CABINET

Wednesday, 22nd October, 2025

Present:	Councillor Munsif Dad BEM JP (in the Chair), Councillors Vanessa Alexander, Scott Brerton and Melissa Fisher
In Attendance:	Councillors Danny Cassidy, Loraine Cox, David Heap and Steven Smithson
Apologies:	Councillors Stewart Eaves, Clare Pritchard, Ethan Rawcliffe and Kimberley Whitehead

186 Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Stewart Eaves, Clare Pritchard, Ethan Rawcliffe and Kimberley Whitehead.

187 Declarations of Interest and Dispensations

There were no declarations of interest or dispensations made on this occasion.

188 Minutes of Cabinet

The minutes of the meeting of Cabinet held on 10th September 2025 were submitted for approval as a correct record.

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

189 Minutes of Boards, Panels and Working Groups

The minutes of the following board were presented:

Name of Body	Date of Meeting
Cabinet Waste and Recycling Group	30th September 2025

Resolved - **To note the minutes of the Cabinet Waste and Recycling Group held on 30th September 2025.**

190 Reports of Cabinet Members

Leader of the Council

Councillor Munsif Dad BEM JP reported on the following:

<u>Local Government Reorganisation</u>

Lancashire councils were continuing to work together to discuss the options for local government reorganisation (LGR) in the county. The Leader continued to represent Hyndburn at LGR meetings to raise any local issues or concerns.

The Government had provided funding to support the collection of evidence, which would include social and economic information, stakeholder engagement and financial details. Communities have been invited to have their say and two surveys have been undertaken during September 2025 across the County to seek views on priorities and initial thoughts. Some 13,414 individual replies had been received, including 409 responses from key stakeholders. These replies would help to inform the business case for the various options. Draft proposals should be available on 7th November 2025. A variety of views had been expressed to date and several models were likely to emerge. Councillors and officers were working collaboratively on this project.

In Hyndburn, the information produced would be presented to Resources Overview and Scrutiny Committee on 11th November and Council on 13th November, with Cabinet making the final decision on the preferred option on 19th November 2025.

Consultation responses had been received from both the East Lancashire Chamber of Commerce and Sarah Smith MP. Both had indicated their support for a three unitary authority option.

<u>Cabinet Action Fund</u>

The success of the Cabinet Action Fund was continuing and the latest list of recipients of grants had now been announced. The five new awards were as follows:

- Oswaldtwistle Emmanuel Cricker Club – £1,000 to expand their cricket training facilities including a new mobile batting cage;
- Friends of Haworth Art Gallery – £760 for a conservation and art related project;
- Globe Bullough Park Football Club – £1,600 to provide new winter kit for their adult team and a full new kit for the under 12s junior team;
- Friends of Rhyddings Park – £1,200 to help with the delivery of inclusive craft and community meal sessions; and
- Hyndburn Comets Majorettes – £1,250 towards the cost of new uniforms, transport to events and other equipment.

There was still funding available for other applicants, particularly from community groups and charities. Applications could be made directly on-line or via local councillors. Take up of the funding to date had been good.

The Leader thanked all those who had been involved in the process.

<u>Pride in Place Impact Fund</u>

On 6th October 2025 the Government had provided further details of the Pride in Place Impact Fund in the sum of £1.5m. The grant was entirely capital funding and would be allocated in two tranches, £750k in the current year and £750 in 2026/27. The money would need to be spent by the end of March 2026, although some flexibility might be permitted.

The Council was required to sign a memorandum of understanding with the relevant Government Department about the reporting requirements. The first payment was due to be received in November 2025. The Executive Director (Resources) and his Finance Team would manage this expenditure within the capital programme.

The Funding should be used to support the following three objectives:

- **Community spaces:** creating, extending, improving or refurbishing existing community facilities and enabling community organisations to take control or ownership of underused but valued local assets.

- **Public spaces:** enhancing the physical environment in public spaces - examples of initiatives would include new or improved green spaces or public squares, improved outdoor play, sports and leisure spaces, installing street furniture, public art or wayfinding.

- **High street and town centre revitalisation:** making these areas more attractive and welcoming places where people congregate and which encourage economic activity. Examples of initiatives that could be funded were shop frontage improvements, adaptations that brought premises back into use, streetscape improvements, public art, trails and wayfinding, and creating or improving the infrastructure for regular markets.

The Cabinet was working to develop a list of potential projects.

Deputy Leader of the Council and Portfolio Holder for Housing and Regeneration

Councillor Melissa Fisher reported on the following:

<u>Wilson Sports Hub</u>

The Cath Thom Leisure Centre, at the Wilson Sports Hub, had officially opened on 10th October 2025 and was a fantastic facility. Councillor Fisher placed on record her thanks to the Lyndsey Sims, Chief Executive of Hyndburn Leisure and her team, as well as all of the Council staff who had supported the development and completion of the project. The new centre was a wonderful asset to the community.

The Leader added that planning for this project had started around seven years ago, during the period when he was the Portfolio Holder for Leisure. Accordingly, it had given him enormous pleasure to attend the opening ceremony. In particular, it was pleasing to see the Cath Thom's family members who were present at the opening, as well as the various stakeholders and Hyndburn Leisure staff. The facility itself was excellent and number of milestones around membership and usage had already been achieved. Ultimately, construction of the facility had been delivered at just 1% over-budget.

The Leader had visited the site again during this week. He added his thanks to everyone involved in the delivery of the project.

Portfolio Holder for Business, Growth and Sustainability

Councillor Scott Brerton reported on the following:

<u>Hyndburn Jobs Fair</u>

Following the success of the previous Jobs Fair, a second event would be held on 9th February 2026 between 9:00am and 3:00pm at Accrington Town Hall. The event would connect employers to the local workforce.

In addition to the main event, two workshops would be held:

- 10:00am - 11:30am – Recruitment;
- 1:30pm - 3:00pm - Remote working.

In respect of Local Government Reorganisation, Councillor Cassidy stated that he understood that Blackburn with Darwen Borough Council were proposing to Government that their local elections in 2026 should be cancelled. He asked the Leader, if Hyndburn Borough Council intended to propose the same.

Councillor Dad responded that the Ministry of Housing Communities and Local Government (MHCLG) had asked local authorities for their views on future elections, but Cabinet members had not yet met to consider this matter. No initial view had been formed and the Leader intended to speak to the Leader of the Opposition to ascertain his opinion also.

Councillor Cassidy welcomed the opening of the Cath Thom Leisure Centre, which he intended to visit soon.

191 Local Government Peer Challenge Progress Review

The Cabinet considered a report of Councillor Munsif Dad BEM JP, Leader of the Council, informing members of the findings of the Local Government Association (LGA) Corporate Peer Challenge Progress Review and thanking the LGA team for their time and encouragement at the current direction of travel.

The Leader provided a brief introduction to the report, highlighting the purpose of the review and some of the main findings in the LGA Team's latest report, which was provided as an Appendix. The report was very positive, but it was noted that there was still more to do. He thanked the cross-party working group, which had included Councillors Zak Khan and Shabir Fazal, for their work in driving forward the action plan. A number of outstanding actions remained on course to be completed later in the year. Overall, it was pleasing to see that the Council's work was making a difference to Hyndburn.

Councillor Cassidy undertook to pass on the Leader's thanks to Councillor Khan.

Approval of the report was not deemed a key decision.

Reasons for Decision

In October last year, the Council had invited a team of senior local government councillors and officers to undertake a Local Government Association Corporate Peer Challenge ("CPC").

Following the original visit, an action plan had been produced by the Council based on the CPC's 10 recommendations.

A progress review had taken place on Thursday 4th September 2025, focusing on the original 10 recommendations and the Council's action plan. To support this review, the Council had produced a position statement based on the action plan that set out progress to-date and intended future actions.

The purpose of the progress review was to receive feedback from the CPC inspection team on the early progress made by the Council in implementing the action plan, consider the team's' reflections on any new opportunities or challenges that might have arisen and discuss any early impact or learning from the progress made to date.

The Council's senior leadership team and political leadership had been interviewed as part of the review and received feedback at the end of the process. The process had also included 1-2-1 meetings/phone calls with the Head of Policy & OD and the Digital & Transformation Lead, plus a further four focus groups with the Leader and Deputy Leader of the Opposition, Cabinet members, Chairs of Audit and Scrutiny Committees, and other managers and staff. This work had been supported by the following members of the original peer team.

- Ian Miller, Chief Executive, Wyre Forest District Council;
- Dominic Bradley, Director of Resources, Horsham District Council; and
- Anne Brinkhoff, Peer Challenge Manager, Local Government Association Associate

Findings and Recommendations

The CPC team had presented their main findings and recommendations verbally to the Council on their final day and had now provided a formal report based on the visit.

The team acknowledged that since the original CPC, the Council's context had significantly changed with the prospect of local government reorganisation ("LGR") and the Fair Funding Review 2.0, both of which had created uncertainties and were absorbing significant officer and member capacity.

The team had highlighted excellent progress on the Council's key strategic projects and noted how well these aligned with the Council's new Corporate Strategy. They had recognised that the structures in place, and the relationships between elected members, officers and the management team, were effective and provided the right space for discussion and debate to support strong decision-making.

They had given particular credit to the work the Council had undertaken on staff engagement this year, which was already delivering positive outcomes. Early results from the Council's latest staff survey, which would be published shortly, suggested that staff really valued the changes that had been made.

They had also recognised the Council's work on community cohesion, its communications with staff around local government reorganisation, and the progress being made on climate change and decarbonisation. The Council's transformation and digital work had also been highlighted as leading to real improvements in ways of working and in the authority's ability to deliver good services.

The team had acknowledged that there was still more to do and indeed, the Council's action plan set out a number of further steps, some of which were scheduled for later this year. The Council recognised that there was further work to do and would continue to press ahead.

Below was a summary of the key findings of the report, categorised by the themes set out in the original recommendations report:

Strategic Leadership and Governance

The team had noted that a revised Corporate Strategy had been approved by the Council in July 2025, providing a clear and focused framework for delivery, including a new priority around embracing the opportunities of devolution. Relationships between Cabinet and the Corporate Management Team (CMT) had continued to strengthen, supported by improved communication and more structured engagement. The Accrington Neighbourhoods Board had been established to lead delivery of new Government-funded regeneration, and work was underway to develop a four-year plan that aligned closely with existing town centre priorities.

Delivery of Major Projects

The review had praised how the Council continued to make strong progress on its key strategic projects. Phase 1 of the Accrington Town Square project was nearing completion, significant steps had been taken in advancing the Huncoat Garden Village scheme, and the Wilson Sports Village was on track to open in October 2025. The Culture and Heritage Strategy had been launched, supported by UK Shared Prosperity Funding, and the Local Plan 2040 had been submitted for inspection. These, they had noted, demonstrated the Council's continued momentum on regeneration and place-making, despite broader capacity pressures.

Organisational Development and Staff Engagement

The team had observed that the Council was placing significant emphasis on supporting its workforce, with a review of skills and capacity underway to ensure both continuity and preparedness for future opportunities within any new unitary arrangements. The team had identified that the recent staff survey had produced very positive feedback, and internal communications had been strengthened through regular updates, increased visibility of senior leadership, and a revitalised staff engagement group. The team had reported that a clear commitment to training, and development was evident and well received by staff.

Financial Planning and Sustainability

The Council had undertaken detailed modelling to understand the potential impact of the Fair Funding Review 2.0, which had helped to inform recent Cabinet discussions and shape the approach to the 2026/27 budget process. The team had acknowledged that while there was still some uncertainty, the Council was taking proactive steps to manage this risk, including identifying potential one-off mitigations and exploring income generation opportunities. The LGA review supported these efforts and encouraged the continued development of a longer-term, sustainable financial strategy that would build on the foundations already in place.

Capital Programme Oversight

The review had found that good progress had been made in generating capital receipts and moving projects forward. The team had identified an opportunity to further enhance reporting on the capital programme to support members' oversight and decision-making. Discussions were ongoing within officer groups and Cabinet briefings to ensure reporting aligned with best practice.

Audit and Governance Arrangements

Changes to strengthen the independence of the Audit Committee had been welcomed by the review, including the removal of Cabinet members. The team had noted that member training was progressing well and flagged that the appointment of independent co-optees should remain a priority. This would further strengthen governance arrangements and ensure that the Committee continued to meet the highest standards of transparency and accountability.

Digital Transformation and Modernisation

The team had assessed that the appointment of a dedicated Digital and Transformation Manager had enabled real progress on ICT modernisation, including device upgrades, infrastructure improvements and steps towards cloud-based working. These changes were laying the groundwork for more agile ways of working and aligning the Council with wider developments across Lancashire in preparation for LGR. While the review had recognised the scale of what had already been achieved, they had noted that there was scope to accelerate delivery further as resources allowed, to maximise the benefits of transformation more quickly.

Climate Action and Community Engagement

The team had highlighted that the Council's continued leadership on climate change and community cohesion remained a strength. The LGA had highlighted several innovative projects and had noted the alignment between the Council's draft Climate Strategy and its wider corporate objectives. The Council's proactive approach to community relations and visible leadership, particularly in promoting cohesion and inclusion, continued to be well regarded.

Thank you to the LGA Peer Review team

The Council was extending its thanks to the LGA Corporate Peer Review Team for their time, expertise, and constructive challenge during the recent review. Their input was greatly appreciated and would help inform the authority's ongoing improvement work.

There were no alternative options for consideration or reasons

Resolved - **That Cabinet:**

(1) Notes the contents of the report on the LGA Corporate Peer Challenge Progress Review; and

(2) Thanks the LGA Peer Review Team for their work.

192 Town Centre Levelling Up Funded Project Progress

Members considered a report of Councillor Clare Pritchard, Portfolio Holder for Transformation and Town Centres, providing an update on the Levelling Up funded (LUF) town centre projects.

In the absence of Councillor Pritchard, the Leader of the Council gave a brief introduction to the report, including a summary of the achievements under phase 1 of the interventions, the appointment of a contractor for phase 2 of the work, some updated financial implications, timescales for completion of the projects and plans to keep market traders informed.

Approval of the report was not deemed a key decision.

Reasons for Decision

The Levelling Up Fund had been announced at the 2020 Government Spending Review to focus on capital investment in local infrastructure projects that required up to £20m of funding and built on prior programmes such as the 'Local Growth Fund' and 'Towns Fund'.

In January 2022, Cabinet had given its formal approval in support of the Town Centre Stakeholder Board's recommendations that the Council's LUF submission should focus around the following three principal interventions, noting that at the time 2 and 3 were not in the Council's ownership.

1. Redevelopment within the Indoor Market Hall and removal of the outdoor pavilions along Peel Street to provide an enhanced food and drink offering alongside traditional market stalls and new leisure offering – the intervention known as Market Hall.

2. Acquisition and external façade improvements/roof repairs to the properties of 43-59 Blackburn Road / 2-4 Church Street – the intervention known as Market Chambers.

3. Acquisition and redevelopment to the block 61-69 Blackburn Road to provide for a shared workspace offering – the intervention known as Burtons Chambers.

<u>Acquisitions and Relocations</u>

Following a delay until January 2023 in the funding announcement/agreement from the former Department for Levelling Up, Housing and Communities, (now the Ministry of Housing, Communities and Local Government), all the relevant land interests, (freehold and leasehold) within the Market Hall, Burtons Chambers and Market Chambers had been acquired through sale by agreements, although the Compulsory Purchase Order notice (CPO) for Market Chambers, would still be implemented to ensure a clean full title.

The Market Hall - Three leasehold rights had been secured from two traders in December 2023 and traders had started decanting into the temporary cabins on the town square from February 2024. The Council had also supported a number of traders and small businesses to permanently relocate into privately owned or the Council's own commercial units within the town centre. New 12-month leases had been issued to traders on the town square from 1 April 2025.

Burtons Chambers - The freehold interest in the building had been secured in February 2023 and an early surrender of one of the two leasehold interests in October 2023. Whilst the Council undertook/financially supported work to identify a potential relocation for this tenant, it had not proved possible to acquire the final leasehold interest. However, the Council, as the landlord, might wish to review its options when this lease expired in June 2027.

Market Chambers - In total, six freehold and 25+ leasehold interests had been acquired across the properties 2-4 Church Street and 43-59 Blackburn Road, the first being secured in August 2023 and the last in July 2025.

<u>RIBA 4 - Technical Design</u>

All the design work for Market Hall and Burtons Chambers had been completed through the phase 1 contract.

Surveys for the external façade/windows/roof on Market Chambers were being delivered through separate contracts with the relevant design consultants, as the phase 1 contract had concluded.

<u>RIBA 5 - Manufacturing and Construction</u>

Morgan Sindall had managed all the works issued under phase 1. Site cabins had been installed in the Market Hall compound from February 2024 and had been removed in June 2025. This contract had included some additional works, following the strip-out, and some works brought forward from phase 2, as it was advantageous to the Council to do so. However, there were some works which were deemed more financially beneficial to move from phase 1 into the phase 2 contract.

The main works instructed under phase 1 had included:

- Assisting market traders to decant into temporary bespoke cabins or support in relocating to other commercial units in the town centre, creation of a trader/porter welfare facility and improvements to Peel Street Toilets
- All freeholder and leaseholder acquisitions
- Establishment of secure permitter hoarding
- Installation of Changing Places Toilet Facility within the Market Hall
- Complete all relevant condition surveys, inspections and intrusive surveys
- Full RIBA stage 4 technical, engineering and construction design works
- Demolition/alteration of existing structures, full strip-out on all levels, including safe removal of large quantities of asbestos and additional structural repairs required following strip-out
- Securing all relevant planning approvals, listed building consents highways and utility permits
- Stone façade cleaning, repairs and replacement of unrepairable windows to the Market Hall and replacement of all windows to Burtons Chambers upper floors (including associated scaffolding)
- Removal of shop frontages and installation of new foundations for the curtain walling system/windows to Burtons Chambers ground floor front façade
- Foundation and associated groundworks required for the erection of a new compliant staircase structure within Burtons Chambers
- Termination of all existing utility connections (70+) and move towards provision of new single water and electric utility connections (this included an upgrade to the substation on the market service yard)
- Procure operators for Burton Chambers, (Management Agreement) and Market Hall, (Property Lease)

The following work headings had been/would be instructed under phase 2:

- Full internal fit-out works to Market Hall and Burtons Chambers, such as floors, walls, ceilings, electrical, mechanical and ventilation systems, decorations, fixtures/fittings etc.
- Installation of a new damp proof protection system to two elevations in Burtons Chambers which were below the external ground level
- Re-covering to the roof of Burtons Chambers
- Further replacement of roof glazing, guttering and safety walkway to the Market Hall roof

- Installation of a Solar Photovoltaic system to the Market Hall roof including any repairs to the existing covering
- External public realm works to Peel Street (reduced scope from the original approved planning application, following extensive surveys which identified the proximity/quantity of utility services and river culvert)

By separate appointment with relevant consultants, work had commenced to undertake the necessary surveys, inspections, intrusive surveys to Market Chambers external façade/roof. Whilst not within the phase 2 contract, there was the flexibility to vary in additional works to Market Chambers external façade/roof within the contract

There was no LUF funded work planned to the remaining leaseholder's ground floor external façade to Burtons Chambers, although designs had been future proofed as far as possible so the space could be incorporated, the curtain walling system/windows and internal services extended into the redeveloped workspace if/when it became vacant.

Once the removal of the temporary market cabins on the town square was completed, it was likely some repairs would be needed to the existing paving. At present it was unknown/uncosted and it had been agreed any repair work would be managed directly by the Council.

<u>Monitoring / Quarterly update reports to Funders</u>

Regular quarterly reports had been submitted to the grant funders as required. The Council had always highlighted the initial 6-month delay in receiving the funding approval and within the last update to the funders in May 2025, the Council's working assumption for completion date on the Market Hall and Burtons Chambers was Q4 financial year 2025/26.

On the 28th August 2025, the Council had been pleased to welcome four senior funding officers from Ministry of Housing, Communities and Local Government (MHCLG) to view the town centre projects and who said,

> *"We are pleased with the progress made to restore the building fabric of both Market Hall and Burton Chambers, along with steps taken to accommodate displaced market traders. The completion of the CPO process for the Market Chamber is good news and gives us reassurance that this project will be delivered, as envisaged. We look forward to seeing work on the fit-out phase progressing and the Council realising their ambitions for these buildings and the wider town centre regeneration".*

MHCLG had asked the Council if it would consider becoming an exemplar case study to showcase the great progress and lessons learnt from the project.

At the end of the phase 1, the project cost consultants had reported £14,336,357 expenditure against £25,166,516 of available funding (£20,000,000 LUF funding, £3,666,516 from Hyndburn Borough Council and £1,500,000 of match funding from Lancashire County Council). This left a remaining budget of £10,830,139.

<u>Phase 2 (fit-out) Tender Process</u>

The project team had initially received inquiries from twelve contractors following project publication notice in April. Ten contractors had then submitted the required Procurement Specific Questionnaire (PSQ), which was a standardised set of documents introduced by the Procurement Act 2023 and superseded the previously similar Pre-qualification questionnaire (PQQ). The project team had evaluated the ten submissions against the criteria for experience of working on heritage assets and contract values.

In line with the open and transparent procurement process, four contractors had been shortlisted as having the necessary skills and experience and had been invited to submit tenders in May 2025. Three tenders had been received by the required deadline on 11th July 2025, with one contractor verbally advising prior to the deadline they did not intend to submit a tender. The project team had then undertaken the normal process of moderating, clarifying, and adjudicating the various tender submissions over a 4-week period, with submissions scored on Quality 60% and Price 40%.

Quality	Marks	Tender 1	Tender 2	Tender 3	Tender 4
Programme & Phasing	15	3	did not submit	5	14
Construction Methodology	5	3		0	5
Employers Requirements	10	3		5	7
Project Team Experience	10	7		10	10
Social Value	10	8		0	9
TOTAL	**50**	**24**		**20**	**45**
Multiplier	**1.2**	**28.8**		**24**	**54**

Note:
Tenderer 3 submitted their Construction Methodology and Social Value documentation after the deadline, so in line with the tender guidance, these could not be scored

Price	Marks	Tender 1	Tender 2	Tender 3	Tender 4
Adjusted lump sum tender price	40	0	did not submit	0	40
Detailed Preliminaries	5	0		2	0
Detailed Element Cost Breakdown	5	0		0	2
TOTAL	**50**	**0**		**2**	**42**
Multiplier	**0.8**	**0**		**1.6**	**33.6**

Notes:
Tenderer 1 price submission was incomplete, (single line tender figure) and did not include the required preliminaries book or cost breakdown, so these could not be scored.
Tenderer 3 submission was a non-complaint pricing document and an arithmetic check revealed a ‘doubling up’ of costs carried forward into the summary page.
Tenderer 4 submission did not include a preliminaries book, so this could not be scored.

FINAL SCORES	Marks	Tender 1	Tender 2	Tender 3	Tender 4
Quality	60	28.8	did not submit	24	54
Price	40	0		1.6	33.6
TOTAL		**28.8**		**25.6**	**87.6**

Following the tender evaluation/adjudication process and tender price adjustments to ensure all submissions could be assessed on a ‘like for like’ basis, with the project team recommending the most advantageous tender to the Council, scoring the highest in both Quality and Price submissions, was tender 4. Tender 4 had been submitted by Krol Corlett who had offices in Liverpool, Manchester and Preston, and were very experienced in working on the redevelopment of heritage buildings and fitting out for commercial activities.

Further provisional sum adjustments relating to the agreed scope of works had been added to Krol Corlett's tender price and an agreed phase 2 contract signed to the value of £10,533,657. Two areas of increased costs highlighted during the tender process / contract negotiation alongside general inflationary costs was the extended programme, which required additional client professional fees, temporary trader cabin hire etc. and an additional risk allowance from the contractor relating to the existing building structures and works undertaken by the phase 1 contractor. The phase 2 contract cost plus the phase 2 client fees/costs gave a total phase 2 cost of £11,080,159. This was a budget pressure of £250,000 against the available budget of £10,830,159 and was circa 1% on a total overall phase 1&2 project cost of £25,416,516.

The project team had recommended that the Council should hold an additional 'Client Contingency' to address any unknown costs that may arise during the remaining phase 2 works or to cover any Council driven variations or additional work requests. A prudent level of contingency would be to hold 5% of the project budget. Given both the budget pressures and wider project risks, this would require a budget of £500,000. It should be stressed that this funding was not part of the phase 2 contract but was a client contingency which might or might not be fully utilised.

At the time of writing the report, the contractor's programme had showed a working assumption that the works to the Burtons Chambers would be completed by 6th July 2026 and the Market Hall by 13th July 2026 (**RIBA 6 – Handover)**. Whilst the assumption provided for Burtons Chambers to be completed first, the Council had requested the contractor to consider completing the Market Hall first, to allow for the temporary cabins to be removed at the earliest opportunity. Discussions would continue with the contractor to understand if there was any opportunity to bring this date forward.

The Council would be liaising closely with the operators around these dates to understand the work/timescale they required for testing, soft launching and when their offerings would be fully operational and also liaising with the market traders who had been temporarily relocated onto the town square (**RIBA 7 – Use)**.

<u>Operators</u>

The new operator for Burtons Chambers, 2-Work, had signed the Management Agreement and had set up a dedicated email address (burtonschambers@2-work.co.uk) where local businesses, entrepreneurs, residents, could register an interest in taking up space in the building when it opened. A report to Cabinet in March 2024, had approved the allocation of £450,000 to cover any shortfall in the first 2 years' net operating income for the shared office/workspace management agreement that the Council had signed.

At the time of writing the report, the property lease for the Market Hall was still to be signed with the Council's preferred new market operator, Northern Lights Group Limited. Now that the final design had been priced and included within the phase 2 contract, signing the Market Hall lease would be the next milestone to achieve by the end of October 2025.

Once the redevelopments were complete, the Council would retain responsibility for maintaining the Market Hall and Burtons Chambers building structure/fabric and potentially internal mechanical and electrical (M&E) in the Market Hall (discussions on the lease with preferred market operator was still ongoing). At the time of Cabinet approving the LUF submission in March 2022, Cabinet had been informed of the need to create a suitable maintenance budget and staffing structure given its responsibilities as a landlord/obligations under the management agreement with 2-Work and property lease with the preferred market operator. This would need to be considered as the Council updated its Medium Term Financial Strategy.

Funding/Costs

The Council's LUF bid submission had included levels of contingency/inflation/risk circa 30% of the project budget and the project team noted that here had been and continued to be cost pressures on delivering the projects. These ranged from unforeseen and additional work not included at the bid submission stage, hyperinflation on construction materials, high levels of inflation/wage increase, works undertaken out of sequence, increased costs of working on Grade II/Heritage buildings and additional land acquisition costs not included in the bid submission.

Even with the levels of contingency/inflation/risk highlighted above, the project team had been required to undertaken two separate value engineering exercises. These had driven efficiencies and best value out of the project, whilst still achieving the required outcomes/outputs. In addition, the Council's procurement strategy had agreed a 2-stage Design and Build procurement route with the works split into two phases. - phase 1 undertaking enabling works and phase 2 fit-out works. This decision had helped to deliver further best value for the public purse.

There were works which had been identified since the original LUF bid submission, which the Council could consider undertaking whilst the redevelopment work was taking place or recognise and note it as future maintenance works. In addition, there was other work suggested by the preferred market operator as a 'like to have' but none of this work had been included in the phase 2 contract.

The current development phase work for Market Chambers was being funded through a National Lottery Heritage Fund grant (Heritage Fund) together with match funding from the Council. During this development phase, internal designs would be concluded following a long period of community consultation and a delivery phase bid was likely to be submitted in May 2026. If successful, the internal redevelopment work within Market Chambers would be undertaken through a Heritage Fund delivery phase across the financial years 2026/27-2028/29, dependent on the heritage funding start date. At the time of the initial funding submission in August 2023, the delivery phase would be funded through the remaining Heritage Fund grant plus Council match funding, to provide for a total construction budget. It should be noted that the estimated construction costs from the initial bid were of course subject to change as the designs were yet to be agreed and any tender for the works was 12/18 months away. The external façade/roof works were not funded through the Heritage Fund or remaining LUF funding and would need additional Council funding or other external funding.

Levelling Up Fund (LUF) Process Evaluation – Phase 1

In 2024, the Ministry of Housing Communities and Local Government commissioned SYSTRA and Frontier Economics to undertake a two-phase progress evaluation of the LUF fund. The Fund had awarded £4.8bn for local authorities to invest in local infrastructure projects, which focused on regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets. The funding had been awarded in three rounds following a competitive bid process.

The report presented the findings of the first phase evaluation carried out between March and November 2024. It provided emerging evidence and lessons learned on the efficiency and effectiveness of awarding funding under Rounds 1 and 2 of the Fund, with initial insights on Round 3. This was intended to provide learning to support current LUF projects as they continued their delivery, provide evidence to shape future policy, and inform phase 2 of the evaluation (to be carried out between 2025 and 2027). All findings presented were preliminary and subject to change following more detailed work in phase 2. *(A link to the MHCLG report was provided within the Cabinet report)*

The report had recognised that there were areas of good working relationships between authorities and funding officials. However, some of the main concerns found had included:

- The previous Government's desire to launch the Round 1 Fund rapidly created time pressures which impacted its launch as well as the development of bids. By Round 2, changes had been made to the application and assessment processes, although these had mixed effectiveness.
- Local authorities generally did not have eligible well-developed schemes available, ('on the shelf') which affected the pace at which project delivery could begin.
- 92% of projects submitted were only at conceptual/planning stage or preliminary design phase, with only 3% construction ready.
- There was a delay in opening the application portal.
- Many authorities acknowledged the tight delivery timelines stated in the funding guidance and felt this was ambitious given the processes involved, level of spend and where it involved complex regeneration project/s, which was particularly overambitious for listed building projects.
- There was a delay in making the funding announcement.
- There were delays / additional work involved for authorities in demonstrating project compliance with the new Subsidy Control Act 2022, which came into effect on 4th January 2023, (prior to the funding announcement) and the new Procurement Act 2023, which came into effect in February 2025, (prior to the phase 2 fit-out works tender process).
- Almost all, (95%) of projects, were experiencing delays relative to timelines in their bid submission, largely due to delays before construction. Of these, 57% were delayed for up to a year, 38% delayed over a year and 6% delayed more than 2 years.
- The length of time needed to secure land acquisitions and/or planning permission/listed building consent was highlighted in project delivery delays.
- Unexpected costs, hyperinflation of construction materials, COVID 19, the war in Ukraine and lack of market capacity, were the most significant factors in increased costs/timelines to project completion.
- Supply availability varied across the country, with access to skilled contractors and experienced project managers recognised as being crucial for the delivery of ambitious infrastructure projects.

There were no alternative options for consideration or reasons

Resolved - **That Cabinet:**

(1) Notes the Town Centre Levelling Up funded project progress update, as set out in the report;

(2) Notes the financial pressures and additional resources needed to complete the Market Hall and Burtons Chambers as set out in Paragraphs 3.4.2, 3.6.4 and 3.6.5 of the report; and

(3) **Agrees to allocate funding from Council reserves to meet the project budget pressures and project team recommendation for a contingency as set out in Paragraphs 3.6.4 and 3.6.5 of the report.**

193 Economic Crime and Corporate Transparency Act 2023 - Failure to Prevent Fraud - Guidance and Policy Document

The Cabinet considered a report of Councillor Vanessa Alexander, Portfolio Holder for Resources and Council Operations, informing members about the Economic Crime and Corporate Transparency Act 2023, which became applicable from 1st September 2025.

The Leader of the Council outlined the recommendation, which was to approve the guidance and policy document.

Approval of the report was not deemed a key decision.

Reasons for Decision

New offences had been created by the Economic Crime and Corporate Transparency Act 2023. The Legislation was applicable from 1st September 2025. Section 199 of Economic Crime and Corporate Transparency Act 2023 created a new offence that would hold Hyndburn Borough Council to account for fraud committed by their employees, agents, subsidiaries, or other associated persons who provided services for or on behalf of the Council. The fraud must have been committed with the intention of benefiting the Council or its clients. It did not need to be demonstrated that the Council's Directors or Senior Management ordered or knew about the fraud. It did not need to be proven there was any benefit for the Council. The offender could simply say that was their intention in the fraud they carried out.

Under the Act, Hyndburn Borough Council might be criminally liable if it did not have reasonable fraud prevention procedures in place.

The offence would sit alongside existing law. For example, the person who had committed the fraud might be prosecuted individually for that fraud, while Hyndburn Borough Council might be prosecuted for failing to prevent it.

The Council would have a defence if it had reasonable procedures in place to prevent fraud, or if the Council could demonstrate to the satisfaction of the court that it was not reasonable in all circumstances to expect the Council to have any prevention procedures in place.

The overall risk to Hyndburn Borough Council of a fraud which fell with the remit of this legislation was believed to be relatively low, as the fraud must have the basis to directly benefit the Council or its clients and not just the perpetrator of the fraud which was the most common result of most frauds. The Council must have a policy in place which set out the Council's position as to the legislation and how it dealt with it.

The Guidance and Policy Document appended to the report was part of a group of policies which inter-link and collectively formed part of the Council's Anti-Fraud culture and governance framework. The existing policies that this would sit alongside included the Anti-Fraud, Corruption and Bribery Policy, Criminal Facilitation of Tax Evasion Policy and the Anti-Money Laundering Policy.

As part of the steps needed to demonstrate a robust defence, the Head of Audit & Investigations intended to carry out refresher training on Fraud, Corruption and Bribery which would also include the key aspects of the new policy surrounding the Economic Crime and Corporate Transparency Act 2023. Project leads, especially where not a Council employee would also be made aware of this policy.

The Guidance and Policy Document detailed who to report an issue to and the policy would be regularly reviewed and updated if any changes were necessary.

There were no alternative options for consideration or reasons

Resolved - **That Cabinet approves the Economic Crime and Corporate Transparency Act 2023 – Failure to Prevent Fraud – Guidance and Policy Document, as set out in the report at Appendix 1.**

194 Update on the Medium-Term Financial Strategy 2026/27 to 2028/29

The Cabinet considered a report of 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 2026/27 and the impact on the Medium-Term Financial Strategy (MTFS) 2026/27 to 2028/29.

Councillor Alexander provided a brief introduction to the report outlining the purpose of the MTFS, the implications of the Government's Fair Funding Review 2.0, advice received from the Ministry of Housing, Communities and Local Government (MHCLG) to those authorities potentially adversely affected by the proposals, the timetable for the Local Government Financial Settlement and the possible funding solutions currently being considered by the Council. The Cabinet was being proactive in its approach. Ordinarily, it would not be prudent to set a budget that was reliant upon reserves, but alternatives were limited and this approach was supported by MHCLG. The Council had sufficient reserves and would set realistic savings targets too. There would be no cuts to service delivery and all jobs would be protected. Further clarity over the situation would emerge over the next few months and this would be reported at future meetings.

Councillor Alexander thanked the Executive Director (Resources) and his team for their work. The Leader of the Council noted that this was a challenging situation, but that the Council was well placed to deal with it, due to its prudent financial management. The financial settlement was due to be announced in December 2025, following which the Council would set a balanced budget.

Councillor Cassidy commented that, had the Leader of the Opposition been present today, he might have taken up the opportunity to speak on this matter. He anticipated that Councillor Khan would get in touch with the Leader or Portfolio Holder directly when available. He also placed on record his thanks to the Executive Director (Resources) and his team.

Approval of the report was not deemed a key decision.

Reasons for Decision

The Council had approved its Revenue Budget for 2025/26 and Medium Term Financial Strategy (MTFS) 2025/26 – 2027/28 at the Full Council meeting on 27th February 2025.

Since the MTFS 2025/26 – 2027/28 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 10th September 2025, detailing the current assumptions, risks and pressures and the process for the budget 2026/27.

The current report was to inform Cabinet of the revised MTFS for 2025/26 – 2027/28 to incorporate the information presented in the report mentioned above and to extend this for an additional year into 2028/29.

For several years, the Council had been waiting for key finance reforms, including the introduction of multi-year settlements. These had been repeatedly delayed. The last major change was over a decade ago with the introduction of the Business Rate Retention Scheme. This ongoing uncertainty and reliance on one-year settlements had made long-term financial planning challenging.

In June this year, however, the Government had finally issued a consultation on their proposed approach to local authority funding reform.

Reform of Local Government Finance

The Government had issued its Fair Funding Reform 2.0 consultation paper in June 2025, which proposed fundamental changes to local government finance.

The proposals included:

- A revised funding formula with a stronger link to deprivation levels and population size;
- A full reset of the baseline for retained business rates in 2026/27;
- Ending the New Homes Bonus and reallocating the funding to the core settlement;
- Simplifying and merging multiple grant streams, including those for homelessness prevention, rough sleeping, and temporary accommodation;
- Introducing transitional funding, including a minimum funding floor, to protect councils from the full impact of the changes; and
- Gradually increasing local flexibility over setting fees and charges, although no firm proposals had been made yet.

The Government had proposed implementing the funding reforms over three years, starting in 2026/27. These changes were expected to be delivered through a multi-year finance settlement, due to be published later this year.

Funding allocations would be based on a Needs Assessment, which estimated what each council required to deliver services. From this, a Resource Adjustment was deducted — reflecting how much revenue a council could raise locally, mainly through Council Tax.

To calculate the Resource Adjustment, the Government would use a notional Council Tax level of around £2,000 for a Band D property in 2026/27. This figure was based on the average Council Tax level across councils affected by the reforms and was used to ensure full equalisation. Councils would not necessarily charge this amount, but it would be used to determine central grant funding and retained business rates, ensuring all councils could provide similar services regardless of their ability to raise Council Tax.

Business rates continued to be a key source of funding, alongside the New Homes Bonus. The Government was also reviewing whether pooling arrangements should continue from 2026/27.

The consultation included proposals for transitional funding to protect councils from the full impact of changes, including the business rates reset. The new funding model would be phased in over three years, with full impact not felt until 2028/29.

Additional protection might be provided through a flat cash (0%) funding floor, meaning no council would see a cash reduction in core funding during the Spending Review period. The Government intended to gradually introduce the new funding allocations so that by year three, each council would be on its revised allocation under the Fair Funding Review.

The Government had indicated that most councils would be protected by the flat cash floor, around 49 councils, including Hyndburn, might face larger reductions of between -5% and -7%.

Current information suggested that Hyndburn's Core Spending Power could fall by between - 5% and -7% in year one, followed by flat funding in years two and three. The Government had suggested this would be a sensible planning assumption.

The Fair Funding 2.0 consultation had closed on 15th August 2025. The Executive Director (Resources), the Portfolio Holder (Resources), and the Leader had reviewed the proposals and submitted a response on behalf of the Council.

Despite the scale of these changes, the Government had not yet provided exemplifications showing the impact on individual councils. More detail was expected in the upcoming Policy Statement on Local Government Finance, but final funding allocations were unlikely to be known until the Provisional Finance Settlement was announced in December.

Update of the Medium Term Financial Strategy 2025/26 – 2028/29

Since the revenue budget had been approved at full Council on 27th February 2025 and recognising that the Council was operating in an ever-changing environment, work had continued to update the MTFS and extend it to include 2028/29 financial year.

Table 1 below shows the updated standard scenario MTFS:

Table 1: Medium Term Financial Strategy 2025/26 – 2028/29

	2025/26 Budget £'000	2025/26 Forecast £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Service Budgets	16,394	16,486	16,551	17,103	17,651
Non-Service Budgets	869	772	1,364	1,464	1,464
Corporate Savings Target	(164)	(164)	-	-	-
Net Revenue Expenditure	**17,099**	**17,094**	**17,915**	**18,567**	**19,115**
Transfers to Usable Reserves	1,264	1,264	-	-	-
Transfers from Usable Reserves	(929)	(929)	(92)	-	-
Net Revenue Expenditure after use of Reserves	**17,434**	**17,429**	**17,823**	**18,567**	**19,115**
Less: Government Grants	(2,803)	(2,803)	(2,420)	(2,469)	(2,518)

Less: Business Rates Retained	(8,568)	(8,568)	(6,606)	(6,738)	(6,873)
Less: Council Tax Income	(6,064)	(6,064)	(6,352)	(6,585)	(6,827)
In Year Funding Gap	**-**	**(5)**	**2,445**	**2,775**	**2,897**
Cumulative Funding 'Gap'	**-**	**(5)**	**2,440**	**5,215**	**8,112**

The MTFS figures were based on the assumptions set out in the report presented to Cabinet on 10th September 2025 including the following:

- Pay award of 2.5%.
- General inflation of 3.0%.
- Utilities inflation of 3.0%.
- Increases in sales, fees and charges income of 3.0%.
- Decrease in non-ringfenced Government grant income in line with the expected Fair Funding Review outcomes.
- Retained business rates income frozen; and
- Increase in Council Tax base of 0.66% with a 2.99% increase in Council Tax rate.

Table 1 included the latest cost estimates for each of the risks presented to Cabinet in September 2025. It highlighted the significant financial pressures the Council was expected to face over the next three years.

While these risks were reflected in the table, provision had already been made for Housing Benefit pressures. An additional £400,000 had been included in the 2025/26 budget to address caseload pressures linked to supported and exempt accommodation. These costs were not expected to rise further, due to anticipated planning controls and tighter housing regulation.

Table 2 below sets out the details of cumulative movements in each year of the MTFS table:

Table 2: Movements in the MTFS since February 2025

	2025/26 Forecast £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Service Budgets:				
Payroll Inflation Increase	-	57	58	59
Expenditure Adjustments	92	72	74	75
Reduction in Fees and Charges Income	-	141	145	149
Increase in Service Grant Income	-	(817)	(642)	(620)
Pension Employer's Contribution	-	133	132	133
Total Service Budgets	92	(414)	(232)	(204)
Non-Service Budgets:				
Investment Interest	(97)	-	100	100
Increase in Leasing and MRP Costs	-	397	397	397
Reduced Borrowing Costs for LUF		(210)	(210)	(210)
Capital Financing	-	4	4	4
Total Non-Service Budgets	(97)	191	291	291

Change in Reserve Movements		195	277	277
Total Revenue Budget Movements	(5)	(28)	336	364
Funding Assumptions:				
Business Rates	-	1,429	1,457	1,486
Council Tax	-	9	19	28
Government Grants	-	439	447	456
Total Funding Assumptions	-	1,877	1,923	1,970
Total Budget Movements	(5)	1,849	2,259	2,334

The report included more comprehensive information in respect of the following areas of risk:

- Funding Risks & Local Government Finance Reform; and
- Service Expenditure Risks (comprising the following):
    - Leasing Costs;
    - Revenue Costs for Levelling up Projects;
    - Waste Transfer Costs;
    - Revenue Costs of Food Waste Collections;
    - Potential Pension Contribution Savings; 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>

The development of the Council's MTFS had to consider the level of available reserves.

As of 31st March 2025, the Council held £30.224 million in usable reserves. During 2025/26, net movements - comprising income from grants and capital receipts, offset by planned drawdowns for expenditure were forecast to result in a net increase of reserves of £10.188 million. A further £28.483 million was expected to be used to fund capital expenditure during the year, leaving an estimated £11.929 million in usable reserves by 31st March 2026.

Of this, £5.799 million was already committed for use in 2026/27 and future years, leaving an uncommitted balance of £6.130 million. This could be used to help manage future funding gaps in the revenue budget over the MTFS period.

Details of the Council's reserves were regularly reported to Cabinet. An updated analysis of reserves was provided as Appendix A to the report, which showed the current forecast movements in reserves for 2025/26, along with the future year's commitments and the available balances that could be used to fund the future budget gaps in the MTFS as shown in Table 1 above.

The strategy for the use of reserve balances was set out in more detail in the report and covered the following matters:

- Unallocated Reserves;
- Underspends/Invest to Save Reserve;

- Revenue Funding for Capital Schemes;
- Business Rates Volatility Reserve; and
- Other Earmarked Reserves.

It should 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 balanced 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 £45million at 31st March 2025, which included 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 that 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.

Table 3 below summarises the expected funding gap for each of the 3 scenarios over the MTFS period:

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

	2026/27 £'000	2027/28 £'000	2028/29 £'000
Optimistic Scenario	1,805	1,495	968
Standard Scenario (in tables above)	2,445	2,775	2,897
Pessimistic Scenario	3,348	4,563	5,637

As the table indicated, there was a broad range of potential scenarios for 2026/27, ranging from a deficit of £1.805m to a deficit of £3.348m. Central Government had indicated the intention to release a multi-year settlement as part of the Local Government Provisional Finance Settlement announcement in December 2025. This would give the Council greater clarity over the budget challenge across the MTFS period.

All assumptions for each of the three scenarios were detailed in the report presented to Cabinet on 10th September 2025 and were summarised in Appendix B of the current report.

Next Steps

The timetable for the budget process had been set out in the report to Cabinet on 10th September 2025.

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 over the next two to three 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.

The Council awaited details of the outcome of the Fair Funding Reform 2.0 consultation and the announcement of the Local Government Finance Settlement and for this reason, this was very much a draft MTFS Forecast, which would be updated as more information became available.

There were no alternative options for consideration or reasons

Resolved - **That Cabinet:**

(1) Notes the updated financial position for the 2026/27 revenue budget;

(2) Notes the updated Medium Term Financial Strategy 2026/27 to 2028/29;

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

(1) Notes the forecast General Fund reserves position over the period of the Medium-Term Financial Strategy; and

(2) Notes the next steps highlighted in Section 8 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 2026/27 and address budget gaps in future years.

Signed:……………………………………………

Date: ……………………………………………………………

Chair of the meeting
At which the minutes were confirmed