has contributed to a number of empty properties within the borough, particularly among retail and commercial premises. Structural changes in shopping habits, the growth of online retail, and reduced footfall in traditional town centres have significantly weakened demand for many types of retail units. As a result, even where owners are willing and motivated to let their premises, there is often little or no market interest. This mismatch between supply and demand leaves properties vacant for extended periods, despite proactive efforts by landlords.

For the Council, this presents a further challenge: although the properties are unoccupied the issue is not one of owner reluctance but a lack of viable commercial use. Bringing these units back into occupation may therefore require wider regeneration activity, diversification of high street uses, and other long-term economic interventions beyond the scope of empty property enforcement powers.

The Council are also receiving complaints in relation to former industrial premises which are typically large scale/contaminated and therefore costly for owners to remediate and unattractive or unviable sites for redevelopment.

4.2 Limited or outdated owner information and difficulties contacting property owners.

Empty properties present challenges due to difficulties in establishing or contacting the owner. In some cases, owners have moved abroad or relocated without updating their details to the Council, making correspondence difficult. Other properties are owned by individuals who have died, with the dwelling remaining in probate for extended periods while legal processes are completed or family matters are resolved. Where a property owner dies without next of kin or a valid will, ownership may pass to the Duchy of Lancaster or the Crown Estate, which can lead to lengthy administrative processes before decisions regarding the property can be made. In some circumstances these properties can also be disclaimed by the Duchy due to a lack of value which can leave properties without a legal owner with liability for the premises. These circumstances severely limit the Council's ability to engage with responsible parties, obtain consent for works, or encourage voluntary action. As a result, properties with unclear or uncontactable ownership often remain empty for many years, despite repeated attempts by the Council to progress the case. Many commercial properties are in addition owned within limited companies often with business addresses which are outside the district or the United Kingdom. Establishing and communicating

with responsible persons through limited companies is time consuming and it is not always possible to track the responsible person.

4.3 High renovation costs acting as a barrier for owners.

A further challenge arises from the relatively low market value of many empty properties within the borough. In some cases, owners are able to retain ownership without feeling compelled to address the deterioration, nuisance, or ongoing vacancy of the dwelling. Where the financial return from selling or renovating the property is limited, owners may consider it easier to do nothing, even if the property remains in poor condition or contributes to neighbourhood decline. This lack of financial pressure means the Council faces prolonged periods of inactivity from owners, despite repeated attempts at engagement. Low property values also reduce the effectiveness of certain enforcement tools, such as enforced sale because the cost of works, legal action or existing charges on the property may exceed the value of the asset making recovery of expenses unlikely.

4.4 Lack of financial assistance

The Council currently has no ability to offer financial incentives to encourage owners to bring their properties back into occupation. Without such incentives, owners, particularly those facing high repair costs or low rental and resale values have little motivation to undertake the necessary works. The Council can provide advice and signposting, but it cannot offer direct financial assistance to offset renovation costs or make reoccupation more attractive. This restricts the Council's ability to influence owner behaviour and means that progress often relies solely on voluntary cooperation or additional financial pressures through empty property premiums or the use of enforcement powers, which are limited in scope and can be slow to achieve results.

4.5 Stock ownership

Addressing empty homes that are privately owned presents significant challenges for the Council due to the limits of its legal powers and the complexity of property ownership. Privately owned dwellings fall under the rights and protections afforded to property owners, meaning the Council cannot simply enter, repair, or reoccupy a property without meeting strict legal thresholds. Many long-term empty properties are subject to complicated ownership issues such as probate delays, unregistered titles, or disputes between family members. These situations can prevent owners from giving consent or engaging with the Council, thereby stalling any progress in returning the property to use.

Overall, the Council's ability to intervene is limited by legal protections of private ownership and the high cost and lengthy timescales associated with enforcement. These factors collectively mean that progress on privately owned empty homes can be slow, even where the Council recognises a strong public interest in bringing them back into use.

4.6 Lengthy enforcement processes and legislative limitations

Although the Council has several legal powers available to address the condition of empty properties, many of these powers are limited to securing compliance or prosecuting owners rather than enabling the Council to directly return a property to occupation. The Service of statutory notices can require owners to remedy defects or prevent a property from causing nuisance, and prosecution may follow where owners fail to comply. However, even successful prosecution does not guarantee that the owner will carry out the necessary works or take steps to reoccupy the home. In practice, these powers ensure minimum standards and address safety or public health concerns typically requiring the Council to undertake this work in default of the notice, but they do not provide the Council with automatic authority to manage, let or sell the property. As a result, despite enforcement activity, the property may remain empty and unused for long periods unless the owner voluntarily chooses to bring it back into use or sell the property.

4.7 Works in Default

In some cases it is necessary to undertake works in default in order to resolve issues which have an immediate effect on the community or public health, such cases can include where putrescible or food waste has been fly tipped onto an empty site or a building requires securing immediately due to it being accessed or a potential arson risk.

Works in default can only be undertaken through the service of a legal notice.

Significant legal and procedural hurdles can occur when undertaking works in default on empty properties. The legislative powers the Council enforce come with strict requirements for notices, evidence tests, and timescales, and owners often have rights of appeal that can potentially delay intervention. As outlined above establishing who legally owns a building can also make it harder to serve notices or enforce responsibilities.

Works in default require payment for the works to contractors before the funding is recovered from the owner. There is no guarantee of recovering this funding, especially when owners are insolvent or the property has low value. Even when charges are placed on the property, repayments can take years. Hyndburn council's current budget for works in default for all of Housing Standards services is £400 per year. Therefore works in default are only undertaken when it is absolutely necessary to protect public health. It typically costs the Council between £300-500 per case to undertake works in default excluding officer time to serve notices and conduct site inspections.

Operational and practical issues further complicate works in default. Specialised contractors may be required and can be difficult to secure quickly. Contractors are externally sourced and therefore it is not always possible to conduct emergency works on the ground, access challenges and health

and safety risks such as structural instability, hoarding, or hazardous materials can increase costs and delay intervention.

5. **Consultations**

- 5.1 Housing Standards Private Sector Housing Enforcement Policy 2022
- 5.2 Council Tax report on Empty Properties submitted to Council on 27th March 2025
- 5.3 Consultation with Head of Revenues and Benefits
- 5.4 Consultation with Empty Property Officer
- 5.5 Consultation with Head of Environmental Health

6. **Implications**

Financial implications (including any future financial commitments for the Council)	N/A
Legal and human rights implications	N/A
Assessment of risk	N/A
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	N/A

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

- 7.1 *Copies of documents included in this list must be open to inspection and, in the case of reports to Cabinet, must be published on the website.*

If the report is public, insert the following paragraph. If the report is exempt, contact Member Services for advice.

8. **Freedom of Information**

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

REPORT TO:	Resources, Overview & Scrutiny Committee
DATE:	10 December 2025
REPORT AUTHOR:	Adam Birkett, Head of Planning and Transportation
TITLE OF REPORT:	The Impact of HMOs in the Borough

1. **Purpose of Report**

- 1.1 This report provides the Resources, Overview & Scrutiny Committee with an update on the impacts of Houses in Multiple Occupation (HMOs) in the Borough and progress on implementing the Article 4 Direction scheduled to take effect in March 2026 (“the March 2026 Article 4 Direction”). This Direction removes permitted development rights for small HMOs in specified areas of the Borough. The report also sets out further recommendations regarding the investigation of extending Article 4 Direction coverage to those electoral wards not currently included.

2. **Recommendations**

- 2.1 That the Resources, Overview & Scrutiny Committee notes the contents of this report and supports further work to explore the potential extension of HMO Article 4 Direction coverage across the remainder of the Borough.

3. **Background**

- 3.1 Section 254 of the Housing Act 2004 defines a House in Multiple Occupation (HMO) as a property occupied by two or more households sharing basic living accommodation. Use of a dwellinghouse by up to six residents as a HMO falls within Use Class C4 of the Town and Country Planning (Use Classes) Order 1987 (as amended). This includes properties occupied by three to six individuals forming more than one household and sharing basic amenities. Class C4 typically covers “small” HMOs such as shared houses, student accommodation, and other co-living arrangements.
- 3.2 Under current planning regulations, planning permission is required for a property to operate as a HMO accommodating more than six people. However, permitted development rights currently allow a change of use from a dwellinghouse (Class C3) to a small HMO (Class C4), and vice versa, without planning permission.
- 3.3 The impact of HMOs in Hyndburn was reported to the Resources, Overview & Scrutiny Committee in October 2024. That report recognised that while HMOs provide an important source of housing for certain groups, they can also have adverse effects on sustainable and healthy communities. Hyndburn’s comparatively low property values have encouraged the purchase or rental of properties by agencies and companies providing specialist forms of accommodation, including:

- Properties purchased by Serco for use by immigrants and refugees;
- Properties rented for the accommodation of ex-offenders;
- Properties leased by private sector providers to house adults with learning difficulties or mental health needs;
- Properties rented by public and private organisations for the accommodation of children under the age of 18.

3.4 To address these concerns, the Council resolved in December 2024 to make a non-immediate Article 4 Direction. Article 4 Directions allow local planning authorities to remove certain permitted development rights. The Direction removes the automatic right to change from Class C3 (dwellinghouse) to Class C4 (small HMO), as otherwise permitted under Schedule 2, Part 3, Class L of the Town and Country Planning (General Permitted Development) (England) Order 2015.

3.5 Evidence prepared to support the March 2026 Article 4 Direction identified that some areas of the Borough had higher concentrations of HMOs, lower property values, and greater levels of deprivation. It was therefore recommended that permitted development rights be withdrawn within the nine most affected wards: Barnfield, Central, Church, Clayton-le-Moors, Peel, Netherton, Rishton, Spring Hill, and St Andrew's.

3.6 Non-immediate Article 4 Directions take effect 12 months after being made. As required by legislation, formal notification of the March 2026 Article 4 Direction was undertaken. A consultation period ran from 21 March to 2 May 2025, during which representations were invited from individuals, groups, and organisations with an interest.

3.7 In determining whether to confirm the Direction, the Council was required to consider all representations received. Three responses were submitted by members of the public (including one local councillor), along with three written responses from statutory consultees.

3.8 Following consideration of these representations, the Council confirmed the March 2026 Article 4 Direction on 17 November 2025. The Direction will take effect on 15 March 2026.

Next Steps

3.9 Concerns have been raised regarding the geographical scope of the March 2026 Article 4 Direction, with suggestions that it should apply across the entire Borough.

3.10 The *National Planning Policy Framework (NPPF)* states that Article 4 Directions should be applied in a measured and targeted manner, supported by robust evidence and restricted to the smallest area necessary. The *Planning Practice Guidance (PPG)* further emphasises that potential harm must be clearly evidenced, and that removing permitted development rights over wider areas requires strong justification.

- 3.11 There is no comprehensive system for identifying all HMOs, as landlords are not required to register properties with fewer than five occupants. The Housing Standards team has therefore undertaken work to refine Council Tax data and inspect properties to produce a more accurate dataset.
- 3.12 In October 2024, 509 HMOs (1,633 bed spaces) were identified across the Borough's 16 wards, with the highest concentrations in Barnfield, Central, Netherton, Peel, Church, Rishton, Spring Hill, and St Andrew's.
- 3.13 By October 2025, this number had reduced to 450, although the reduction is attributed to improved monitoring rather than an actual decline. Some properties initially classified as HMOs were subsequently identified as care or nursing homes.
- 3.14 The latest data from November 2025 records 484 HMOs.
- 3.15 A comparison of October 2024 and November 2025 figures is provided in Table 1.

Table 1: Table 1: Number of HMOs by Ward (October 2024 vs November 2025)

Ward	Oct-24	Nov-25	Change
Altham	25	20	-5
Barnfield	58	50	-8
Baxenden	5	5	0
Central	52	38	-14
Church	61	55	-6
Clayton-le-Moors	22	22	0
Huncoat	17	13	-4
Immanuel	14	19	5
Milnshaw	24	16	-8
Netherton	27	31	4
Overton	18	18	0
Peel	58	58	0
Rishton	41	49	8
Spring Hill	49	48	-1
St Andrew's	32	34	2
St Oswald's	6	8	2
Total	509	484	-25

*Rows highlighted are those wards included within March 2026 article 4 direction

- 3.16 There is currently no evidence to indicate that HMO numbers have increased in wards not included in the March 2026 Article 4 Direction, which is consistent with the fact that the Direction has not yet taken effect. The nine affected wards continue to contain the highest numbers of HMOs overall.
- 3.17 Several neighbouring authorities have recently amended their approaches to HMOs. Notably, Chorley and Rossendale introduced immediate, borough-wide Article 4 Directions in September 2025, removing all permitted development rights for HMOs.

Table 2. HMO Article 4 Coverage in Lancashire, by District

Local Planning Authority	HMO Article 4 Direction	Coverage	Date
Burnley	Yes	Partial	October 2024
Chorley	Yes	Full	September 2025
Fylde	No		
Lancaster	Yes	Partial	November 2021
Pendle	No	No	
Preston	Yes	Partial*	February 2012
Ribble Valley	No	No	
Rossendale	No	Full	September 2025
South Ribble	No	No	
West Lancashire	Yes	Partial	December 2011
Wyre	No		
Blackburn with Darwen	Yes	Full	August 2023
Blackpool	Yes	Full	October 2022

*Consultation undertaken in Feb-Apr 2025 with recommendation to extend coverage.

- 3.18 A comparison of Chorley's evidence base with that of Hyndburn demonstrates that Hyndburn experiences a more acute issue. Chorley reported only 31 HMOs in August 2025, while Hyndburn also performs less favourably across indicators including deprivation, housing quality, house prices, and crime.
- 3.19 The evidence supporting the March 2026 Article 4 Direction focused solely on internal conditions within Hyndburn. It did not consider approaches taken elsewhere in Lancashire or benchmark thresholds used to justify Article 4 Directions in other districts or the wider North West.
- 3.20 It is therefore recommended that further work be undertaken to update and strengthen the evidence base underpinning the March 2026 Article 4 Direction, including comparative analysis of HMOs and Article 4 thresholds across relevant local authorities.
- 3.21 Should the evidence support the removal of permitted development rights for HMOs in the remaining wards of Altham, Baxenden, Huncoat, Immanuel, Milnshaw, Overton

and St Oswald's, then it is recommended that this be implemented through the making of a new Article 4 Direction as, whilst an existing Article 4 Direction can be modified, any existing Direction must first be cancelled.

- 3.22 Consideration would also need to be given to whether any Direction would be "non-immediate" or "immediate". Whilst an immediate Direction can withdraw permitted development rights straight away, guidance suggests that they should be made only where the development presents an immediate threat to local amenity or prejudices the proper planning of an area.
- 3.23 Where a local planning authority introduces an immediate Article 4 Direction, it may be liable to pay compensation arising from the withdrawal of permitted development rights. Compensation is limited to abortive expenditure or any other loss or damage directly attributable to the removal of those rights.
- 3.24 Following the confirmation of an Article 4 Direction, planning permission becomes required for the development of small Houses in Multiple Occupation (HMOs). Accordingly, an appropriate policy framework is necessary to support the assessment and determination of related planning applications.
- 3.25 The Council has prepared and adopted Supplementary Planning Guidance (SPG) on Residential Conversions and HMOs (June 2025). This SPG is a material consideration in the determination of planning applications.
- 3.26 However, the SPG does not form part of the statutory development plan and therefore does not hold the same weight as policies within the Core Strategy or the Development Management Development Plan Document (DPD).
- 3.27 The emerging Local Plan 2040 includes policies specifically relating to the development of HMOs in Hyndburn. Policy SP11 states that proposals for HMOs will only be supported where they maintain the prevailing character and setting of the surrounding area, are located within or within walking distance of town centres, and are well served by public transport, alongside meeting additional criteria. Once adopted, the Local Plan will afford this policy full weight in decision-making. Following adoption, the Council may also consider updating and adopting the existing SPG as a Supplementary Planning Document (SPD) to provide more detailed guidance in support of Policy SP11.

Children's Care Homes

- 3.28 As part of its work on HMOs, the Council, in June 2025, adopted the Children's Residential & Supported Accommodation SPG in tandem with the HMO SPG. This SPG outlines the policy basis for determining proposals to convert residential dwellings into children's care homes.
- 3.29 Since adoption, several planning applications for children's care homes have been refused due to conflicts with the SPG. Some of these refusals were subsequently appealed to the Planning Inspectorate. On 21 November 2025, two appeals were decided in favour of the applicants. While the Inspector acknowledged the SPG's

recent adoption, it appears to have carried limited weight in the decision-making process.

3.30 Currently, there are no specific development plan policies in Hyndburn that provide a framework for determining children's care home applications, and the emerging Local Plan under examination does not include policies in this area. Consequently, careful consideration will be required in assessing future applications for children's care homes in light of these appeal outcomes.

3.31 The Lancashire Children's Services Market Position Statement (April 2025) highlights ongoing concerns regarding the number and distribution of children's care homes across the county:

- Lancashire has the highest number of children's homes in England, accounting for 8% of all children's homes nationally, most operated by agency providers (330 of 347 as of March 2025).
- Despite provision exceeding local need by over four times, some Lancashire children are placed outside the county due to a lack of available local capacity.
- According to the Ofsted register (March 2025), 330 agency-registered children's homes can care for up to 980 children, yet only 149 Lancashire children were living in these homes within the county. Nearly 23% of children in agency homes were placed outside Lancashire, often because suitable local provision was already full with children from other authorities.
- The number of agency children's homes in Lancashire continues to grow, outpacing the national rate (a 54% increase between March 2023 and March 2025, compared to a 31% national increase).
- Fylde and Wyre have seen the largest growth, together accounting for 96 of the 330 agency homes in Lancashire.

4. Alternative Options considered and Reasons for Rejection

4.1 One alternative would be to take no further action. The March 2026 Article 4 Direction will come into effect on 15 March 2026, requiring planning permission for all HMO developments in the nine wards it covers.

4.2 Another option is to wait for the Article 4 Direction to take effect and monitor HMO numbers and locations in the borough over a 6–12 month period. This would enable the Council to assess the Direction's impact in the wards not covered and determine any further action if necessary.

5. Consultations

5.1 N/A

6. **Implications**

Financial implications (including any future financial commitments for the Council)	N/A
Legal and human rights implications	N/A
Assessment of risk	N/A
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	N/A

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

- 7.1 [Cabinet Report, 04 December 2024, Houses in Multiple Occupation and Children's Care Homes](#)

8. **Freedom of Information**

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

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REPORT TO:	Resources, Overview & Scrutiny Committee
DATE:	10 December 2025
REPORT AUTHOR:	Adam Birkett, Head of Planning and Transportation
TITLE OF REPORT:	Outcomes and resources of planning enforcement

1. **Purpose of Report**

- 1.1 This report provides the Resources, Overview & Scrutiny Committee with an update on the resources, performance, and current workload of the Council's planning enforcement service.

2. **Recommendations**

- 2.1 That the Resources, Overview & Scrutiny Committee note the contents of this report.

3. **Background**

- 3.1 The planning enforcement service, located within the Planning and Transportation Department, is responsible for investigating alleged breaches of planning control across the Borough. These include developments undertaken without planning permission, as well as non-compliance with conditions attached to approved permissions. The service is currently staffed by two full-time enforcement officers.
- 3.2 The service operates reactively. Officers do not routinely patrol the Borough for breaches but instead respond to reports made by members of the public, elected members, and other stakeholders.
- 3.3 The service currently holds 464 live cases. This backlog is largely attributed to the Covid-19 pandemic period, during which the Council employed only one enforcement officer. A second officer was appointed in October 2022.
- 3.4 Demand for the service remains high. Since April 2025, officers have closed 151 cases; however, 154 new complaints were received during the same period. As a result, the overall number of live cases has remained broadly unchanged. The service typically receives approximately 250 complaints per year.

Table 1: Outstanding live cases, by year

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2	1	2	5	12	32	29	74	96	81	130

- 3.5 All complaints are formally logged and investigated. Investigations usually include a site visit and desk-based research such as reviewing planning history. Officers may

also contact both the complainant and the party subject to the complaint to gather further evidence. Cross-departmental working takes place where relevant.

- 3.6 The Council has a range of formal enforcement powers available. However, enforcement action is discretionary and must be proportionate. Action is only taken where it is considered expedient and in the public interest. Not all breaches result in harm sufficient to justify formal intervention.
- 3.7 Minor or technical breaches that are likely to gain retrospective planning permission will generally not warrant formal enforcement action.
- 3.8 The Council prioritises resolving breaches through negotiation in the first instance. A breach is considered remedied when the responsible party removes, alters, or regularises the unauthorised development so that it is either compliant or acceptable in planning terms.
- 3.9 Informal resolution is often the quickest and most cost-effective approach. Many breaches arise from genuine error, and prompt voluntary action can resolve issues without the need for formal measures.
- 3.10 Where formal enforcement is required, action will be taken in accordance with adopted planning policies and relevant professional standards.
- 3.11 Resource capacity is a key factor in determining whether formal enforcement action is pursued. Such action can significantly increase officer workload and therefore must be reserved for cases meeting the appropriate threshold of harm.
- 3.12 The nature and complexity of complaints vary considerably. While many relate to minor breaches, an increasing number concern changes of use, HMOs, and listed buildings—issues that involve more complex planning considerations.
- 3.13 A notable number of live cases relate to unauthorised shop fronts, shutters, and advertisements within Accrington town centre. Although these are under investigation, current resource constraints limit the speed at which they can be progressed.
- 3.14 In 2024, the Council issued several Enforcement Notices (ENs). While a number of these were appealed to the Planning Inspectorate, three appeals were dismissed in 2025, with the ENs upheld. The Council has also secured successful prosecutions for non-compliance with ENs.
- 3.15 Despite these successes, officers continue to manage a significant caseload and routinely make difficult decisions about prioritisation. Recent discussions between officers, managers, and service heads have focused on improving efficiency and reducing the backlog. An Action Plan has been developed to support this work.
- 3.16 A key action is the introduction of an updated Planning Enforcement Plan, which sets out how the Council will respond to reports of unauthorised development, investigate breaches, and determine whether action is required. The Plan aims to balance maintaining public confidence in the planning system with effective use of resources.

- 3.17 A draft Planning Enforcement Plan is scheduled to be presented to Cabinet on 3 December 2025, with a recommendation for adoption and implementation early in the New Year.
- 3.18 The Planning and Transportation Department is also upgrading its software system, which manages planning application records and generates associated documents. Historically, enforcement cases have been managed using paper files; under the new system, they will be recorded and administered electronically. This upgrade is expected to streamline processes, reduce administrative tasks, and improve monitoring of case progress and officer workloads.
- 3.19 In conclusion, workload within the planning enforcement service remains high, with officers continuing to manage a significant number of live cases alongside a steady flow of new complaints. Despite improvements in processes, successful enforcement outcomes, and planned service enhancements, the continued volume and complexity of cases require officers to make difficult decisions when prioritising their time and resources. Ensuring that the most harmful breaches are addressed promptly remains the core focus, but current demand continues to place considerable pressure on the service.

4. Alternative Options considered and Reasons for Rejection

4.1 N/A

5. Consultations

5.1 N/A

6. Implications

Financial implications (including any future financial commitments for the Council)	N/A
Legal and human rights implications	N/A
Assessment of risk	N/A
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	N/A

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

7.1 N/A

8. **Freedom of Information**

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