CABINET

Tuesday, 30th July, 2024

Present: Councillor Munsif Dad BEM JP (in the Chair), Councillors Vanessa Alexander, Noordad Aziz, Scott Brerton, Stewart Eaves, Melissa Fisher and Kate Walsh

In Attendance: Councillors Jodi Clements and Kath Pratt.

Apologies: Councillor Kimberley Whitehead

---

95 Apologies for Absence

Apologies for absence were submitted on behalf of Councillor Kimberley Whitehead.

96 Declarations of Interest and Dispensations

There were no reported declarations of interest or dispensations granted.

97 Minutes of Cabinet

The minutes of the meeting of the Cabinet held on 11th June 2024 were submitted for approval as a correct record.

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

98 Urgent Decisions Taken

In accordance with Executive Procedure Rule B16(c), Members considered a report on the following decisions taken under the urgency procedure:

No.	Decision Heading	Portfolio Holder	Date of Approval
(a)	Houses in Multiple Occupation and Care Homes	Councillor Marlene Haworth	25th March 2024
(b)	Waive Procurement Rules - Remediation work to Accrington Crematorium	Councillor Kate Walsh	18th June 2024

The Leader of the Council reported that the decision at (a) above was to develop policies in relation to HMOs and children's care homes. This was progressing, however, the initial decision had envisaged a procurement exercise for consultants to carry out the work. Subsequently, officers had been asked to undertake this project in-house. The results were expected by March 2025.

The decision at (b) above had been to carry out urgent stonework and roof repairs at the crematorium. It was understood that the work had now been completed.

Resolved - **To note the report on urgent decisions taken.**

99 Reports of Cabinet Members

Leader of the Council
Councillor Munsif Dad BEM JP, Leader of the Council, reported on the following:

Community Funds
In recent years the Council had set aside funds to enable the Leader to address community need. In 2024/25, £20k had been identified from the revenue Budget for this purpose and it was anticipated that this budgetary provision would be continued in future years. The funding would be available across all wards and would be used to support the following priorities:

- Key services or facilities under pressure;
- Civic functions and events; and
- Services that enhanced the street scene.

Local Government Boundary Review
Members had heard at the last Council meeting that a boundary review would take place in Hyndburn. The review would provide an opportunity to consider whether the Borough currently had too many councillors or too few, given the changing demands on councillors since the last review had been carried out.

The Council could look at things like changes to the population, changes to its services, changes to its statutory responsibilities and the demands of its political management arrangements, such as how many councillors were needed to enable the Cabinet and various Committees to operate effectively and to ensure that councillor workloads were manageable.

Following initial meetings with the Boundary Commission, an outline timetable had been provided as follows:

Autumn 2024	Boundary Commission presentation to Council
Spring 2025	Council / political groups submit size proposal Boundary Commission consult on ward boundaries etc
Summer / Autumn 2025	Boundary Commission publishes draft proposals and consults on these
Spring 2026	Boundary Commission publishes final proposals These then require Parliamentary approval
May 2027	New boundaries etc implemented at all out elections

Lancashire Combined County Authority
Following the recent change of Government, Lancashire (non-unitary) district council leaders had met to discuss an approach to the new Government to seek a review the current Lancashire Combined County Authority (LCCA) proposals. The leaders group would also write to the Deputy Prime Minister, Rt Hon Angela Rayner MP, in her role as Secretary of State for Housing, Communities and Local Government. The consensus of the group was that the proposed deal was not fit for purpose and lacked aspiration. District councils were concerned that they had not been adequately consulted or involved in the development of the proposals. In particular, there was a view that UK Shared Prosperity

Funding should remain within the control of the districts. Local authority leaders would also consider whether a Mayoral model deal, such as those in Greater Manchester and the Liverpool City region, could be supported. The Council was committed to working with all Lancashire districts and MPs for a better deal.

Portfolio Holder for Sustainability and Families

Councillor Kate Walsh, Portfolio Holder for Sustainability and Families, reported on the following:

<u>Warm Homes</u>
Early discussions were taking pace about the possibility of establishing a Retro-fitting Hub in Accrington town centre. The Council would be invited to support the proposed scheme, which could see Hyndburn become a pilot area for this type of intervention. The scheme could be invaluable to residents with older, less energy efficient, terraced homes.

Councillor Fisher welcomed the above announcement, which would have a positive impact on aspects of her own portfolio responsibility for housing and communities.

<u>Net Zero Working Group</u>
The Net Zero Working Group would commence meeting after the summer holiday period.

<u>Youth Anti-Social Behaviour</u>
There had been a number of youth anti-social behaviour incidents reported in Great Harwood, Clayton-le-Moors, Rishton and Altham recently. Councillors were working closely with the Police to address these issues. However, more Police officers were needed to tackle the problem. It was envisaged that the situation would improve considerably when additional officer recruitment had been completed.

Portfolio Holder for Transformation, Education and Skills

Councillor Noordad Aziz, Joint Deputy Leader and Portfolio Holder for Transformation, Education and Skills, reported on the following:

<u>Clean Up Days</u>
The Council was well on the way to delivering clean up days. Officers were working with ward councillors to identify locations that would benefit from this approach. The intention was to harness community action to carry out clean up days and to tackle fly tipping.

Portfolio Holder for Business and Growth

Councillor Scott Brerton, Portfolio Holder for Business and Growth, reported on the following:

<u>Job Losses at Studio</u>
Following the sad announcement of job loss at Studio, Councillor Brerton and officers had met with the Department for Work and Pensions (DWP) and had agreed to hold a jobs fair. This event had been a success and had led to the offer of both support and, in some cases, to other jobs.

<u>Economic Development Forum</u>
The first meeting of the Economic Development Forum in the new municipal year had been delayed to due to the holiday period. However, meetings should recommence in September or October 2024.

Accrington Ecology Industry Board
Councillors Brerton and Aziz had attended a meeting of the Accrington Ecology Industry Board.

Business Drop-In Sessions
Two drop-in sessions had been arranged offering a chance for local business owners to have a one-to-one chat with the Council's economic development team and a business adviser from Boost (Lancashire's Business Growth Hub). The sessions were as follows:

- Rishton - Bevlan Office Interiors Limited, York Mill, Livesey Street, Rishton – 16th August 2024
- Great Harwood - Tessa Clemson Yoga Studio, 3 Mill St, Great Harwood – 23rd August 2024

Portfolio Holder for Environmental Services

Councillor Stewart Eaves, Portfolio Holder for Environmental Services, reported on the following:

Waste Transfer Station
The Council Leader had previously spoken to the Shadow Leader and Shadow Portfolio Holder at Lancashire County Council about the provision of a Waste Transfer Station. Craig Haraben, Head of Environmental Services, had also sent five key questions to Andrew Mullaney, Head of Service for Planning and Environment, Lancashire County Council. However, the questions were not considered to have been answered satisfactorily.

Councillor Dad expressed the view that the previous administration had not tackled the waste transfer issue and that this matter had been 'left until the eleventh hour'. Currently, there was no site identified and no funding available from the County Council. Hyndburn's leadership had asked the Borough's officers to identify potential sites for a Waste Transfer Station and would also meet with the controlling administration of Lancashire County Council.

Food Waste Collection
The Council had heard that no further monies would be available from the Department for Environment, Food and Rural Affairs (DEFRA) for the introduction of this new service. Five 7½ tonne trucks would be required to operate this service. Quotes had been received for Isuzu and DAF models, but both were in excess of the funding available. The new service would still include collection from the front of houses.

The Leader of the Council reported that currently there would be a £221k shortfall to operate this service. He had asked Craig Haraben, Head of Environmental Services, to contact DEFRA again with a view to securing extra funding. In the event that this was unsuccessful the Council would itself need to identify alternative funding.

Pest Control
Lee Taylor, Pest Control Manager and the Hyndburn Team, had been shortlisted for the prestigious National Pest Awards 2024 and were up against Liverpool City and Westminster City Councils. The Cabinet applauded their efforts and wished the Team well. The winner was due to be announced on Wednesday 11th September 2024.

Portfolio Holder for Housing and Communities

Councillor Melissa Fisher, Joint Deputy Leader and Portfolio Holder for Housing and Communities, reported on the following:

Houses in Multiple Occupation and Care Homes
As outlined under Minute 92(a), the new political administration had reviewed the timescales for developing planning policies in relation to HMOs and children's care homes and had asked officers to carry out the work in-house. Ultimately, it was hoped that the policies would help to release premises back into the housing market. Councillors were frequently asked about access to affordable rental homes.

100 Appointment of Cabinet Committees and Cabinet Groups 2024/25

The Leader reminded Members that, at its meeting on 11th June 2024, the Cabinet had appointed a number of Committees and Working Groups and had approved the controlling group's nominations to those bodies. However, at that time the Opposition had not finalised its nominations. These had now been received and, accordingly, the Cabinet was being asked to approve the names shown in bold italics below:-

Committee	
Cabinet Committee (Street Naming)	Councillor Noordad Aziz (Chair) Councillors Scott Brerton and Melissa Fisher ***Councillor Marlene Haworth*** (attending as observer)
Working Group	
Cabinet Waste and Recycling Group	Councillor Stewart Eaves (Chair) Councillors Munsif Dad and Kimberley Whitehead and ***Steven Smithson***

Resolved - **That Cabinet agrees to the Opposition appointments to the Cabinet Committees and Cabinet Working Groups, as set out in bold italics in the above table.**

101 Revenue Budget 2024/2025 Monitoring - Quarter 1 to end of June 2024

Members considered a joint report of Councillors Noordad Aziz, Joint Deputy Leader and Portfolio Holder for Transformation, Education and Skills and Vanessa Alexander, Portfolio Holder for Resources and Operations. The report informed Cabinet of the financial spending of the Council up to the end of the June 2024 for the financial year 2024/25 and the forecast impact on the Council's Medium Term Financial Strategy for 2024/25 to 2026/27.

Councillor Aziz introduced the report and highlighted the potential pressures and risks in year set out at Paragraph 5 of the report. He also noted that interest rates remained high and this had had a positive effect on the Council's Budget, due to monies invested from the Levelling Up Fund and the UK Shared Prosperity Fund, which had not yet been spent. There had, however, been some increased service costs around legal, projects and advice, which would have a negative impact on the Budget. Overall, an underspend of £184k was predicted at year end.

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

Reasons for Decision

At the Full Council meeting on 27th February 2024, Council had agreed the General Fund Revenue Budget for 2024/25. This set a budget for the Council's total spend in 2024/25 of £16.122M.

The current forecast spend to the end of the financial year in March 2025 was £15.938M. That brought the forecast underspend for the year against the budget to £0.184M.

Table 1: Actual Performance Against Budgets

Department	Original Budget £'000	In Year Budget Changes £'000	Working Budget £'000	Forecast Outturn £'000	Forecast Outturn Variance to Working Budget £'000
Environmental Health	793	-	793	793	-
Environmental Services	5,491	17	5,508	5,569	61
Legal and Democratic	1,834	-	1,834	1,844	10
Planning and Transportation	725	-	725	725	-
Regeneration and Housing	1,496	(17)	1,479	1,532	53
Resources	4,651	-	4,651	4,719	68
Net Cost of Services	**14,990**	**-**	**14,990**	**15,182**	**192**
Non-Service	1,238	-	1,238	756	(482)
Corporate Savings Target	(106)	-	(106)	-	106
Total Net Expenditure	**16,122**	**-**	**16,122**	**15,938**	**(184)**
Funding	(16,122)	-	(16,122)	(16,122)	-
(Under)/Overspend	**-**	**-**	**-**	**(184)**	**(184)**

Details of the most significant changes in the forecast variance were as shown in the table below.

Table 2: Main Changes in Forecast Variance

Main Variances / Movements	Changes Since Last Report - Original		
	Original Budget Forecast Variance £'000	Forecast (Under)/Over Spend £'000	Movement in Variance £'000
Staffing Costs	-	10	10
Additional Utility Costs	-	17	17
Increased Costs for New Crematorium Depot Building	-	22	22
Cleaning contract costs	-	10	10
Appointment of Aldermen - Medals	-	10	10
Huncoat Garden Village Project Costs	-	53	53
Legal Costs - Council Tax and NNDR Recovery	-	40	40
Finance - Collection Fund Accounting Advice	-	10	10
Other	-	20	20
Total Net Cost of Services	**-**	**192**	**192**
Non-Service			
Additional Investment Income	-	(409)	(409)
Reduction in Interest Payable	-	(73)	(73)
Total Non-Service	**-**	**(482)**	**(482)**
Total Corporate Savings Target	**-**	**106**	**106**
Total (Under)/Overspend	**-**	**(184)**	**(184)**

Section 4 of the report included further tables (Nos 3 to 11) on Variance by Service, which provided more detailed information on the areas identified in Table 1 above.

Reserves

The Council was currently forecasting a reduction of £15.295M in its usable reserves during the year, bringing them to £10.809M at the end of the year. Movements in reserves were shown in Table 12 of the report, which is reproduced below.

Table 12: Forecast Movements in Reserves 2024/25

Reserve	Opening Balances £'000	Transfers to/From Reserves £'000	Capital Contributions £'000	Used for Capital Financing £'000	Closing Balances £'000
General Fund - Unallocated	1,868	-	-	-	1,868
Total Unallocated Reserves	**1,868**	**-**	**-**	**-**	**1,868**
Planning S106 Fund	364	-	-	(57)	307
Invest to Save	616	(182)	-	-	434
Communities for Health Funding	54	-	-	-	54
Dilapidations Reserve	4	-	-	-	4
Revenue Funding for Capital Schemes	2,638	-	-	(1,257)	1,381
Collection Fund Volatility Reserve	455	90	-	-	545
Climate Change Reserve	750	(154)	-	-	596
Balances Set Aside to Fund Specific Future Expenditure	3,549	170	-	-	3,719
Levelling Up and Leisure Investment	10,608	-	-	(10,158)	450
Total Earmarked Reserves	**19,038**	**(76)**	**-**	**(11,472)**	**7,490**
Capital Receipts Reserve	2,746	-	2,462	(3,914)	1,294
Capital Grants Unapplied	2,452	-	-	(2,295)	157
Total Reserves	**26,104**	**(76)**	**2,462**	**(17,681)**	**10,809**

As shown in the table above, the most significant movements in reserves were the forecast spending on the capital programme.

Potential Pressures and Risks in Year
Although the forecast underspend at Quarter 1 stood at £0.184M, there were some real pressures and risks that needed to be considered that were not currently built into any financial forecasts.

The main pressures/risks related to the following items.

- Waste Disposal Site/Transfer Station
- Oswaldtwistle Civic Theatre
- Crematorium/Cremators
- Food Waste Collections
- Hyndburn Leisure

A more comprehensive description of issues raised above was set out in the report. These pressures/risks might need to be considered over the course of the Medium Term Financial Strategy against the forecast underspend for the year.

In addition, a pay award offer had been put forward by the National Employers. This was a flat rate of £1,290 (pro-rata for part time employees) for NJC scale points 2 to 43 inclusive and 2.5% for all other employees. For the Council this represented an average increase of just under 4%, compared to a 5% estimate included in the budget. Union members had been balloted on the proposed pay award and 2 out of 3 had voted to reject it, therefore, due to the uncertainty, no changes in relation to the pay award had been included in these forecasts.

There were no alternative options for consideration or reasons

Resolved

(1) That Cabinet notes the report and asks Corporate Management Team to continue to monitor the financial position of the Council over the remaining months of the year.

(2) That Cabinet notes the pressures and risks highlighted in Section 5 of the report and that regular updates will be provided on any potential impact on the current forecast underspend in year and the future Medium Term Financial Strategy.

102 Capital Programme Monitoring 2024/25 - Quarter 1 Update to 30th June 2024

The Cabinet considered a joint report of Councillors Noordad Aziz, Joint Deputy Leader and Portfolio Holder for Transformation, Education and Skills and Vanessa Alexander, Portfolio Holder for Resources and Operations. The report provided an update for Cabinet of the Council's Capital Programme Monitoring. It set out the latest phasing of the programme including the latest estimate of available resources and any additions or changes in forecast outturn since the last current position had been presented to the Council Meeting on 13th February 2024.

Councillor Aziz highlighted the current approved total for the Capital Programme, which was £45.3m. He indicated that the new controlling group had reviewed the existing projects to ensure that they would provide added value to the Borough. In a number of cases, it would not have been prudent to terminate the projects at this stage. The new political administration would continue to seek more capital investment for the Borough through the new Labour Government.

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

Reasons for Decision

<u>2024/2025 Capital Programme</u>
The Council had authorised new additions to the capital programme of £4.404m at its meeting on the 13th February 2024.

Since the Council meeting in February 2024 new schemes totalling £0.160m had been approved and added to the programme. The additional expenditure approved was to be fully funded by external grants and receipts that had been awarded and or / received.

In addition, the capital spend outturn from 2023/2024 had slipped £40.656m into 2024/2025, of which £37.769m related to the Levelling Up scheme for Accrington Town Centre, the Leisure Estate Investment and Housing Schemes including Disabled Facilities Grants.

The total approved Capital Programme now totalled £45.315m and was shown in the table below:

	£m
New Additions to the Capital Programme (Reported at February Council 2024)	**4.404**
Budget Changes	
Slippage from 2023/2024	40.656
New Schemes and Additional Funding approved in Year	0.255
Current Approved Capital Programme Budget 2024/25	**45.315**

The financing of the programme in 2024/2025 was set out in a pie chart within the report. This demonstrated that the majority of funding was provided from external grants and contributions (64%), earmarked reserves (25%) and capital receipts (11%), with a very small percentage financed by other sources including revenue, s106 monies and commuted sums.

The current programme of £45.315m would not be capable of being delivered in the current financial year and it was proposed to rephase the programme into the years in which it was now expected to be spent. The new phasing of the programme was as summarised below.

Summary of the Scheme Profiles over the Medium-Term Financial Strategy.

Programme Area	**2024/25 £000**	**2025/26 £000**	**2026/27 £000**	**Total £000**
Operational Buildings	260	734	-	994
Parks and Open Spaces	1,220	-	-	1,220
IT Projects	299	-	-	299
Recreation and Sport	-	-	-	-
Vehicles and Equipment	96	-	-	96
Community Projects	1,261	-	-	1,261
Planned Asset Improvement Programme	497	-	-	497
Leisure Estate Investment Programme	11,625	-	-	11,625
Public Sector Decarbonisation Scheme	-	-	-	-
Levelling Up Fund	26,524	-	-	26,524
UK Shared Prosperity Fund	858	-	-	858
Transitional Housing Programme	-	-	-	-
Housing Improvement Programme	1,941	-	-	1,941
Total	**44,581**	**734**	**-**	**45,315**

1st Quarter Update Position
The Actual expenditure to 30th June 2024 was £3.358m against the latest rephased budget for 2024/2025 of £44.851m. This equated to 7.53% spend.

As shown in the table above, there was expected to be £0.734m of budget to be rephased into 2025/2026 for operational building improvements.

As the programme had been rephased, the latest forecasts remained in line with the budgeted profile and were expected to be spent in year.

The significant elements of the programme to be spent in-year were shown in the table below with a more detailed breakdown provided in the report as Appendix 1.

Programme Area	Total Budget £000	Spend to Date £000	Forecast Spend for Remainder of Year £000	Forecast Outturn Position for the Year £000	Variance (Under) / Over Spend £000
Operational Buildings	260	(21)	281	260	-
Parks and Open Spaces	1,220	107	1,113	1,220	-
IT Projects	299	8	291	299	-
Recreation and Sport	-	-	-	-	-
Vehicles and Equipment	96	26	70	96	-
Community Projects	1,261	1	1,260	1,261	-
Planned Asset Improvement Programme	497	31	466	497	-
Leisure Estate Investment Programme	11,625	1,065	10,560	11,625	-
Public Sector Decarbonisation Scheme	-	(33)	33	-	-
Levelling Up Fund	26,524	1,663	24,861	26,524	-
UK Shared Prosperity Fund	858	67	791	858	-
Transitional Housing Programme	-	-	-	-	-
Housing Improvement Programme	1,941	444	1,497	1,941	-
Total	**44,581**	**3,358**	**41,223**	**44,581**	**-**

% of Budget Spend	**7.53%**	**92.47%**	**100.00%**	**0.00%**

Close monitoring of the capital programme would be undertaken throughout the year to ensure that the projects were kept in line with spend forecasts and were considered in the Council's cash flow forecasts. Deviations from the spending profiles and any financial implications would be considered in future treasury and revenue budget forecasts.

<u>Financial Risks of the Capital Programme</u>

Capital Receipts

The financing of the programme was reliant on using receipts of £4.688m, which had been generated from the sale of Council land and buildings. To date the Council still needed to sell land and buildings to the value of £1.675m to achieve all its required financing from capital receipts. It was expected that all these receipts would be achieved by the end of 2024/2025. It was crucial that the planned sales continued to be progressed to ensure the required financing was in place.

This was a medium level risk.

External Grants and Contributions

The Capital Programme was reliant on £29.119m in external funding, with the Council providing additional match funding. It was crucial that the external funding was secured, and grant works were claimed on a frequent basis. To date £0.767m had been received, leaving £24.109m still to be received / claimed over the next two years.

The majority of external funding was to be provided by:

- **Levelling Up Project (LUF)** – this scheme was largely funded by a Government grant of £20m and a further £1.5m contribution from Lancashire Council. To date the Council had received just over £5.9m of this funding and further claims were being submitted on a quarterly basis to minimise the impact on cash flow. The Government had prepaid some elements of this grant to assist councils with their cash flows.

- **UK Shared Prosperity** – The Council had already received the full allocation £1.030m for 2023/24 and 2024/25. All these works would have to be completed within the agreed timescales to ensure that there was no threat of clawback.

- **Disabled Facilities Grant –** the Council received grant funding from the Better Care Fund via Lancashire County Council which included £1.195m of funding that the Council was expecting to receive shortly.

- **Leisure Estate Investment Programme** – The Council had been successful in obtaining external funding of around £2.4m from Sport England. Most of this grant had already been received by the Council, with the remainder to be claimed at a later stage of this scheme.

This was a medium level risk.

Major Schemes in Capital Programme
The programme contained some major schemes that required close monitoring to ensure they were on target and that any external financing had been secured and was being claimed frequently. Major schemes included:

- Levelling Up Programme - with £26.524m in year
- Disabled Facilities Grant - with £1.942m in year
- UK Shared Prosperity Grant – with £0.858m in year
- Leisure Estate Investment Programme - £11.625m in year
- Asset Programme works £3.633m in year and £0.734m in 2025/26. These works included maintenance of operational buildings and the continued investment in Parks and Playgrounds.

<u>Conclusion</u>
The Capital Programme had significantly grown over the past two financial years to a current programme totalling £45.315m. Although the programme was approximately 64% funded from external grants and contributions, it nevertheless put a strain on the Council's staffing resources to be able to procure and deliver these projects. It was, therefore, key to ensure that projects were well planned and phased to deliver within the required time limits.

The programme would continue to be carefully monitored and it might require further revisions in its phasing in the future.

There were no alternative options for consideration or reasons

Resolved - **That Cabinet notes the progress on capital expenditure to date.**

103 Prudential Indicators Monitoring and Treasury Management Strategy Update - QTR1 Update 2024/2025

Members considered a joint report of Councillor Noordad Aziz, Deputy Leader and Portfolio Holder for Transformation, Education and Skills, and Councillor Vanessa Alexander, Portfolio Holder for Resources and Council Operations, updating Cabinet on Treasury Management activities since the start of this financial year.

Councillor Alexander provided a brief introduction to the report, which set out progress to date and predicted performance against the indicators set at the Council meeting held on 27th February 2024. The Council had remained within the prudential indicators set. As interest rates had remained high, the Council had benefited from prudent investments. The Council had also remained within its borrowing and lending limits.

Councillor Aziz commented that the Council had previously been relatively risk averse regarding its investment strategy. However, as its experience had grown the Council had started to take a more innovative approach to investment, so as to maximise its ability to deliver services to its residents.

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

Reasons for Decision
The *Prudential Code for Capital Finance in Local Authorities* required the Council to set Prudential Indicators annually for the forthcoming three years to demonstrate that the Council's capital investment plans were affordable, prudent, and sustainable. The Council had adopted its prudential indicators for 2024/2025 at its meeting in February 2024.

The Prudential Code required the Council, having agreed at least a minimum number of mandatory prudential indicators (including limits and statements), to monitor them - in a locally determined format on a quarterly basis.

The indicators were purely for internal use and not designed to be used as comparators between authorities. If it should be necessary to revise any of the indicators during the year, the Executive Director (Resources) would report and advise the Council further.

'Treasury Management' related to the borrowing, investing and cash activities of the authority, and the effective management of any associated risks. In February 2024, in the same report referred above, the Council had also set out and then approved its current Treasury Management Strategy. This had been in accordance with the CIPFA (Chartered Institute of Public Finance & Accountancy) code of practice on treasury management in public services, the Council having previously adopted, via Cabinet, the then revised code of practice. Associated treasury management Prudential Indicators had been included in the February 2024 report.

Prudential Indicators Monitoring
Appendix 1 of the report set out the monitoring information for each of the prudential indicators and limits. They related to:

- External debt overall limits;
- Affordability (e.g. implications for Council Tax);
- Prudence and sustainability (e.g. implications for external borrowing);

- Capital expenditure; and
- Other indicators for Treasury Management.

Treasury Management Update
The forecast balance sheet position at 30th June 2024 for treasury management activities was shown in the table below.

Forecast Treasury Balance Sheet Position 2024/25

Portfolio Position 2024/25 Q1	Original Estimate 2024/25 £'000	Position 30 June 2024 £'000
EXTERNAL DEBT		
Borrowing	9,595	9,595
Other Long-Term Liabilities	1,274	1,274
Total External Debt	**10,869**	**10,869**
Capital Financing Requirement	8,798	8,929
Under/(Over) Borrowing	**(2,071)**	**(1,940)**
INVESTMENTS		
Total Long-Term Investments	-	-
Total Short-Term Investments	-	32,961
Total Investments	**-**	**32,961**

The table demonstrated that the Council was performing within the original targets set at the start of the year. Within the prudential indicators there were a number of key indicators to ensure that the Council operated its activities within well-defined limits. In general, the requirement was that the Capital Financing Requirement exceeded gross debt. However, in 2024/25 the gross debt exceeded the Capital Financing Requirement. This was due to the Council having historical debt with a maturity repayment profile (meaning all principal was paid at the loans maturity date) but the accounting treatment required that the Capital Financing Requirement was reduced each year by the payment of Minimum Revenue Provision (MRP). Other Liabilities in prior years reflected finance liabilities relating to vehicles and plant and in the current year reflected the transfer of all leases onto the balance sheet to comply with the new IFRS 16 – Leases accounting standard.

The requirement to have Capital Financing Requirement exceed Gross Debt centred around providing an assurance that borrowing was not taking place for Revenue purposes. However, as the Council was not borrowing additional funds at this time, this was not an issue.

The current position of the treasury function, and its expected change in the future, introduced risk to the Council from an adverse movement in interest rates. The Prudential Code was constructed on the basis of affordability, part of which was related to borrowing costs and investment returns.

Investment balances were higher than had been forecast when the Prudential Indicators and strategy had been set. This was mainly due to grants received in advance of capital spend being incurred, as well as slippage in the capital programme.

The Capital Programme 2024/25 was expected to be funded by the use of Government Grants (including Levelling Up Fund and UK Shared Prosperity Fund) and other external financing. It had also been supported during the year by greater use of internal sources of capital finance (including capital receipts and use of the Council's reserve balances). No external borrowing was expected to be required during the year.

Investment Activities During the Period

During the first quarter of the year the Council had invested funds with other Local Authorities, the Government's Debt Management Agency Deposit Facility and used Money Market Funds and Bank deposit accounts. First quarter investments were as shown in the table below:

Portfolio Position 30 June 2024	**Position 30 June 2024** **£'000**
Local Authorities	20,000
Debt Management Agency Deposit Facility	7,450
Money Market Funds	2,000
Lancashire County Council Call Account	1,800
Bank Deposit Accounts	1,711
Total Short-Term Investments	**32,961**

Two further tables were included in the report which gave details of the investments the Council had in place at 30th June 2024 with other local authorities and a list of future dated loans agreed at the end of the quarter.

The Council's Finance team had a number of checks in place before any loans to other local authorities were agreed, to prioritise the security of any funds invested.

Expected Movement in Interest Rates

The Council had appointed Link Asset Services as treasury adviser to the Council and part of their service was to assist the Council in formulating a view on interest rates. A graph was included in the report giving Link's latest available view of the expected future movement in interest rates. The latest forecast set out a view that both short and long-dated interest rates would start to fall, as inflation had fallen closer to the Bank of England's target of 2.00%.

The Council's exposure to interest rate movements was largely neutralised currently as its borrowings were effectively at a fixed rate until a trigger point was reached, where the lender believed a better rate could be achieved elsewhere. Interest rates would have to exceed current levels before this was likely to happen. The aforementioned graph indicated that this was unlikely to happen in the next few years as interest rates were expected to fall, although this would continue to be closely monitored.

The revenue outturn position on the Council's Treasury Management activities was as set out in the table below.

Forecast Treasury Revenue Outturn – 2024/25 Q1

Portfolio Position 2024/25	**Working**	**Forecast**	**Forecast**

	Budget 2024/25 £'000	Outturn 2024/25 £'000	(Under)/ Over Spend £'000
INTEREST RECEIVABLE			
Interest Receivable on Temporary Lendings	(401)	(810)	(409)
Other Interest Receivable	-	-	-
Total Interest Receivable	**(401)**	**(810)**	**(409)**
INTEREST PAYABLE			
Interest Payable on Long-Term Borrowings	513	440	(73)
Interest Payable on Finance Leases	41	41	-
Other Interest Payable	-	-	-
Total Interest Payable	**554**	**481**	**(73)**
Minimum Revenue Provision	1,085	1,085	-
Net (Income) / Expenditure from Treasury Activities	**1,238**	**756**	**(482)**

Interest Receivable
The Council had invested amounts of surplus cash on a short-term, temporary basis. The interest received from these investments was above the budgeted expectations for the full year, mainly due to higher levels of funds being held and the Bank of England maintaining interest rates at higher levels than had been anticipated when the budget had been set. The Council's strategy continued to focus on the security of deposits and the liquidity of funds. The additional interest forecast to be generated was now expected to be £810,000 for the year ending March 2025.

The Council continued to invest surplus cash in top rated financial institutions. The authority continued to spread its money around a number of institutions to ensure that it was not potentially damaged by the unforeseen collapse of any one bank. Deposits were also held with banks where the Council believed that the respective governments were likely to be able to guarantee deposits in the event of bank failure. This strategy was continuing to yield an appropriate rate of return, though at a lower rate, as there was less risk attached to these deposits. The authority also operated a policy of holding no more than £2m in any one bank (with the exception of the liquidity account held with Nat West Bank where the limit was £3m) to ensure that the risk was spread. The Council could place unlimited funds with the Government's Debt Management Agency Deposit Facility (DMADF). This allowed greater flexibility for placing of funds with potential for higher returns with minimal risk.

Interest Payable
An estimate of interest on additional borrowing had been included in the budget. No new borrowing was expected to be required during the year.

Minimum Revenue Provision
There was currently no change in the forecast Minimum Revenue Provision charge for the year.

<u>Performance Against Prudential Indicators</u>
The Council's performance to date, and current forecasts for the year, against the Prudential Indicators set in the Treasury Management Strategy approved by full Council on 27th February 2024 were set out in Appendix 1 of the report. The Council had remained within the Prudential Indicators set out in the approved Treasury Management Strategy.

Liability Benchmark

The Council's Treasury Management Strategy had also set out a Liability Benchmark. This compared the Council's actual borrowing against an alternative strategy. The liability benchmark was calculated showing the lowest risk level of borrowing.

The liability benchmark was a useful tool to help establish whether the Council was likely to be a long-term borrower or a long-term investor in the future, and so shape its strategy focus and decision making. The liability benchmark itself represented an estimate of the cumulative amount of external borrowing the Council would have to hold to fund its current capital and revenue plans, while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

There had been no significant changes to the inputs to this calculation, therefore there had been no updates to this indicator. A chart illustrating the liability benchmark was provided in the report which reflected that presented in the approved Treasury Management Strategy.

There were no alternative options for consideration or reasons

Resolved	-	**That Cabinet notes the Treasury Management activities and position during the first quarter of 2024/25.**

104 Update on Energy Saving Improvements Works at Hyndburn Leisure Centre

The Cabinet considered a report of Councillor Noordad Aziz, Deputy Leader and Portfolio Holder for Transformation, Education and Skills, updating Cabinet on the successful Swimming Pool Support Fund bid and the additional complimentary works to be undertaken to provide energy saving improvements at Hyndburn Leisure Centre, along with approval to undertake procurement through the use of the UK Leisure Framework.

Councillor Aziz introduced the report and added that the controlling group was championing sustainable projects towards net zero carbon emissions. The project had already attracted interest from two firms working in the energy efficiency sector. However, the Council would use the UK Leisure Framework to procure a development management provider and to deliver a clear schedule of works.

The Council had been partly successful in its Round 2 bid to the Swimming Pool Support Fund for capital funding for this work, although its Round 1 revenue application had been unsuccessful due to the large number of bids submitted.

When completed, the scheme could reduce energy consumption by up to 98,000KwH.

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

Reasons for Decision
Hyndburn Leisure Centre (HLC) had been identified as the Council's highest emitter of CO_2 due to defunct fossil-fuelled plant. Since then, working in partnership with the Leisure Trust, the Council had significantly reduced the CO_2 emissions by 70%, which on an annual basis was around 390 tonnes. This was the biggest single contribution to the Council's pledge for net zero carbon activities by 2030.

This was achieved when the Council had received £1,988,324 Public Sector Decarbonisation Scheme (PSDS) funding to remove the gas supply and deliver a new electric powered sub-station, air source heat pumps, solar panels, a battery store and new heating controls. Further investment of £375122 had been needed by the Council to cover non-grant eligible costs including re-covering and strengthening the Sports Hall roof to accommodate the solar panels.

The PSDS funding however did not allow for the wholesale replacement of the plant and, as such, there was still equipment working alongside the new, which was inefficient and beyond its life expectancy thus contributing to energy inefficiencies and high running costs of HLC, exacerbated by worldwide energy market conditions. As such more work and funding would be required to replace this aged equipment, if energy costs and CO_2 emissions were to be reduced further.

With the increase in energy costs over recent years, the Government had announced the Swimming Pool Support Fund (SPSF) a year ago with the intention of both helping keep pools open in the face of financial challenges, as well as funding longer-term projects to help reduce future energy bills

The SPSF provided a total of £80 million to local authorities in England as a support package for public leisure facilities with swimming pools and had been split into two phases.

- Phase I - Revenue: £20m was available to support facilities with swimming pools with increased cost pressures, leaving them most vulnerable to closure or significant service reduction.
- Phase II - Capital: £60m was available from the Government for capital investment to improve the energy efficiency of public facilities with pools in the medium to long term.

HLC had faced significant increases in utility costs since 2022, the majority of which could be attributed to the costs of running a swimming pool.

Despite the unprecedented increase in costs and the submission of a competitive bid, the Council had been unsuccessful in its Round 1 revenue application. However, the Council's round 2 application had been partly successful, with the Council being awarded £241,447.

The SPSF scheme, funded by Sport England, would build on the PSDS measures to create further energy savings. The interventions with the highest proposed energy saving results would be included in the scheme, as per the terms of the agreement with Sport England. They were:

- Installation of additional metering and monitoring software;
- Installation of variable speed fans.

The current fan motors used in HLC's air handling units, including those in wet ancillary areas, fell short of the standard efficiency rating (IE1) for their respective sizes, operating at just 84% efficiency. Additionally, the building lacked adequate management controls for its heat pump supply, especially in the subsequent wet areas, and lacked an overarching holistic control system. This deficiency became particularly significant during the winter months when heating demands were higher.

The Chartered Institution of Building Services Engineers (CIBSE) Guide F (2004) emphasised the potential for substantial energy savings (10-20%) through the implementation of comprehensive heating controls and the adoption of energy-efficient fan motors. This would have a projected lifespan of 30 years and it held the topmost priority in future energy reduction efforts for Hyndburn Leisure Centre.

The newly implemented energy controls would complement the recent PSDS investment, enabling seamless integration into the Trend network (building energy management control system). This integration would enable centralised control of the heating systems through an IQview8 control panel. This was essential to future energy reduction and control, as currently this was manually operated in an on-or-off position.

The scheme would reduce energy consumption by 49,000KwH – 98,000KwH based on a modest estimate of reduced heating costs.

Unfortunately, the SPSF grant whilst welcome was only 50% of the bid that was made and therefore there was still going to be inefficient plant remaining at the HLC and thus, along with the risk of it failing, there was a gap in the potential reduction in energy use and subsequently uncertainty regarding CO_2 and cost savings.

The Council had an approved capital programme budget of £525,085, in addition to £241,447 SPSF, making a total of £766,532. This budget had been identified for plant replacement and further energy efficiency works. This might include upgrading shower water systems, replacing old lighting with LED fittings and upgrading the external lighting to the HLC and car park.

The UK Leisure Framework allowed for the direct appointment of a partner (Alliance Leisure Ltd) for scoping, design, refurbishment, construction and development of leisure centres, theatres, play facilities, recreation facilities and sports facilities across the UK public sector. It also supported the marketing of these types of facilities.

The Framework had been procured in accordance with EU Procurement Regulations by Denbighshire Leisure within Denbighshire County Council (DCC), and after an extensive tendering and evaluation process Alliance Leisure Services had been appointed. The Framework was therefore owned by DCC, but a management board comprising of both DCC Officers and Alliance Leisure personnel had been established to monitor and develop the Framework.

The Framework allowed Alliance Leisure Ltd to enter into direct relationships with organisations to scope, develop and deliver both physical leisure developments and cultural and marketing related services. Importantly, it did not commit the client to undertaking a development but allowed potential projects to be explored, with these only coming to fruition should the affordability prove positive.

The Council had successfully used the UK Leisure Framework on previous projects including Public Sector Decarbonisation Works, 3G pitch replacement and Wilson Sport Village.

The Council was now at a stage where it was required to enter into an Access Agreement to finalise the scope and design for these works and once this had been done the final costings could be agreed.

If approval was given to enter into the Access Agreement the cost to the Council at this stage would be £80,930, leaving a remaining budget of £685,602, to deliver all the required works through a future Development Management Agreement.

The timescale for works under the Access Agreement would be approximately 12 weeks and then it would take a further 12 weeks for development works to be undertaken, with all works to be completed before the 31st March 2025, which was the deadline under the SPSF grant conditions.

Alternative Options considered and Reasons for Rejection

Other procurement routes – This was not recommended. Use of government approved frameworks was an effective form of procurement. The UK Leisure Framework offered a pre-approved contractor with demonstrable experience in the leisure sector. The UK Leisure Framework also provided a much quicker route through the design and construction phases allowing the Council to ensure it could meet a major condition of the grant award, that work must be complete by the end of March 2025.

Use of other frameworks for procurement – This was not recommended. Whilst there were other frameworks that could be utilised, none offered the specialist industry knowledge, which would combine both the design and construction/refurbishment of the facility with the business knowledge of the leisure industry obtained from the UK Leisure Framework. The UK Leisure Framework also provided a much quicker route through the design and construction phases allowing the Council the opportunity to achieve its major objectives around improving health at a faster pace. This approach was deemed as the most likely route to secure the overall objectives of the programme at the best value to the Council.

Resolved - **That Cabinet:**

(1) Notes the grant award of £241,447 from the Swimming Pool Support Fund to be spent on the energy saving measures identified at Hyndburn Leisure Centre, as per the terms of the agreement with Sport England.

(2) Agrees the use of the UK Leisure Framework to procure the appointment of Alliance Leisure Ltd to provide development management services in respect of the Council's proposed investment in energy efficiency works at Hyndburn Leisure Centre, as well as all ancillary and supporting tasks.

(3) Agrees to enter into an Access Agreement with Alliance Leisure Ltd to scope and develop designs and costs certainty for the proposed works in accordance with the requirements of the UK Leisure Framework.

(4) Agrees to enter into a Development Management Agreement with Alliance Leisure Ltd to deliver the energy efficiency works, subject to final costs determined pursuant to the Access Agreement being contained within the approved capital programme budget available.

(5) Agrees the use of the Council's approved capital programme of £766,532 (including £241,447 SPSF grant) to design and deliver the SPSF and complementary energy efficiency works at Hyndburn Leisure Centre.

105 Productivity Plan

Members considered a report of Councillor Vanessa Alexander, Portfolio Holder for Resources and Council Operations, to propose the Council's Productivity Plan.

Councillor Alexander briefly introduced the report. The need for a Productivity Plan had been established under the previous Government and was intended to create a means of monitoring spend and efficiencies against productivity.

It was as yet uncertain how this would be taken forward following the change of Government and the requirements could change moving forward. In the meantime, the Council was still required to produce the plan. The main document was included as an Appendix to the report and set out a large number of indicators.

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

Reasons for Decision
The concept of productivity plans had been introduced by the previous UK Government as part of the recent Local Government Finance Settlement. The requirement to submit and publish a Productivity Plan was currently still a requirement the Council would have to adhere to notwithstanding the change in Government. The stated aim was for plans to improve service performance, reduce wasteful expenditure, and ensure efficient resource utilisation in local authorities. The former Minister for Local Government, Simon Hoare, had said that the Office for Local Government and the Local Government Association would "consider the themes emerging from the plans, the implications for future national policy design, the role of Government in supporting further change and the role of the sector in going further".

The Minister had acknowledged that local government had already done a huge amount in recent years to improve productivity and efficiency and stated that the new plans would help UK Government to understand what was already working well across the whole country, what the common themes were, whether there were any gaps and what more it needed to do to unlock future opportunities.

The Hyndburn Context
This plan highlighted the actions that the Council was taking - or would take - to ensure it was operating productively and delivering quality services for residents. Over the last 14 years, Hyndburn had faced major funding challenges, in particular because of significant reductions in Revenue Support Grant from the government and the transfer of the risk of non-collection of business rates to local government. These changes had signalled a period of significant decline in the overall resources available to the Council. In response, the Council had successfully delivered efficiency savings, allowing all its key services to continue being delivered despite a reduction of nearly £6m in Central Government funding (based on 2010/2011 figures, adjusted for inflation).

The Council had always been forward thinking and innovative in achieving productivity, and had a strong record of sound financial management. However, there was always more that it could do and the authority welcomed the opportunity to highlight the potential barriers to further productivity gains, including those that could be addressed by central Government.

Key Components of the Plan

- **Adaptive Organisational Design** - The plan set out the mechanisms and processes by which the Council tracked and reviewed productivity and what it planned on doing to build on this.

- **Technology and Innovation** - To enhance efficiency and service design, the Council would explore how it could adopt useful technology and make better use of data across various functions.

- **Agile Workforce** - This section of the Plan recognised the role people had to play in ensuring the Council worked productively, encompassing leadership, skills, clarity of roles and objectives, and effective partnership working.

- **Overcoming Barriers –** The Council had identified the main barriers that hindered progress, especially those where it believed Government support could help to overcome them. The authority welcomed the Government's intention to explore how it could support local government to overcome these barriers.

Timeline
Councils had been asked to submit their productivity plans by 19th July 2024. Before submission, elected members were required to oversee and endorse the plan. The General Election – which had not been called at the time the deadline was first given – had required some meeting dates being moved, which was the reason that this deadline had slipped very slightly, meaning the Productivity Plan would only be published in draft form by the deadline, until Cabinet approval was obtained.

Once agreed by Cabinet, the Productivity Plan should also be uploaded to the Council's website for residents to access.

There were no alternative options for consideration or reasons

Resolved

(1) That Cabinet agrees the Productivity Plan in the form attached to the report and to its submission to Government.

(2) That the Productivity Plan is published on the Council's website.

106 Member Learning and Development Update

Members considered a report of Councillor Vanessa Alexander, Portfolio Holder for Resources and Council Operations, updating Cabinet on elected member learning and development this financial year to date.

Councillor Alexander provided a short introduction to the report, which outlined the training provided to councillors, attendance levels and a way forward to develop and improve access to the learning experience. The latter might involve more closely aligning training dates and times of day to members' availability and matching preferences for virtual or in-person training. The work would be led by the Learning and Development Panel.

Councillor Alexander stated that, as a newly elected member, she had found the training she had attended very useful. Councillor Dad added that induction training was important for all new councillors to help them acclimatise to their role and that decision-making training was essential for all members serving on quasi-judicial committees.

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

Reasons for Decision
A report presented to Cabinet on 13th March 2024 had included a new Member Development Strategy.

A meeting of the Member Learning and Development Panel would be arranged in the coming weeks to progress the Council's aspiration to achieve level 1 of the Member Development Charter.

New member induction sessions had been arranged following the local elections, as follows:

Date	Details	Officers Attending	Number of members attending
14.05.2024	Induction – Getting Started (full day)	D Welsby, J Ellis, K Burnett, J Joinson	Cancelled due to low numbers booked and daytime availability issues. Rebooked for 22.05.2024 (pm)
22.05.2024	Induction – Getting Started (late pm)	D Welsby, J Ellis, K Burnett, N Khan, J Joinson	7
29.05.2024	Induction (Session 1) – A Strategy for Growth:	M Hoyle	6
05.06.2024	Induction (Session 2) – Finance and Budget:	M Dyson	5
12.06.2024	Induction (Session 3) – Environmental Services:	S Riley	Cancelled due to clash with Huncoat Garden Village Labour Members briefing
19.06.2024	Induction (Session 4) – Local Plan and Planning:	S Prideaux	Cancelled – unable to finalise date in time to give sufficient notice

In addition, all new councillors had been signposted to a programme of free induction sessions entitled 'Life as a Councillor' offered by North West Employers, due to take place in June and July. Take up of this programme was not currently known.

The following table showed how many people had attended the sessions arranged in this financial year to date. The early weeks of the year had been in the pre-election period, and some sessions had been rearranged following the announcement of the general election. Therefore the sessions listed had all fallen in June.

Date	Event	Trainer	Timings	Venue	Attendance
03.06.2024	Planning Committe e Training	Head of Planning and Transportation	5:00pm	QER	14 members attended
05.06.2024	Planning Committe e Training	Head of Planning and Transportation	9:00am	QER	Only 1 member attended
11.06.2024	Code of	Executive Director	6:30pm	MS	Session

	Conduct Training	(Legal and Democratic)		Teams	cancelled due to clash of this meeting with Cabinet – rearranged for 25th June 2024
13.06.2024	Judicial Committe e Training	Licensing Manager / Solicitor	2-4pm	QER	Cancelled due to low numbers booked
18.06.2024	Informatio n Handling Training	Executive Director (Legal and Democratic)	6:30pm	MS Teams	Cancelled due to number of apologies received, low numbers booked
25.06.2024	Code of Conduct Training	Executive Director (Legal and Democratic)	6.30pm	MS Teams	10 members attended
26.06.2024	Licensing Committe e Training	Licensing Manager / Solicitor	2-4pm	MS Teams	9 members plus 3 staff attended
03.07.2024	Planning Committe e Training	Head of Planning and Transportation	9:00 am	QER	7 members attended
10.07.2024	Decision Making Training	Executive Director (Legal and Democratic)	6:30pm	MS Teams	14 members attended

Members of the Licensing Committee had been offered the opportunity to attend an Institute of Licensing Training online training event on 10th July, but none had attended.

New members had also been set up as users on the Hyve, which was the Council's web-based e-learning system. Further Code of Conduct training had been arranged for 25th July and Chairs training was due to be arranged shortly.

A programme of 1 to 1 interviews with all councillors to assess learning and development needs was due to commence shortly and interviewing officers had been identified across the Member Services and Policy and Organisational Development Teams. It was envisaged that these interviews would be completed before the end of the summer.

An analysis of the 1 to 1 information would then help to inform the drafting of a member training plan, which should address the identified need. The training plan would ensure that the Council made the best use of its member training budget of £10,000 and might include a mix of mentoring, in-house training, on-line Hyve courses, external training and networking.

Officers would ask the Member Learning and Development Panel to consider ways to improve the accessibility of training events, being mindful of members' working commitments, as take-up to date had not been as high as officers would have hoped.

There were no alternative options for consideration or reasons

Resolved - **That Cabinet notes the report and encourages active participation in member learning and development activities.**

Signed:……………………………………………

Date: ……………..……………………………………

Chair of the meeting
At which the minutes were confirmed