

<b>REPORT TO:</b>		Resources Overview & Scrutiny Committee	
<b>DATE:</b>		23rd February 2026	
<b>PORTFOLIO:</b>		<b>Councillor Vanessa Alexander - Resources and Council Operations</b>	
<b>REPORT AUTHOR:</b>		Martin Dyson, Executive Director (Resources)	
<b>TITLE OF REPORT:</b>		General Fund Revenue Budget 2026/27	
<b>EXEMPT REPORT (Local Government Act 1972, Schedule 12A)</b>	<b>No</b>	Not applicable	
<b>KEY DECISION:</b>	<b>No</b>	If yes, date of publication:	

## 1. Purpose of Report

- 1.1 This report sets out proposals contained in Revenue Budget Report 2026-2027 as attached at **Appendix A**. It also provides an overview of key issues arising from the Medium-Term Financial Strategy.
- 1.2 The decision to set the Budget is a key decision of the Council. The role of the Cabinet is to recommend a proposed Budget to Council.

## 2. Recommendations

- 2.1 That Cabinet recommends the proposal to increase Council Tax for 2026/27 by 2.99%, thus increasing the charge for a Band D property to £284.73.
- 2.2 The Budget for 2026/27 will therefore be £17,607,700 as detailed in Appendices 1 to 3 of the Revenue Budget 2026-2027 report attached at **Appendix A** of this report.
- 2.3 That Cabinet recommend approval of the changes in budget requirement through including inflation, growth and savings identified in **Appendix 3** of the Revenue Budget 2026-2027 report, to ensure the Council can set and approve a balanced budget.

- 2.4 That Cabinet note the significant improvement made in relation to budget monitoring and cost reduction within the Authority over the past 20 years and confirms its commitment to continuing this approach in the year ahead.
- 2.5 That Cabinet recommends during the financial year 2026/27, 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.
- 2.6 That Cabinet recommends during the financial year 2026/27, 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.
- 2.7 That to aid future financial management planning any surpluses generated during 2026/27 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.
- 2.8 That Cabinet recommends that any additional funds from Government that are not ring-fenced funding, as well as any other surplus funds, can 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.

### **3. Reasons for Recommendations and Background**

- 3.1 This report sets out the Council's Revenue Budget for 2026/27. This will require net expenditure of £17,607,700.
- 3.2 Under these proposals, Council Tax for Hyndburn residents will incur a rise in charge for Hyndburn Council provided services and the charge for a Band D property will increase from £276.46 in 2025/2026 to £284.73.
- 3.3 A number of national and global issues have undoubtedly had an impact on the council's budgets and this along with the impact of higher inflation and forecast pay settlements has contributed to the Council raising its element of the Council tax by the maximum 2.99%, an increase of £8.27 annually on a Band D property.
- 3.4 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 2026/27. The County Council have proposed a Council Tax increase of 3.8%, as opposed to the maximum of 4.99% that would be possible without referendum. The Police and Crime Commissioner have

proposed an increase to the Band D Property charge of £15.00 (5.41%) and that the Lancashire Combined Fire Authority have proposed a £5.00 (5.57%) increase.

- 3.5 Altham Parish Council has set a separate precept for its activities. This year the Parish Council has decided not to increase the Band D charge for Altham Parish Council will therefore remain at £44.33 for 2026/27. The Parish Council will precept the Collection Fund for £14,141 for 2026/27. Details of the proposed position on other Bandings for properties in Altham are shown in Appendix 6.
- 3.6 In setting the Budget for 2026/27 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 and it will be important going forward to plot any deviations away from the expected figures and take appropriate action if these should start to emerge. This might result in the need to reduce spending during the year, if revenue monitoring starts to indicate the amounts of funds received will fall short of the target or if we face an upsurge in spending.
- 3.7 The Cabinet intends to continue the good financial stewardship of the Council's affairs by continuing its successful policies to manage costs effectively and promote appropriate service investment. This Budget will therefore deliver,
- A continuation of our established approach of limiting enhancements on early retirement, continuing our rigorous approach to absence management and committing to minimising borrowing costs. These actions have already stemmed the build-up of unproductive costs within the organisation. In each of these cases we have put a stop to the costly and financially damaging policies of the past and created a healthier and more financially stable culture within the Council.
  - The Capital Programme for 2026/27 will continue to deliver key investment in council and public facilities adding another £7.86m to £56.51m the Council currently has approved.
  - A large proportion of the capital programme will be phased over the next few financial years, and this includes the continued delivery of £29m investment in the Huncoat Garden Village Project, with all the funding coming from Homes England, and finalising the Levelling Up works in Accrington Town Centre along with other complementing Town centre regeneration.
  - The additions to the programme in 2026/2027 of £7.86m include:
    - a) £689,000 of investment into Parks and Play areas of which the council expected to be able to utilise £630,000 of external grant funding to contribute to the improvements.

- b) £1,359,906 to provide Disabled Facility Grants this year which is fully funded from the better care fund.
  - c) £2,161,135 to maintain and invest in its operational assets and vehicle fleet.
  - d) £165,000 to improve and develop new ICT and technical equipment to deliver services in a more efficient way.
  - e) £435,000 on Community projects that involve War Memorial restoration, Christmas decoration replacement and Maiden Street Clock Towner lighting.
  - f) £2,600,000 towards the future development of the Market Chambers building linked to a bid for additional grant from the Heritage Lottery Fund to re-imagine the interior and exterior of the building into a Heritage and Arts venue.
  - g) £450,000 for the continuing repurposing of Mercer Hall Leisure Centre and the contribution towards Accrington Stanley Community Trusts capital investment in sports initiatives.
- The Capital programme for 2026/2027 is partly funded from the governments grants to deliver a Pride in Place Impact Fund. Hyndburn will receive £1.5m to be committed to projects that deliver visible improvements to community spaces; public spaces and high street and town centre revitalisation.
  - Despite costs of around £90,000 to provide car parking in Hyndburn for residents and visitors and particularly for shoppers, we will continue to provide this facility free of charge and not introduce charges for parking in Hyndburn. We believe this action will help bolster our town centres through these difficult economic times and provide an incentive for people to shop locally rather than drive and pay to shop elsewhere across the North-West.
  - The Council has once again prioritised affordability for residents and cleanliness across the borough by freezing green waste charges at £35 per annum and offering bulky household waste collections free of charge, this service currently costs the Council approximately £169,000 each year.
  - Further reductions in our accommodation costs, building on the success over the last 15 years including further rationalising our accommodation and looking at more ways of using our accommodation more effectively. We will also continue our actions to reduce our carbon emissions and our energy costs and continue contributing to the improvements of our environmental footprint by positive action.

3.8 We intend to continue to deliver all the above and remain committed to a radical agenda of improvement while managing within our available resources. This will be more difficult in the years to come, given our reduced resources from the Government. However, there remains a firm commitment and absolute determination amongst Members and Officers of the Council to control the finances of the Council, drive forward on the efficiency agenda and continue to

improve service delivery. We wish to continue to push forward on the drive for delivering value for money as a key priority for the Council.

- 3.9 The rewards of strong financial control remain clearly evident. The Council has built itself back from experiencing major difficulties in controlling expenditure and a position of negative reserves in 2003/04 to a situation by March 2026, in which general reserve balances are expected to be just under £1.9m. We have been able to operate within our existing financial resources over the last four years, through good financial management and will continue to deliver strong financial performance in the years to come.
- 3.10 Within the Budget for 2026/27 there are a number of areas which are subject to our best estimation. There are therefore a number of risks around the Budget, should these estimated costs or revenue amounts vary during the year.
- 3.11 After the introduction of the Government reforms to Business Rates Funding of Local Government, the Council now carries a significant risk around the level of monies available, fluctuating substantially from this source. In addition as the calculation of how much funds will be available is dependent on a number of factors including debt collection rates, the size of appeals against business rates assessment and the success of these appeals, new rules around levies, safety nets and pooling, the introduction of new multipliers on rates for retail, hospitality and leisure premises, as well as predicted levels of growth or decline in business activities and the estimation of a number of figures which will only truly emerge after the end of the financial year, the imprecision in these estimates is regarded as high and could be subject to variations of hundreds of thousands of pounds. The volatility around these forecasts have increased due to the impact recent national and global issues have had on the Business Community.

#### **4. Alternative Options considered and Reasons for Rejection**

- 4.1 There have been a wide number of individual proposals put forward to produce a Balanced Budget. Options have been rejected on a variety of grounds including policy objectives, practicalities and the potential for additional costs to be incurred. Further options may be presented at the Council meeting.

#### **5. Consultations**

- 5.1 As outlined in the Report, the public and businesses are invited to participate in a meeting of the Council's Overview & Scrutiny Committee on the 23<sup>th</sup> February 2026 at 4:00pm to review in detail the Budget proposals of all parties, consider the proposals put forward and make suggestions for changes and improvements to the Budget plans to be submitted to Full Council on the 26<sup>th</sup> February 2026.

## 6. Implications

<b>Financial implications (including any future financial commitments for the Council)</b>	As outlined in the report.
<b>Legal and human rights implications</b>	The Council is required to set a Balanced Budget for the Financial Year ahead and needs to take into consideration the Government's threat of Capping.
<b>Assessment of risk</b>	There are a number of financial risks around setting the Budget. These are set out in detail in the report and cover the impact of making estimations of several large financial areas which contain a degree of volatility. The Council is able to offset these risks by the effective management it has in place over budgets during the year and the ability to take early corrective action and make additional savings and re-prioritise spending decisions if necessary. It can also draw upon its reserves as a short-term measure while it takes corrective action.
<b>Equality and diversity implications</b> <i>A <a href="#">Customer First Analysis</a> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	Any detailed policy changes, changes in service provision or operational changes as a result of the budget proposals will have an EIA produced by the relevant Service Head where this is required.

## 7. Local Government (Access to Information) Act 1985: List of Background Papers

- 7.1 This Report should be read in conjunction with the other finance reports presented to the Cabinet meeting on the 18<sup>th</sup> February 2025. The relevant reports are listed below and can be found by accessing the Council's website.
- Medium Term Financial Strategy 2026/27 to 2028/29

- Prudential Indicators Monitoring & Treasury Management Strategy 2026/27 to 2028/29
- Capital Budget Report 2026/27

## **8. Freedom of Information**

- 8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

A scenic view of a golf course. In the foreground, a paved path leads towards a well-maintained green. A person is seen in the middle ground, possibly playing golf. A long, low hedge runs across the middle ground. In the background, there are lush green trees, a small building with a thatched roof, and a tall, stone tower. The sky is blue with some white clouds.

# REVENUE BUDGET

2026-2027

FOR AN AMBITIOUS AND SUSTAINABLE

HYNDBURN FUTURE

# BACKGROUND

- 1.1 Over the last 15 years, the Council has faced its most significant challenge since it was created in 1974. It has been able to respond effectively to calls from Government to provide a significant amount of support to the local community as well as implementing an extensive Capital Programme aimed at developing Accrington Town Centre, expanding the Leisure offer across the Borough and providing much needed new housing. It has managed this within its overall financial resources, through its strong financial management and retained reserves to enable management the ability to respond effectively to any future crisis.
- 1.2 The Financial Year 2024/25 ended with the Council achieving a surplus on its Revenue Account and it is expected that a surplus will be achieved again in 2025/26. The improvement has meant it has not been necessary to strengthen reserves from the Council's Revenue budget in any of the last 17 years, which has freed up resources to go directly into service provision. Despite the continuing financial implications of wider national and global issues, the reserves level we currently hold is likely to be sufficient going forward and therefore we are again proposing that there is no need to direct resources away from front line services for this purpose during 2026/27.
- 1.3 The Councils controlling party have continued working with officers and are taking positive steps towards tackling the several external pressures on costs and loss of income over the current year. These extra pressures have not only been contained within the overall budget, but additional savings are expected to be generated in 2025/26.
- 1.4 This has allowed the Council to face the continuing financial pressures from a strong position, knowing it has the reserves to meet the challenges it faces.
- 1.5 Although it is worth noting the major improvements in financial management and cost control over the last 20 years, the Council needs to continue to press this home in the year ahead in order to continue to drive value for money across its core operations. This will also ensure the Council continues to protect its reserves and it will ensure the Council is in a strong position to meet any unexpected future demands. Members of all parties have made it clear that this is an absolute priority for the Authority and have supported a rigorous approach to this issue.
- 1.6 The Council must also deal clearly and effectively with the challenges ahead. The MTFS continues to indicate major savings pressures over the next three years, most of which stem from forecast inflationary increases and costs arising from new and emerging issues.
- 1.7 For Hyndburn this will require a focus on, and commitment to, tough decisions for several years ahead. Indications from right across local government suggest there is huge pressure on services due to the limited amount of funding available. The reduction in funding for Hyndburn Council announced as part of the Finance Settlement will place a significant pressure on the Council's revenue budget over the MTFS period. This is despite a purportedly stronger link to deprivation within the distribution formulas for government funding and Hyndburn's position as 16th most deprived borough on the 2025 Index of Multiple Deprivation (IMD).

# MEDIUM TERM FINANCIAL STRATEGY

2.1 The Medium-Term Financial Strategy (MTFS) has been updated by the Executive Director (Resources) ahead of the preparation of the Council's Budget

and submitted to the Cabinet meeting of the 18th February 2026. It will also be presented to the Council on the 26th February 2026.

2.2 The MTFS demonstrates the strong link between the Council's fortunes and decisions taken by Central Government, with deficits in future years as a direct result of Fair Funding review outcomes. Given our historical ability to deliver savings, balancing the Budget in these circumstances is within the capabilities of the Council. However, it will be challenging, and a savings and transformation plan will be developed to identify and monitor progress in achieving these savings. Given the extent of future gaps, it may be necessary to use earmarked reserves to bridge the gap whilst the benefits of transformation are yet to manifest.

2.3 2026/27 marked the first year of a multi-year settlement, the first for 10 years. The settlement saw the implementation of major reforms brought about as part of the Governments Fair Funding Review 2.0. The changes 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

2.4 The MTFS is produced on the assumption that the Council will continue to operate in its own right over the next 3 years. Current discussions regarding Local Government reorganisation have not yet produced a definitive path forward for the Council and therefore this has not been taken into account when preparing the budget or MTFS. However, it is worth noting that the potential cost of LGR may place pressure on future revenue budgets and will potentially be a call on the Council's reserves.

2.5 The Council may face other external pressures that it cannot control such as:

- Inflationary pressures on wages and the purchase of goods and services.
- Any continuing impact of the War in Ukraine on Energy Prices.
- Other global changes such as increases on Insurance premium due to Climate change or natural disasters.

2.6 In addition, the Council could face further financial pressure over the period of the MTFS if it uses up all its available capital resources and has to finance any future Capital spend from its Revenue Budget. In this context the Budget for 2026/27 needs to be a cautious one as significant turbulence to our financial well-being may be just a little over 12 months away.

# CONTINUATION BUDGET

3.1 The basis of the revenue budgets is to continue to provide the same level of services as provided in 2025/26 and therefore roll forward the budgets with the addition of the financial pressures that are being faced to create a new budgeted cost for continuation of service delivery. Our long-term Corporate Priorities are detailed within our Corporate Strategy with the overall objective of improving the local economy and the mix of housing within Hyndburn. The vision set out in the Corporate Strategy continues to be re-enforced, to minimise impact on those who have low incomes, those who have poor health and those who live in the poorest housing conditions. The Corporate Strategy seeks to overcome these factors by improving the local economy and the housing offer across Hyndburn. Our in-year objective is however a continued focus to support the national efforts to address any continuing factors from high cost of living and increasing costs for businesses in order to assist in a clear and speedy recovery locally. The delivery of our key corporate objectives remains a significant challenge in a period of reduced funding as well as uncertain national and global economic indicators.

3.2 Our current budgets are aligned to these objectives. Service Plans are updated on an on-going basis as required by Managers throughout the year and Service Managers are invited to update their medium-term running costs and changes of strategic or tactical direction ahead of the compilation of the Medium-Term Financial Strategy. Equally, the existing MTFS guides managers on the likely resources available over the future period and gives an indication of the potential boundaries and challenges they may face and need to address within their Service Plans. Cost pressures are initially dealt with internally within service areas, as are developments in new services provision with managers exercising their abilities to re-organise between priorities and choose between competing demands based on the guidance set out in the Corporate Strategy and discussions with Cabinet Members.

3.3 These calculations indicate a Continuation Budget of just over £17.608m with £1.939m of growth and inflationary pressures and this figure has been used in Appendix 1 to show the level of potential spend the Council faces compared to the resources available and establish the savings target for the Council going into 2026/27.

# GROWTH & INFLATION PRESSURES

4.1 The Council also needs to adjust its Budget this year to recognise a series of cost pressures from the salary increases and the national wage settlement for local government workers.

4.2 The negotiation of the local government pay award in 2025/26 resulted in a 3.2% increase, 0.2% higher than the original estimate. The 2026/27 budget includes a forecast for a 2.5% increase.

4.3 The impact of inflation and increased costs of materials has impacted the supplies and services budgets and created budget pressures across all service areas. These costs have been managed within budget resources within 2025/2026 through increased investment income returns. These returns are not expected to continue at such a high level over the period of the MTFS as interest rates continue to fall and the forecast level of capital expenditure in 2026/27 significantly reduces the balances available for investment. These are shown in Appendix 3.

4.4 The Council is seeing significant pressures in 2025/26 with regards in a couple of areas, which are expected to continue over the period of the MTFS and have therefore been reflected in the budget for 2026/27:

- Support for Leisure services – The Council's leisure services are outsourced and run by Hyndburn Leisure Trust. Increases over recent years in utility costs, minimum wage and more recently National Insurance, have all significantly impacted the Trusts ability to maintain a breakeven position. The Trust are in the process

of setting their budget for 2026/27, but it is expected that they will require financial support from the Council of around £0.5m. Financial support equal to this amount has been included in the Council's budget but will require a subsidy control assessment before it could be provided to Hyndburn Leisure.

- Accrington Indoor Market – Following the regeneration of the Market Hall in Accrington Town Centre, the Council has allocated revenue budget provision for ongoing operational costs, including staffing and utilities. These costs are currently estimated at approximately £0.300m for 2026/27 and are expected to increase in line with inflation over the MTFS period.
- Additional Leasing Costs – In 2025/26 the Council transitioned to a leasing model for procuring vehicles and equipment, enabling capital receipts previously intended for vehicle purchases to be redirected to support the wider capital programme. In accordance with lease accounting requirements, this approach results in a revenue pressure arising from additional interest costs (£0.188m) and Minimum Revenue Provision charges (£0.209m).
- Housing Benefits / Exempt Accommodation – The Council processes Housing Benefit claims on behalf of the Department for Work and Pensions (DWP), the majority of which it recovers through subsidy grant funding. However, there are certain categories of benefit claims which the Council is unable to recover. The Council has seen a significant

# GROWTH & INFLATION PRESSURES

## (CONTINUED)

increase over 2025/26 in claims related to the 'exempt properties' category of which the Council is unable to recover. In line with the expected outturn for the current financial year, additional costs of £0.4m were included in the 2025/26 budget for dealing with this issue, this will be increased each year across the MTFS period. The Council has set up a working group who are looking at how this issue can be addressed.

- Oswaldtwistle Civic Theatre – The closure of the theatre and return of the lease to the Council has resulted in the need to undertake surveys and compliance works to understand the condition of the building, prior to it being ready for potential future occupation. The Council approved £60,000 per annum in its revenue budget from 2024/2025 to cover any associated costs. The Council also set aside capital funding of £517,000 to carry out works including roof replacements and interior refurbishments that to make progress towards re-opening parts of the building. It is anticipated that the funding of any further major capital works will be provided through external bodies. The site has been added to a heritage "at risk" register by the Theatres Trust charity as part of its efforts to protect the venue.
- Waste Disposal / Transfer Station – Negotiations with Lancashire County Council regarding their contract

situation for the disposal of waste at the Whinney Hill site have been positive, with LCC identifying a new site just outside the borough that will be available after the closure of the Whinney Hill Site. It is not expected that the Council will incur any additional costs in disposing of its waste at this new location.

- Introduction of Food Waste Collections – From April 2026 the Council is required to introduce a food waste collection service for residents. A grant has been received from DEFRA to support the capital costs of implementation, including the purchase of vehicles, bins and food caddies. It had been assumed that further grant funding would be provided to meet the associated ongoing revenue costs; however, MHCLG has confirmed through the Finance Settlement that no new burdens funding will be made available. This results in an additional revenue pressure of £0.300m from 2026/27 onwards.
- Cremation services – It has now been confirmed that there will be a change in legislation to enforce new systems for mercury abatement to be installed/retro fitted to the current incinerators at the crematorium. It is expected that these changes may come into place in 2 to 3 years' time and there will be a significant capital cost for works to ensure compliance. The Council has set aside a total of

# GROWTH & INFLATION PRESSURES

## (CONTINUED)

£0.350m to date within earmarked reserve to support with the cost of the works. Further contributions of £0.150m are included in the budgets from 2026/27 onwards. A scheme has been included in the future years capital programme for 2027/2028 with estimated £1m costs to carry out these improvements.

- Extended Producer Responsibility – From 2025, some organisations and businesses must pay a fee for the packaging they supply to or import into the UK market. This is called extended producer responsibility (EPR) for packaging. The money will go to local authorities (LAs) are classed as either waste disposal, waste collection or unitary authorities or statutory waste disposal authorities. The fees collected will be paid over to local authorities to cover net costs of collecting, managing, recycling and disposing of household packaging waste. The Council has been notified it could receive a grant of over £1.224m in 2026/2027 to cover these costs. Future years grants are assumed to be at a similar level.
- Levelling Up Fund Projects and Town Centre Regeneration – these schemes have revenue consequences for the Council and to date there are no known pressures although as the schemes progress there is a possibility that there could become pressures once buildings are fully operational.

- Huncoat Garden Village delivery – the Council has accepted a grant offer from Homes England for nearly £30m to facilitate the development of over 1,800 new homes on a site designated at Huncoat. To date there are no known pressures as the delivery of the project is covered within the grant.

- 4.5 To reduce the impact of rising costs, the service plans include increases in service charges through fees and charges.
- 4.6 The Council is also making provision within its revenue budget to set aside reserves to deal with the future service provision and capital costs of legislation changes in mercury abatement at the crematorium in 2027.
- 4.7 To balance the Budget, it is proposed to introduce a vacancy management target at cost centre level, undertake an operational building review and also maintain supplies and services at 2025/26 levels. The Council is also introducing a new statutory function around separate food waste collection from April 2026. Some of the cost of this new food waste service is now included within the Council's finance settlement. This is difficult to identify.
- 4.8 The Council's organisational review in late 2025 identified several service areas requiring additional resources to meet key corporate objectives over the coming years. As a result, from 2026/27 onwards the MTFS includes a series of growth assumptions, mainly relating to

new or amended posts within the following priority services:

- Planning
- Legal
- Facilities
- Community Safety
- Leisure and Sport

4.9 The growth proposals also include costs for equalising pay and conditions, as well

as training to prepare staff for the local government review in April 2028.

4.10 In addition, the Council will take on a new statutory duty to provide separate food waste collection from April 2026. Some funding for this service is included within the finance settlement, although it is difficult to isolate. Overall, the total estimated cost of all growth items over the MTFS period is approximately £4.2m.

## AVAILABLE RESOURCES

As covered in the MTFS, briefly, these are the resources available to the council:

### FUNDING REFORM

allow councils greater freedom to respond to local priorities.

#### 5.1 The reform of Local Government

funding, dubbed the Fair Funding Review 2.0, aimed to bring about wide-reaching changes to the funding landscape, with the intention of providing greater stability, predictability, coherence, and a clearer link to need. A central principle of the reforms is the move towards a multi-year local government finance settlement. This approach is intended as a means of reducing uncertainty, enabling councils to plan more effectively across spending review periods, and strengthening accountability by clarifying expectations about funding arrangements and performance outcomes over time.

5.2 Another key principle is the aim to simplify and rationalise funding streams in order to reduce complexity in the local government finance system, including a preference for fewer, more flexible funding mechanisms. This is intended to support local discretion, reduce administrative burdens, and

5.3 MHCLG have adopted a phased approach to transition, intended to allow local authorities time to adjust financial plans, governance arrangements and service models, by moving to the revised funding position over a 3-year period, and the implementation of funding floors. The majority of Councils have been guaranteed a cash flat settlement against the 2025/26 baseline, however where a local authority is over 15% above its calculated funding position a 95% funding floor has been adopted. Hyndburn Council was highlighted early on in the consultation process as being one of hardest hit by the changes and this was confirmed in the December Provisional Local Government Finance Settlement. As such Hyndburn is set to lose 5% of funding by 2028/29.

# AVAILABLE RESOURCES

## (CONTINUED)

### CORE GOVERNMENT REVENUE

#### SUPPORT GRANT (RSG)

5.4 The Government's Finance settlement has allocated Revenue Support Grant (RSG) for 2026/27 of £5,715,200. This is an increase compared to the 2025/26 allocation of £2,069,300. However, funding reforms and consolidation of multiple funding streams such as New Homes Bonus and Business Rates Under indexation compensation means that it is not possible to compare RSG between years. Funding should instead be considered as a whole, including grants, Business Rates and Council Tax, which saw funding decrease from £17.401m in 2025/26 to £16.836m in 2026/27. For 2026/27 Homelessness Grants were distributed as part of the funding settlement bringing total funding to £17.608m, previously this grant was included within net service expenditure.

5.5 During 2025/26 a new Recovery Grant was introduced by the Government, which has been distributed to '*places with greater need and demand for services, and which are least able to fund their own services locally*'. Hyndburn received an allocation of £390,068, following responses from the Fair Funding Review consultation, MHCLG announced that this funding will continue throughout the Settlement period 2026/27 to 2028/29.

#### BUSINESS RATES

5.6 Business Rates, which until 2013/14 came in the form of a grant from Central

Government, is now collected and partially retained locally and is therefore a separate revenue source for the Council. The Council currently shares the business rates collected locally with the Government who take 50% of the sums raised, Lancashire County Council who receive 9% and the Lancashire Combined Fire Authority who receive 1%. In addition, the Government operates a system of Tariffs and Top-ups which sees the amount retained by Hyndburn Council reduced by a further £10.081m. The Council also now has the risk around non-collection and the impact of late payments.

5.7 These changes add an additional degree of complexity to forecasting correctly the level of Business Rates the Council will receive to manage its Budget in 2026/27 and therefore there is a recommendation to allow the Executive Director (Resources) to draw upon reserves if this figure included in the Budget is too high compared to the actual level of revenue received and for the Executive Director (Resources) to contribute any additional sums received over and above the Budgeted figure to reserves, or to support the Capital Programme going forward with these one-off sums.

5.8 The long-awaited reset of the business rates system has now been implemented and has recalculated both the 'baseline funding level' and the 'business rates baseline' for all English authorities. This equates to the level of funding the Government believe the Council needs versus what it can collect in Business Rates. This effectively takes any growth in the business rates system since its

inception on redistributes it across the country.

5.9 New multipliers have also been introduced, with businesses in the Retail, Hospitality and Leisure service paying a lower rate. Nationally, this change is being funded by a new higher multiplier on hereditaments with rateable values of over £500,000. For 2026/27 the estimated revenue from Business Rates is expected to be £3.955m, which includes a forecast surplus of £0.422m from the 2025/26 financial year.

## COUNCIL TAX

5.10 It is expected that Council Tax will raise the equivalent of £6.368m of revenue for the Council in 2026/27. In 2026/27 the council will increase its portion of the residents' bill. This year will see the Band D equivalent increase by 2.99% on the 2025/26 levels, therefore there will be an increase of £8.27 per household charge for a band D Property, increasing the charge to £284.73. Following the funding reforms, Council Tax will form an ever-greater proportion of overall funding for the Council, increasing the potential negative effects of non-collection.

## RESOURCE SUMMARY

The Council's estimated Resources for 2026/27 are £17,607,700.

The largest items of funding come from Central Government Funding of £7,285,300 (41%) with RSG forming the largest element. The retention of Business rates £3,954,600m (22%) and Council Tax raised with £6,367,800m (37%) represent locally raised funding; this includes prior year surpluses. As indicated above, the reform of local government funding has significantly changed the proportion of funds received via Grant compared to Business Rates.

## BUDGET PROPOSAL

5.1 The Cabinet recognises that it needs to maintain services and continue to deliver on its key priorities. It also has a clear duty to set a balanced financial budget for 2026/27 and continue its financial strategy to ensure its financial stability over the medium term.

5.2 The proposals for 2026/27 assume that savings activated to deliver previous budgets continue to be used and that where one-off savings were identified, Budget Holders bring forward equivalent amounts in 2026/27 to buttress their

budgets ahead of any further proposed savings for 2026/27 onwards.

5.3 With expected resources of £17,607,700 for 2026/27, the cost of operating the organisation of £16,444,000 for the year ahead plus £1,663,700 for inflation and other cost pressures, the Council has incorporated savings targets of £500,000 within its 2026/27 revenue budget to meet its funding of £17,607,700. This includes an in-built vacancy management of £0.150m, a freeze on supplies and services to 2025/26 levels at circa £0.250m and other small savings targets of £0.100m.

# RESERVES

7.1 The Council has recognised the need to refresh and maintain its financial reserves after they became dangerously low as a result of the financial difficulties we experienced over a decade ago.

7.2 However, after the significant improvement achieved over the last few years it has not been necessary to make an additional provision since 2006/07 from the Revenue Budget, and it is possible for 2025/26 to continue with this policy. General reserves are currently just over £2.4m and with an expected surplus anticipated for 2025/26, reserve levels should remain consistent with previous years.

7.3 The strong position on reserves therefore allows the Council to commit its entire available budget to service provision, further improving the delivery to the residents of Hyndburn.

7.4 Reserves, while having been restored after the difficulties of a few years ago, need to be maintained and increased when possible. The MTFS outlines the large number of potential claims on our expenditure from items that are not contained within the Budget and a minimum provision to face these threats of £1.0m is considered appropriate. Some of the potential calls upon the Reserves are listed below from the MTFS,

- The reductions in core Government Grants stemming from how the Government determines to manage public sector finances over the next few years.
- The threat of substantial increased costs from the Government's proposals to cap the amount it reimburses the Council in relation to Council Tax support.
- The increased threat of industrial action during a period of public sector pay restraint and job losses.

- The Government's stated intention to end paying Housing Benefit and the potential for large residual costs that may fall upon Councils in terminating this service.
- Potential costs from challenges to Planning decisions or enforcement action.
- The increased threat of settling employment disputes as a result of employment tribunal decisions and changes in employment law.
- Emergency spend pressures in-year, due to one-off items of capital or revenue spend.
- The continuing trading difficulties experienced by Hyndburn Leisure and financial pressures on other partner organisations.
- Supplier failure during an elongated period of financial constraint.
- Legal challenges over the operation of our fees and charges.
- Continuing reductions in our income from fees and charges as the economy remains sluggish.
- Potential large fines under the General Data Protection Regulations introduced in 2022/23.
- The uncertain revenue budget implications of the introduction of the new Food Waste service and the requirements for new Waste transfer arrangements from 2026.
- The unknown impact of Local Government reorganisation

7.5 This is not a fully comprehensive list of all the potential calls that could be made on the reserves, however it provides some indication of the financial risks outside the core Budget that the Council could face.

7.6 While some events are more likely than others and they vary in their potential cost to the Council, the extent and monetary range of these unbudgeted challenges have the potential to severely damage the Council's finances if they mature.

# CONT. RESERVES

7.7 The Council is expecting significant movement in its reserves over the next financial year, as it continues the planned capital programme works. There will also be additions to its reserves over the next few years through forecast underspends in 2025/26 and planned set asides for future commitments on capital expenditure.

7.8 The table below shows the forecast position for the Councils usable reserves as at 31st March 2026 at £17.346m, with this further reducing to £7.507m by 31st March 2027.

	Balance of Reserves 1 April 2025	Forecast Change in Reserves 2025/26	Forecast Balance of Reserves at 31 March 2026	Forecast Change in Reserves 2026/27	Forecast Balance of Reserves at 31 March 2027
	£'000	£'000	£'000	£'000	£'000
<b>General Fund:</b>					
General Fund Balance	2,464	(577)	1,887	(606)	1,281
<b>Total Unallocated General Fund Reserves</b>	<b>2,464</b>	<b>(577)</b>	<b>1,887</b>	<b>(606)</b>	<b>1,281</b>
<b>Earmarked Reserves:</b>					
Planning S106 Reserve	294	(144)	150	-	150
Invest to Save	696	(579)	117	1,000	1,117
Communities for Health Reserve	53	(42)	11	-	11
Dilapidations Reserve	26	7	33	-	33
Revenue Funding for Capital Schemes	2,638	-	2,638	(2,638)	-
Collection Fund Volatility Reserve	545	(121)	424	-	424
Climate Change Reserve	548	(494)	54	-	54
Balances Set Aside to Fund Specific Future Expenditure	4,291	(1,760)	2,531	(519)	2,012
Levelling Up and Leisure Investment	6,592	(3,343)	3,249	(2,725)	524
<b>Total Earmarked Reserves</b>	<b>15,683</b>	<b>(6,476)</b>	<b>9,207</b>	<b>(4,882)</b>	<b>4,325</b>
<b>Capital Receipts Reserve:</b>					
Capital Receipts Reserve	2,422	445	2,867	(966)	1,901
<b>Total Capital Receipts Reserve</b>	<b>2,422</b>	<b>445</b>	<b>2,867</b>	<b>(966)</b>	<b>1,901</b>
<b>Capital Grants Unapplied:</b>					
Capital Grants Unapplied	9,656	(6,271)	3,385	(3,385)	-
<b>Total Capital Grants Unapplied</b>	<b>9,656</b>	<b>(6,271)</b>	<b>3,385</b>	<b>(3,385)</b>	<b>-</b>
<b>Total Usable Reserves</b>	<b>30,225</b>	<b>(12,879)</b>	<b>17,346</b>	<b>(9,839)</b>	<b>7,507</b>

# RISKS & MANAGEMENT

- 8.1 The 2026/27 Budget is constructed on a number of estimates, because exact figures are not known for many future events. There are a number of these estimations which are subject to uncertainty and volatility. In order to complete the Budgetary exercise, it is necessary to make a series of judgements around the level at which certain items should be costed. The significant areas in the Budget around which judgements have been applied are explained below.
- 8.2 There is also significant estimation in the figure for Business Rates paid in the year and these are liable to fluctuate significantly for a wide variety of reasons and may be more volatile in 2026/27 than previously as a wider number of businesses struggle financially.
- 8.3 There is no agreement over the national wage increase for local government workers currently, however given the recent economic situation it may be a risk that the 2.5% pay award budgeted does not fulfil the union wage demands and this could create a financial risk to the Budget of the Council. General inflationary pressures on non-wage expenditure have been included in the budget, and it is not expected that these will accelerate to create an immediate threat to our Budget.
- 8.4 Both national and global factors may create additional economic volatility and impact the Bank Base Rate over the 2026/27 financial year. It is expected that this volatility will reduce although rates may remain high and this creates additional costs. The council has been, and will continue to, mitigate these additional costs through the maximisation of its treasury investments to ensure the best interest rates are achieved whilst minimising the risk surrounding security of funds and maintaining liquidity.
- 8.5 The next 12 months therefore sees a Budget period in which the management of costs and the monitoring of Business Rates will be key.
- 8.6 The normal risks around in-year pressures on spending and income will be dealt with via our well-developed budget reporting mechanisms, which not only displays how much is spent each month within the Council but requires Service Managers to estimate their spend to the end of the year. We should therefore receive early warnings of any overspends allowing corrective action to be taken. Reserve levels are also sufficient to allow us to be protected from any immediate threat, while we take action to adjust our cost base to cope with any external financial pressures.
- 8.7 The Council uses various external advisers to assist in the mitigation of risk and ensure that the Council is prepared and well advised on how to identify, assess and control risks.

# CONSULTATION

This year we asked the public and businesses to attend a meeting of the Council's Overview and Scrutiny Committee on the Budget which will take place at 4:00pm on 23rd February 2026. Details can be found on the Council's website. At this meeting all those who joined us got to hear the questions put to each of the main parties around their Budget proposals and the public as well as businesses representatives were invited to put questions to the Leaders of each group and make any general comments. This direct involvement with the public and businesses at this key meeting to debate the Cabinet's budget proposals is seen as a continuing innovative way to engage the public and create a dialogue that informs Councillors and the public of the choices and difficulties around setting the budget.

The Council Tax due to Hyndburn Borough Council for each property by Band is shown at Appendix 4.

The overall estimated Council Tax per household for 2026/27 is shown at Appendix 5.

# CONCLUSION

The overall Revenue Budget 2026/27 is set out at Appendix 2. The Budget for 2026/27 will be £17,607,700 and will be supported by a Council Tax levy of £284.73 for a Band D property—translating into a revenue source of £6.368m to meet services to the local community. The Budget has been determined in light of continuing upward

pressure on costs, the additional costs associated with both national and global issues, previous financial difficulties that continue to overhang the Council, the available funding from Government and the Council's strong desire to provide high levels of service to the Community in line with its priorities.



# APPENDIX 1

## INITIAL OUTLINE BUDGET

### 2026/27

INITIAL OUTLINE BUDGET 2026/27	£'000
<b>Resources:</b>	
Non-Ringfenced Government Grants	(7,285)
Business Rates	(3,955)
Council Tax	(6,368)
<b>Total Resources Available</b>	<b>(17,608)</b>
<b>Net Expenditure:</b>	
<b>Roll Forward Budget</b>	<b>17,444</b>
<b>Net Expenditure Increases</b>	
Inflationary Increases	486
Budget Pressures - Net Expenditure Pressures/Savings	(991)
Budget Pressures - Net Income Changes	100
Approved Budget Additions	706
Changes in Movement to/from Reserves	(137)
<b>Total Changes in Net Expenditure</b>	<b>164</b>
<b>Predicted Spend</b>	<b>17,608</b>
<b>Savings Required</b>	
Corporate Savings Target	0.00%
	-
<b>Predicted Spend After Savings Targets</b>	<b>17,608</b>
<b>Unfunded Spend at this Time</b>	<b>(0)</b>

# APPENDIX 2

## REVENUE BUDGET

### 2026/27

REVENUE BUDGET 2026/27	£'000
<b>Service Expenditure</b>	
Resources	5,855
Legal and Democratic	2,069
Planning and Transportation	648
Environmental Services	4,234
Environmental Health	882
Regeneration and Housing	1,651
Growth Items	706
<b>Total Service Expenditure</b>	<b>16,045</b>
<b>Non-Service Income and Expenditure</b>	
Minimum Revenue Provision	1,294
Interest Payable	669
Investment Income	(603)
Capital Items	4
<b>Total Non-Service Income and Expenditure</b>	<b>1,364</b>
<b>Net Cost of Services</b>	<b>17,409</b>
Contributions to/(from) Reserves	199
<b>Total Net Expenditure</b>	<b>17,608</b>
<b>Funded by:</b>	
<b>Non-Ringfenced Government Grants</b>	
Revenue Support Grant	(5,715)
Recovery Grant	(390)
Funding Floor Payments	-
Homelessness, Rough Sleeping and Domestic Abuse Grant	(722)
Adjustment Support Grant	(458)
<b>Total Non-Ringfenced Government Grants</b>	<b>(7,285)</b>
<b>Business Rates</b>	
Business Rates Income	(13,594)
Business Rates Tariff	10,081
Business Rates (Surplus)/Deficit from Prior Year	(442)
<b>Net Business Rates Income</b>	<b>(3,955)</b>
<b>Council Tax</b>	
Council Tax Requirement	(6,316)
Council Tax (Surplus)/Deficit from Prior Year	(52)
<b>Net Council Tax Income</b>	<b>(6,368)</b>
<b>Total Estimated Funding</b>	<b>(17,608)</b>
<b>Funding Gap Remaining</b>	<b>-</b>

# APPENDIX 3

## BUDGET MOVEMENTS IN YEAR

### 2026/27

BUDGET MOVEMENTS	£'000
<b>Expenditure Budgets</b>	
Prior Year Expenditure Budgets	17,444
<b><i>Inflationary Increases:</i></b>	
Salaries & Wages	569
Utilities	(158)
Supplies & Services	240
Changes in Service Grant Income	(229)
Changes in Service Fees and Charges Income	64
Housing Benefit Subsidy & Administration	-
<b>Total Inflationary Adjustments</b>	<b>486</b>
<b><i>Identified Budget Pressures/Savings:</i></b>	
Pension Contribution Savings	(1,488)
Food Waste Collection	300
Additional Interest Payable - Leasing	188
Additional MRP - Leasing	209
Indoor Markets operations Costs	300
Vacancy Management Savings	(150)
Operational Building Review and Procurement - Savings	(100)
Supplies and Services - Savings	(250)
Reduction in Forecast Interest Receivable	100
<b>Total Identified Budget Pressures</b>	<b>(891)</b>
<b><i>Approved Budget Additions:</i></b>	
<u>Labour Group Proposals</u>	
Growth - Additional Posts	360
Growth - Additional Salary Costs	346
<b>Total Labour Group Proposals</b>	<b>706</b>
<b>Total Approved Budget Additions</b>	<b>706</b>
<b><i>Changes in Contributions to/from Reserves</i></b>	
Change in Contributions from Reserves	757
Change in Contributions to Reserves	(894)
<b>Net Change in Contributions to/from Reserves</b>	<b>(137)</b>
<b>Spend Total</b>	<b>17,608</b>
Corporate Savings Target Identified	0.00%
	-
<b>Total Net Expenditure</b>	<b>17,608</b>

## APPENDIX 4

### HBC TAX INCREASE 2026/27

### BY PROPERTY BAND

Valuation Band and Statutory Ratios of Band D Council Tax	Ratio	Council Tax		
		2025/26	2026/27	Annual Increase
Band A	6/9	£ 184.31	£ 189.82	£ 5.51
Band B	7/9	£ 215.02	£ 221.46	£ 6.44
Band C	8/9	£ 245.74	£ 253.09	£ 7.35
Band D	9/9	£ 276.46	£ 284.73	£ 8.27
Band E	11/9	£ 337.90	£ 348.00	£ 10.10
Band F	13/9	£ 399.33	£ 411.28	£ 11.95
Band G	15/9	£ 460.77	£ 474.55	£ 13.78
Band H	18/9	£ 552.92	£ 569.46	£ 16.54

# APPENDIX 5

## ESTIMATED OVERALL CHANGE IN COUNCIL TAX 2026/27

Council Tax Schedule	2026/27									Change Between 2025/26 and 2026/27									2026/27 % of total Band D
	Band AA £	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £	Band AA £	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £	
Hyndburn Borough Council	£158.18	£189.82	£221.46	£253.09	£284.73	£348.00	£411.28	£474.55	£569.46	£4.59	£5.51	£6.44	£7.35	£8.27	£10.10	£11.95	£13.78	£16.54	11.51%
Lancashire County Council	£1,000.97	£1,201.17	£1,401.36	£1,601.56	£1,801.75	£2,202.14	£2,602.53	£3,002.92	£3,603.50	£36.64	£43.98	£51.30	£58.64	£65.96	£80.62	£95.28	£109.94	£131.92	72.84%
Lancashire Police & Crime Commissioner	£162.44	£194.93	£227.42	£259.91	£292.40	£357.38	£422.36	£487.33	£584.80	£8.33	£10.00	£11.66	£13.33	£15.00	£18.34	£21.67	£25.00	£30.00	11.82%
Lancashire Fire & Rescue Authority	£52.63	£63.15	£73.68	£84.20	£94.73	£115.78	£136.83	£157.88	£189.46	£2.78	£3.33	£3.89	£4.44	£5.00	£6.11	£7.22	£8.33	£20.00	3.83%
<b>Total Council Tax</b>	<b>£1,374.22</b>	<b>£1,649.07</b>	<b>£1,923.92</b>	<b>£2,198.76</b>	<b>£2,473.61</b>	<b>£3,023.30</b>	<b>£3,573.00</b>	<b>£4,122.68</b>	<b>£4,947.22</b>	<b>£52.34</b>	<b>£62.82</b>	<b>£73.29</b>	<b>£83.76</b>	<b>£94.23</b>	<b>£115.17</b>	<b>£136.12</b>	<b>£157.05</b>	<b>£198.46</b>	<b>100.00%</b>
<b>Parish Precepts:</b>																			
Altham Parish Council	£24.63	£29.55	£34.48	£39.40	£44.33	£54.18	£64.03	£73.88	£88.66	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	
<b>Total Altham Parish Council &amp; Hyndburn Borough Council</b>	<b>£182.81</b>	<b>£219.37</b>	<b>£255.94</b>	<b>£292.49</b>	<b>£329.06</b>	<b>£402.18</b>	<b>£475.31</b>	<b>£548.43</b>	<b>£658.12</b>	<b>£4.59</b>	<b>£5.51</b>	<b>£6.44</b>	<b>£7.35</b>	<b>£8.27</b>	<b>£10.10</b>	<b>£11.95</b>	<b>£13.78</b>	<b>£16.54</b>	
<b>Total for Altham Parish Properties</b>	<b>£1,398.85</b>	<b>£1,678.62</b>	<b>£1,958.40</b>	<b>£2,238.16</b>	<b>£2,517.94</b>	<b>£3,077.48</b>	<b>£3,637.03</b>	<b>£4,196.56</b>	<b>£5,035.88</b>	<b>£52.34</b>	<b>£62.82</b>	<b>£73.29</b>	<b>£83.76</b>	<b>£94.23</b>	<b>£115.17</b>	<b>£136.12</b>	<b>£157.05</b>	<b>£198.46</b>	

# APPENDIX 6

## ALTHAM PARISH PRECEPT

### BY PROPERTY VALUATION BAND

### 2026/27

Valuation Band and Statutory Ratios of Band D Council Tax	Ratio	Council Tax		
		2025/26	2026/27	Annual Increase
Band A	6/9	£ 29.55	£ 29.55	£ -
Band B	7/9	£ 34.48	£ 34.48	£ -
Band C	8/9	£ 39.40	£ 39.40	£ -
Band D	9/9	£ 44.33	£ 44.33	£ -
Band E	11/9	£ 54.18	£ 54.18	£ -
Band F	13/9	£ 64.03	£ 64.03	£ -
Band G	15/9	£ 73.88	£ 73.88	£ -
Band H	18/9	£ 88.66	£ 88.66	£ -