

RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Thursday, 20th February, 2025

Present: Councillor Stephen Button (in the Chair),
Councillors Paul Cox (Vice Chair), Jodi Clements, Bernard Dawson MBE,
Andrew Clegg, Judith Addison and Josh Allen
Co-optees: Tim O’Kane, Richard Downie and Christine Heys

In Attendance: Councillors Vanessa Alexander, Noordad Aziz (joint Cabinet Portfolio Holders for Resources), Munsif Dad (Leader of the Council), Martin Dyson (Executive Director, Resources)

336 Apologies for absence, Substitutions, Declarations of Interest and Dispensations

There were no apologies for absence and no substitutions.

There were no interests or dispensations declared at the meeting.

337 Minutes of Last Meeting

The Minutes of the meeting of the Resources Overview & Scrutiny Committee held on 20th January 2025 were submitted for approval as a correct record.

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

338 Medium Term Financial Strategy

The Portfolio Holder for Resources, Councillor Alexander, submitted a report giving the Council's Medium Term Financial Position for 2025/26 to 2027/28. The report had been submitted to Cabinet on 12th February 2025 and the report and the accompanying Medium Term Financial Strategy as set out in the report, had been approved.

The Strategy was appended to the report and set out the three year projections of income and expenditure for the Council ahead of formulating its 2025/28 Revenue and Capital Budgets. The Strategy provided a summary of the main issues taken into account when setting the budget including:-

- The continuation of delivering the Council's major capital projects including Levelling Up/Town Centre regeneration, Leisure transformation and securing funding to facilitate the development of over 1,800 new homes at Huncoat.
- The consequence of both national and global issues.
- The Council's own financial position including inflationary pressures and energy costs.
- The financial forecasts over the next 3 years including the uncertainty around the impact of any Government Financial reforms and increased pressures on spending or other financial challenges which could create a significant variance around the forecast.

As a consequence of the issues raised above, there is a real possibility that Government funding would continue at current levels over the next few years and therefore, this would present the Council with two very different future budget scenarios. These scenarios are modelled in the report with the most severe scenario being the Pessimistic model and the other the Standard model. A

third model was also presented, the Optimistic model, which was provided should the Council's financial position be boosted with a cash injection from the Government, although this was considered very unlikely.

The appendix attached to the report also provided more detail on:

- Elements of the MTFS
- Background
- Resources
- Government Grant
- Council Tax
- Business Rates
- Changes in Costs
- Budget Pressures
- Capital Costs
- Growth
- Reserves
- Other Assumptions
- Scenarios and Scenario Breakdowns
- Robustness of the Forecast
- Overall Net Position
- Details of each of the 3 scenario models

Members submitted two questions in advance of the meeting, in respect of finding out more about when Local Government Reforms were likely to take place and the impact on the Council and how the Council was able to plan when there was uncertainty around Government plans in respect of the amount of business rate income retained by Local Government.

Members were informed of the Government's intention to redress the imbalance of funding and minimise future uncertainty by introducing multi year settlements and that the Council had considered its options around positive and negative impacts by producing the 3 model scenarios: Optimistic, Pessimistic and Standard. The Committee was also informed that the Council could not plan financially, with certainty, until Government reform plans had been revealed.

Members also raised the following issues:

- Use of Mercer Hall
- The new food waste service and waste transfer costs and site.
- Financing of grass cutting

Responses were provided in respect of provision of funding for these items.

Cabinet recommended that the report and accompanying Medium Term Financial Strategy was approved.

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

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

The Portfolio Holder for Resources, Councillor Aziz, submitted a report setting out the Council's Prudential Indicators and Treasury Management and Investment Strategy 2025/26 to 2027/8 which sets out the Council's policy and objectives with respect to treasury management, to explain how it will achieve its objectives and manage its activities; and to agree an investment strategy for 2025/26. The report had been submitted to Cabinet on 12th February 2025. Councillor Aziz thanked the Executive Director, Resources, and the Council's Finance Team for their hard work in producing the report.

The following details were summarised in the attachment to the report:-

- Background
- Prudential Code & Prudential Indicators
- Capital Expenditure & Capital Financing Requirement
- IFRS 16 –Leasing
- Minimum Revenue Provision
- Affordability Prudential Indicators
- Treasury Management Strategy 2025/26 – 2027/28
- Current Treasury Position
- Expected Movement Interest Rates
- External Debt Overall Limits
- External Vs Internal Borrowing
- Liability Benchmark
- Limits on Activity
- Debt Rescheduling
- Investment Strategy
- Environmental, Social & Governance (ESG)
- Treasury Management Practices (TMP)
- Policy on the Use of External Service Providers
- Treasury Management Strategy in – Year & Year-End Reporting

Also included with the report are the Treasury Management Policy Statement 2025/26 and the Treasury Management Practices 2025/26 and the Capital Strategy 2025/26.

Members submitted two questions in advance of the meeting, firstly, in respect of finding out more about the level of risk the Council was willing to take to ensure the best use of Council finances. Members were informed that the report included details of how the Council managed risks associated with its finances including the Code and Guidance it operated under.

Secondly, in respect of the General Data Protection Regulations (GDPR) being a possible risk to reserves. Members were informed that the Council took its GDPR responsibilities very seriously and understood the severity of any breach of the law.

Cabinet made the following recommendations to Council:

- (1) To adopt the prudential indicators and limits detailed in the report;
- (2) To approve the Treasury Management Strategy, and associated indicators, as set out in Appendix 1 to the attached report;
- (3) To approve the Investment Strategy as set out in Section 13 of Appendix 1 to the attached report;
- (4) To approve the Minimum Revenue Provision Policy for the year 2025/26 – as set out in Section 5 of Appendix 1 to the attached report;

- (5) To approve the Treasury Management Policy Statement for 2025/26 – Appendix 2 of the attached report
- (6) To approve the Treasury Management Practices Statement 2025/26 – Appendix 3 of the attached report;
- (7) To approve the Capital Strategy 2025/26 – Appendix 4 of the attached report.

Resolved

- That the contents of the report be noted.

340 General Fund Revenue Budget 2025/26

The Portfolio Holder for Resources, Councillor Alexander, submitted a report setting out proposals for the 2025/26 General Fund Revenue Budget, as attached at Appendix A of the report. This also provided an overview of key issues which had arisen from the Medium Term Financial Strategy.

The Council's 2025/26 Revenue Budget required a net expenditure of £17,313,300 and under the budget proposals, Council Tax for Hyndburn residents would incur a rise in charge for Hyndburn Council provided services. The charge for a Band D property would increase from £268.43 in 2024/2025 to £276.46.

A number of national and global issues had had an impact on the Council's budgets along with the impact of higher inflation and forecast pay settlements contributing to the Council raising its element of the Council tax by the maximum 2.99%, an increase of £8.03 annually on a Band D property. Lancashire County Council, the Police & Crime Commissioner and the Lancashire Combined Fire Authority have not yet formally taken their decisions on Council Tax levels for 2025/26. It is expected that all three authorities will raise its Council Tax. Relating to Band D properties, Lancashire County Council is expected to raise its Council Tax by 4.99%, the Police and Crime Commissioner to increase by 5.31% and Lancashire Combined Fire Authority by 5.90%.

Altham Parish Council has set a separate precept requirement for its activities and has decided to increase its precept by 2.66% and therefore, a Band D charge would increase from £43.18 for 2024/25 to £44.33 for 2025/2026. The Parish Council will precept the Collection Fund for £14,185.60 for 2025/26. Details of the proposed position on other Bandings for properties in Altham are shown in Appendix 6 of the report.

The Council faces continued volatility around some of the most significant items within its Budget. Major reforms of local government finance have transferred the risk of business rate revenues and Council Tax benefits to the Council. The certainty on which the Council could budget and manage its finances has therefore decreased since 2013. The Committee was informed of the importance of plotting any deviations away from the expected figures and taking appropriate action should these start to emerge, which could result in the need to reduce spending during the year.

However, Committee was informed that Cabinet intended to continue managing the Council's affairs effectively by continuing its successful policies to manage costs effectively and promoting appropriate service investment. It would therefore:

- Continue to limit enhancements on early retirement, continue a rigorous approach to absence management and commit to minimising borrowing costs.

- The Capital Programme for 2025/26 would continue to deliver key investment in council and public facilities by adding another £2.48m to £44.87m the Council has already approved.
- A large proportion of the capital programme will be phased over the next few financial years which includes the delivery of £24m investment in Accrington Town Centre and a continued £12m investment in the borough's Leisure Estate.
- Continue free parking in Hyndburn Borough Council.
- Rationalise the use of Council buildings and continuing to look at ways of reducing carbon emissions and energy costs.
- An addition to the programme in 2025/26 of £2.48m to include further investment of £317,000 in Parks and Plays areas, £1,359,906 for Disabled Facility Grants, £115,000 to maintain and invest in the Council's operational assets and vehicle fleet, £419,500 to improve and develop ICT and technical equipment, £177,800 on UK Shard Prosperity projects and £87,000 on community projects including War Memorial restoration, Christmas decoration replacement and Maiden Street clock tower lighting.

The following information was attached to the report, which had been submitted to Cabinet on 12th February 2025:-

- Background to Revenue Budget 2025 -26
- Medium Term Financial Strategy
- Continuation Budget
- Growth & Inflation Pressures
- Available Resources
- Resources Summary
- Budget Proposal
- Budget Saving Proposals
- Reserves
- Risks & Management
- Consultation
- Conclusion
- Appendix 1 – Initial Outline Budget 2025/26
- Appendix 2 - Revenue Budget 2025/26
- Appendix 3 - Budget Movements in Year 2025/26
- Appendix 4 - HBC Tax Increase 2025/26 by Property Band
- Appendix 5 - Estimated Overall Change in Council Tax 2025/26
- Appendix 6 - Altham Parish Precept by Property Valuation Band 2025/26

Members submitted two questions in advance of the meeting, in respect of Local Government reorganisation and commitment to expenditure and, secondly, in respect of support for Leisure Services.

The Committee was referred to information provided by the Government in respect of supporting Council's through reorganisation and in respect of approval of funding for projects. The Committee was informed that the Capital Programme covered a 3 year period but only actually approved funding for works currently, in the existing approved programme from 2024/25 plus for new fully funded additions in 2025/26. Funding for any works highlighted after this period would need approval and be dependent upon appropriate financing, as determined at the time. Councils would continue to deliver their business as usual until reorganisation was complete.

In respect of how consideration would be given to providing extra funding to the Leisure Trust, should it be required, the Committee was informed that discussions between the Cabinet Portfolio Holder and Hyndburn Leisure had taken place and plans had been agreed for the future monitoring and development of their performance. Details of this were provided at the meeting.

Further questions on the following issues were raised by Members of the Committee, at the meeting, followed by responses from the Cabinet Portfolio Holders and the Executive Director, Resources:

- Commitment to the funding for improvements to Oswaldtwistle Civic Theatre
- A funding pledge for Mercer Hall
- Disabled Facility Grant commitments
- Council Tax levels

A member of the public submitted two questions, in respect of the Revenue Budget. The questions and responses are set out below:

1. The revenue budget report records a reserve of £2.5 million and states that a minimum reserve of £1 million should be maintained. £1 million was granted to Hyndburn Leisure Trust in January. Which budget has this been taken from? And what effect will this have on the reserves?

Response: The meeting was informed that the £1m granted to the Hyndburn Leisure Trust was taken from the Revenue Budget but that this would have no effect on the Council's reserves.

2. In addition to the £1m grant to Hyndburn Leisure, the revenue budget report indicates that they will need another £700,000 in 2025/26. The report also states that the Trust hasn't completed its 2025/26 budget. What accuracy is attached to this predicted funding amount? And, what assurances can the Executive Director for Resources give that Hyndburn Leisure will not need any further funding in the year.

Response: The meeting was advised that the Council was working closely with Hyndburn Leisure and had agreed ways to monitor the Trust more closely and this would help to determine if the additional funding would be required.

Cabinet made the following recommendations to Council:

- (1) That there be an increase in Council Tax for 2025/26 by 2.99%, increasing the charge for a Band D property to £276.46.
- (2) That the Budget for 2025/26 will be £17,313,300 as detailed in Appendices 1 to 3 of the Revenue Budget 2025-2026 report, attached at Appendix A to the covering report.
- (3) That changes in budget requirement including through inflation, growth and savings identified in Appendix 3 of the Revenue Budget 2025-2026 report be approved, to ensure the Council can set and approve a balanced budget.

- (4) That the significant improvement made in relation to budget monitoring and cost reduction within the Authority over the past 20 years be noted and its commitment to continuing this approach in the year ahead be confirmed.
- (5) That during the financial year 2025/26, the Executive Director (Resources) be delegated responsibility to amend the Budget (following consultation with the Leader of the Council) for technical reasons, such as the restructuring of cost centres, the re-apportionment and re-allocation of overheads etc., provided such amendments have an overall neutral impact on the Budget.
- (6) That during the financial year 2025/26, the Executive Director (Resources) be delegated responsibility to amend the Budget (following consultation with the Leader of the Council) should the estimate of Business Rates not be sufficiently accurate, by drawing on reserves if needed or paying over additional contributions to reserves.
- (7) That, to aid future financial management planning any surpluses generated during 2025/26 are set aside to help the Council reduce its cost base over the next three years, to support its long term capital programme or to strengthen its overall reserve position.
- (8) That the Extended Producer Responsibility Grant be set aside in reserves to be drawn down as required, so the Council could meet its obligations under the legislation.
- (9) That any additional funds from Government that are not ring-fenced funding as well as any other surplus funds could be used if required to support Capital expenditure as determined by the Executive Director (Resources) in the overall financing of capital expenditure or be transferred to Reserves.

Resolved

- **That the contents of the report be noted and supported.**

341 Capital Programme

The Portfolio Holder for Resources, Councillor Alexander, submitted a report relating to the Council's Capital Programme 2025/26 – 2027/28.

The report sets out the Council's capital programme for 2025/26 including forecast slippage on schemes from 2024/25 and the additions of new schemes to the Council's Capital Programme for 2025/26. The significant level of investment in previous years has only been possible by the Council obtaining external financial support, as well as the Council's own effective financial management over recent years which has allowed it to have the

funds necessary to finance these major projects when other funding has become available. The new additions to the capital programme have reduced to £2.476m compared to £4.404m in 2024/25. External funding of £1.538m has been confirmed towards the cost of the new capital schemes, Disabled Facilities Grant and UK Shared Prosperity Funding with a further £0.052m funding to be secured.

The additions to the programme in 2025/26 will bring the total approved capital programme to £26.054m, including forecast slippage of the unspent programme from 2024/25 of £23.578m, which can be seen in Appendix 1 of the report. The forecast slippage from the 2024/25 programme includes £4.555m for the Leisure Estate Investment Programme and £16.789m for the Levelling Up Programme. The capital budgets for the Levelling Up Programme are based on the latest forecast of costs and are still subject to change.

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

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

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

The Council intends to continue its strong policies of financial management and look only to borrow what it needs to fund these major investment projects. It will continue to rely on securing external sources of funding, using capital receipts, making revenue contributions to capital projects will use unspent monies to fund its programme.

The Revenue implications to finance the Capital Programme continue to be a key element in the affordability issues on the Revenue Budget this year. The level of risk remains increased compared to previous years but the Council's overall resources and management systems are believed to be sufficiently robust to effectively monitor these risks and take appropriate action, should it be required.

The Council will continue with its strategy to reduce debt wherever possible.

Members submitted a further question in advance of the meeting, in respect of further funding to support the cost of improvements to Oswaldtwistle Civic Theatre.

The Committee was informed that the Council had allocated £267,000 in the Capital programme from 2024/25 to conduct works to the Theatre. Additional costs would need to be found from external sources until a decision had been taken about the future use of the building.

Comments and questions were raised on the following issues by Members of the Committee, at the meeting, followed by responses from the Cabinet Portfolio Holders and the Executive Director, Resources:

- Disabled facility grants
- Parks and open spaces
- Accrington Town Hall
- Replacement of Christmas lights
- Improvements to War Memorials
- Clarification on the cost of free parking in the borough, to the Council

A member of the public submitted a further question, in respect of the Council's capital strategy report. The question and a response is set out below:

Recommendations 2.5 and 2.6 in the Capital Strategy report gives the Executive Director of Resources and the Leader of the Council, delegated powers to restructure cost centres and manage the movement of reserves. What processes are in place to get approval from the Scrutiny Committee and the Full Council when changes to cost centres and reserves are being proposed?

Response: The meeting was informed that no additional approvals would be required as the recommendations in the budget reports to Full Council included authority being delegated to the Executive Director of Resources, in consultation with the Cabinet Portfolio Holder for Resources, to release funding where deemed appropriate.

Cabinet made the following recommendations to Council:

- (1) To approve the Capital Programme for 2025/26 including new scheme additions of £2,476,406 with a net cost to the Council of £886,000 as set out in Appendix 3 of the report.
- (2) To approve the funding of the programme by the use of newly anticipated direct external grants totalling £1,590,206 with the remaining funding of £886,000 to come from the Council's resources.
- (3) To note the expected new scheme additions for 2026/27 and 2027/28.
- (4) That delegated authority is given to the Executive Director (Resources), in consultation with the Portfolio Holder for Resources to flex the programme in accordance with the available funding, provided this does not require any additional borrowing.
- (5) That the individual projects with the Capital Programme require the written authorisation of the Executive Director (Resources) following consultation with the Portfolio Holder for Resources and Council Operations before commencing and incurring expenditure and that Service Managers provide the Executive Director of Resources with written details of estimated costs of schemes with full justification of the need and benefits from undertaking the capital investments before approval is provided and that approval to commence is

delegated to the Executive Director (Resources), in consultation with the Portfolio Holder for Resources. That where he deems it appropriate, the Executive Director (Resources) be given authority to release funding in stages to ensure effective financial control can be maintained and the project risk managed.

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

Resolved

- **That the contents of the report be noted and supported.**

342 Alternative Budget Proposals

The Main Opposition Group (Conservative Group) did not submit an amendment to the proposals for the Council's 2025/26 Budget. A representative from the Green Party was also not present to submit any comments/suggestions to the scrutiny of the Council's proposed budget.

Resolved

- **That there were no amendments submitted at the meeting.**

343 Representations and Questions from Members of the Public and Individual Members of the Council on the Budget

There were three questions submitted by a Member of the Public. The questions related to issues relating to grant payments issued to the Hyndburn Leisure Trust and to the use of delegated powers to manage any additional changes to the Council's budget, throughout the year. Responses were provided at the meeting.

344 Scrutiny Comments and Resolutions to be Submitted to Council

The Chair thanked the Cabinet Portfolio Holders, Councillors Alexander and Aziz for submitting their budget proposals and comments for consideration at the meeting. He reported that a report and the decisions reached during the meeting of the Committee would be submitted to Full Council on 27th February 2025.

Resolved

- **That Council be requested to note the following resolutions of the Committee:-**

(1) That the contents of the following reports be noted:-

Prudential Indicators and Treasury Management and Investment Strategy 2025/26 to 2027/28

Medium Term Financial Strategy 2025/26 to 2027/28

General Fund Revenue Budget 2025/26

Capital Programme 2024/25 to 2027/28

- (2) That the contents of the General Fund Revenue and Capital Programme 2025/26 reports be supported;**
- (3) That the Committee thanks the Cabinet Portfolio Holders for their participation and contribution to the scrutiny of the Budget process.**
- (4) That the Executive Director Resources, and all other officers involved, be commended for their work in producing the budget.**

Signed:.....

Date:

Chair of the meeting
At which the minutes were confirmed