CABINET

Wednesday, 30th October, 2024

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

In Attendance: Councillors Danny Cassidy, Zak Khan, Dave Parkins and Kath Pratt.

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204 Apologies for Absence

There were no apologies for absence submitted on this occasion.

205 Declarations of Interest and Dispensations

There were no reported declarations of interest or dispensations granted.

206 Minutes of Cabinet

The minutes of the meeting of the Cabinet held on 18th September 2024 were submitted for approval as a correct record.

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

207 Minutes of Boards, Panels and Working Groups

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

Name of Body	Date of Meeting
Leader's Policy Development Board	29th July 2024

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

208 Reports of Cabinet Members

Deputy Leader of Council and Portfolio Holder for Transformation, Education and Skills

Councillor Noordad Aziz reported on the following:

<u>Wilson Sports Village</u>

Since the announcement that ISG, the main construction contractor for Wilson Sport Village, had gone into administration on 20th September 2024, the Council had been working with its project delivery partner Alliance Leisure Ltd regarding the recommencement of works. Councillor Aziz had been directly involved in these meetings. The Council had now taken back control of the site for the purposes of ensuring its safety and security. The project team comprising Council officers and representatives of Alliance Leisure was working hard to get the facility operational with the minimum disruption. The group had made good progress in identifying possible contractors.

A further update should be available to Cabinet at the end of November and might be in the form of a written report. In summary, progress had been good and the construction works should recommence early in 2025.

Councillor Khan thanked Councillor Aziz for his update and acknowledged that the situation was as a result of circumstances outside the Council's control. He enquired what responsibilities the Council now had for the site. He also asked who would bear the cost of the situation. Councillor Aziz responded that the construction site was covered by the Council's insurance and required security and management of the relevant health and safety risks. The remainder of the site, including the running track, was still open to the public. The costs were specified within the main contract and covered by contingencies and a further update would be provided when available.

Portfolio Holder for Environmental Services

Councillor Stewart Eaves reported on the following:

Fleet Vehicles

A new road sweeper vehicle had now joined the Council's fleet. The Service had also looked into food recycling vehicles and was trialling a Dennis vehicle to see if it could manoeuvre along local back streets. However, the lift mechanism could not be operated until the back had been cleared. In response to a query from Councillor Khan, it was reported that the damaged new refuse lorry had now been repaired and was back in service.

CVMU

The Central Vehicle Maintenance Unit (CVMU) was due to employ two new mechanics, one of whom was an apprentice.

Litter and Fly Tipping

Suez had been approached and had agreed to provide 12 free skips for 'community skip days'. The Portfolio Holder had also undertaken to monitor on a monthly basis the issuing of Fixed Penalty Notices (FPNs). A number of refusals to pay had now been escalated to the bailiff stage. Councillor Khan asked if details of how to arrange a 'skip day' could be circulated to all councillors. Councillor Eaves was happy to pass on this information.

Portfolio Holder for Culture, Heritage and Arts

Councillor Kimberley Whitehead reported on the following:

Masefield Close Play Area, Great Harwood

Councillor Whitehead had recently attended the opening of Masefield Close Play Area, Great Harwood, together with Councillors Heather Anderson and Scott Brerton. Generous funding of over £98,000 had been provided by the FCC Communities Foundation. The new play space would ensure that local children had access to modern, inclusive, and exciting play facilities. Due to its success, a new ladder had now been added to the large slide to enable smaller children to gain access. Thanks were extended to the FCC for their investment and to local residents, families, and schools who had helped to shape the design of the play area.

Councillor Brerton thanked everyone involved in the creation of this facility and gave a special mention to former councillor, Colin McKenzie. Councillor Khan noted that the Council's parks had been greatly improved over a number of years, which was a credit to the staff involved. He asked if there was any data available about whether the usage of parks had increased and what consideration had been given to better promotion of these facilities.

Culture and Heritage Strategy

Work was progressing to finalise the Culture and Heritage Strategy. Work had been undertaken to research the existing cultural landscape and to articulate a vision for the future. Feedback on the draft Strategy was now awaited from various organisations. The Council wanted to get this vision right.

Enlighten Event

Last weekend had seen the delivery of an enlighten event in Accrington Town Centre, which had involved the transformation of 5 key heritage buildings by light art. Some 5,000 people had attended the event. A large array of activities and displays had been on show. Particular thanks was due to local actress Julie Hesmondhalgh and a number of schools who had supported the spectacle.

Councillors Dad, Walsh and Pratt each commented on their families' positive experience of the event, which was a credit to the staff involved in its organisation. Councillor Khan asked if it was known how many visitors were from out of Borough. Councillor Whitehead agreed that it would be useful to collect more data about attendance at events. The Council had invested in the 'huq' system which tracked footfall. Improved data would enable the Council to determine which types of event were sustainable.

Halloween Trail

The Halloween Shop Trail was taking place in the Accrington Town Centre for its 3rd year, arranged by Amazing Accrington and sponsored by Hyndburn Borough Council. Children were encouraged to dress up and to visit local shops to obtain 10 stamps, which would permit entry into a prize draw. The final day of the event was tomorrow.

Portfolio Holder for Sustainability and Families

Councillor Kate Walsh reported on the following:

Mercer House

Councillor Walsh had visited Mercer House, in Clayton-le-Moors, to look at the level of investment needed to bring the building up to a leasable standard. Councillor Aziz thanked his colleagues for their work on this matter and hoped that it would mirror the rejuvenation of Churchfield House, in Great Harwood.

Decarbonisation

The Net Zero working Group had recommended investment of £85k to enable further decarbonisation of the Council's assets. Councillor Khan asked which buildings would benefit from this funding. Councillor Walsh responded that this would be for Council owned buildings, but would not, at this stage, include the Haworth Art Gallery.

Retrofitting Hub

The Council was looking into the possible establishment of a Retrofitting Hub. The aim was to provide energy saving advice under one roof, in partnership with other organisations. The proposal had also been mentioned at a recent overview and scrutiny committee meeting. Councillor Khan noted that the Government's Budget announcement had mentioned £3.4 billion to retrofit 350,000 homes over a three-year period. He asked whether the Council could access this money. Councillor Walsh confirmed that she had written to the relevant Ministers and that officers were working on this too. Councillor Aziz noted the importance of this work as some 64% of the Borough's housing stock were Band A properties.

Cosy Homes Event

Councillor Walsh had recently attended a Cosy Homes event, which was very informative.

Brookside Restoration Project

The Portfolio Holder had visited Brookside nature reserve to attend an event for children held during the half term holiday.

Christmas Lights

Councillors Walsh and Whitehead had considered the budget for Christmas lighting to ensure that the townships were adequately served. It was also proposed to undertake some publicity to try to deter costly vandalism of the cribs.

209 Prudential Indicators Monitoring and Treasury Management Strategy Update - Quarter 2 2024/25

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, providing an update on the Prudential Indicators Monitoring and Treasury Management activities since the start of this financial year.

Councillor Aziz provided a brief introduction to the report.

Councillor Khan asked whether the increase in employers' National Insurance contributions announced in the Government's Budget had been taken into account within the Council's finances. The Portfolio Holder responded that the Council would take a holistic approach to all of the budgetary changes announced today and report back as appropriate. Councillor Alexander commented that there were other reports on the Agenda, which dealt with risks and budget pressures.

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 to 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 September 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 Sept 2024 £'000**
EXTERNAL DEBT		
Borrowing	9,595	9,595
Other Long-Term Liabilities	1,274	1,408
Total External Debt	10,869	11,003
Capital Financing Requirement	8,798	8,932
Under/(Over) Borrowing	(2,071)	(2,071)
INVESTMENTS		
Total Long-Term Investments	-	-
Total Short-Term Investments	-	35,059
Total Investments	**-**	**35,059**

The table demonstrated 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 loan's maturity date), but the accounting treatment required that the Capital Financing Requirement was reduced each year by the payment of a 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 half 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. Investments to the end of Quarter 2 were as shown in the table below:

Portfolio Position 30 Sept 2024	**Position 30 Sept 2024 £'000**
Local Authorities	26,000
Debt Management Agency Deposit Facility	4,979
Money Market Funds	2,000
Lancashire County Council Call Account	2,000
Bank Deposit Accounts	80
Total Short-Term Investments	**35,059**

Two further tables were included in the report, which gave details of the investments the Council had in place at 30th September 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 set out in the table below.

Forecast Treasury Revenue Outturn – 2024/25 Q2

Portfolio Position 2024/25	**Working Budget 2024/25 £'000**	**Forecast Outturn 2024/25 £'000**	**Forecast (Under)/ Over Spend £'000**
INTEREST RECEIVABLE			
Interest Receivable on Temporary Lendings	(401)	(1,372)	(971)
Other Interest Receivable	-	-	-
Total Interest Receivable	(401)	(1,372)	(971)
INTEREST PAYABLE			
Interest Payable on Long-Term Borrowings	513	440	(73)
Interest Payable on Finance Leases	41	38	(3)
Other Interest Payable	-	-	-
Total Interest Payable	554	478	(76)
Minimum Revenue Provision	1,085	1,006	(79)
Net (Income) / Expenditure from Treasury Activities	1,238	112	(1,126)

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 £1,372,000 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 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

The Minimum Revenue Provision charge was forecast to be below budget due to new vehicles being delivered later than had been expected.

Performance against Prudential Indicators

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 had been 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 must 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 the Cabinet notes the Treasury Management activities and position during the second quarter of 2024/25.**

210 Revenue Budget Monitoring 2024/2025 - Quarter 2 to end of September 2024

The Cabinet 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, regarding the financial spending of the Council up to the end of September 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 Alexander provided a short verbal introduction to the report, including information about budgetary pressures and risks. The Council was currently in a good financial position and was prepared for the risks identified. She thanked the Executive Director (Resources) and the Finance Team for their hard work.

Councillor Whitehead reported that members had been to view the Civic Theatre, at Oswaldtwistle, and a public meeting had taken place to discuss its future, at which Councillors Khan and Allen had also been present. The Council had been transparent about what progress had been made. A Civic community group had formed comprising interested persons and they were due to attend the site next week. A meeting had also been arranged with Theatres Trust in one week's time to seek their advice. The Trust was considering adding the Civic to their theatres at risk register. Councillor Dad commented that the Council wanted to see the Borough's vacant buildings brought back into use as soon as possible.

Councillor Khan thanked the Portfolio Holder for the risk information and the update on the Civic Theatre. He noted that some underspends logged were due to staff vacancies, particularly in services such as Planning and Building Control. He asked whether there would be negative financial consequences if the posts were filled. Councillor Alexander responded that some posts had been filled temporarily by agency staff and that when permanent postholders were in place there should be no adverse financial implications.

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 had 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 £16.037M. This brought the forecast underspend for the year against the budget to £0.085M. Further analysis of changes in forecast spend were set out in section 4 of the report.

Table 1: Forecast 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	823	30
Environmental Services	5,491	18	5,509	5,552	43

Legal and Democratic	1,834	-	1,834	1,811	(23)
Planning and Transportation	725	-	725	701	(24)
Regeneration and Housing	1,496	(48)	1,448	1,483	35
Resource	4,651	-	4,651	5,524	873
Net Cost of Services	14,990	(30)	14,960	15,894	934
Non-Service	1,238	30	1,268	143	(1,125)
Cabinet Approved Contributions	-	-	-	-	-
Corporate Savings Target	(106)	-	(106)	-	106
Total Net Expenditure	16,122	-	16,122	16,037	(85)
Funding	(16,122)	-	(16,122)	(16,122)	-
(Under)/Overspend	-	-	-	(85)	(85)

The current forecast spend to the end of the financial year showed a reduction of £0.099M from the last report at QTR1. Two further tables (Nos. 2 to 3) set out details of changes by service since the last report at QTR1 and the most significant changes in the forecast variance.

Section 4 of the report included additional tables (Nos 4 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 £14.383M in its usable reserves during the year, bringing them to £11.721M at the end of the year. Forecast movements in reserves were shown in Table 12 of the report.

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 2 stood at £0.085M, there were some further pressures and risks that needed to be considered, some of which were not currently built into any financial forecasts.

The main pressures/risks to be considered related to the matters highlighted below:

- Waste Disposal Site/Transfer Station;
- Oswaldtwistle Civic Theatre;
- Crematorium/Cremators;
- Food Waste Collections;
- Hyndburn Leisure;
- Housing Benefit Supported / Exempt Accommodation; and
- Pay Award.

A more comprehensive description of the above issues was set out in the report.

These pressures/risks would need to be considered over the course of the Medium-Term Financial Strategy along with an appropriate action plan to ensure the Council could meet any future predicted budget gaps.

There were no alternative options for consideration or reasons

Resolved	**(1) That the 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.**

211 Capital Programme Monitoring 2024/25 - 2nd Quarter Update to 30th September 2024

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, which provided an update for Cabinet on 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 monitoring position had been presented to the Cabinet on 30th July 2024.

Councillor Alexander provided a brief introduction to the report.

Councillor Khan noted that capital receipts needed to be realised to fund the Capital Programme, in part, and asked if it was known which land or buildings would be proposed for sale. Councillor Alexander responded that these had not yet been identified, but vacant buildings would be considered for reuse or sale. However, the Theatres Trust and local community group were keen to bring Oswaldtwistle Theatre back into use as an entertainment venue.

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

Reasons for Decision

The Council had authorised new additions to the capital programme of £4.404m at its meeting on the 27th February 2024.

Since the Council meeting in February 2024 new schemes totalling £0.531m had been approved and added to the programme. The additional expenditure approved was to be fully funded from 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 £44.144m and was shown in the table below:

<u>Approved Capital Programme</u>

	£m
New Additions to the Capital Programme (Reported at February Council 2024)	**4.404**

Budget Changes	
Slippage from 2023/24	40.656
Budgets removed from the programme	-1.558
New Schemes and Additional Funding approved in year	0.652
Current Approved Capital Programme Budget 2024/25	**44.144**

The financing of the programme in 2024/2025 was set out in a pie chart within the report.

The current programme of £44.144m would not be capable of being delivered in the current financial year and it was proposed to now rephase the programme into the years in which it was now expected to be spent. The 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	788	291	-	1,079
Parks and Open Spaces	669	830	-	1,499
IT Projects	234	-	-	234
Recreation and Sport	-	-	-	-
Vehicles and Equipment	101	666	-	767
Community Projects	78	-	-	78
Planned Asset Improvement Programme	210	-	-	210
Leisure Estate Investment Programme	10,625	1,000	-	11,625
Public Sector Decarbonisation Scheme	-	-	-	-
Levelling Up Fund	19,386	6,937	-	26,323
UK Shared Prosperity Fund	388	-	-	388
Transitional Housing Programme	-	-	-	-
Housing Improvement Programme	1,941	-	-	1,941
Total	**34,420**	**9,724**	**-**	**44,144**

2nd Quarter Update Position

The Actual expenditure to 30th September 2024 was £8.589m against the latest rephased budget for 2024/2025 of £34.420m. This equated to 24.95% spend.

As shown in the table above, there was expected to be £9.724m of budget to be rephased into 2025/2026, in respect of capital schemes which would now not be completed during the current year.

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.

Significant in-Year Spend

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) / Overspend £000
Operational Buildings	788	29	759	788	
Parks and Open Spaces	669	363	306	669	
IT Projects	234	101	139	240	6
Recreation and Sport	-	-	-	-	
Vehicles and Equipment	101	31	70	101	
Community Projects	78	40	38	78	
Planned Asset Improvement Programme	210	32	178	210	
Leisure Estate Investment Programme	10,625	3,292	7,333	10,625	
Public Sector Decarbonisation Scheme	-	(3)	3	-	
Levelling Up Fund	19,386	3,683	15,703	19,386	
UK Shared Prosperity Fund	388	104	284	388	
Transitional Housing Programme	-	-	-	-	
Housing Improvement Programme	1,941	917	1,024	1,941	
Total	**34,420**	**8,589**	**25,837**	**34,426**	**6**

% of Budget Spend	**24.95%**	**75.06%**	**100.02%**	**0.02%**

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.

Financial Risks of the Capital Programme

Capital Receipts

The financing of the programme was reliant on using receipts of £4.688m, having 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 £1.555m to achieve all its required financing from capital receipts. It was now not expected that all these receipts would be achieved by the end of 2024/2025. Work would be progressing on the sale of the assets identified in these receipts. If some of these asset sales were delayed, the Council had sufficient reserves in place to fund the existing programme in the short term. It was crucial that the planned sales continue to be progressed to ensure the Council achieved the required receipts that would enable future capital programme works to be undertaken.

This was a medium level risk.

External Grants and Contributions

The Capital Programme was reliant on £27.598m 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 £8.440m had been received, leaving £19.158m still to be received / claimed over the next two years.

The majority of external funding was to be provided by the following sources (further details of which were included in the report):

- Levelling Up Project (LUF);
- UK Shared Prosperity;
- Disabled Facilities Grant; and
- Leisure Estate Investment Programme

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 £19.386m in year and £6.937m in 2025/26
- Disabled Facilities Grant - with £1.941m in year
- UK Shared Prosperity Grant – with £0.388m in year
- Leisure Estate Investment Programme – Originally forecast £10.625m in year & £1m in 2025/26. The profile of these works would be updated when further information was known regarding the recommencement of works on the Wilson playing field site following the recent administration of the main contractor.
- Asset Programme works £2.080m in year and £1.787m in 2025/26. These works included maintenance of operational buildings and the continued investment in Parks and Playgrounds

Conclusion

The capital programme had significantly grown over the past two financial years to a current programme totalling £44.144m. Although the programme was approximately 63% 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 the Cabinet notes the progress on capital expenditure to date**

212 Allotment Rental Charge 2026 & 2027

The Cabinet considered a report of Councillor Kate Walsh, Portfolio Holder for Sustainability and Families, seeking approval for a proposed increase in allotment rent charges from the 1st January 2026 and 1st January 2027

Councillor Walsh provided a brief introduction to the report.

Approval of the report was deemed a key decision.

Reasons for Decision

It was recommended that from 1st January 2026 the allotment rent charge be increased from 28.5p/m^2 annum to 30.0p/m^2 annum, and the minimum plot charge be increased from £55.00pa to £60.00pa, and that that from 1st January 2027 the allotment rent charge be increased from 30.0p/m^2 annum to 32.0p/m^2 annum, the minimum plot charge be increased from £60.00pa to £65.00pa.

During 2012, the Council had consulted with the allotment tenants. 83% of those responding said that rent should be increased regularly in small amounts rather than single large increments at irregular intervals.

Since 2014, the Council had progressively increased the allotment rents in small annual increments to ensure that the annual rate of increase was kept reasonable, as shown below. Allotment rents were charged by calendar year.

2014	11p/m^2 annum. Minimum charge £35.00.	
2015	12p/m^2 annum. Minimum charge £35.00.	
2016	13p/m^2 annum. Minimum charge £35.00.	
2017	14p/m^2 annum. Minimum charge £35.00.	
2018	16p/m^2 annum. Minimum charge £40.00.	
2019	18p/m^2 annum. Minimum charge £40.00.	
2020	22p/m^2 annum. Minimum charge £45.00.	
2021	23p/m^2 annum. Minimum charge £50.00.	
2022	23.5p/m^2 annum. Minimum charge £50.00.	
2023	24p/m^2 annum. Minimum charge £50.00.	
2024	25p/m^2 annum. Minimum charge £50.00.	
2025	28.5p/m^2 annum. Minimum charge £55.00.	
2026	30.0p/m^2 annum. Minimum charge £60.00.	Recommended for approval.
2027	32.0p/m^2 annum. Minimum charge £65.00.	Recommended for approval.

The minimum charge was the lowest amount of rent charged per plot regardless of plot size.

Prior to 2014, the allotment rents had not been increased since 2006 and had been amongst the lowest in England (data supplied by the National Allotment Society). Between 2006 and 2014 the annual allotment rents had been charged 7.5p/m^2 (Average).

The Council had a legal duty to notify tenants 12 months in advance of an allotment rent increase. To facilitate the 1st January 2026 rent increase, allotment tenants would have to be advised by the 31st December 2024.

The Councils allotment service was operated on a ‘cost neutral’ basis, without profit. Having taken into account inflationary pressures in financial years 2026-2027 & 2027-2028, and increased Council costs, the recommended rent increase would enable the Council to continue to provide the present ‘cost neutral’ service level.

The Allotment Act 1950 stated that an authority might charge such rent as a tenant might “reasonably be expected to pay”. The recommended rental increase had taken account of all of the following factors:

- Comparison with other neighbouring Local Authorities;
- Comparison with other local recreational activities;
- National Allotment Society Policy Document 103. Rents; and
- Consultation with the Hyndburn Federation of Allotments.

Comparison with neighbouring allotment authorities

The following information had been supplied by the various allotment authorities attending the North West Allotment Officers meeting held on the 16th October 2019. The following rents were charged in 2019, with the latest 2023 and 2024 rents provided for comparison:

	2019	**2023**	**2024**
Bradford	17p/m^2	22p/m^2	40p/m^2
Bury (includes water)	68p/m^2	£1.25/m^2	£1.25/m^2
Cheshire West	16.5p/m^2	16.5p/m^2	21p/m^2
Colne Town Council	36p/m^2	36p/m^2	36p/m^2
Kendal	37p/m^2	37p/m^2	41p/m^2
Leeds	29p/m^2	31p/m^2	31p/m^2
Preston	34p/m^2	37p/m^2	37p/m^2
Skipton	35p/m^2	35p/m^2	35p/m^2
St Helens	24p/m^2	45p/m^2	45p/m^2
Tameside	44p/m^2	50p/m^2	52p/m^2
Trafford	41.5p/m^2	41.5p/m^2	41.5p/m^2

The average 2024 rent (excluding Bury) was 38p/m^2.

The following rents were charged by the nearest neighbouring local authorities:

	2023	**2024**	**2025**
Blackburn with Darwen	28p/m^2	28p/m^2	28p/m^2
Burnley	30p/m^2	30p/m^2	31p/m^2

The allotment rent charged by Hyndburn remained similar when compared to the rents presently charged by Hyndburn's immediate neighbours Blackburn with Darwen and Burnley. It was reasonable to conclude that the proposed rent increase was consistent when compared to other local authorities.

There were no local recreational activities which were directly comparable to the allotments. The Council had introduced rents for the use of football pitches and bowling greens, set at an incremental rate to ensure that the use of these facilities became cost neutral. The increase in allotment rents had followed the same trajectory.

The National Allotment Society had produced Policy Document 103 – Rents. The National Allotment Society recognised within its Policy the significance of rent to the allotment provider as an income, and further added that rents should be reasonable and set in accordance with the legal requirement (as described in Section 3.11 of the report). When considering NAS Policy 103, the Council had taken the following into account:

- The long-term financial sustainability of the allotments;
- The nature, quality and cost of facilities provided, including the cost of maintenance; and
- Expenditure on management and administration.

With reference to the NAS Policy 103, it was reasonable for the Council to make the allotment service cost neutral. The demand created on the service had established the management cost to the Council, and therefore through necessity the level of rent charged onward to the allotment tenants.

The report included a summary of relevant legislation and case law to be taken into account.

The Allotments Acts 1908-1950 were prescriptive regarding the provision of allotments. The Council had had regard to the Allotments Acts when considering the rent on allotment sites. In considering Section 10(1) of the Allotments Act 1950, the Council had taken the following into account when proposing the level of allotment rent:

- The rate by which the allotment rent had been increased was comparable to that set by other recreational activities within Hyndburn;
- The tenant consultation during 2012 had established that allotment tenants were in favour of small regular increases, rather than large increases at irregular intervals;
- The allotment rent set by Hyndburn Borough Council remained comparable to that set by neighbouring local authorities;
- Consultation with the Hyndburn Federation of Allotments (HFA), had produced a favourable response, accepting that a rent increase was needed to enable the service to continue at its present level; and
- The rent increase took into consideration the rent policy set by the National Allotment Society.

Alternative Options considered and Reasons for Rejection

No rent change or reduced rate of rent increment:

Owing to inflationary pressures and increased Council costs the allotment service would become under-funded during 2026 & 2027 resulting in the need to achieve cost savings. In this event, the allotment service would reduce its ability undertake functions in compliance with its management role and that described within the allotment tenancy agreement.

In officers' opinion, there were no other reasonable alternatives. Officers recommend that the alternative option be rejected on the grounds that the allotment service should continue to provide a cost neutral, effective and efficient service in its present format. The recommended option was reasonable to ensure that the allotment service continued to provide the level of service expected by allotment tenants.

Resolved - **That Cabinet approves the increased allotment rent charges from 1st January 2026 and 1st January 2027 as set out in Paragraph 3.1 of the report, allowing for the statutory notification period, as noted in Paragraph 3.5 of the report.**

213 Update on the Medium-Term Financial Strategy 2025/26 to 2027/28

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, providing an update on the financial position for the Council's Revenue and Capital Budgets for 2025/26 and the impact on the Medium-Term Financial Strategy (MTFS) 2025/26 to 2027/28.

Councillor Aziz gave a short verbal introduction to the report.

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

Reasons for Decision

The Council had approved its Revenue Budget for 2024/25 and Medium-Term Financial Strategy (MTFS) 2024/25 – 2026/27 at the Full Council meeting on 27th February 2024.

Since the MTFS 2024/25 – 2026/27 had been produced the economic and political climate had changed. Therefore, the assumptions, pressures and risks required updating as a number might have evolved.

A report had been presented to Cabinet on 18th September 2024, detailing the current assumptions, risks and pressures and the process for the budget 2025/26.

This report was to inform Cabinet of the revised MTFS for 2024/25 – 2026/27 to incorporate the information presented in the report mentioned above and to extend this for an additional year into 2027/28.

<u>Update of the Medium-Term Financial Strategy 2024/25 – 2027/28</u>

Since the revenue budget had been approved at full Council on 27th February 2024 and recognising that the Council was operating in an ever-changing environment, work had continued to update the MTFS and extend it to include the 2027/28 financial year.

The table below showed the updated standard scenario MTFS:

Table 1: Medium Term Financial Strategy 2024/25 – 2027/28

	2024/25 Budget £'000	2024/25 Forecast £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Service Budgets	15,399	16,110	16,629	16,869	17,139
Non-Service Budgets	1,268	143	969	1,069	1,069
Corporate Savings Target	(107)	-	-	-	
Net Revenue Expenditure	**16,560**	**16,253**	**17,598**	**17,938**	**18,208**
Transfers to Usable Reserves	616	888	350	350	350
Transfers from Usable Reserves	(965)	(1,015)	(553)	(419)	(409)
Net Revenue Expenditure after use of Reserves	**16,211**	**16,126**	**17,395**	**17,869**	**18,149**
Less: Government Grants	(2,388)	(2,388)	(2,436)	(2,485)	(2,535)
Less: Business Rates Retained	(8,069)	(8,069)	(8,519)	(8,395)	(8,563)
Less: Council Tax Income	(5,754)	(5,754)	(6,104)	(6,375)	(6,618)
In Year Funding 'Gap'	**-**	**(85)**	**336**	**614**	**433**
Cumulative Funding 'Gap'	**-**	**(85)**	**336**	**950**	**1,383**

The MTFS figures were based on the assumptions set out in the report presented to Cabinet on 18th September 2024 including the following:

- Pay award of 3.0%;
- General inflation of 3.0%;

- Utilities inflation of 2.0%;
- Increases in sales, fees and charges income of 3.0%;
- Increase in non-ringfenced Government grant income of 2.0%;
- Increases in retained business rates income of 2.0%; and
- Increase in Council Tax base of 0.8% with a 2.99% increase in Council Tax rate.

The figure contained in the report now provided assumed that the Council would accept the Homes England Brownfield Infrastructure and Land Fund grant and that the Council would not receive its allocation of UK Shared Prosperity Funding from 2025/26 onwards.

It was also assumed that the Housing Benefit caseloads relating to the pressure of the Housing Benefit supported / exempt properties would not increase beyond the current levels due to future introduction of planning controls and housing regulation.

Although the Council had identified that there might be capital investment required to repurpose sites under the Council's control, such as Oswaldtwistle Civic Theatre and Mercer Hall, the Medium-Term Financial Strategy worked on the assumption that there would be no additional Council funds above those already approved. It was the Council's direction that it would engage with providers and external funders to enable these buildings to be brought back into community use.

The above table also took account of the risks set out in the same report. The table below set out the details of cumulative movements in each year of the MTFS table:

Table 2: Medium Term Financial Strategy Movements and Pressures

	2024/25 Forecast £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Pay Award	-	268	538	813
General Inflation	-	227	393	562
Utilities Inflation	-	22	45	68
Increases in Sales, Fees and Charges Income	-	(130)	(220)	(311)
Increase in Non-Ringfenced Government Grants	-	(48)	(97)	(147)
Increase in Retained Business Rates Income	-	(428)	(593)	(761)
Increase in Council Tax Income	-	(210)	(444)	(687)
Total Inflationary Movements	**-**	**(299)**	**(378)**	**(463)**
Additional Costs for Leisure Services	850	700	500	350
Revenue Costs for Levelling Up Fund Projects	-	150	150	150
Savings on Transfer of Market Operations	-	(225)	(225)	(225)
Use of Contingency to Fund LUF Project Costs	-	(150)	(150)	(150)
Loss of External Funding	-	120	134	138
Additional Housing Benefits Costs	284	350	385	425
Waste Transfer Costs (if no Transfer Station)	-	-	500	510
Food Waste Collections Revenue Costs	-	-	475	485
Grant for Food Waste Collection Revenue Costs	-	-	(475)	(485)
Potential Pension Contribution Savings	-	-	(477)	(487)
Other Costs Previously Funded from Reserves	-	22	22	22
Additional Investment Interest	(1,047)	(298)	(199)	(199)
Change in Minimum Revenue Provision	(78)	-	-	-
(Surplus)/Deficit Business Rates	-	(289)	-	-
(Surplus)/Deficit Council Tax	-	37	-	-

Other Variations from Budget	(94)	-	-	-
Total Additional Service Pressures	**(85)**	**417**	**640**	**534**
Other Changes in Reserves Movements	**-**	**218**	**352**	**362**
Total in Year Movements in MTFS	**(85)**	**336**	**614**	**433**

The table above incorporated the current estimates of the cost for each of the risks presented to Cabinet in September 2024, showing the significant pressures the Council was facing over the next 3 years. Some of the most significant pressures were as listed below, further details of which were set out in the report:

- Additional Cost of Leisure Services;
- Revenue Costs for Levelling up Projects;
- Loss of External Funding;
- Additional Housing Benefits Costs;
- Waste Transfer Costs;
- Revenue Costs of Food Waste Collections;
- Potential Pension Contribution Savings;
- Additional Investment Interest; and
- Surplus and Deficits in the Collection Fund

The values of these risks in the MTFS would be updated as more information became available.

<u>Reserves</u>

Development of the Council's MTFS also needed to consider the reserve balances available.

Details of the Council's reserves were regularly reported to Cabinet. An updated analysis of reserves was set out in the report at Appendix A, which showed the current forecast movements in reserves for 2024/25, along with the movements in the standard scenario tables above for the 3-year period of the MTFS. The strategy for the use of reserve balances was as follows:

<u>Usable Reserves</u>

Unallocated Reserves – This balance should be maintained above the minimum level of £1million. This minimum level was held for use in unexpected and unforeseen circumstances and was part of the Council's various measures to maintain financial resilience.

Underspends/Invest to Save Reserve – This reserve had been accumulated through previous years underspends to be used to fund short term pressures and projects which would help reduce the net costs to the Council.

Revenue Funding for Capital Schemes – This reserve contained amounts set aside for use funding the capital programme. Whilst a significant amount of this reserve had been committed to fund the current approved capital programme, remaining balances might be required to fund schemes should capital receipts not be obtained.

Business Rates Volatility Reserve – This reserve was to be used to smooth any surpluses or deficits in the collection fund.

Other Earmarked Reserves – These reserves would only be used for the purposes for which they had been set aside and would be subject to annual review. The balance of these reserves, in the main, was committed for specific issues.

It must be noted that reserves were a finite source of funding and should not be relied upon to support the Council's budget, other than as part of the clear strategy to achieve a sustainable budget in the medium term.

The Council also held what was known as "Unusable Reserves". These reserves were held for accounting processes and did not represent balances available to use to fund Council services. The Council held circa £29.9million at 31st March 2024, which included certain reserves such as the revaluation reserve, capital adjustment account and pensions reserve.

Scenario Analysis

As mentioned above, the MTFS was prepared using a range of assumptions which impacted on both income and expenditure. Changes in these assumptions could have a significant effect on the Council's forecast funding gap and the level of savings which might be required over the medium term.

It was good practice to undertake sensitivity analysis by changing some of the key assumptions used in the MTFS. Whilst the purpose of this analysis was not to forecast the future, it was to better understand the Council's sustainability in an uncertain environment.

For Hyndburn this was achieved by preparing 3 scenarios, pessimistic (worst case), optimistic (best case) and standard (base case). The tables shown above represented the standard scenario, which was the scenario that best represented what were currently thought to be the most likely outcomes and was the scenario on which the revenue budget was set each year.

The table below summarised the expected funding gap for each of the 3 scenarios over the MTFS period:

Table 3: Scenario Analysis – Funding 'Gaps' Over MTFS Period

	2025/26 £'000	2026/27 £'000	2027/28 £'000
Optimistic Scenario	(200)	(473)	(1,233)
Standard Scenario (in tables above)	336	614	433
Pessimistic Scenario	1,378	2,813	3,850

As the table above indicated, the range of potential scenarios for the 2025/26 financial year was a surplus of £0.200m to a deficit of £1.378m. Over the MTFS period, this rose to a potential surplus of £1.233m to a deficit of £3.850m by 2027/28.

Details of the variances from the standard scenario to the optimistic and pessimistic scenarios were set out in the report at Appendix B. All assumptions for each of the 3 scenarios were detailed in the report presented to Cabinet on 18th September 2024 and were summarised in Appendix B.

Next Steps

The timetable for the budget process had been set out in the report to Cabinet on 18th September 2024.

The Finance Team continued to work with budget holders to undertake a thorough review of all budgets to identify any potential additional budget pressures or savings.

These would be discussed with the Corporate Management Team and Cabinet over the coming months and decisions made on which items would be put forward in the final revenue budget and MTFS.

A series of Cabinet budget working group sessions had been timetabled to ensure engagement and communication was effective throughout the budget process.

Corporate Management Team and Service Managers would work with Cabinet members to develop an action plan to achieve the identified budget gap of £1.383m over the next 3 years as shown in Table 1. This action plan would be linked to the Council's Corporate Plan and establish the requirements for the efficient future delivery of Council services

There were no alternative options for consideration or reasons

Resolved - That the Cabinet:

(1) Notes the updated financial position for the 2025/26 revenue budget.

(2) Notes the updated Medium Term Financial Strategy 2025/26 to 2027/28.

(3) Notes the risks and pressures included in the Medium-Term Financial Strategy, to be considered through the further development of the MTFS.

(4) Notes the forecast general fund reserves position over the period of the Medium-Term Financial Strategy.

(5) Notes the next steps highlighted in section 7 of the report and the requirement to produce an appropriate action plan that will ensure the Council can meet its legal requirement to set a balanced budget in 2025/26 and address budget gaps in future years.

214 Huncoat Garden Village

In accordance with Regulation 11 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, approval was given by Councillor Jodi Clements, Chair of the Communities and Wellbeing Overview and Scrutiny Committee, to the following decision being made by Cabinet on 30th October 2024, under the special urgency provisions for key decisions, on the grounds that the decision was urgent and could not reasonably be deferred.

In the absence if the Mayor, approval was given by the Deputy Mayor, Councillor Josh Allen, to the disapplication of the call-in procedure on the grounds of urgency, in accordance with Overview and Scrutiny Procedure Rule C14.

The Cabinet considered a report of Melissa Fisher, Portfolio Holder for Housing and Communities, providing an update on the Huncoat Garden Village project and seeking a series of approvals to progress the project, including authority to accept the grant award and enter into a grant funding agreement with Homes England.

Councillor Fisher provided a brief introduction to the report. She confirmed that the Council was pleased to announce its intention to progress plans for the redevelopment of the former Huncoat Power Station and Huncoat Colliery brownfield sites for 1,816 new homes, of which 263 would be affordable or social housing. The development would include a relief road, village centre, primary school extension, railway station parking and some 23 hectares of open space, including woodland and sports facilities.

The Portfolio Holder thanked the officers for their hard work, Homes England for the grant funding and Councillor Clare Pritchard for her work in chairing a Cabinet Working Group, which had led a review of the proposals.

Councillors Aziz and Khan both spoke in favour of the project. Councillor Khan raised questions about a proposal for a strategic rail freight terminal and about how the decision on the overall project would be communicated to residents, to which Councillor Dad responded.

Approval of the report was deemed a key decision.

Reasons for Decision

Huncoat Garden Village formed a key part of Hyndburn Borough Council's growth plans. It was a residential-led, brownfield housing development project with the potential to transform the housing market within Hyndburn.

The Huncoat Garden Village Masterplan and Framework and Delivery Strategy, approved by Cabinet in October 2021, had set out a framework for the new housing development and expanded settlement of Huncoat, with the Masterplan Framework becoming a material consideration for planning applications for the Garden Village area. A design code (currently in final draft form) set out good design principles including rules (the dos and don'ts) for the creation of a high quality residential development and environment and this would be used by Hyndburn Borough Council, landowners, developers, house builders, etc. as the project was delivered.

Huncoat Garden Village also formed a key part of the emerging Local Plan (Hyndburn 2040: Local Plan {Strategic Policies and Site Allocations}), Policy SP2. Homes England had confirmed that the Huncoat Garden Village proposals remained consistent with the new Government's strategy for housing growth as the project would make a significant contribution to the new housing targets for Hyndburn using a brownfield first approach, and "grey" belt where necessary. For this reason, Homes England had proposed adoption of the emerging Local Plan as a post contract condition within the grant Heads of Terms (as set out in Appendix 1 to the report). It was therefore important to stress that Huncoat Garden Village project was contingent on the adoption of the emerging Local Plan, and vice versa. Without both, the Council would not be in a position to meet the new housing targets.

The project would bring back into use the site of the former Huncoat Power Station, and the site of the former Huncoat Colliery, to create an extension to the existing Huncoat village using new garden community principles. It would deliver 1,816 new homes of mixed tenure (including affordable and social housing) over a circa 15-year period, alongside a new local centre meeting amenity needs, an expanded primary school, 24 hectares of strategic and functional open space, including a safeguarded area of ecological importance, new woodland and networked open space, and infrastructure in the form of a new residential relief road, car parking provision at Huncoat Railway Station, and localised road junction upgrades as required.

Given the major constraints presented by the previously developed land at the former power station and colliery sites, redevelopment was not feasible without public sector intervention to part fund site remediation and infrastructure to help provide serviced development platforms for viable housing development, as well as a new residential relief road that would connect new development areas with the existing network, as well as relieving congestion that already existed in the village.

Following a successful bid to the Brownfield, Infrastructure and Land (BIL) fund there was an opportunity to secure just under £30 million of grant funding to unlock the development of much needed social and market housing in Hyndburn.

The report therefore made a series of recommendations for the Council to accept the BIL grant and enter into a grant funding agreement with Homes England towards site preparation works and new infrastructure. As accountable body, the Council would "passport" funding with conditions under grant agreements to landowners to undertake the remediation works. The proposed relief road passed over several land ownerships and therefore the Council proposed to enter legal agreements with these landowners to acquire land, and to construct the new relief road.

The report included detailed information on the following matters:

- Background;
- Project update and progress;
- Junction 8, M65 Motorway;
- Homes England grant funding agreement;
- Project Risks; and
- Financial implications for the Council

The report also set out the following details about consultations.

The Huncoat Garden Village Masterplan Framework had been subject to extensive consultation leading up to its approval by Cabinet in October 2021. In addition, Huncoat Garden Village formed part of the consultation on the new, emerging Local Plan (Hyndburn 2040: Local Plan {Strategic Policies and Site Allocations}).

Infrastructure and housing development at Huncoat Garden Village would be subject to further public consultation as part of individual planning applications.

At the request of the Council Leader, a Cabinet Working Group comprising elected members and local representatives had been set up in October 2024 to review the HGV project and to make a recommendation to Cabinet on whether the Council should accept the Homes England grant offer. The Working Group had concluded that the Council should accept the grant offer, and that the project should remain under review especially at the start of each Phase as set out in the Masterplan Framework. Furthermore, the Working Group wanted to ensure the opportunity for a freight rail terminal opportunity as set out in the new, emerging Local Plan remained open.

Alternative Options considered and Reasons for Rejection

Cabinet could choose not to proceed with the HGV project and to decline the BIL funding offer. However this was not recommended as it would put at risk the development of just over 1,800 new homes in the Borough (20% of which would be social housing or affordable), which formed a major part of the housing growth proposed in the Local Plan. The HGV project was a central part of the draft Local Plan, which would also have to be abandoned if a decision was taken not to proceed with the Huncoat scheme. The costs incurred to date in preparing the draft local plan to submission stage (approximately £250,000) would have to be written off and a similar sum would be required to produce a new draft Local Plan. In this regard, the Council would be required to begin the plan-making process from scratch, including the compilation of a detailed evidence base, a call for sites and public consultation. This process could easily take over 30 months to complete and a start could be delayed whilst the new Government consulted on, and then implemented, changes to the Local Plan-making regime. In the meantime, the Council would be without an up to date Local Plan and without sites for delivery of the new housing targets. This meant that, as a matter of law, the presumption in favour of sustainable development would apply to planning applications. In turn, this posed a threat to the Borough's green belt as there would be a much greater risk of speculative applications for housing development being successful, including on appeal, if the presumption applied.

A decision not to proceed with the HGV project would also be contrary to the Government's policies for encouraging new house building at scale and pace, including the proposed requirement for Hyndburn to deliver 313 new homes a year through the planning system. If the brownfield / grey belt land at Huncoat was not used for housing development, the Borough's greenbelt would be put at significant risk as the Borough does not have anywhere near enough brownfield sites to enable housebuilding at this scale. Furthermore, many of the limited number of brownfield sites that existed in the Borough were not considered to be viable for development without considerable public funding (for example because of contamination and / or poor ground conditions) and there was no guarantee that this level of public subsidy would be available. It could also have other potential consequences for the Council, including:

- reputational damage with key stakeholders including Homes England, MHCLG, National Highways, house builders, registered providers, etc.
- the Council would not recover costs incurred to date on the project i.e. £607,792

Homes England considered the HGV project as a significant opportunity for new housing at scale, consistent with national Government policy. The funding was critical to supporting new infrastructure at Huncoat, without which, the Council's ability to enable additional housing to meet future housing needs would be potentially jeopardised.

Reducing the number of new housing units at Huncoat Garden Village was also not an option. The Council's bid was framed within the Masterplan Framework, and in turn the draft new Local Plan. The whole business case justifying circa £30 million grant funding was predicated on 1,816 new housing units. In turn, a reduction in units would fail to achieve the required Benefit Cost Ratio and potentially exceed the maximum grant rate per unit. Therefore, Homes England would not consider such an option.

The Government and Cabinet wanted to see an increase in house building, including additional affordable / social housing up to 50% of the overall new homes built. The Council's BIL submission was made before the new Government announced it's new housing targets including those for a greater proportion of affordable / social housing units. The BIL grant award allowed for 20% affordable /social housing units which complied with the Council's Local Plan and the new emerging Local Plan. Cabinet and officers had engaged with Homes England about increasing the level of affordable / social housing units for the project. Homes England had confirmed this would not be possible due to project viability and because significant additional grant would be required to achieve an increase in affordable / social housing units. However, this did not rule out an increase in the number of affordable / social housing delivered at Huncoat. This was a 15-20 year project and therefore the Council could expect further funding opportunities to be available in the future to increase affordable / social housing provision. This included future rounds of Homes England's affordable homes programme, which was due to be reviewed in 2026.

Resolved - That the Cabinet:

(1) Notes and welcome progress with the Huncoat Garden Village project, including the offer of a maximum grant of £29,897,722 from Homes England.

(2) Accepts the £29,897,722 grant offer subject to paragraph (3) below.

(3) Notes the Heads of Terms for the Huncoat Garden Village Grant Award at Appendix 1 of the report, and delegates authority to the Head of Regeneration and Housing in consultation with the Leader of the Council and Portfolio Holder, and following consultation with the Executive Director (Legal and Democratic Services) to negotiate and enter into a BIL grant funding agreement with Homes England noting the risks detailed in paragraph 4.10 (4.10.1 - 4.10.6) of the report and at Appendix 2.

(4) Notes the in principle agreement with National Highways Limited in relation to Junction 8 of the M65 motorway described in paragraphs 4.6 - 4.8 of the report and delegates authority to the Head of Regeneration and Housing following consultation with the Executive Director (Legal and Democratic Services) to finalise terms and enter into the necessary legal agreements with National Highways Limited, subject to the grant funding agreement with Homes England having been completed pursuant to paragraph (3) above

(5) Delegates authority to the Head of Regeneration and Housing, following consultation with the Executive Director (Legal & Democratic Services) to agree heads of terms and enter into legal agreements with landowners to enable delivery of Huncoat Garden Village where such agreements relate to:

- **acquisition by the Council of land, rights or interests for the purpose of constructing the proposed new residential relief road at Huncoat (Huncoat Lane) or are associated easements, licences and / or option agreements**

- **the award of BIL grant by the Council to the owners of the former Colliery and Power Station sites to facilitate remediation of their land for residential development**

- **an equalisation arrangement between landowners benefitting from residential development whereby the cost of non-grant funded infrastructure and enabling costs, any costs that exceed grant awarded for the residential relief road, and for strategic open space is shared proportionally between the landowners**

In all cases, subject to completion of the Homes England grant funding agreement pursuant to paragraph (3) above, and in consultation with the Leader of the Council and Portfolio Holder.

(6) Notes the following budget out turn position for 2023/24 and for the 2024/25 budget:

- **The Council spent £553,208 in 2023/24 in progressing Huncoat Garden Village against an approved budget of £483,220 with a negative variance of £69,988 met from revenue reserves for the reasons set out in paragraph "4.12"**

- **Costs of £54,584 have been incurred in 2024/25**

- **Should the Council accept the grant award and enter a grant funding agreement with Homes England, all of the above costs (£607,792) should be recovered.**

(7) Approves a revenue budget of £400,000 for 2024/25 in advance of entering the BIL grant funding agreement to meet essential consultancy costs to enable the Council to continue to progress key aspects of the Huncoat Garden Village project as described in paragraph "4.14", recognising this spend is at risk but most will be recoverable if the Council enters a grant funding agreement with Homes England (and draw down of funds will be subject to consultation with the Executive Director (Resources).

(8) Grants approval to submit a planning application with supporting Environmental Impact Assessment for the proposed residential relief road.

(9) Approves the appointment of appropriate consultants as required to support the Council and progress the project in line with the BIL grant

funding agreement and the project delivery timetable.

(10) Notes that regular progress reports will be presented to the Council's Management Team and to future Overview and Scrutiny and Cabinet meetings given the size and scale of the project.

215 Exclusion of the Public

Resolved - That, in accordance with Regulation 4(2)(b) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, 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 item

216 Disposal of Land at Back Lane, Baxenden

Exempt information by virtue of Paragraph 3 - Relating to the financial or business affairs of any particular person (including the authority holding that information)

Councillor Kate Walsh, Portfolio Holder for Sustainability and Families gave a brief introduction to the report. Councillor Pratt spoke against the disposal of the land, which had previously been a recreation area. Councillor Whitehead outlined the reasons why the site was no longer considered suitable for that purpose.

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

Reasons for Decision

The reasons for the decision were set out in the exempt report.

Alternative Options Considered and Reasons for Rejection

The alternative options considered and reasons for rejection were set out in the exempt report.

Resolved - That the recommendations as set out in the exempt report be approved.

Signed:……………………………………………

Date: ………….…………………………………………

Chair of the meeting
At which the minutes were confirmed