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# RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

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**Thursday, 16th February, 2023**

- Present:** Councillors Carole Haythornthwaite, Andrew Clegg, Paddy Short (Vice Chair), Noordad Aziz, Terry Hurn and Loraine Cox and Bernard Dawson
- In Attendance:** Councillors Miles Parkinson, Peter Britcliffe, Joyce Plummer and Munsif Dad.
- Apologies:** Councillors Patrick McGinley and Scott Brerton  
Co-optees: Doug Hayes
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## **177 Apologies for absence, Substitutions, Declarations of Interest and Dispensations**

Apologies were submitted on behalf of Councillors Patrick McGinley and Scott Brerton. Doug Hayes, Co-optee, also submitted his apologies. Councillor Bernard Dawson substituted for Councillor Scott Brerton.

There were no declarations of interests or dispensations.

## **178 Minutes of Last Meeting**

The minutes of the last meeting on 15<sup>th</sup> December 2022 were submitted and approved as a correct record.

**Resolved - That the minutes from the Resources Overview and Scrutiny Committee meeting on 15<sup>th</sup> December 2022 be approved as a correct record.**

## **179 Medium Term Financial Strategy 2023/24 - 2025/26**

The Leader of the Council reported that this sets out the forecast financial position of the Council over the next 3 years.

The purpose of undertaking this exercise is to ensure that in setting the budget for 2023/24, the Council has regard for its overall medium term financial prospects and does not take a narrow one year view of the funds it has and the spending pressures it faces, and that it takes a mature prudent view, so that it is able to maintain the Council's finances in a stable condition year on year going forward.

The Leader reported that making three year forecasts over the last decade has been difficult due to the Government's commitment to austerity and its drive to reduce public spending, which has led to a series of large reductions in funding to local government on a regular basis. The COVID 19 pandemic and the war in Ukraine have now added additional dimensions to trying to accurately forecast what will happen economically over the next 3 years.

From the announcements made by the Government in December, we know the local government settlement this year will provide some of the funds the Council needs to maintain its services, but also that no commitment has been made to maintaining these

funds in future years. Major reform to local government finances remains a strong possibility for 2024/25 and beyond.

The report indicates that the Council potentially faces a fork in the road in terms of its financial position over the next three years. If the Government decides not to embark on reform to local government finances and largely continues to fund the Council as they do currently, the Council will face the need to undertake some cost savings in 2024/25 and 2025/26 along with applying increases to council tax at 2% and achieve some growth in the tax base in both business rates and council tax.

If the Government, however, choose to implement large scale changes in its funding of local government, which sees the amount the Council receives in direct Government grant reduced or even abolished, or the amount we retain from business rates reduced, the Council would face the need to make significant savings. We should receive some more clarity from the Government in late 2023. Therefore, the Medium Term Financial Strategy indicates the Council should remain cautious in its decision taking around any major financial commitments until future funding levels for local government are clear.

The Leader also highlighted several sections of the report including a 0.8% in year savings target, total staffing costs and the 2022/23 pay award, pension costs and the positive position of the Council's reserves.

The Chair thanked the leader for the report and opened it up to the Committee for questions.

Ken Moss asked how much the Council retain from the collection of business rates. The Executive Director for Resources responded. The Council collect approximately £24 million in business rates. We currently retain 40% of this. However, this 40% is then subject to a number of tariffs and compensations which result in actual figure of business rates retained by the Council closer to 25% of that collected.

Councillor Bernard Dawson asked why a Hyndburn Borough Council financial strategy refers to South America. The Leader responded that that the Council must consider global economic circumstances in order to plan for the medium term.

Councillor Paddy Short asked if unions were engaged in negotiations for and agreed to the 2022/23 pay award. The Leader responded that the local government pay award was agreed nationally.

Councillor Nordad Aziz asked for more information regarding the £100k increase in external audit budget for 2023/24. The Executive Director for Resources responded. The audit commission was disbanded previously. Private audit firms now bid to the PSAA to undertake local government audit work. Local government accounts are more complicated than the private sector, therefore the audit costs are higher. There is also a shortage of audit providers. The PSAA have done a tender exercise, and prices have increased significantly. The Council is not involved in this tender process. Our recent change in auditor is therefore not the reason in the increased cost. The budget is an indication from PSAA, and may be higher or lower.

Councillor Noordad Aziz asked what the worst case scenario was for the increase in costs. The Executive Director for Resources responded. The Council have been told to prepare for a possible increase of 150%, which would be £120k, however, he is confident that the additional £100k budgeted will suffice.

Councillor Noordad Aziz asked if the Council is confident that we have the appropriate reserves to cover potential threats. The Leader responded that he is satisfied that the Council's current earmarked and non-earmarked reserves are sufficient.

Councillor Noordad Aziz asked why there is no forecast increase in utilities costs in the standard model. The Executive Director for Resources responded. There is a forecast increased in costs in year 1. This increase remains in year 2 and 3. The standard model does not anticipate further increases beyond year 1 in years 2 and 3. The Leader also commented that the Medium Term Financial Strategy Standard Model predictions have been very close to correct for many years.

Ken Moss commented on the recent PSDS development at Hyndburn Leisure Centre, which has reduced the carbon footprint by 71% and will reduce energy costs. He suggested if there are concerns around future utility costs, the Council should look at this model for its other major buildings. The Leader responded that the Council supports decarbonisation and has previously set aside £1million for this.

**Resolved - That the report, questions and answers be noted.**

#### **180 Prudential Indicators and Treasury Management Strategy 2023/24**

The Leader of the Council reported that this is produced to comply with the statutory requirements around the Council's effective management of its resources, its cash management position, borrowings, loans and investments. It follows the advice issued by the Chartered Institute of Public Finance and Accountancy for the sector and in so doing, meets the requirements and provisions of the Local Government Act 2003. The key purpose of the production of this strategy is to ensure the Council takes all relevant decisions in relation to capital spending and financing only after ensuring that such commitments are prudent and sustainable.

The Code requires the Council to clearly set out a number of performance indicators so that it can monitor and evaluate its activity in these areas and ensure it remains on track in the management of its overall financial position.

In terms of our cash investments, we continue to take a defensive position around institutions where we place deposits and sacrifice slightly better interest rates on our deposits for a better covenant over our cash. We use various outside analysis and professional advice in this area to assist our decision making. The report also details our Treasury Management Practices, Minimum Revenue Provision Strategy and various other policy statements which guide the Council's activities in this area.

There were no questions from the Committee.

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

#### **181 General Fund Revenue Budget 2023/24**

The Leader reported that the Council is effectively managing its budget position during 2022/23 and the overall finances of the Council allows it to set a balanced budget for 2023/24 without having to draw upon reserves or make substantial reductions to services or staffing levels. Cost pressures and uncertainty over the future of Government grants which make up over £2million of the £14.38million the Council intend to spend next year contribute to a difficult environment in which the Council must operate.

While the impact from COVID-19 looks to have waned, the economic impact from the war in Ukraine has effected energy costs. We are conscious in setting the budget for next year that the continued impact of the war is unlikely to disappear, so the Council may once again be called upon to undertake necessary actions and deploy extra resources as needed to protect the local population and limit the spread of any new surge.

Cost pressures have added over £2million to the previous year's budget and we have been able to finance most of the increases from a mixture of extra Government grants, increased business rate growth and some increase in the council tax base. These extra spends will tackle the rising cost and inflationary pressures already being encountered and provide additional funding for the predicted rise in energy costs once the Government's compensation scheme is removed at the end of March.

The impact of high inflation and the need to ensure the Council's workforce is maintained and jobs are protected through fair pay awards and pensions has resulted in an almost £900k increase in pay and benefit costs.

The budget also includes growth to continue the Council's commitment to climate change and reducing emissions through a move towards cleaner fuel across the vehicle fleet. The report also gives details of the anticipated council tax increases of Lancashire County Council, the Police and Crime Commissioner and the Lancashire Combined Fire Authority. Final confirmation of these increases should be known prior to the Council meeting on 23<sup>rd</sup> February.

The Leader drew attention to Altham Parish Council freezing its portion of Council tax, maintaining free parking in the borough, surpluses achieved and value for money across key operations.

The Committee were invited to ask questions of the Leader.

Councillor Andrew Clegg asked the following:

Whilst I understand the Council's decision to freeze Council tax due to the cost of living crisis, is this a wise decision given the numerous risks listed in the medium term financial strategy of reduced future funding through government grants and business rates etc for the Council?

The Leader responded. The administration feel that the impact of increasing Council Tax in 2023/2024 will put additional pressures on the local tax payers in a time of high inflation and significant increases in other household costs. The decision has been made to propose a one-off freeze for 2023/2024. The medium term financial strategy standard model assumes that Council Tax there will increase by 2% for the future years. In order to balance the budget a saving target will be included through management of staff turnover in year. The savings target will have little or no detrimental impact on the delivery of Council services.

Councillor Bernard Dawson asked if the Leader could elaborate on what he meant by the management of staff turnover.

The Executive Director for Resources responded. When a member of staff leaves, it usually takes several weeks to fill that post, meaning there are often vacant posts within the Council, which means salary costs for the times when these posts are vacant are saved

Ken Moss said that the revenue budget is made up of roughly 16% direct Government grants. Ken asked if the Council were budgeting on the principal that 2024/25 would be the last year of receiving a direct grant from the Government.

The Leader responded that there is current uncertainty regarding future local government financing.

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

## **182 New Scheme Additions to the Capital Programme in 2023/2024**

The Leader of the Council reported that the new scheme additions to this year's Capital Programme would add new projects totalling £8.38 million. This investment adds to the almost £38 million of projects already approved and will increase the Council's current ongoing investment to over £46 million for 2023/24.

New additions include the redevelopment of Hyndburn Leisure and ensuring the Council's commitment to climate change at the newly planned leisure site to meet the zero carbon build standards. These projects will have continued reliance upon the expertise of Sport England to guide us through a process of determining what is required to best serve local residents and how to access external funding to help finance the improvements required. This addition will take the total investment in the Capital Programme for the leisure estate to over £18.5 million, ensuring that there are top class facilities available in Hyndburn that everyone can make use of to become active and stay healthy.

The Leader said that we will continue our programme of supporting those in need through £1.1 million of disabled facility grants. This year there will also be investment in play areas across the borough, including Milton Close and Mercer Park, whilst redevelopment will take place at Memorial Park and the pavilion and pitches at King George V Playing Fields. The Council must also continue to invest in its operational assets and the welfare facilities at our cemetery, and will develop ICT systems and equipment to improve our methods of service delivery.

The Leader highlighted the near £66 million investment planned for the borough through levelling up and other funds and emphasised that this should be welcomed by all.

The Chair reminded those present that there was a meeting of the Special Scrutiny Committee on 23<sup>rd</sup> March where detailed discussions on levelling up would take place.

Questions were submitted initially through the Chair.

This Council has previously stated a policy of reducing funding to Hyndburn Leisure in order that they become sustainable and not reliant on the Council for money. However, once again, the 2023/24 Capital Programme shows significant investment of over £5.6 million in Hyndburn Leisure in addition to years of previous capital investments.

When will Hyndburn Leisure actually become self-sufficient?

Other organisations who operate out of our buildings provide vital services to our residents, for example the Civic Arts Group or Community Solutions to name just a couple. Why does the Council not consider investment in these organisations in the same way it does Hyndburn Leisure?

The Leader responded.

The Council own all the assets that Hyndburn Leisure operate from and the capital investment in these assets benefits the council in enabling a provider to deliver the essential health and wellbeing services for the residents of Hyndburn. The provider model

used with Hyndburn Leisure enables increased options for the drawdown of funding streams to enhance our assets. The Council alongside Hyndburn Leisure will have generated over £7.2m in external funding to fund the works in the current programme and those delivered in the last few years which has and will enable new and enhanced facilities that will be operated in an efficient and environmental way towards meeting the Councils climate change commitment. Hyndburn Leisure is almost totally self-sufficient from the Council and is one of a few Leisure providers / Charitable trusts that receive no management fee from the council they operate for. The council works with all organisations who are located in its premises. Discussions are always ongoing to help these organisations whether through accessing external funding or council resources where appropriate.

Ken Moss commented that the Council has a duty to provide Leisure Facilities. He said that other Leisure Trusts received significant management fees from their Councils which Hyndburn Leisure does not, and the cost to run leisure facilities would be significantly higher if delivered directly by the Council. The Leader commented that he wished all Councillors to support the efforts being made by Hyndburn Leisure to improve access to leisure facilities for our residents. The area suffers from deprivation and access to quality facilities and services is vital to improving the health of residents. Councillor Peter Britcliffe also referred to the significant costs of delivering leisure services, a statutory duty, in house and said the senior management team at Hyndburn Leisure should be commended.

Councillor Haythornthwaite said that Hyndburn Leisure are consulting soon with CAG regarding the future use of Mercer Hall.

Councillor Munsif Dad referred to his time as a Board member for Hyndburn Leisure and also commended their efforts to improve facilities.

The Chair asked a question regarding play areas. It is pleasing to see investment in parks and play areas as part of the capital programme, however, there are numerous other play areas in the borough requiring similar levels of investment. Are there any plans to invest in these including the play area on Thorneyholme Road?

The Leader responded. The parks team inspect the play areas on a weekly basis to ensure the condition of all play areas meets health and safety standards. Annual bids are submitted for required capital works on a priority basis through the capital programme and areas highlighted for investment are included in future plans. Thorneyholme road play area was updated in the last 15 years. Some recently completed projects include Milnshaw Park and a state-of-the-art pump track, playground & outdoor gym, wildflowers & grasses for biodiversity, Huncoat new all weather ball court, Lowerfold Park, MUGA, tennis court renovation and play area refurbishment.

Priority areas for future investment include Mercer Park play area refurbishment, Knuzden NEAP facility, Burnley Road new play area, Accrington Skate Park, refurbish or relocate, Milton Close play area refurbishment, Gatty Park play area refurbishment, Oak Hill Park play area refurbishment, Cutwood Park, MUGA creation and Lyndon Playing Fields new play area.

The Leader said he was particularly pleased to be able to fund improvements to Mercer Park play area, which he opened 20 years ago during his Mayoral year.

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

### 183 Alternative Budget Proposals

The Chair invited Councillor Munsif Dad, Leader of the Labour Group to submit any alternate budget proposals on behalf of his group. Councillor Dad said he wished to thank the Executive Director for Resources for providing him with time and guidance, and that he will be submitting a number of amendments which have been thoroughly costed to the Council meeting on 23<sup>rd</sup> February. However, due to the time taken to ensure these amendments are robust, he is not in a position to present them to the committee.

The Chair, as Leader of the Green Party Group, said he will not be submitting any alternate budget suggestions to the committee, but may propose amendments at Council.

**Resolved - That the item be noted.**

### 184 Representations and Questions on the Budget

The Scrutiny and Policy Officer reported that 7 valid questions had been submitted by members of the public or individual members of the Council. None of those who had submitted questions were in attendance. The questions would be asked through the Chair.

The Chair submitted the 7 questions and responses were provided by the Leader.

1. Public - Of the buildings which HBC own, which buildings have "loans" against them and how much?

Response - The Council owns all its operational buildings with none of them being subject to loans or borrowing

2. Public - How much per head has been spent in each of the townships?

Response - The Council spend is not always in relation to the areas where it is raised i.e. High business rates are collected in Altham although the cost of services provided will not be at the same level. There is no specific information for how much is collected or spent in individual areas and spend is allocated on a basis of identified need.

3. Councillor - Can a review of events funding take place, allowing the council to pay for 1 event per townships per year to the tune of £3000 per township. (Tenders would need to be made by groups the year by December the year before) if nobody tenders for that year, then no event is held?

Response - This is an interesting idea that could be looked at in formulating future budgets. There would need to be clear identification of the need for funding and the type of events to be undertaken to ensure any potential funding was going to achieve desired objectives such as increasing the footfall on the high street. The Leader also added that this has already happened to some degree with the recent invitation to apply for events funding including events in other towns and successful bids in Great Harwood and Rishton.

4. Public - Over the past 12 months, how much money has been provided to Hyndburn Leisure and Accrington Stanley/Stanley Community Trust?

Response – Hyndburn Leisure

	Net cost to Council	Vat	Total Payment	
Grants	£ 543,306.63	£ 26.03	£ 543,332.66	Passported Grant from external organisations
Subsidised Leisure	£ 18,036.65	£ 2,110.18	£ 20,146.83	Swimming & Armed Forces
Utility Compensation	£ 235,000.00	£ 47,000.00	£ 282,000.00	
<b>Sub-Total</b>	<b>£ 796,343.28</b>	<b>£ 49,136.21</b>	<b>£ 845,479.49</b>	
Recharges	£ 161,743.93	£ 17,415.56	£ 179,159.49	Services provided to the Council
<b>Total</b>	<b>£ 958,087.21</b>	<b>£ 66,551.77</b>	<b>£ 1,024,638.98</b>	

Pass ported Grants include Total Payments of; Household Support Fund £360k (most of which was distributed to eligible residents), Self-Isolation Grants £10k, Covid Marshalls & other £1k, Sport England £71k, LCC – Weight Management £101k.

Accrington Stanley Community Trust - £400 for Veteran Family Day and £200,000 out of a total grant of £236,000 towards the cost of an extension to the sports hub.

5. Public - £250k has been allocated to King Georges Playing Field. Has there been any financial cost to the Council now Accrington Stanley no longer wants this site? Also if Livingstone Road land is to be made available to the Club how much will it cost to terminate the current leaseholders lease? Will HBC then sell it at market rate or give it away like they did with Highams?

Response - The Council's priority is to invest in new drainage and grass playing surface at the King George V Playing Field in order to bring this sports facility back into sustainable use, making it a good quality sports facility again. Until the drainage and playing surface is improved, it is not possible to use the field for sport. The only financial cost to the Council as a result of Accrington Stanley deciding not to take a lease for King George V is routine maintenance to the field and pavilion. Otherwise, there has been no additional cost to the Council.

The Council is in discussions with the current Livingstone Road leaseholder about relocating from Livingstone Road to King George V Playing Field. Unfortunately, and as the Committee would expect, we cannot share the terms of the current Livingstone Road lease in public; this would be a potential confidentiality breach. To be helpful, discussions with the Livingstone Road leaseholder involve ending the current lease, and the granting of a new lease at King George V.

The Council's priority is to invest in King George V; to make it a good quality sports facility for the community. Until terms are agreed for King George V, it is not possible to draw conclusions on the future use and any new terms for Livingstone Road. The Committee is advised that the Council is required by S123 of the Local Government Act 1972 to achieve best consideration when disposing of land property, and therefore this is always the Council's starting point for any disposal. However, there are exceptions whereby disposal at under value is permitted under the same 1972 Act, under the general Disposal Consent. This permits granting of a lease at less than best consideration if the Council is satisfied that the lease is likely to contribute to the promotion or improvement of the economic, social or environmental well-being of the area. The terms for a lease at under value at Highams were considered and approved by Cabinet on the 10<sup>th</sup> October 2018.

6. Public - Can a breakdown of the funding for the following projects be provided. (Who's funding what)?

- 1) Market Hall, Burtons Chambers, Market Chambers
- 2) Wilsons Playing Fields



Response -

- 1) The 3 Town centre buildings are included in the Levelling Up Bid and the costs associated with this scheme are forecast at £23.5m, of which the Council has been successful in securing £20m from the Department for Levelling Up Housing & Communities, a £1.5m contribution from Lancashire County Council and £2m from Council Reserves. A full breakdown of the expected costs in the bid can be seen on the attached link on the Councils website. [LUF-bid-summary-3097.pdf \(hyndburnbc.gov.uk\)](https://hyndburnbc.gov.uk/LUF-bid-summary-3097.pdf)

Market Hall - Total (Financial cost) £10,996,109

Burtons Chambers - Total (Financial cost) £8,590,935

Market Chambers - Total (Financial cost) £3,412,955

Members will have the opportunity for more in depth scrutiny of the levelling up bids at the Special Scrutiny meeting on 23<sup>rd</sup> March.

- 2) The Leisure Transformation Project includes the undertaking of providing a new Leisure site based at Wilsons playing fields. The initial designs and plans submitted have an expected build cost including meeting the Councils commitment to a zero carbon site of approximately £12m. It is expected that £2m of this site will be funded from grant from Sport England and the remaining £10m will be funded £5m from Council reserves and £5m from borrowing (although this figure is likely to reduce due to the use of capital receipts from sale of other surplus land and buildings)
7. Public - The Levelling up Fund Investment and Leisure Investment - how does the Council intend to ensure that it receives value for money from its investment? What KPIs will be used when assessing contractors' suitability to undertake the work? Can the Council ensure that any tender is open to public scrutiny rather than it being decided behind closed doors?

Response - The procurement process will be managed in line with the Councils procurement framework guidelines. The process will include using specialist project management and professional services to ensure that key performance targets are met and that the Council obtains the maximum value for money for its investment.

The Chair thanked members of the public and Councillors for their questions and their engagement in the scrutiny process.

**Resolved - That the questions from members of the public and individual members of the Council, and the responses received be noted.**

## **185 Scrutiny Comments and Resolutions to be submitted to Council**

The Chair wished to thank all those who had taken part in today's meeting. He explained the role of the Resources Scrutiny Committee in the Council's budget setting process, and that, having considered all the information provided at the meeting, the Committee can submit comments to Council regarding the revenue and capital budgets.

Councillor Bernard Dawson proposed that the Committee noted the contents of the budget reports and provided no further comments. The Chair proposed that that the Committee noted and supported the content of the budget reports as outlined. This was seconded and voted on with 5 in favour and 1 against.

The Committee also wished to put on record their thanks for those Councillors who took part in the meeting and to commend the officers involved for the work in producing the budget.

**Resolved -**

**That the Committee notes the content of the reports relating to; Performance Indicators, Treasury Management and Investment Strategy 2023/24 – 2025/26, Medium Term Financial Strategy 2023/24 – 2025/26, General Fund Revenue Budget 2023/24 and New Scheme Additions to the Capital Programme in 2023/24;**

**That the Committee thanks the Leader of the Council, Portfolio Holder for Resources and Leader of the Labour Group for their participation in the Scrutiny meeting and debate;**

**That the Executive Director Resources, and all other officers involved, be commended for their work in producing the budget.**

**That having reviewed and debated the budget submitted, the Committee supports the content of the revenue and capital budget reports as outlined**

Signed:.....

Date: .....

Chair of the meeting  
At which the minutes were confirmed