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	Date:	22 Feb 2024

cc. All other recipients of the Council agenda

Dear Councillor,

COUNCIL - 28 FEBRUARY 2024

Please find attached the following reports which were marked "to follow" on the agenda for the above meeting:

10. Budget 2024/25 and Medium Term Financial Plan (Pages 3 - 100)

11. Capital Strategy, Minimum Revenue Provision Policy and Treasury Management Strategy 2024/25 (Pages 101 - 141)

Please bring these papers with you to the meeting next Wednesday

MEETING	**:**	COUNCIL
VENUE	**:**	COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE	**:**	WEDNESDAY 28 FEBRUARY 2024
TIME	**:**	7.00 PM

East Herts Council Report

Council

Date of meeting: 28 February 2024

Report by: Councillor Carl Brittain, Executive Member for Financial Sustainability

Report title: Budget 2024/25 and Medium Term Financial Plan 2024 – 2034

Ward(s) affected: All

Summary – This report sets out the revised Medium Term Financial Plan (MTFP) and options to balance the budget in 2024/25 and 2025/26. The council's financial position will remain uncertain until the final Local Government Finance Settlement is published and officers have completed the NNDR1 forecast of business rates for 2024/25. Since the current MTFP was approved by Council on 1 March 2023, the financial situation facing local authorities has worsened, with inflation, particularly the pay award and major contract inflation, exceeding the provisions in the budget for the second year running. The council has also been subject to continuing real terms reductions in resources from Government and council tax increases have also been constrained and only been allowed at below inflation levels. This revised MTFP presents Members with difficult decisions to take to ensure the council can meet its financial commitments and remain financially sustainable. Budget proposals have been prepared so that services to vulnerable residents are protected.

RECOMMENDATIONS FOR COUNCIL:

a) To approve the budget and Medium Term Financial Plan at Appendix A, the savings programme at Appendix C, the Fees and Charges at Appendix F and increase Council Tax by 2.99%, which will result in a Band D Council Tax increase of £5.65 to £195.52 per year.

b) Note the proposed savings requirements, that will need to be delivered to balance the budget in the medium term:

	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Gross Savings requirement	**1,186**	**5,606**	**5,606**	**6,132**
Savings plans 2024/25	(1,186)	(4,195)	(4,195)	(4,424)
Savings not yet identified:				
2025/26 savings to be identified		***(1,411)***	***(1,411)***	***(1,411)***
2027/28 savings to be identified				***(526)***

c) Approve the amended Capital Programme at Appendix B which pauses the Old River Lane Arts Centre, reducing revenue costs of Minimum Revenue Provision and interest by £1,514k per annum on current interest rates, a total saving of £7.442 million of over the MTFP period. Comment on the capital expenditure priorities:

i. essential property maintenance to meet statutory requirements or to prevent loss or damage to neighbouring properties;

ii. investment in ICT to continue but that the budget carry forward that has not been used for two years is deleted;

iii. invest to save initiatives where the business case indicates that the cost of the investment will be recovered in under 10 years;

iv. to allow pausing of construction of the Arts Centre at Old River Lane until such time as debt levels have fallen sufficiently to make the revenue impacts of new borrowing affordable while at the same time undertaking landscaping works on the arts centre site so that it is an attractive site rather than an undeveloped area blighting the retail and commercial units in the City Heart scheme;

v. provide up to £170k for essential maintenance works for the URC Church Hall in Bishop’s Stortford;

vi. completion of Hertford Theatre, at as low a cost as possible, so that the entire venue is opened and run on a strictly commercial basis to maximise income; and

vii. investment in depot works and waste containers for the new waste and recycling contract.

d) Note the implication of the Autumn Statement that a further round of austerity is proposed by the Government and that the two major parties seem intent on keeping to the announced expenditure totals which will severely reduce government funding and inevitably require service cuts.

1.0 Proposal(s)

1.1 The current Medium Term Financial Plan (MTFP) approved by Council in March 2023 has been updated to reflect current inflation impacts and the announced well below inflation increase in local government resources.

1.2 The financial situation facing local authorities has worsened over the last year with inflation, particularly the pay award and major contract inflation, exceeding the provisions in the budget for the second year running. The council has also been subject to continuing real terms reductions in resources from Government and council tax increases have also been constrained and only been allowed at below inflation levels.

Budget pressure mitigation that has been built into the proposed MTFP update

1.3 Officers have identified several mitigating measures which have been built into the proposed revised financial forecast – in summary:

1.3.1 the increase in planning application fees has been fed into the resource model;

1.3.2 higher treasury income from higher interest rates has been factored in;

1.3.3 the previous assumption of government funding declining in real terms has been replaced with the announced 3% increase in 2024/25 and an increase of 2% in 2025/26 followed by a cash freeze thereafter. That said, following the Autumn Statement which signalled a return to austerity, this assumption may be too optimistic. The impact of a 35% reduction in funding spread over the four years from 2025/26 has been modelled and the impact of this is included in the Risk section;

1.3.4 the proposal that the Arts Centre element of the Old River Lane urban renewal scheme is postponed until the borrowing to construct the building becomes affordable. In the interim, it is proposed that a civic square would be constructed with services for the new arts centre provided in one corner of the square to promote the overall CityHeart scheme. Capital expenditure on the Old River Lane Scheme contains capitalised salaries of officers managing and monitoring delivery of the scheme of £500k per year, split between the main CityHeart development and the Arts Centre site; and

1.3.5 at least £6 million of capital receipts are generated and are used to reduce the capital financing requirement and pay down external debt while enabling the capital investment priorities in the proposed MTFP to be delivered. Debt financing is held as a corporate cost in accordance with the accounting code of practice so this will reduce the corporate level of debt. Officers have identified another £4.6 million of potential asset sales and it is proposed that those receipts are used to finance the capital programme avoiding £392,533 per year in borrowing costs.

Assumptions within the MTFP following mitigation

1.4 The revised MTFP position is shown in Appendix A. Several key assumptions have been made in refreshing the MTFP and these are detailed in the following paragraphs.

1.5 The proposed MTFP takes into account the costs of the 2023/24 pay settlement which was more than the budget provision as well as the effects of inflation.

1.6 The Council Tax Base due to be set at Council in December is currently estimated to improve on the current MTFP assumptions and is 64,809.9. The assumptions provide for a prudent level of increase in the tax base overall whilst avoiding a potential Collection Fund deficit in 2024/25. Should the estimate of new properties fail to materialise or there is an upswing in Working Age Local Council Tax Support claims then this will result in a Collection Fund deficit which will be apportioned between East Herts, the County Council and the Police and Crime Commissioner according to the statutory calculation based on Council Tax Precepts and Demands. The growth assumptions in the tax base calculation have been set prudently to avoid optimism bias at 500 new properties per year.

1.7 The provisional local government finance settlement confirmed planning assumptions on Retained Business Rates, Revenue Support Grant (RSG) and other grants were rolled forward and the 3% increase, already announced by ministers, was confirmed.

1.8 New burdens funding for the introduction of food waste collections for capital items such as vehicles and containers was announced with East Herts being given £1.5 million. The actual new burdens funding for on-going revenue costs will be announced as part of the 2025/26 settlement. The grant has been used to fund capital expenditure by a charge to revenue.

1.7 The cash contribution to pay off the past service deficit arising in the pension fund is as per the just completed triennial revaluation of the fund. For budgetary purposes this figure is rolled forward over the life of the MTFP but will in reality be reset in 3 years' time at the next triennial revaluation.

1.8 Pay inflation, in line with inflation forecasts has been set at 5% in 2024/25 but remaining at 2% in future years. Contract inflation has been set at 4% in 2024/25 and 2% thereafter.

1.9 The resulting savings requirement was met by a combination of savings proposed by the Leadership Team, which are being implemented under the scheme of delegation and do not require Member approval, with the balance coming from savings proposed in Appendix C. The savings under delegation can be summarised as shown in the table below:

	2024/25	**2025/26**	**2026/27**
	£(000)	**£(000)**	**£(000)**
Transforming East Herts: transition to future operating model	(250)	(500)	(500)
Transforming East Herts: Shared Revs and Bens Service Review	(200)	(225)	(425)
Transforming East Herts Digital changes	(128)	(148)	(148)
Transforming East Herts: Commercial projects	(145)	(302)	(331)
Efficiency – ending paid overtime	(200)	(200)	(200)
Efficiencies – other efficiencies	(180)	(214)	(214)
TOTAL	(1,103)	(1,589)	(1,818)

Progress on the Transforming East Herts Programme will be reported to Executive and Audit & Governance Committee later this year.

1.9 The Transforming East Herts Programme is designed to modernise the council and deliver services that are digital by default ensuring end to end services are available 24/7 on the web. To be clear, there will still be a customer contact centre with members of staff on the telephone for those residents who cannot use digital services and/or need a customer contact agent to deal with complex queries. The speed at which services are made digital is likely to be increased from April 2024 when the new card payment system goes live, the current system cannot take on new payment funds and is also not compliant with industry standards. Officers are looking at how best to increase the roll out of digitisation and the removal of manual processes. Further information on the programme can be found here.

1.10 The current capital programme has effectively used up the borrowing headroom that the revenue account is able to sustainably resource in the medium term and it is vital that the capital programme is tightly controlled and that any additions should not increase revenue costs. Newly emerging policies and strategies should be framed in the light of capital resources being scarce.

1.11 Members will be aware by now that there may be a need to borrow for capital investment but that this should only be where doing so yields savings over and above the costs of that borrowing. There is absolutely no further capacity for significant additional borrowing for new projects that do not make a positive return in the medium term. An example of an invest to save bid is where the council may purchase refuse vehicles at the start of the new contract where we can demonstrate that the saving covers the borrowing costs and makes a further saving by doing so. Officers have also identified a further £4.6 million of assets to be sold which would be used to finance the capital programme and save a further £393k in new borrowing costs.

1.12 There is one possible significant source of additional revenue not included in the MTFP due to the fundamental uncertainty of the amounts and timing. This is the extended producer responsibility regime. This has been delayed by DEFRA until 2025/26 but under this scheme the producers of cardboard packaging would be required to pay for the waste they introduced into the waste stream and so cash payments would be made to the council based on tonnages collected.

Revenue savings requirement

1.15 To balance the budget a further set of savings requiring Member authorisation was considered by the Executive. The savings to be recommended to Council are in Appendix C. Savings which are not recommended by the Executive, at this time, are in Appendix D.

2.0 Background

2.1 Significant uncertainty continues to dominate the context within which the council is working towards delivering a balanced budget over the medium term. The financial outlook remains unclear with a further one-year financial settlement anticipated for 2024/25 and, officers anticipate, in 2025/26 as either a new incoming government will not have had time to consider reform to the system or if the general election is held on the last possible day then the draft settlement will be issued by the outgoing government and the incoming government will have no time to do anything other than confirm that draft settlement. There is uncertainty whether key reforms to the financing of local government will be progressed and in particular any change from the current business rates system to a different form of property taxation for non-domestic properties. No party has declared a position on changing Council Tax which is not fit for purpose having never been subject to revaluation.

2.2 The council's business and financial planning is underpinned by the Corporate Plan and its priorities, which provide a clear focus for decisions about spending and savings and direct activity across the Council. The new Corporate Plan will be presented alongside the budget for consideration by Council on 28 February 2024.

2.3 Officers will continue to explore options to put to members to further reduce net cost to meet the savings targets. Given the financial position, which all the districts and boroughs in Hertfordshire are also facing, East Herts Council can no longer seek to protect the service offer to residents and hard decisions are required for this budget and future budgets.

2.4 This report was considered by Audit & Governance Committee at its meeting on 30 January 2024 and there were no comments to bring to the attention of council.

3.0 Reason(s)

3.1 Council is required to set a balanced budget each year. The Local Government Finance Act 1992 requires the council to estimate revenue expenditure and income for the forthcoming year from all sources, together with contributions from reserves, in order to determine a net budget requirement to be met by government grant, Business Rates and Council Tax.

4.0 Options

4.1 Given the financial outlook there are limited options available to ensure a balanced budget. Any growth will need to be balanced by reductions elsewhere.

4.2 Members may propose a lower rate of Council Tax but this will result in compound revenue foregone from Council Tax which will be lost in perpetuity. This option, given the risks and uncertainty over the local government finance system, could lead to technical insolvency being reached years earlier under the 35% grant reduction scenario – see the risks section.

5.0 Risks

5.1 Significant uncertainty continues to dominate the context within which we are working towards delivering a balanced budget over the medium term. The financial outlook remains unclear with a further one-year financial settlement for 2024/25 and key reforms to the local government finance system now awaiting the result of the general election. The Autumn Statement spending totals for the next few years implies real terms reductions for local government funding. The Labour Party has committed to keeping to the spending totals announced in the Autumn Statement so we must assume that if either the Conservatives or Labour win the next general election that government funding will not rise.

5.2 The MTFP is based on a cash freeze in government grants which would produce a real terms reduction in each year. We have assumed that this is the path government will take because the scenario of a repeat of funding reductions seen after 2010, the austerity period, will not be implemented as it would likely lead to the majority of local authorities becoming technically insolvent.

5.3 Officers have modelled an austerity 2 scenario of a 35% reduction in local government funding spread over 4 years from 2025/26 and the savings requirement would increase by £1.6 million in 2025/26 and imply spending on services being reduced to £13.8 million. Given that the spending on outsourced services will be c. £8.5 million and the ICT Shared Service spend will be c.2.9 million, that leaves £2.4 million to spend on directly provided services. Based on that figure it is difficult to envisage how services could be reconfigured within that resource envelope to deliver statutory service levels.

5.4 The adequacy of the General Fund balance to meet unexpected expenditure will be considered by the Head of Strategic Finance and Property and be reported to Council as part of his report under Section 25 Local Government Act 2003 on the robustness of the estimates made in drawing up the budget and the adequacy of the proposed level of reserves. However, the council has historically had relatively low levels of reserves, as a result of the Large Scale Voluntary Transfer of council housing receipt from 2001, which created a negative Capital Financing Requirement of -£65 million which meant that capital expenditure could be incurred without any need to make Minimum Revenue Provision or set aside interest at the prevailing treasury rate. That negative Capital Financing Requirement has been used to support the capital programme in the last council and there is now a positive Capital Financing Requirement. The current earmarked reserve levels will be reduced in 2023/24 with the use of £3 million to fund Hertford Theatre. However, this will be repaid within 10 years as result of the capital receipts being applied to reduce debt levels and Hertford Theatre being put onto a commercial operating basis. The council will need to consider, if government funding or council tax referenda principles change to permit larger increases, whether the additional income is prioritised to build reserves levels up or is expended on services or to support new borrowing in the capital programme. As it stands, any large scale financial shock to the funding system could not be mitigated

6.0 Implications/Consultations

6.1 The council is required to consult with Business Ratepayers under s.34 Local Government Finance Act 1988.

6.2 Consultation with the public will involve asking about perceptions of value for money and the importance of services to them but not specifics of the budget proposals due to the technical nature of the budget papers and resource pressures within the council.

Community Safety

The budget underpins delivery of the Council's policies and priorities in relation to community safety.

Data Protection

No

Equalities

The Council has a statutory duty under the Equalities Act 2010, in particular s149. This includes the requirements on the Council to have due regard to the need to eliminate discrimination and harassment, to advance equality of opportunity, to foster good relations and to remove or minimise disadvantages suffered by persons who share protected characteristics.

Compliance with these duties in the Equalities Act does permit the Council to treat some persons more favourably than others, but only to the extent that such conduct is not otherwise prohibited.

In setting the budget, decisions on some matters may be particularly relevant to the discharge of this duty, particularly fees and charges concessions and an equalities impact assessment will be undertaken to assess and ensure compliance with this duty.

Environmental Sustainability
The budget underpins policies and priorities in relation to the environmental and sustainability areas.

Financial
These are contained in the main body of the report.

Health and Safety
No

Human Resources
The budget will provide a provision for a pay award of up to 3% but the actual award is subject to national NJC negotiations. This provision is set in the light of forward inflation estimates for September 2021 in the Bank of England Monetary Policy Report August 2021.

Human Rights
No

Legal
Council is required to set a balanced budget each year. The Local Government Finance Act 1992 (as amended by the Localism Act 2011) requires the council to estimate revenue expenditure and income for the forthcoming year from all sources, together with government grant and contributions from reserves, in order to determine a basic Council Tax Requirement.

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates and adequacy of reserves to the Council when it is considering the budget.

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the Council if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year. The issuing of a Section 114 report requires the Full Council to meet within 21 days to consider the report and during that period the Council is prohibited from entering into new agreements involving the incurring of expenditure.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

Appendix A – Budget and Medium-Term Financial Plan

Appendix B - Capital Programme

Appendix C – Recommended savings for Member Approval

Appendix D – Savings not recommended by Executive at this time.

Appendix E – Earmarked Reserves

Appendix F – Fees and Charges

Contact Member

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General Fund Revenue Budget and Medium Term Financial Plan
2024/25 to 2034/35

2023/24 £000	Cost of Services	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	2033/34 £000
349	Chief Executive's Office	362	373	385	397	399	401	403	405	407	409
1,519	Communications, Strategy & Policy	1,626	1,683	1,731	1,780	1,836	1,894	1,954	2,016	2,080	2,146
2,193	Housing and Health	2,400	2,511	2,604	2,702	2,804	2,910	3,020	3,134	3,252	3,374
2,803	Operations	2,718	4,435	4,612	4,796	4,987	5,186	5,393	5,608	5,832	6,065
0	Hertford Theatre	(548)	(1,807)	(1,912)	(1,986)	(2,106)	(2,236)	(2,280)	(2,326)	(2,372)	(2,420)
2,209	Planning & Building Control	2,345	2,429	2,504	2,581	2,634	2,688	2,743	2,799	2,856	2,914
960	Shared Revenues & Benefits Service	995	1,056	1,110	1,165	1,201	1,238	1,276	1,315	1,355	1,396
2,291	IT Shared Service	2,822	2,938	2,720	2,822	2,928	3,038	3,152	3,270	3,392	3,519
1,506	Legal & Democratic Services	1,597	1,651	1,700	1,750	1,786	1,823	1,861	1,900	1,940	1,981
570	Human Resources & Org Development	595	617	634	651	680	710	741	773	806	840
2,147	Strategic Finance & Property	2,394	2,517	2,618	2,713	2,835	2,962	3,095	3,234	3,379	3,531
546	Centrally Managed Costs	1,019	1,506	2,007	2,522	2,862	3,248	3,686	4,183	4,747	5,387
(150)	Revenue Costs Capitalised	(150)	(150)	(150)	(70)	(70)	(70)	(70)	(70)	(70)	(70)
238	Capital Expenditure Charged to a Revenue Account	4,739	550	550	650	650	650	650	650	650	650
17,181	Net Cost of Services	22,914	20,309	21,113	22,473	23,426	24,442	25,624	26,891	28,254	29,722

2023/24 £000	Corporate Budgets	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	2033/34 £000
	Fees and Charges Annual Review	(50)	(100)	(150)	(200)	(250)	(300)	(350)	(400)	(450)	(500)
557	Minimum Revenue Provision	1,032	1,634	1,702	1,786	1,786	1,786	1,786	1,786	1,786	1,786
979	Interest Payable on Loans	2,955	3,269	2,612	2,514	2,463	2,351	2,239	2,127	2,015	1,903
(1,000)	Investment Income	(1,200)	(1,000)	(800)	(750)	(750)	(750)	(750)	(750)	(750)	(750)
637	Pension Fund Deficit Contribution	637	637	637	637	637	637	637	637	637	637
1,173	Total Corporate Budgets	3,374	4,440	4,001	3,987	3,886	3,724	3,562	3,400	3,238	3,076
	Savings implemented under existing delegations	(1,103)	(1,589)	(1,818)	(1,818)	(1,818)	(1,818)	(1,818)	(1,818)	(1,818)	(1,818)
	Executive Recommended savings proposals	(83)	(2,606)	(2,606)	(2,606)	(2,606)	(2,606)	(2,606)	(2,606)	(2,606)	(2,606)
18,354	**Total Costs**	**25,102**	**20,554**	**20,690**	**22,036**	**22,888**	**23,742**	**24,762**	**25,867**	**27,068**	**28,374**

2023/24 £000	Government Funding & Council Tax	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	2033/34 £000
(3,444)	Retained Business Rates - Business Rates	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)
(1,169)	Retained Business Rates - Section 31 Grants	(1,361)	(1,361)	(1,361)	(1,361)	(1,361)	(1,361)	(1,361)	(1,361)	(1,361)	(1,361)
(931)	New Homes Bonus Grant	(1,697)	(250)								
(111)	Revenue Support Grant	(111)	(111)	(111)	(111)	(111)	(111)	(111)	(111)	(111)	(111)
(1,250)	General Government Grants	(1,999)	(1,608)	(1,716)	(1,716)	(1,716)	(1,716)	(1,716)	(1,716)	(1,716)	(1,716)
	New Burdens Funding - food waste collection	(1,501)									
(12,113)	Council Tax Demand on the Collection Fund	(12,652)	(13,130)	(13,625)	(14,137)	(14,668)	(15,218)	(15,788)	(16,379)	(16,991)	(17,624)
1,583	Collection Fund (Surplus)/Deficit	(500)									
(17,435)	Total Government Funding & Council Tax	(22,754)	(19,393)	(19,746)	(20,258)	(20,789)	(21,339)	(21,909)	(22,500)	(23,112)	(23,745)
919	**Net Budget before Reserves movements**	**2,348**	**1,161**	**944**	**1,778**	**2,099**	**2,403**	**2,853**	**3,367**	**3,956**	**4,629**

2023/24 £000	Contributions to/(from) Reserves	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	2033/34 £000
589	Contributions to Earmaked Reserves	652	250	60	159	309	468	542	618	694	770
(1,508)	Contributions (from) Earmarked Reserves	(3,000)									
	Contributions to General Fund										
	Contributions (from) General Fund										
(919)	Total Contributions to/(from) Reserves	(2,348)	250	60	159	309	468	542	618	694	770
0	**Net Budget Position**	**(0)**	**1,411**	**1,004**	**1,937**	**2,408**	**2,871**	**3,395**	**3,985**	**4,650**	**5,399**

Savings Target	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	2033/34 £000
2024/25	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
2025/26		1,411	1,411	1,411	1,411	1,411	1,411	1,411	1,411	1,411
2026/27			0	0	0	0	0	0	0	0
2027/28				526	526	526	526	526	526	526
2028/29					471	471	471	471	471	471
2029/30						463	463	463	463	463
2030/31							524	524	524	524
2031/32								590	590	590
2032/33									665	665
2033/34										749
	(0)	1,411	1,411	1,937	2,408	2,871	3,394	3,985	4,650	5,399

APPENDIX B

EAST HERTS DISTRICT COUNCIL CAPITAL PROGRAMME 2023/24 TO 2033/34

APPROVED SCHEMES	Schemes expenditure to 31/03/22 £000	2022/23 Unaudited Outturn £000	2023/24 Forecast Outturn £000	2024/25 Original Budget £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000	2031/32 Estimate £(000)	2032/33 Estimate £(000)	2033/34 Estimate £(000)	Total (£000)
Land and Buildings														
Investment in operational assets		57	454	350	350	350	350	350	350	350	350	350	350	4,011
Queens Road, Ware	377	-	-	270	-	-	-	-	-	-	-	-	-	647
Buntingford Depot		-	-	800	-	-	-	-	-	-	-	-	-	800
Grange Paddockc Leisure Centre	23,814	1,243	97											25,154
Hartham Leisure Centre - Extension	4,713	2,685	6,378			-	-	-	-	-	-	-	-	13,776
Hertford Theatre	2,975	6,242	17,693	4,065	-	-	-	-	-	-	-	-	-	30,975
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Old River Lane Urban Renewal Scheme	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Northgate End MSCP, domestic and non-domestic units	21,820	2,835	55	-	-	-	-	-	-	-	-	-	-	24,710
Main Scheme (Cityheart)	789	224	224	276	276	276	-	-	-	-	-	-	-	2,065
Main Scheme (Land Assembly)	845	-	-	-	-	-	-	-	-	-	-	-	-	845
Arts Centre Site	168	224	224	276	276	1,150	-	-	-	-	-	-	-	2,318
URC Church Hall	1,013	-	-	170	-	-	-	-	-	-	-	-	-	1,183
Total Land and Buildings	**56,514**	**13,510**	**25,125**	**6,207**	**902**	**1,776**	**350**	**350**	**350**	**350**	**350**	**350**	**350**	**106,484**
Vehicles and Equipment														
Refuse & recycling containers		-	-	1,680	-	-	-	-	-	-				1,680
Refuse & Recycling and cleansing vehicles				8,000										8,000
ICT Rolling programme		116	1,363	450	450	450	450	450	450	450	450	450	450	5,979
Total Vehicles and Equipment		**116**	**1,363**	**10,130**	**450**	**450**	**450**	**450**	**450**	**450**	**450**	**450**	**450**	**15,659**
Community Assets														
Open Space Improvements:														-
Replacement play equipment across the district		58	27	50	50	50	50	50	50	50	50	50	50	585
Castle Park - HLF - Delivery Phase		1,300	2,900	-	-	-	-	-	-	-				4,200
Total Community Assets		**1,358**	**2,927**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**4,785**
Grant funded Programmes														
Local Authority Housing Fund		348	1,409		-	-	-	-	-	-	-	-	-	1,757
		348	**1,409**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,757**

APPENDIX B

APPROVED SCHEMES	Schemes expenditure to 31/03/22 £000	2022/23 Unaudited Outturn £000	2023/24 Forecast Outturn £000	2024/25 Original Budget £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000	2031/32 Estimate £(000)	2032/33 Estimate £(000)	2033/34 Estimate £(000)	Total (£000)
Revenue Expenditure Funded as Capital Under Statute (REFCUS)														
Community Capital Grants		0	48	50	50	50	50	50	50	50	50	50	50	548
Rivers and Watercourse Maintenance		48	400	-	-	-	-	-	-	-	-	-	-	448
Land Management Asset Register & Associated Works		50	50	-	-	-	-	-	-	-	-	-	-	100
Total REFCUS		**98**	**498**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**1,096**
TOTAL CAPITAL EXPENDITURE	**56,514**	**15,430**	**31,322**	**16,437**	**1,452**	**2,326**	**900**	**900**	**900**	**900**	**900**	**900**	**900**	**129,781**

FUNDED BY:

Borrowing (Internal)				-	-	-	-	-	-	-	-	-	-	(56,514)
Borrowing (External)		(11,743)	(24,222)	(14,053)	(552)	(1,426)	-	-	-	-	-	-	-	(51,996)
Capital Receipts		(1,427)	(306)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(4,233)
Capital Grants Applied		(2,207)	(3,506)	(83)	-	-	-	-	-	-	-	-	-	(5,796)
Capital Expenditure Charged to a Revenue Account		(53)	(3,288)	(2,051)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(11,242)
TOTAL CAPITAL PROGRAMME FUNDING	**(56,514)**	**(15,430)**	**(31,322)**	**(16,437)**	**(1,452)**	**(2,326)**	**(900)**	**(900)**	**(900)**	**(900)**	**(900)**	**(900)**	**(900)**	**(129,781)**

APPROVED BUT NOT YET COMMITTED														
Schemes approved not yet committed														
Transformation Programme				2,500	2,500									5,000
Home Improvement Loans				140	140	140	140	140	140	140	140	140	140	1,400
Historic Building Loans				20	20	20	20	20	20	20	20	20	20	200
Capital Contingency - Major Projects				1,500	-	-								1,500
TOTAL APPROVED BUT NOT YET COMMITTED	**0**		**0**	**4,160**	**2,660**	**160**	**160**	**160**	**160**	**160**	**160**	**160**	**160**	**8,100**

Funded by:

Borrowing				(1,500)		-								(1,500)
Capital Receipts				-	-	-								-
Capital Grants Applied				-	-	-								-
Use of Earmarked Reserves				(2,500)	(2,500)									(5,000)
Capital Expenditure Charged to a Revenue Account			-	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(1,600)
TOTAL APPROVED BUT NOT YET COMMITTED	**0**		**0**	**(4,160)**	**(2,660)**	**(160)**	**(160)**	**(160)**	**(160)**	**(160)**	**(160)**	**(160)**	**(160)**	**(8,100)**

NOTE:

Schemes Approved but not yet Committed are those schemes where past experience has indicated there are traditionally underspends or there are specific issues with a scheme proceeding that is outside the control of the Council. Approval by Council provides protection for the budgeted scheme for the year(s) indicated. Schemes are Committed by the Head of Strategic Finance in consultation with the Executive Member for Financial Sustainability. Virements are forbidden from these budgets without the authority of Council to prevent these budgets being committed to cover overspends or for immediate transfer to new schemes that do not have Council approval.

Savings requiring Member Decision	**2024/25 £(000)**	**2025/26 £(000)**	**2026/27 £(000)**	**2027/28 £(000)**
Innovation Corridor	0	(10)	(10)	(10)
Digital Innovation Zone	0	(10)	(10)	(10)
Visit Herts	0	(5)	(5)	(5)
HGGT Joint Committee	(15)	(15)	(15)	(15)
Advertising	(18)	(38)	(38)	(38)
Asset Disposals		(528)	(528)	(528)
Invest to Save - Refuse Contract Vehicle Financing	0	(200)	(200)	(200)
Civil Parking Enforcement	0	(1,750)	(1,750)	(1,750)
Garden Waste Charges	0	0	0	0
Reduce Grounds Maintenance specification	(50)	(50)	(50)	(50)
	(83)	**(2,606)**	**(2,606)**	**(2,606)**

Service:	**Innovation Corridor**
Portfolio:	Vicky Glover- Ward, Executive Member for Planning and Growth
LT Lead:	Head of Communications, Strategy and Policy
Priority:	

Description of Service:

Subscription to the London Stansted Cambridge Corridor (now referred to as the Innovation Corridor). This grouping of public sector and private sector bodies is a regional network that lobbies for inward investment into the area between North London and Cambridge know as the Innovation Corridor. It should be seen as a regional rival to the Midlands Engine, Northern Powerhouse, Golden Triangle and Oxford Cambridge Arc. The group has existed for around 15 years and has regular events regarding strategies and objectives for lobbying central government. It has recently appointed a new chair to provide new leadership. See website for more details:

Description of savings proposal:

The annual subscription is £10,000. This has been the same amount for some time (10 years) and not has increased by inflation (some discussion was had recently regarding the need to increase the contributions to cover rising costs). Subscriptions pay for a small amount of staff, based at LB Haringey, and an events and marketing budget. Although we are part of the geography, we could stop providing contributions to the corridor but would need to provide at least one year's notice

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	2025/26 £(000)	2026/27 £(000)	2027/28 £(000)
Revenue	0	(10)	(10)	(10)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only <u>not</u> financing)

Expenditure:	Income:	Net Budget:
10	0	10

Equality Impact Assessment

Does initial EQIA screening indicate any key issues? (If yes, list the issues)	Unlikely as the corridor does not deliver any direct services
Will a full EQIA be required?	Yes/No

Key issues/Risks/Impacts of proposal

Include here any potential negative public or media reaction and proposed lines to take with media messaging

Issues/Risks/Impacts	Mitigations and Media Messaging
The Corridor does not undertake any direct delivery work and its outputs are by nature strategic and intangible (e.g. lobbying for investment on 4 tracking the railway lines from North London to Cambridge). It is unlikely there would be any obvious impact in terms of service delivery however the political implications of withdrawing from the organisation would need to be considered.	

Consultation requirements:
None

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**

Service:	**Digital Innovation Zone**
Portfolio:	Vicky Glover- Ward, Executive Member for Planning and Growth
LT Lead:	Head of Communications, Strategy and Policy
Priority:	

Description of Service:

Subscription to the Digital Innovation Zone. This is a grouping of public sector and private sector bodies across West Essex and East/ South Hertfordshire. It undertakes different activities including networking events to look at new and developing technologies, better collaboration across public and private sectors and also has a work programme based on successful bids to central government on digital connectivity. The highest profile example was the 2019/20 award of funds to accelerate broadband connections between GP surgeries

Description of savings proposal:

The subscription costs £10,000 per annum. This has been the same since the DIZ was formed in 2017 and has not risen in inflation. The subscription provides a very small number of staff as well as a marketing and events budget (n.b. this is much smaller than the corridor budget). We could withdraw from the DIZ but would need to provide one year's notice

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	2025/26 £(000)	2026/27 £(000)	2027/28 £(000)
Revenue	0	(10)	(10)	(10)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only <u>not</u> financing)

Expenditure:	Income:	Net Budget:
10	0	10

Equality Impact Assessment

Does initial EQIA screening indicate any key issues? (If yes, list the issues)	Unlikely as the DIZ does not deliver any direct services
Will a full EQIA be required?	Yes/No

Key issues/Risks/Impacts of proposal

Include here any potential negative public or media reaction and proposed lines to take with media messaging

Issues/Risks/Impacts	Mitigations and Media Messaging
the DIZ does not deliver any direct services to the public so in that sense would not present immediate risks. It does however have a more tangible work programme than (for instance) the corridor with some evidence of actual delivery of projects and is regularly submitting bids to different central government funding pots to undertake digital projects. The political implications of withdrawing would need to be considered	

Consultation requirements:
None

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**

Service:	**Visit Herts**
Portfolio:	Vicky Glover- Ward, Executive Member for Planning and Growth
LT Lead:	Head of Communications, Strategy and Policy
Priority:	

Description of Service:

Visit Herts won a contract to deliver designation management services from the LEP in 2016. This was topped up by contributions from 8 of the 10 districts. The contract actually launched in East Herts when it was first set up. They deliver a range of destination management services including marketing for tourism businesses and venues and those in their supply chains. They are in essence, a marketing company. Many of their campaigns have been good at publicising key events or venues then encouraging visitors to then stay in the local area and visit local pubs and restaurants. They have ad hoc campaigns (e.g. heritage trails/ parks and pubs) and regular events such as the Herts Big Weekend. They also produce the annual value and volume survey which provides metrics on the tourism sector in the county. We pay a small extra amount to have this broken down by our 5 towns. East Herts always comes out in the top 1 or 2 districts for the overall value of the visitor economy to the wider economy (mostly driven by day trip spend). East Herts used to have an in house destination management resource (essentially 1 person). In 2015 this post was made redundant with the option of opting into the Visit Herts contract to achieve savings and better value for money. Please note our £5k contribution has not increased by inflation since 2015

Description of savings proposal:

The current contract is up for renewal in the middle of 2024. The LEP are currently seeking views from districts and other partners on what sort of a destination management service the county needs. We have the option of opting out of the next tender exercise (likely to be awarded late 2024/ early 2025)

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	**2025/26 £(000)**	**2026/27 £(000)**	**2027/28 £(000)**
Revenue	0	(5)	(5)	(5)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only <u>not</u> financing)

Expenditure:	**Income:**	**Net Budget:**
5	0	5

Equality Impact Assessment

Does initial EQIA screening indicate any key issues? (If yes, list the issues)	This may require some assessment as Visit Herts to tend to work with hospitality and entertainment businesses. Withdrawing support for them - which means reducing support we give to these businesses in the district - means some business owners may be disproportionately impacted. However the value is small.
Will a full EQIA be required?	Yes/No: yes

Key issues/Risks/Impacts of proposal

Include here any potential negative public or media reaction and proposed lines to take with media messaging

Issues/Risks/Impacts	**Mitigations and Media Messaging**
Tourism is actually a significant part of the East Herts economy (see the value and volume surveys for more detail) and this limited investment does support many of the businesses in that industry. The current contract and SLA could certainly do with some revision however to allow them to focus on few	

	activities in a more focused way		

Consultation requirements:
Some consultation with businesses who have featured in Visit Herts campaigns may be required to get their feedback on how it has worked for them

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**

Service:	**Harlow and Gilston Garden Town Joint Committee**
Portfolio:	Cllr Ben Crystall, Leader of the Council
LT Lead:	Head of Planning and Building Control
Priority:	

Description of Service:

Harlow and Gilston was designated as a Garden Town by the Department for Homes, Communities and Local Government in January 2017 and will comprise new and existing communities in and around Harlow.

East Herts together with Epping Forest and Harlow District Councils are working together with Hertfordshire and Essex County Councils to bring forward plans for 16,000 new homes to 2033, with a further 7,000 planned for the Gilston area to be built from 2033 onwards. The Gilston area is the largest allocation with 10,000 new homes in East Herts.

To support delivery and joint working the programme is currently being overseen by the Garden Town Board which will be replaced by a Joint Committee and Delivery Team. Core funding for the Delivery Team comes from annual contributions from the partner authorities and capacity funding from Homes England. The contribution sought for 2024/25 from each partner authority is £150k.

Description of savings proposal:

The saving proposed is £15k representing a 10% reduction. This would mean the Council's contribution to the core funding of HGGT would be £135K for 2024/2025. This is considered to be an appropriate saving whilst still providing a meaningful contribution to the operation of HGGT. This would still allow for a clear work programme to be developed and provide support for the Joint Committee.

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	2025/26 £(000)	2026/27 £(000)	2027/28 £(000)
Revenue	(15)	(15)	(15)	(15)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only not financing)

Expenditure:	Income:	Net Budget:
0	0	0

Equality Impact Assessment			
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	No		
Will a full EQIA be required?	**No**		

Key issues/Risks/Impacts of proposal Include here any potential negative public or media reaction and proposed lines to take with media messaging	
Issues/Risks/Impacts	**Mitigations and Media Messaging**
Full extent of the HGGT work programme may not be realised in 2024/2025 and may need to be adjusted/scaled back to fit with the core funding allocation.	Continued proactive and positive engagement as a key partner in HGGT and support for the Joint Committee.

Consultation requirements:
The joint committee and the partner councils will need to be consulted on this proposal, although early indications are that a number of partners are considering a 10% reduction in contributions to reflect the current budget pressures all partner authorities have.

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**
		The proposed reduction is unlikely to affect the work of the Joint Committee.	

Service:	**Advertising on Assets**
Portfolio:	Financial Sustainability
LT Lead:	Head of Strategic Finance and Property
Priority:	Assets

Description of Service:

Charging for advertising or accepting sponsorship on physical assets and the website

Currently the council does not have advertising space on or in its physical assets, or on its websites. Income generation from sponsorship is extremely low, is done only by individual initiative within some services and there is no policy in place to provide a framework for officers to operate within.

A draft advertising and sponsorship policy has been written and was taken, along with an asset listing, to the market to gauge potential income levels.

Description of savings proposal:

Large digital advertising screens facing out towards main roads. Probably 3 @£5k per year.

Opportunities with other assets and smaller boards and screens – e.g.. digital screens in foyer at Northgate End. Requires further work to ascertain income levels

Website could yield £4k per annum

Street furniture is usually managed in house and we would require new bins with advertising panels. Income unknown at this point but based on Stourbridge town centre could be £80 per month per bin. 20 bins would yield £19,200 per year

Sponsorship opportunities to be explored for other street furniture e.g. benches.

Work on potential sponsorship packages for Hertford Theatre need to be expedited to reduce borrowing costs. These packages will also be available for the ORL Arts Centre to meet construction and fit out costs.

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	**2025/26 £(000)**	**2026/27 £(000)**	**2027/28 £(000)**
Revenue	(18)	(38)	(38)	(38)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only <u>not</u> financing)

Expenditure:	**Income:**	**Net Budget:**
0	0	0

Equality Impact Assessment		
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	No	
Will a full EQIA be required?	**No**	

Key issues/Risks/Impacts of proposal Include here any potential negative public or media reaction and proposed lines to take with media messaging	
Issues/Risks/Impacts	**Mitigations and Media Messaging**
Sites for large advertising boards unlikely to gain planning permission as in conservation areas or were refused on last application. The list of sites where approval would not be granted, but income potential is high, need to be assessed as to what measures, that are affordable, can be undertaken to gain approval.	Planning Teams will need to provide pre-application advice to ensure that potential income is maximised. Planning Teams will need to provide pre-application advice to ensure that potential income is maximised.

Consultation requirements:
Consultation on the policy can be undertaken, although there is no statutory requirement to undertake consultation. As the policy is mainly to defend the council's position against any potential offensive materials and to prevent the advertising of anything that would go against council policy and corporate plan aims and objectives. Physical advertising sites will require planning permission with statutory consultation undertaken on each application site.

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**
The advertising policy prohibits advertising the direct consumption of fossil fuels or any product or service that principally consumes fossil fuels, except local public transport services.	The advertising policy prohibits advertising material which, in the council's opinion, may have a negative impact on groups in the community because of their race, disability, gender, age, sexual orientation, or faith. To protect members of the community who may be struggling financially the policy prohibits advertising any product or service offering unsecured credit at interest rates significantly above market norms.	The policy may result in more and/or higher quality street furniture as a result of providing sponsorship. Litter may be reduced in the district as a result of the opportunity to sponsor bins. Cultural, leisure and recreational venues may be able to afford items as a result of sponsorship that could not be afforded from the base budget and improve the experience of living, working and visiting the district.	Application processes for advertising and sponsorship will be designed from a CRM First perspective so that the council only accept electronic applications that must include all relevant information and have been paid in full by debit or credit card before the application can be submitted.

Service:	**Asset Disposals to pay down debt**
Portfolio:	Financial Sustainability
LT Lead:	Steven Linnett
Priority:	Assets

Description of Service:

Sale of assets to reduce borrowing costs

Assets that are not, and unlikely to be, used in service delivery and which are not suitable to be let or are in productive use are a cost to the council. Such assets should be identified and disposed of. The money received for the sale of assets are called capital receipts. The law on capital receipts says that they can only be used to repay debt or to fund new capital expenditure. External debt results in two charges to the revenue account: Minimum Revenue Provision is a statutory requirement to set aside an amount to repay the principal of the debt over a number of years, usually 30; and interest, which is usually fixed for the duration of the loan taken from the Public Works Loans Board.

Description of savings proposal:

Assets would be sold and the capital receipts used to pay off borrowing. Each £1 million of debt repaid will save £88,133 per year for 30 years. It is proposed that officers identify £6 million worth of assets for disposal. It is proposed that the assets are offered for sale in the most appropriate manner. The Northgate End Residential will be sold via an Estate Agent, the car parks will be offered to the current tenant, Southern Maltings will be offered to Ware Town Council first and the rest sold via public auction, with a reserve price on each item. A proposed sale list is appended below.

The capital receipt generated will be used to repay debt along with the balance of £3 million in the MRP Reserve to reduce the debt to be serviced by the council. Further receipts are proposed to the sum of £4.6 million which it is proposed to be used to fund the capital programme and cancel the need to raise new loans for the items to be funded saving a further £392k if Members approve the total sales list and the values are realised. The list of proposed capital programme items is appended below. The savings figures below only include the £6 million debt repayment at this stage.

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	**2025/26 £(000)**	**2026/27 £(000)**	**2027/28 £(000)**
Revenue	0	(528)	(528)	(528)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only not financing)

Expenditure:	**Income:**	**Net Budget:**
0	0	0

Equality Impact Assessment	
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	No

Will a full EQIA be required?	**No**	

Key issues/Risks/Impacts of proposal
Include here any potential negative public or media reaction and proposed lines to take with media messaging

Issues/Risks/Impacts	Mitigations and Media Messaging
Council is selling the family silver and denying future generations the enjoyment of the assets.	The assets are not used in service delivery and if there was public access then they would be being used for service delivery. These assets often cost the council money in maintenance. Where an asset is leased the loss of income has been factored into the calculation as to whether it would be a net benefit to the council to dispose of the asset as there is a net saving to the revenue account.
Speculators will pick up the land cheaply.	The land has been valued by professional valuers and the council will put a reserve price on assets at the public auction to prevent the land being sold at an undervalue.
Will the land be bought and the buyer put in an application to build housing.	Where the land is suitable to build a house(s) then the valuation reflects the potential to build housing. Any planning application would be determined by in the usual way.

Consultation requirements:

There is no requirement to consult before disposing of assets. The decision to sell assets is an Executive function and if Members object then the decision is subject to call in to Overview and Scrutiny Committee. If a Town or Parish Council wishes to purchase any of the assets at the valuation price then they should contact Property Services and a sale can be arranged with the Town or Parish Council at the valuation price avoiding the need to attend the auction.

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**
Asset disposal should not affect the net zero, climate change and sustainability.	As assets are not used in service provision there should be no affect on local communities from the asset sales. Some communities may object to any planning applications for housing on sites sold, but if the proposals are in line with the District Plan then there should be no grounds for objection.	Sites redeveloped or improved will improve the landscape of the district.	Sale by auction is felt to deliver the best value for money solution to the method of sale.

Proposed list of asset disposals	**£(000)**
Northgate End Residential	3,750
Waitrose Car Park Bishop's Stortford	2,200
TESCO Car Park Ware	1,250
CityHeart Old River Lane main site receipt	2,700
Land at Widford Road, Hunsdon	156
22 Great Innings North, Watton at Stone	240
Land at King George Road Ware	206
Southern Maltings, Ware	250
Land adjacent to 65 Sele Road, Hertford	45
	10,797

Service:	**INVEST TO SAVE: Refuse Vehicle Financing**
Portfolio:	Financial Sustainability/Environmental Sustainability
LT Lead:	Head of Strategic Finance and Property/Head of Operations
Priority:	Assets

Description of Service:

Vehicles used in the refuse, recycling and streets contract are traditionally financed by the contractor and therefore the council pays mark-up on the financing costs as part of the contract.

Description of savings proposal:

Where there is a demonstrable cost saving to both councils, the competitive dialogue process has been exploring the option for the council's to finance and therefore own the refuse and recycling vehicles purchased at the start of the contract. The cost saving will be directly deducted from the contract price. Bidders are being specifically asked to submit prices where they arrange the financing and where the councils provide financing. Initial calculations indicate that the level of price reduction in the contract for council provided financing would recover the costs of providing the capital financing in full and also a further saving reflecting the contractor's profit charged on them providing the financing. A full value for money justification for this invest to save proposal will be calculated when final tenders are submitted and it is proposed that Council be requested to delegate authority to the Head of Strategic Finance and Property, in consultation with the Executive Members for Financial Sustainability and Environmental Sustainability to enter into the necessary borrowing and contractual arrangements to purchase vehicles. Savings in the table below are based on indicative vehicle purchases after discussions with bidders in the competitive dialogue process. MRP would be charged over 8 years for these vehicles to recover the debt principal over the life of the minimum contractual term.

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	2025/26 £(000)	2026/27 £(000)	2027/28 £(000)
Revenue	0	(200)	(200)	(200)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only <u>not</u> financing)

Expenditure:	Income:	Net Budget:
0	0	0

Equality Impact Assessment	
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	No
Will a full EQIA be required?	**No**

Key issues/Risks/Impacts of proposal Include here any potential negative public or media reaction and proposed lines to take with media messaging	
Issues/Risks/Impacts	**Mitigations and Media Messaging**
Vehicle ownership rests with the council with contractual protections in place so contractor has to maintain and insure the vehicles and at the end of useful life the contractor will take the vehicles to the auction site specified by the councils for disposal. As provision of vehicles for free would contravene subsidy control issues, a finance charge will be required to be made to the contractor for vehicle use but this charge will pass back via the contract price but without contractor mark-up thus income and expenditure on the finance charge nets to zero and the real incurred capital finance costs remain.	

Consultation requirements:
None.

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**
			By utilising capital financing the councils will save on the cost of the refuse, recycling and streets contract by providing cheaper financing rates, seeing an auditable reduction in contract price and avoiding contractor mark up on financing charges that they arrange themselves.

Service:	**Civil Parking Enforcement**
Portfolio:	Environmental Sustainability
LT Lead:	Head of Operations
Priority:	Income Generation

Description of Service:

Civil Parking Enforcement is undertaken by East Herts under an agency agreement with Hertfordshire County Council. Executive Members have indicated they want a new parking policy, changes to tariffs and TROs to keep short stay car parks free of long term parking so that shoppers are not driving between car parks in search of a space and producing more pollution. The service has not recovered costs to date and there is a cumulative deficit of £4 million which the council could recover from any surplus on car parking.

Description of savings proposal:

Increase revenue from car parking so that the council makes a surplus of £250k per year to recover the deficit with a new policy and changes to TROs increasing on and off street revenues.

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	2025/26 £(000)	2026/27 £(000)	2027/28 £(000)
Revenue	0	(1,750)	(1,750)	(1,750)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only not financing)

Expenditure:	Income:	Net Budget:
2,289	(5,005)	(2,716)

Equality Impact Assessment	
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	Potentially, depending on the proposals.

Will a full EQIA be required?	**Yes**	

Key issues/Risks/Impacts of proposal

Include here any potential negative public or media reaction and proposed lines to take with media messaging

Issues/Risks/Impacts	Mitigations and Media Messaging
The council are using motorists as a cash cow.	The council's policy is designed to limit congestion and reduce air pollution and keep traffic movements efficient by ensuring vehicles are using the most appropriate car park and that the number and size of car parks is appropriate.

Consultation requirements:

Traffic Regulation Orders require a statutory consultation process which will take at least 6 months to complete.

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**
By reducing unnecessary vehicle movements to find car parking spaces this should reduce pollution and the price mechanism should encourage modal shift to more sustainable travel options.	Residents, visitors and businesses should find that it is easier to make shopping trips where short stay spaces are available in car parks rather than needing to drive between car parks finding a space.	More available spaces for short stay use should make local shopping places easier to reach encouraging foot fall.	Paying for parking has become more digital. We will ex[explore the possibility of removing pay and display machines completely by making it possible to pay for parking in cash at PayPoint outlets.

Service:	**Garden Waste Charging**
Portfolio:	Environmental Sustainability
LT Lead:	Head of Operations
Priority:	Income Generation

Description of Service:

Garden Waste service is opt-in and has been £49 since its introduction in 2021/22. A new waste contract is currently in the competitive dialogue process and indications are that the cost of the garden waste service will increase. Under the Fees and Charges Policy the price will need to be recalculated to reflect the new cost.

Description of savings proposal:

Ensure the new charge covers the total cost of providing the service and investigate the cost of introducing a discount for those residents who are in receipt of Housing Benefit and/or Council Tax Support. In line with the fees and charges policy the cost of the discount will be paid for by increased charges for those not in receipt of the discount. Once the charge is calculated then investigate the possibility of making surplus income by increasing the charge.

The potential income cannot be assessed until the new waste contract is put in place.

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	2025/26 £(000)	2026/27 £(000)	2027/28 £(000)
Revenue	0	0	0	0
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only not financing)

Expenditure:	Income:	Net Budget:
0	0	0

Equality Impact Assessment			
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	Yes - the use of Council Tax Support as the sole eligibility criterion will exclude those residents who are not the liable person for Council Tax or whose Council Tax is included in the rent paid (Council Tax Support does not apply in these cases as the Council Tax element of the rent can be eligible for Housing Benefit in Houses in Multiple Occupation for example).		
Will a full EQIA be required?	Yes/No		

Key issues/Risks/Impacts of proposal Include here any potential negative public or media reaction and proposed lines to take with media messaging	
Issues/Risks/Impacts	**Mitigations and Media Messaging**
Public expectation that charge will be on a cost recovery basis only.	Fees and Charges Policy covers charging more than cost and justification for this.

Consultation requirements:
Consultation on the change to the calculation of the charge and the effects on take up of the service will be required prior to implementation. Consultation will target existing customers and those who are not customers at present.

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**
Garden waste tonnages count towards the council's recycling tonnage and has a positive affect on the headline percentage waste recycled. There is an argument that garden waste collection adds CO_2 and other pollutants to the environment and that it would be better to compost this material rather than collect it. Not all residents have space to compost and the anerobic digestion process klimits harmful methane emmissions.			Garden waste service is a digital first service although sign on and payment is currently undertaken by the contractor. Sign up and payment will be undertaken by the council under the new contract and the introduction of direct debit, online sign up/paperless direct debit and a new card payment system is underway to have the infrastructure in place for February 2025 renewal/sign up.

Service:	**Grounds Maintenance Contract**
Portfolio:	Cllr Sarah Hopewell Executive Member for Wellbeing
LT Lead:	Head of Operations
Priority:	

Description of Service:

Current Grounds Maintance contract costs £1.3 million per annum. The contractor often struggles to recruit staff and meet the contract specification.

Description of savings proposal:

In negotiation with the contractor, reduce the specification by £50k per annum.

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	2025/26 £(000)	2026/27 £(000)	2027/28 £(000)
Revenue	(50)	(50)	(50)	(50)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only not financing)

Expenditure:	Income:	Net Budget:
1,399	0	1,399

Equality Impact Assessment	
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	None
Will a full EQIA be required?	**No**

Key issues/Risks/Impacts of proposal

Include here any potential negative public or media reaction and proposed lines to take with media messaging

Issues/Risks/Impacts	**Mitigations and Media Messaging**
Minor changes to specification and will probably reflect where contractor struggles to meet specification, e.g. sweeping paths and car park at Wallfields every 28 days is often not achieved.	

Consultation requirements:

We will need to reduce the specification by negotiating with the contractor and any changes we will seek to prioritise away from high profile areas such as parks. However, some consultation may be required where we cannot limit changes to operational buildings.

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**

Savings not recommended by Executive at this budget round	2024/25 £(000)	2025/26 £(000)	2026/27 £(000)	2027/28 £(000)
Economic Development	(26)	(52)	(52)	(52)
Community Grants	(30)	(30)	(30)	(30)
Citizen's Advice	(10)	(10)	(10)	(10)
Community Alliance	(1)	(1)	(1)	(1)
Planning Enforcement	(176)	(176)	(176)	(176)
Blue Badge	(60)	(60)	(60)	(60)
	(303)	**(329)**	**(329)**	**(329)**

Service:	**Economic Development**
Portfolio:	Vicky Glover- Ward, Executive Member for Planning and Growth
LT Lead:	Head of Communications, Strategy and Policy
Priority:	

Description of Service:

Economic development consists of an economic development officer (joint with North Herts), 0.5 FTE grade 8, contracts officer, 50% funded from ERDF and now UKSPF, 0.8 FTE, grade 8, and an economic development manager, 40% funded from the Launchpad (1.0 FTE, Grade 10). The team undertake all business support and liaison functions as well as contract and project management. Currently it has been agreed with North Herts that we will continue with the joint post for another year at least (until 31 March 2025). In addition the contract officer is part funded from UKSPF until 31March 2025, hence no savings could be made until then.

Description of savings proposal:

Cease all economic development work. This would involve deletion of the economic development officer (net cost to the council £27,000 per year) and deletion of the contract officer (net cost to the council £23,000 per year). The manager role is subject to the senior manager (£500k) saving and therefore is out of scope

In terms of the impact this would mean we have no capacity to undertake any economic development related activity. Specifically it would mean no project management or contract management for LEP activity (business support programmes and inward investment), Visit Herts (destination management), the Innovation Corridor, the Digital Innovation Zone and ad hoc smaller contracts such as Better Business for All and the county and local (BS and Buntingford) Chambers of Commerce. There would also be no capacity to undertake any town centre related work (e.g. liaison with the BS BID or dealing with issues such as bollards in Hertford by liaising with the town council and county council). There would also be no capacity to input into employment land discussions on strategic sites). We would also be unable to project manage any external funding schemes such as the UKSPF or prioritise writing bids for funding. The UKSPF is currently scheduled to finish on the 31 March 2025 in any case so this may not be an issue in terms of the contract officer. However, the scheme is likely to be continued or refined and we expect further details in late 2024

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	**2025/26 £(000)**	**2026/27 £(000)**	**2027/28 £(000)**
Revenue	(26)	(50)	(50)	(50)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only <u>not</u> financing)

Expenditure:	**Income:**	**Net Budget:**
50	0	50

Equality Impact Assessment		
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	Unlikely as function works with businesses as opposed to members of the public to deliver a discretionary service.	
Will a full EQIA be required?	**No**	

Key issues/Risks/Impacts of proposal Include here any potential negative public or media reaction and proposed lines to take with media messaging	
Issues/Risks/Impacts	**Mitigations and Media Messaging**
Risk are captured above in terms of work that would no longer be undertaken. Although small the service has a good reputation particularly with those businesses that have benefitted from grant funding and direct support	Challenge would be around communicating that the council is business friendly if it ceases discretionary support functions leaving only regulatory functions (business rates' collection, licensing and environmental health).

Consultation requirements:
Some consultation with stakeholders required (business infrastructure organisations such as the chambers and BID). Consultation with staff affected required

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**

Service:	**Community Grants**
Portfolio:	Cllr Alex Daar, Executive Member for Communities
LT Lead:	Head of Housing and Health
Priority:	

Description of Service:

The council gives grants to community groups, voluntary groups, town and parish councils and individuals through an application process underpinned by a set of priorities, eligibility criteria and an assessment process approved by Council on an annual basis. in 2023/24, the total pot available in £40k. This itself represents a reduction on the previous year's total of £94k although much of the difference has been made up by £40k of UK Shared Prosperity Fund monies used for cultural activities and environmental sustainability grants.

Description of savings proposal:

The maximum saving proposed is £30k. This would reduce the community grants pot to £10k which is the amount funded from the council's income from the East Herts Lottery. Alternatively, a lower reduction of, say, £20k or £10k could be made. Of note, in 2024/25, there will be grant funding from the UKSPF of at least £20k for environmental sustainability projects and upwards of £60k for cultural activities, particularly those linked to proposed Arts Showcase. Therefore, even with the largest reduction to the community grants pot, the combined community grants, environmental sustainability and cultural activities grants are likely to total more in 2024/25 than in 2023/24, that is, £90k vs £80k this year.

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	**2025/26 £(000)**	**2026/27 £(000)**	**2027/28 £(000)**
Revenue	30	30	30	30
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only not financing)

Expenditure:	**Income:**	**Net Budget:**
40	0	40

Equality Impact Assessment		
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	Possibly, in that community grant applications are prioritised when they are focused on areas of relative deprivation and harder-to-reach groups. Therefore, a reduction in funding could adversely affect at least some groups with protected characteristics. That said, the likely increase in the overall grants pot (community grants, environmental sustainability and cultural activities) would, to some extent, ameliorate any negative impacts.	
Will a full EQIA be required?	Yes	

Key issues/Risks/Impacts of proposal

Include here any potential negative public or media reaction and proposed lines to take with media messaging

Issues/Risks/Impacts	Mitigations and Media Messaging
(a) Reputational risk - the council could be seen to be reducing support for community groups working with people with less access to services at a time of cost of living pressures. (b) Although individual grants are relatively small (in a range from £300 to £3,000), fewer such grants could exacerbate things such as social isolation and poor mental or physical health and thus put increased pressure on statutory care and/or health services.	(a) The increase in UKSPF-funded grants in 2024/25 would mitigate a reduction in community grants, albeit in that year alone. (b) Funding of the Arts Showcase in 2024/25 through the UKSPF includes facilitating the establishment of a steering group with fund-raising skills to enable future annual Showcase events. The council could work with this new steering group to facilitate a stream of grants to community groups which could potentially supplant the council's community grants from 2025/26 onwards. (c) The council will continue to promote the East Herts Lottery as a way for local groups to fund raise.

Consultation requirements:

None. The community grants programme is a discretionary programme, the continuation and degree of funding of which, the council reviews on an annual basis.

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**
	The reduction in grants could adversely impact this theme, however, mitigations have been identified.		

Service:	**Citizens' Advice Bureau**
Portfolio:	Cllr Sarah Hopewell, Executive Member for Wellbeing
LT Lead:	Head of Housing and Health
Priority:	

Description of Service:

The council has given an annual grant to Citizens Advice East Herts for a considerable number of years. In return, as specified in an SLA, Citizens Advice support residents in the district facing financial, legal, housing, employment and similar issues. The annual grant has gradually reduced over around the last five years. In 2023/24, the base grant was £99k. In addition, the council pays Citizens Advice a grant other c£20k from its Homelessness Prevention Grant from the government for them to provide debt advice to homeless clients of the council. Note: the proposal here only relates to the base grant from the council's budget; it is proposed to continue with the Homelessness Prevention Grant funded grant at the same level.

Description of savings proposal:

As part of an overall proposal to reduce council grants to external bodies by 10%, it is proposed to reduce the Citizens Advice grant from 2024/25 onwards by £10k to £89k. It is worth noting that Cllr Hopewell and Jonathan Geall have recently commenced work with three voluntary sector organisations, including Citizens Advice, with a view to drawing up a joint bid for National Lottery funding. If successful, this could offset a reduction in council funding.

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	2025/26 £(000)	2026/27 £(000)	2027/28 £(000)
Revenue	(10)	(10)	(10)	(10)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only not financing)

Expenditure:	Income:	Net Budget:
99	0	99

Equality Impact Assessment		
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	It is to be expected that Citizens Advice's clients will experience more hardship than most residents. Those with protected characteristics can be over-represented among those experiencing disadvantage. That said, a reduction in grant from £99k to £89k would, in all probability, not lead to a wholesale withdrawal of client-facing services.	
Will a full EQIA be required?	No	

Key issues/Risks/Impacts of proposal

Include here any potential negative public or media reaction and proposed lines to take with media messaging

Issues/Risks/Impacts	Mitigations and Media Messaging
(a) Reputational risk - the council could be accused of reducing support for Citizens Advice at a time when some residents are still struggling to cope with the cost of living crisis.	(a) The council would continue to provide a not insignificant grant to the organisation. Of note, neighbouring Broxbourne Council cut all its funding to their local Citizens Advice around three years ago.
(b) Previous reductions in the Citizens Advice grant have led to representations to senior members by Citizens Advice outlining how damaging the reductions were.	(b) The council would continue to provide a grant of c£20k from its Homelessness Prevention Grant.
(c) Although the reduction on the face of it appears to be relatively small in comparison with Citizens Advice's overall funding, any resulting reduction in their service could potentially put increased pressure on statutory care and/or health services.	(c) The Portfolio Holder and Head of Service's work with three voluntary sector organisations, including Citizens Advice, to draw up a joint bid for National Lottery funding would, if successful, more than offset a £10k reduction in council funding.

Consultation requirements:

It would be reasonable to discuss the proposal with Citizens Advice and, in doing so, explore any non-financial ways the council could further support the organisation to offset the reduction.

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**
	The reduction in the grant could adversely impact this theme, however, mitigations have been proposed, notably the potential to support a joint bid to the National Lottery Fund.		

Service:	**Community Alliance**
Portfolio:	Cllr Sarah Hopewell, Executive Member for Wellbeing
LT Lead:	Head of Housing and Health
Priority:	

Description of Service:

The council has given an annual grant to Community Alliance Broxbourne and East Herts (previously known as the CVS) for a considerable number of years. In return, as specified in an SLA, Community Alliance support local voluntary and community groups in the district to establish themselves and grow, including for example, advising on fund-raising. The annual grant has gradually reduced over around the last five years. In 2023/24, the base grant was £13k.

Description of savings proposal:

As part of an overall proposal to reduce council grants to external bodies by 10%, it is proposed to reduce the Community Alliance grant from 2024/25 onwards by £1k to £12k. It is worth noting that Cllr Hopewell and Jonathan Geall have recently commenced work with three voluntary sector organisations, including Community Alliance, with a view to drawing up a joint bid for National Lottery funding. If successful, this could offset a reduction in council funding.

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	2025/26 £(000)	2026/27 £(000)	2027/28 £(000)
Revenue	(1)	(1)	(1)	(1)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only not financing)

Expenditure:	Income:	Net Budget:
13	0	13

Equality Impact Assessment		
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	It is to be expected that Community Alliance's clients include groups working with residents experiencing more hardship than most. Those with protected characteristics can be over-represented among those experiencing disadvantage. That said, a reduction in grant from £13k to £12k would, in all probability, not lead to a wholescale withdrawal of client-facing services.	
Will a full EQIA be required?	No	

Key issues/Risks/Impacts of proposal

Include here any potential negative public or media reaction and proposed lines to take with media messaging

Issues/Risks/Impacts	Mitigations and Media Messaging
(a) Reputational risk - the council could be accused of reducing support for Community Alliance at a time when community groups need to support residents who are still struggling to cope with the cost of living crisis.	(a) The council would continue to provide a very similar level of grant to the organisation as in 2023/24.
(b) Although the reduction on the face of it appears to be relatively small in comparison with Community Alliance's overall funding, any resulting reduction in their service could potentially put increased pressure on statutory care and/or health services.	(b) The Executive Member and Head of Service's work with three voluntary sector organisations, including Community Alliance, to draw up a joint bid for National Lottery funding would, if successful, more than offset a £1k reduction in council funding.

Consultation requirements:

It would be reasonable to discuss the proposal with Community Alliance and, in doing so, explore any non-financial ways the council could further support the organisation to offset the reduction.

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**
	The reduction in the grant could adversely impact this theme, however, mitigations have been proposed, notably the potential to support a joint bid to the National Lottery Fund.		

Service:	**Planning and Building Control**
Portfolio:	Vicky Glover- Ward, Executive Member for Planning and Growth
LT Lead:	Sara Saunders, Head of Planning and Building Control
Priority:	

Description of Service:

Planning enforcement is the investigation of alleged breaches of planning control and, where a breach of planning control is identified, the aim is to resolve these using the most appropriate action. It is not a statutory service and it is not legally incumbent on the Council to investigate all matters that are alleged as a breach of planning control.

Description of savings proposal:

The maximum savings proposed is £176k which would limited the planning enforcement resource to compliance only.

Alternatively, a lower reduction could be made by reducing the enforcement officer resource from 3 to 1, saving £106k. This would retain the Planning Enforcement Team Leader post.

Equally, a lower reduction could be made by reducing the enforcement officer resource from 3 to 2, saving £55k. This would retain the Planning Enforcement Team Leader post, and 1 Planning Enforcement Officer post.

Both of these options could only work if the backlog of open enforcement cases is reduced and the Planning Enforcement Plan is refreshed to reflect a reduction in officer resource and ability of the Council to positively deal with breaches in planning control. Compliance would be retained in all options at 0.8 FTE.

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	2025/26 £(000)	2026/27 £(000)	2027/28 £(000)
Revenue	(176)	(176)	(176)	(176)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only not financing)

Expenditure:	Income:	Net Budget:
0	0	0

Equality Impact Assessment		
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	An equalities impact assessment will be required as the number of allegations of breaches of planning control are disproportionately about a group with protected characteristics.	
Will a full EQIA be required?	**Yes**	

Key issues/Risks/Impacts of proposal Include here any potential negative public or media reaction and proposed lines to take with media messaging	
Issues/Risks/Impacts	**Mitigations and Media Messaging**
Whilst not a statutory service, planning enforcement is considered to be important function by which the Council seeks to ensure that the amenity and character of the district is maintained in the public interest, and is of high importance to the public, Members, Town and Parish Councils and other interest groups. Any reduction would limit the Council's ability to take enforcement action and positively respond to resolving breaches in planning control. This in turn could undermine public confidence in the Council.	Retention of the compliance officer post would provide some limited support for the implementation of strategic sites and major developments.

Consultation requirements:

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**

Service:	**Blue Badge OFF STREET Parking only**
Portfolio:	Cllr Tim Hoskin Executive Member for Environmental Sustainabilty
LT Lead:	Head of Operations
Priority:	

Description of Service:

Disabled persons with a Blue Badge can park free of charge on street and off street. The majority of local authorities do not provide concessions for off street parking.

Description of savings proposal:

Remove concession in OFF STREET car parks so disabled customers will be required to pay for parking. ON STREET car parking to remain free.

Value of proposal(s) per year (Estimated) £ (000)

Savings must be shown as a negative figure, set up costs as a positive figure

	2024/25 £(000)	**2025/26 £(000)**	**2026/27 £(000)**	**2027/28 £(000)**
Revenue	(60)	(60)	(60)	(60)
Capital	0	0	0	0

Current budget £(000) (Net Revenue Costs or CAPEX only not financing)

Expenditure:	**Income:**	**Net Budget:**
0	0	0

Equality Impact Assessment		
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	Full EQIA will be required to ensure On Street provision is adequate	
Will a full EQIA be required?	**Yes**	

Key issues/Risks/Impacts of proposal Include here any potential negative public or media reaction and proposed lines to take with media messaging	
Issues/Risks/Impacts	**Mitigations and Media Messaging**

Consultation requirements:

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	**Communities (how it affects the people in the district)**	**Place (how it affects the district as a place)**	**Value for money services that are digital by design**

PROJECTED BALANCES ON RESERVES

	2022/23 Balance 31 Mar '23 £000	2023/24 Balance 31 Mar '24 £000	2024/25 Balance 31 Mar '25 £000	2025/26 Balance 31 Mar '26 £000	2026/27 Balance 31 Mar '27 £000	2027/28 Balance 31 Mar '28 £000
General Fund	3,854	3,854	3,854	3,854	3,854	3,854
General Reserve	1,065	1,065	1,065	1,065	1,065	1,065
Other Earmarked Reserves						
Risk Reserves						
Interest Equalisation Reserve	2,045	2,045	2,045	2,045	2,045	2,045
Insurance Fund	908	908	908	908	908	908
Emergency Planning Reserve	36	36	36	36	36	36
HB Subsidy Volatility	50	50	50	50	50	50
Waste recycling income volatility reserve	353	353	353	353	353	353
Sinking Fund - Leisure utilties / pension	228	228	228	228	228	228
Collection Fund Reserve	1,963	1,963	1,963	1,963	1,963	1,963
	5,583	5,583	5,583	5,583	5,583	5,583
Elections Reserves						
Provision for future whole Council elections	98	0	35	70	105	140
IER grant	106	106	106	106	106	106
	204	106	141	176	211	246
Service Reserves						
LDF - Public Exam / Green Belt Review	62	62	62	62	62	62
Housing Condition Survey	90	90	90	90	90	90
Performance reward grant	10	10	10	10	10	10
Footbridge over the River Stort	150	150	150	150	150	150
DCLG Preventing Repossessions	18	18	18	18	18	18
New Homes Bonus Priority Spend	8,206	8,361	5,816	6,271	6,571	6,871
NNDR Compensation grant	3,536	0	0	0	0	0
DEFRA Flood Support for Local Businesses Grant Reserve	4	4	4	4	4	4
Neighbourhood Planning Grant	64	64	64	64	64	64
MTFP Transition Funding Reserve	413	413	413	413	413	413
Flexible Homelessness Grant	602	602	602	602	602	602
Preventing Homelessness New Burdens	31	31	31	31	31	31
Healthy Lifestyle Promotions	33	33	33	33	33	33
Land Charges New Burdens	30	30	30	30	30	30
Parks & Open spaces	306	306	306	306	306	306
Revenues & Benefits New Burdens	250	250	250	250	250	250
	13,805	10,424	7,879	8,334	8,634	8,934
Total Earmarked Reserves	**19,592**	**16,113**	**13,603**	**14,093**	**14,428**	**14,763**
Total Reserves	**24,511**	**21,032**	**18,522**	**19,012**	**19,347**	**19,682**

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
ENVIRONMENTAL HEALTH LICENCES					
Animal licences - Grant or renewal cost of one licensable activity	Cost Recovery	Every 1 to 3 years	461.00	507.00	OS
Animal licences - Grant or renewal cost per additional licensable activity	Cost Recovery	Every 1 to 3 years	243.00	267.00	OS
Animal licences - Hiring of horses annual inspection fee (plus hiring of horses additional charge below) (invoiced after each annual inspection)	Cost Recovery	Every 1 to 3 years	221.00	243.00	OS
Animal Licences - Hiring of horses additional charge per horse	Cost Recovery	Every 1 to 3 years	13.00	14.00	OS
Animal licences - Minor variation of a current licence (no site visit)	Cost Recovery	per variation	110.00	121.00	OS
Animal licences - Variation of a current licence (involving site visit) (plus vet fees)	Cost Recovery	per variation	249.00	274.00	OS
Animal licences - Re-evaluation of a licenced premises star rating (plus vet fees)	Cost Recovery	per inspection	341.00	375.00	OS
Animal Licences - 'arrangers fee' for one licensable activity	Cost Recovery	Every 1 to 3 years	-	507.00	OS
Zoos - New Licence (plus vet fees)	Cost Recovery	per 4 year registration	2,521.00	2,773.00	OS
Zoos - Year 3 periodical inspection (plus vet fees)	Cost Recovery	per inspection	2,291.00	2,520.00	OS
Zoos - Year 6 renewal licence inspection (plus vet fees)	Cost Recovery	per 6 years	2,322.00	2,554.00	OS
Zoos - Transfer of Licence (plus vet fees)	Cost Recovery	per transfer	914.00	1,005.00	OS
Dangerous Wild Animals (plus vet fees)	Cost Recovery	per 2 years	383.00	421.00	OS
Registration for Skin Piercing (Premises)	Cost Recovery	per business	229.00	252.00	OS
Registration for Skin Piercing (Person) - when registered at the time of premises registration	Cost Recovery	per person	13.00	14.00	OS
Registration for Skin Piercing (Person) - when registered after/indepently of premises registration	Cost Recovery	per person or premises	165.00	181.50	OS
Registration for Peripatetic Skin Piercing	Cost Recovery	per business	240.00	264.00	OS
Update to an existing Skin Piercing registration (minor update not needing site visit). If visit needed see registration of premises and/or person cost	Cost Recovery	per update	80.00	88.00	OS
Replacement of any environmental health licence, FHRS sticker or registration certificate	Cost Recovery	per licence	26.00	28.50	OS
FOOD HYGIENE & SAFETY					
Issue of certificate following surrender of food - first hour (plus disposal costs)	Cost Recovery	per hour or part	77.00	84.50	OS
Issue of certificate following surrender of food - additional hours (plus disposal costs)	Cost Recovery	per hour or part	51.00	56.00	OS
Food export health certificate (first hour)	Cost Recovery	per hour or part	79.00	87.00	OS
Food export health certificate (additional hours)	Cost Recovery	per hour or part	51.00	56.00	OS
Letter confirming food premises registration	Cost Recovery	per certificate	30.00	33.00	OS
Food Hygiene Rating Scheme Rescoring Visit	Cost Recovery	per visit	185.00	203.50	OS

MISCELLANEOUS FEES & CHARGES

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Contaminated Land/ additional land charge enquiry (simple land search)	Cost Recovery	per enquiry	75.00	82.50	OS
Contaminated Land/ additional land charge enquiry (detailed land search)	Cost Recovery	per enquiry	199.00	219.00	OS
Statement of fact for civil cases (first hour)	Cost Recovery	First hour or part	81.00	89.00	S
Statement of fact for civil cases (additional hour)	Cost Recovery	per hour or part	51.00	56.00	S
Processing Section 61 notic application	Cost Recovery	per enquiry	-	82.50	OS
Attendance at Exhumations (first hour)	Cost Recovery	First hour or part	81.00	89.00	OS
Attendance at Exhumations (additional hours)	Cost Recovery	per hour or part	51.00	56.00	OS
Public health burials (first hour)	Cost Recovery	First hour or part	79.00	87.00	OS
Public health burials (additional hour)	Cost Recovery	per hour or part	51.00	56.00	OS

PRIVATE WATER SUPPLIES

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Risk Assessment (first hour) (plus costs incurred by specialist inspector)	Cost Recovery	First hour or part	77.00	84.50	S
Risk Assessment (additional hour) (plus costs incurred by specialist inspector)	Cost Recovery	per hour or part	45.00	49.50	S
Risk Assessment (Desktop) - first hour	Cost Recovery	First hour or part	77.00	84.50	S
Risk Assessment (Desktop) - additional hours	Cost Recovery	per hour or part	45.00	49.50	S
Sampling Visit - first hour (plus analysis costs)	Cost Recovery	First hour or part	71.00	78.00	S
Sampling Visit - additional hours (plus analysis costs)	Cost Recovery	per hour or part	45.00	49.50	S
Sampling - Desktop review of results (first hour)	Cost Recovery	First hour or part	71.00	78.00	OS
Sampling - Desktop review of results (additional hours)	Cost Recovery	per hour or part	45.00	49.50	OS
Investigation - first hour (plus analysis costs)	Cost Recovery	First hour or part	71.00	78.00	OS
Investigation - additional hours (plus analysis costs)	Cost Recovery	per hour or part	45.00	49.50	OS
Granting of Authorisation -first hour	Cost Recovery	First hour or part	105.00	115.50	OS
Granting of Authorisation - additional hours	Cost Recovery	per hour or part	58.00	64.00	OS

PRIVATE SECTOR HOUSING

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Standards inspection for immigration	Cost Recovery	per inspection	174.00	191.00	S
Housing Notices (excluding any costs incurred for additional reports required to support notice service eg EICR, Structural Engineering Report, Damp Survey which will be charged separately)	Cost Recovery	fixed charge	390.00	429.00	OS
Housing Notices Recovery of cost to arrange for professional reports (plus professional costs)	Cost Recovery	per professional report	74.00	81.00	OS
Fixed penalty for failure to belong to an approved redress scheme		fixed charge	5,000.00	5,000.00	OS

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Licence for a HMO with no more than 5 bedrooms - full fee upon application	Cost Recovery	per licence	1,192.00	1,311.00	OS
Licence for a HMO with no more than 5 bedrooms - Part 1 Fee	Cost Recovery	per licence	963.00	1,059.00	OS
Licence for an HMO - Part 2 Fee	Cost Recovery	per licence - final before issuing licence	254.00	279.50	OS
Additional bedrooms	Cost Recovery	each	25.00	27.50	OS
Renewal of HMO Licence - Full fee upfront.	Cost Recovery	per licence	991.00	1,090.00	OS
Renewal of HMO Licence - Two-part fee - Part 1	Cost Recovery	per licence - initial at application	762.00	838.00	OS
Renewal of HMO Licence - Two-part fee - Part 2	Cost Recovery	per licence - final before issuing licence	254.00	279.50	OS
HMO Confirmation Letters for licensable HMOs after application has been received	Cost Recovery	per letter	30.00	33.00	OS
Housing Advice Visit	Cost Recovery	per visit	336.00	369.50	S

OTHER LICENCES

Sex Establishments		per annum	3,418.00	3,760.00	OS
Sex Establishments		per renewal	3,027.00	3,330.00	OS
Sex Establishments		transfer	98.00	108.00	OS
Hypnotism Act 1952 - Occasional licensed premises			188.00	207.00	OS
Hypnotism Act 1952 - Occasional unlicensed premises			723.00	795.00	OS
Scrap Metal Site Licence		per licence granted	321.00	353.00	OS
Scrap Metal Site Licence		per licence renewed	239.00	263.00	OS
Scrap Metal Site Licence - Variation, Name Change, Change of Site		per change	57.00	63.00	OS
Scrap Metal Collectors Licence		per licence granted	291.00	320.00	OS
Scrap Metal Collectors Licence		per licence renewed	208.00	229.00	OS
Scrap Metal Collectors Licence - Variation, Name Change		per change	57.00	62.50	OS

TAXI LICENSING

Private Hire vehicle (new) - 1 year		per new licence	293.00	307.50	OS
Private Hire vehicle (renewal) - 1 year		per renewal	287.00	287.00	OS
Vehicle - either Hackney Carriage or Private Hire (new) HC only - 1 year		per new licence	400.00	400.00	OS
Vehicle - either Hackney Carriage or Private Hire (renewal) HC only - 1 year		per renewal	318.00	318.00	OS
Dual Driver or Private Hire Driver (new) - 3 year			393.50	393.50	OS

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Dual Driver or Private Hire Driver (renewal) - 3 year			284.00	284.00	OS
Dual Driver or Private Hire Driver (new) - 1 year			343.00	343.00	OS
Dual Driver or Private Hire Driver (renewal) - 1 year			233.70	233.70	OS
Private Hire Operator - 5 year (new)			302.00	302.00	OS
Private Hire Operator - 5 year (renewal)			296.00	296.00	OS
Private Hire Operator - 1 year (new)			266.50	266.50	OS
Private Hire Operator - 1 year (renewal)			266.50	266.50	OS
Each additional vehicle above 6			-	-	OS
Change of vehicle (new vehicle on old plate number)			59.00	59.00	OS
Change of vehicle (courtesy car)			91.00	91.00	OS
Vehicle Inspection (5 year check)			36.00	36.00	OS
Private Hire Driver converted to Dual Driver	Cost Recovery	Per driver	30.00	30.00	OS
Private Hire Driver converted to Hackney Carriage vehicle			108.00	108.00	OS
Change of vehicle proprietor			41.00	41.00	OS
Change of DVLA details (registration number etc.)			61.00	61.00	OS
Change of Drivers address			12.00	12.00	OS
Knowledge test and training day (all new applicants)			98.00	98.00	OS
Resit of both routes and rules & regulations tests			52.00	52.00	OS
Resit of routes test only			34.00	34.00	OS
Update training for existing drivers			62.00	62.00	OS
Enhanced DBS Online	Cost Recovery	Per person	94.00	94.00	OS
English Competency testing (in our offices)	Cost Recovery		97.00	97.00	OS
English Competency testing (remote)	Cost Recovery		78.00	78.00	OS
Roof light (complete)	Cost Recovery	per light	65.00	65.00	S
Roof light (top cover only)	Cost Recovery	per light	45.00	45.00	S
Roof Light (base)			30.00	30.00	S
Replacement drivers badges	Cost Recovery	Each	19.00	19.00	S
Hackney Carriage Replacement plate (or additional for a trailer)	Cost Recovery	Each	20.00	20.00	S
Private Hire Vehicle replacement plate	Cost Recovery	Each	22.00	22.00	S

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Roof light bulbs			3.23	3.23	S
Magnets (sold as a pair)	Cost Recovery	Per pair	18.00	18.00	S
Executive Disc (private hire vehicles only)	Cost Recovery	Each	13.00	13.00	S
Refund per full calendar month of unexpired drivers licence PH (new)			2.10	2.10	OS
Refund per full calendar month of unexpired drivers licence PH (renewal)			1.00	1.00	OS
Refund per full calendar month of unexpired drivers licence HC (new)			2.10	2.10	OS
Refund per full calendar month of unexpired drivers licence HC (renewal)			1.00	1.00	OS
Refund per full calendar month of unexpired vehicle licence PH (new)			4.20	4.20	OS
Refund per full calendar month of unexpired vehicle licence PH (renewal)			4.20	4.20	OS
Refund per full calendar month of unexpired vehicle licence HC (new)			4.20	4.20	OS
Refund per full calendar month of unexpired vehicle licence HC (renewal)			4.20	4.20	OS
Refund per full calendar year of unexpired operators licence (new)			11.50	11.50	OS
Refund per full calendar year of unexpired operators licence (renewal)			11.50	11.50	OS
PREMISES LICENCES					
Application for premises, club premises certificate, variations (excluding change of name and address or designated premises supervisor) conversion/variation - Band A - rateable value £0-£4,300	Statutory Fee	per band A premises	100.00	100.00	OS
Application for premises, club premises certificate, variations (excluding change of name and address or designated premises supervisor) conversion/variation - Band B - rateable value £4,301-33,000	Statutory Fee	per band B premises	190.00	190.00	OS
Application for premises, club premises certificate, variations (excluding change of name and address or designated premises supervisor) conversion/variation - Band C - rateable value £33,001-£87,000	Statutory Fee	per band C premises	315.00	315.00	OS
Application for premises, club premises certificate, variations (excluding change of name and address or designated premises supervisor) conversion/variation - Band D - rateable value £87,001-£125,000	Statutory Fee	per band D premises	450.00	450.00	OS
Application for premises, club premises certificate, variations (excluding change of name and address or designated premises supervisor) conversion/variation - Band E - rateable value £125,000 and over	Statutory Fee	per band E premises	635.00	635.00	OS
PREMISES LICENCES (Holders of premises licences and club premises certificate) - Band A - rateable value £0-£4,300	Statutory Fee	per band A premises per annum	70.00	70.00	OS
PREMISES LICENCES (Holders of premises licences and club premises certificate) - Band B - rateable value £4,301-33,000	Statutory Fee	per band B premises per annum	180.00	180.00	OS
PREMISES LICENCES (Holders of premises licences and club premises certificate) - Band C - rateable value £33,001-£87,000	Statutory Fee	per band C premises per annum	295.00	295.00	OS
PREMISES LICENCES (Holders of premises licences and club premises certificate) - Band D - rateable value £87,001-£125,000	Statutory Fee	per band D premises per annum	320.00	320.00	OS
PREMISES LICENCES (Holders of premises licences and club premises certificate) - Band E - rateable value £125,000 and over	Statutory Fee	per band E premises per annum	350.00	350.00	OS

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
PERSONAL LICENCE	Statutory Fee	per licence	37.00	37.00	OS

OTHER FEES AND CHARGES

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Supply of copies of information contained in register		per black & white A4 sheet	0.15	0.15	S
Supply of copies of information contained in register		per black & white A3 sheet	0.30	0.30	S
Supply of copies of information contained in register		per black & white A0 sheet	2.00	2.00	S
Supply of copies of information contained in register		per colour A4 sheet	0.30	0.30	S
Supply of copies of information contained in register		per colour A3 sheet	0.60	0.60	S
Supply of copies of information contained in register		per colour A0 sheet	2.30	2.30	S
Application for copy of licence or summary on theft, loss etc. of premises licence or summary	Statutory Fee	per application	10.50	10.50	OS
Notification of change of name or address (holder of premises licence)	Statutory Fee	per change	10.50	10.50	OS
Application to vary or to specify individual as premises supervisor	Statutory Fee	per application	23.00	23.00	OS
Application to transfer premises licence	Statutory Fee	per application	23.00	23.00	OS
Interim authority notice	Statutory Fee	per notice	23.00	23.00	OS
Application for making of a provisional statement	Statutory Fee	per statement	315.00	315.00	OS
Application for copy of certificate or summary on theft, loss etc. of certificate or summary	Statutory Fee	per copy	10.50	10.50	OS
Notification of change of name or alteration of club rules	Statutory Fee	per change	10.50	10.50	OS
Change of relevant registration address of club	Statutory Fee	per change	10.50	10.50	OS
Temporary event notice	Statutory Fee	per notice	21.00	21.00	OS
Application of copy of notice on theft, loss etc. of temporary event notice	Statutory Fee	per copy	10.50	10.50	OS
Application of copy of licence on theft, loss etc. of personal licence	Statutory Fee	per copy	10.50	10.50	OS
Notification of change of name or address (personal licence)	Statutory Fee	per change	10.50	10.50	OS
Notice of interest in any premises	Statutory Fee	per notice	21.00	21.00	OS

GAMBLING ACT 2005

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Bingo Premises		per licence	3,258.00	3,258.00	OS
Bingo Premises		per variation	1,629.50	1,629.50	OS
Bingo Premises		per transfer	1,117.00	1,117.00	OS
Bingo Premises		Annual Fee	931.00	931.00	OS
Adult Gaming Centre Premises		per licence	1,883.00	1,883.00	OS
Adult Gaming Centre Premises		per variation	931.00	931.00	OS

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Adult Gaming Centre Premises		per transfer	1,095.00	1,095.00	OS
Adult Gaming Centre Premises		Annual Fee	931.00	931.00	OS
Betting Premises (Track)		per licence	2,328.00	2,328.00	OS
Betting Premises (Track)		per variation	1,165.00	1,165.00	OS
Betting Premises (Track)		per transfer	885.00	885.00	OS
Betting Premises (Track)		Annual Fee	931.00	931.00	OS
Betting Premises (Other)		per licence	2,799.00	2,799.00	OS
Betting Premises (Other)		per variation	1,397.00	1,397.00	OS
Betting Premises (Other)		per transfer	1,117.00	1,117.00	OS
Betting Premises (Other)		Annual Fee	365.00	365.00	OS
Family Entertainment Centre Premises		per licence	1,862.00	1,862.00	OS
Family Entertainment Centre Premises		per variation	931.00	931.00	OS
Family Entertainment Centre Premises		per transfer	885.00	885.00	OS
Family Entertainment Centre Premises		Annual Fee	698.00	698.00	OS
Temporary Use Notices		per notice	500.00	500.00	OS
Temporary Use Notices		per copy	25.00	25.00	OS
Gaming Machine Permit 10 years (Up to 2 machines)	Statutory Fee	per permit	150.00	150.00	OS
Gaming Machine Permit 10 years (Up to 2 machines)	Statutory Fee	per variation	100.00	100.00	OS
Gaming Machine Permit 10 years (Up to 2 machines)	Statutory Fee	per transfer	25.00	25.00	OS
Notification 2 gaming machines	Statutory Fee	per notice	50.00	50.00	OS
Club Gaming Machine Permit 5 years (Up to 3 machines)	Statutory Fee	per permit	100.00	100.00	OS
Club Gaming Machine Permit	Statutory Fee	Annual Fee	50.00	50.00	OS
Small Lotteries	Statutory Fee	per setup	40.00	40.00	OS
Small Lotteries	Statutory Fee	per renewal	20.00	20.00	OS

STREET TRADING

Street Trading: Occasional Registered Charity (up to one month)	Cost Recovery	per month	76.00	83.50	OS
Street Trading: Occasional (up to one month)	Cost Recovery	per month	149.00	164.00	OS
Street Trading: Peripatatic (e.g. ice cream van)	Cost Recovery	per annum	430.00	473.00	OS
Street Trading: Static (e.g. burger van)	Cost Recovery	per annum	437.00	481.00	OS

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Transfer of street trading consent	Cost Recovery	per transfer	60.00	66.00	OS
Variation of street trading consent	Cost Recovery	Per variation	60.00	66.00	OS
Street trading consent refund - greater than 6 months left on consent	Cost Recovery	per consent	25% of fee paid	25% of fee paid	OS
Street trading consent refund - between 3 and 6 months left on consent	Cost Recovery	per consent	10% of fee paid	10% of fee paid	OS

HOSTELS

Rectory & Hillcrest Hostels Single room (exc. Service charges)		per week	250.00	250.00	Z
Rectory & Hillcrest Hostels Double room (exc. Service charges)		per week	330.00	330.00	Z
Rectory & Hillcrest Hostels Family room (exc. Service charges)		per week	375.00	375.00	Z
Cedar Cottage Support Hostel Self Contained Unit		per week	377.00	377.00	Z
Bed & Breakfast - Single person		per week	129.33	129.33	Z
Bed & Breakfast - Single person		per day	15.80	15.80	Z
Bed & Breakfast - Single person and one child		per week	146.40	146.40	Z
Bed & Breakfast - Single person and one child		per day	20.90	20.90	Z
Bed & Breakfast - Single person and two children		per week	159.00	159.00	Z
Bed & Breakfast - Single person and two children		per day	22.80	22.80	Z
Bed & Breakfast - Couple		per week	146.40	146.40	Z
Bed & Breakfast - Couple		per day	20.90	20.90	Z
Bed & Breakfast - Couple and one child		per week	171.80	171.80	Z
Bed & Breakfast - Couple and one child		per day	24.50	24.50	Z
Bed & Breakfast - Couple and two children		per week	181.10	181.10	Z
Bed & Breakfast - Couple and two children		per day	26.60	26.60	Z
Bed & Breakfast - Additional children up to 16		per week	15.10	15.10	Z
Bed & Breakfast - Additional children up to 16		per day	2.10	2.10	Z

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT	2024/25 Charge Ex. VAT	VAT
			£	£	

LAND CHARGES

Registration of a charge in Part II of the register	Statutory	per charge	67.00	67.00	OS
Filing a definite certificate of the Lands Tribunal under rule 10 (3)	Statutory	per certificate	2.50	2.50	OS
Filing a judgement or order, or written request for the variation or cancellation of any entry in Part 11 of the register	Statutory	per item	7.00	7.00	OS
Inspection of documents filed in the register under rule 10, in respect of each parcel of land	Statutory	per parcel of land	2.50	2.50	OS
Office copy of any plan or other document filed pursuant to the rules	Statutory	per copy	Individual Charge	Individual Charge	OS
Standard search fee (LLC1 + CON29) VAT inclusive price	Cost Recovery	Per search	£131.15	£131.15	S
Extra parcel fee with standard search	Cost Recovery	Per search	£152.60	£152.60	S
Standard search including all CON29O questions	Cost Recovery	Per search	£311.03	£311.03	S
LLC1	Cost Recovery	Per search	£28.25	£28.25	Z
CON29	Cost Recovery	Per search	£85.75	£82.75	S
Con29O Qu.4 -21	Cost Recovery	Per search	£6.50	£6.50	S
Con29o Qu.22	Cost Recovery	Per search	£32.90	£32.90	S
Extra parcel fee (LLC1)	Cost Recovery	Per search	£9.75	£9.75	Z
Extra parcel fee (Con29)	Cost Recovery	Per search	£9.75	£9.75	S

LEGAL CHARGES

External legal advice (Non Public Law Partnership member)	Discretionary	Per hour	255.00	255.00	S
Authorised Guarantee Agreement	Discretionary	Fixed	628.00	628.00	S
Commercial lease assignment	Discretionary	Fixed	850.00	850.00	S
Leases	Discretionary	Fixed	981.00	981.00	S
Licences	Discretionary	Fixed	459.00	459.00	S
Deed of covenants	Discretionary	Fixed	£511.66 PLUS 3%	£511.66 PLUS 3%	S
Landlord licence	Discretionary	Fixed	717.00	717.00	S
Deed of variation (complex)	Discretionary	Fixed	1,307.00	1,307.00	S
Easements	Discretionary	Fixed	1,307.00	1,307.00	S
Drafting Rent Reviews	Discretionary	Fixed	327.00	327.00	S
s.106 TCPA 1990 – simple	Discretionary	Fixed	255.00	255.00	S
s.106 TCPA – complex	Discretionary	Per Hour	255.00	255.00	S
Deed of Surrender	Discretionary	Fixed	784.00	784.00	S
Transfer of Open Space	Discretionary	Fixed	1,046.00	1,046.00	S

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Licence of alterations	Discretionary	Fixed	915.00	915.00	S
Licence to assign leasehold premises	Discretionary	Fixed	915.00	915.00	S
Notice of Assignment	Discretionary	Fixed	107.00	107.00	S
Nomination Agreement	Discretionary	Fixed	826.00	826.00	S
Leasehold Enquiry Forms	Discretionary	Fixed	193.00	193.00	S
Letter and Consent	Discretionary	Fixed	39.00	39.00	S
Residential Lease Extension	Discretionary	Fixed	551.00	551.00	S
Notice of charge	Discretionary	Fixed	107.00	118.00	S
Postponement of Charge	Discretionary	Fixed	107.00	118.00	S
Sale of land	Discretionary	Fixed	980.00	1,080.00	S
Footpath/Bridleway Creation or Diversion Agreement	Discretionary	Fixed	1,961.00	2,155.00	S

STREET NAMING & NUMBERING

Change of house name or adding alias name	Cost Recovery	Per address	95.00	104.50	Z
Registering 1 plot	Cost Recovery	Per address	95.00	104.50	Z
Registering 2-24 plots	Cost Recovery	Per address	64.00	70.00	Z
Registering 25-49 plots	Cost Recovery	Per address	51.00	56.00	Z
Registering 50-74 plots	Cost Recovery	Per address	39.00	43.00	Z
Registering 75-99 plots	Cost Recovery	Per address	32.00	35.00	Z
Registering 100+ Plots	Cost Recovery	Per address	20.00	22.00	Z
Naming a new street/block where the Council Chooses a Name	Cost Recovery	Per road name	250.00	275.00	Z
Naming a new street/block where the developer chooses a name (Three names to be submitted with local connection and must conform to policy)	Discretionary	Per road name	350.00	385.00	Z
Renaming of street where requested by residents and/or the Town/Parish Council	Discretionary	Per address	95.00	104.50	Z
Change to new addresses due to development changing after the schedule has been issued (applies to all amended plots)	Discretionary	Per address	64.00	70.00	Z

ELECTORAL REGISTRATION FEES

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Fee for sale of the full register and notices of alteration	Statutory	per sale provided electronically	£20.00	£20.00	Z
and an additional	Statutory	per thousand or part thousand entries	£1.50	£1.50	Z
Fee for sale of the full register and notices of alteration	Statutory	per sale printed	£10.00	£10.00	Z
and an additional	Statutory	per thousand or part thousand entries	£5.00	£5.00	Z
Fee for sale of the open Register	Statutory	per sale provided electronically	£20.00	£20.00	Z
and an additional	Statutory	per thousand or part thousand entries	£1.50	£1.50	Z
Fee for sale of the open Register	Statutory	per sale printed	£10.00	£10.00	Z
and an additional	Statutory	per thousand or part thousand entries	£5.00	£5.00	Z
Fee for sale of the list of overseas electors	Statutory	per sale provided electronically	£20.00	£20.00	Z
and an additional	Statutory	per hundred or part hundred entries	£1.50	£1.50	Z
Fee for sale of the list of overseas electors	Statutory	per sale printed	£10.00	£10.00	Z
and an additional	Statutory	per hundred or part hundred entries	£5.00	£5.00	Z
Fee for sale of the marked document (register or absent voters list)	Statutory	per sale provided electronically	£10.00	£10.00	Z
and an additional	Statutory	per thousand or part thousand entries	£1.00	£1.00	Z
Fee for sale of the marked document (register or absent voters list)	Statutory	per sale printed	£10.00	£10.00	Z
and an additional	Statutory	per thousand or part thousand entries	£2.00	£2.00	Z
Photocopies of Election expense returns	Statutory	Per side copied	£0.20	£0.20	Z
Certificate of Registration	Discretionary	per elector per year	£22.00	£22.00	Z
Voter Authority Certificate	Statutory	per elector per year	Free	Free	Z

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT	2024/25 Charge Ex. VAT	VAT
			£	£	

Freedom of Information Act 2000 / Environmental Information Regulations 2004 / Reuse of Public Sector Information Regulations 2005

FOI Request	Statutory	Under 18 hours of staff time	No charge for email response. Other responses are charged disbursements only	No charge for email response. Other responses are charged disbursements only	
FOI Request	Statutory	In excess 18 hours of staff time	The Council will not provide information above the statutory requirements	The Council will not provide information above the statutory requirements	

- However, where possible, we will assist the applicant to refine the request and determine what might be achieved within the £450 limit.

Disbursements (photocopying, copying to different media, postage etc)			Photocopying monochrome 15p per side. Photocopying colour 30p per side. Postage actual cost incurred	Photocopying monochrome 15p per side. Photocopying colour 30p per side. Postage actual cost incurred	
EIR Request	Statutory	Under 18 hours of staff time	No charge other than disbursements	No charge other than disbursements	
EIR Request	Statutory	In excess 18 hours of staff time	The Council will not provide information above the statutory requirements	The Council will not provide information above the statutory requirements	

LETTING OF COUNCIL OFFICES

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Council Chamber - Hertford	Cost Recovery	per hour	90.00	100.00	n/a
Lea Room - Hertford	Cost Recovery	per hour	75.00	82.50	n/a
Other Rooms - Hertford	Cost Recovery	per hour	55.00	61.00	n/a

MARKETS

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Street Trading Consent (Commercial Markets)			437.00	437.00	OS
Street Trading: Enhanced (Farmers Market)			437.00	437.00	OS
Additional stall: Enhanced (Farmers Market)			120.00	120.00	OS
Electricity - Cooking per trading day	per trading day		6.27	7.50	OS
Electricty - Lighting/tills only	per trading day		3.25	4.50	S
Electricty - Lighting/tills only	monthly trader		42.00	46.00	S
Electricty - Lighting/tills only	weekly trader		168.00	185.00	S

VAT Key:
S - Standard (20%)
Z - Zero (0%)
E - Exempt
OS - Outside Scope of VAT

Operations

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
ANIMAL CONTROL					
Stray dog with ID chip (unless first offence and dog is collected the same day)		per dog	29.00	32.00	n/a
Stray dog without ID chip	Statutory		28.00	31.00	n/a
Stray dog collected			25.00	27.50	n/a
Kennel Charges		per night	18.00	20.00	n/a
Assistance to third party organisations		per hour	Price on application	Price on application	S
Provision of dog waste bag		per box of 5000	59.00	65.00	S
Dog Fouling Sign		per sign	Price on application	Price on application	S
ALLOTMENTS					
Allotments (25.3m^2)		per annum	4.50	5.00	n/a
PEST CONTROL					
Concessionary fee for residents in receipt of income related benefit - waived in cases of hardship at the discretion of the Head of Environmental Services		per job	22.00	24.00	S

Outdoor Exercise Group Activities *

Charges for personal trainers and organisations are levied to commercial organisations and individuals using EHC owned land for organised group activities where a charge is levied to participants either directly or though a membership scheme. These are ceiling prices and may be reduced at the discretion of the Head of Operations for shorter time periods or where activities are undertaken in partnership with the Council in pursuit of corporate objectives relating to health and well being. These charges do not apply to the Council's own Leisure Services contractor.

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Organisations - per site			1,645.00	1,810.00	n/a
Personal Trainers - per trainer			620.00	680.00	n/a

PARKING

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Off Street Resident Season Ticket - Port Vale			305.00	325.44	S
Off Street Resident Season Ticket - Crown Terrace			1,371.00	1,462.86	S
Off Street Resident Season Ticket - Baldock Street - Ware			1,072.00	1,143.82	S
On Street Resident Season Ticket - 1st Permit			72.00	75.00	OS
On Street Resident Season Ticket - 2nd Permit			144.00	150.00	OS
On Street Resident Season Ticket - 3rd Permit (only available where possible in B1 (Stansted Rd, BS), B2 (Dunmow Rd, BS), B3 (Windhill BS), B7 Chantry BS), W2 (Coronation Rd Ware))			144.00	150.00	OS
On Street Resident Season Ticket - Motorcycle permit			24.00	26.00	OS
On Street Resident Season Ticket - Contractor permit		per week	19.00	25.00	OS
On Street Resident Season Ticket - Business permit		per annum	397.00	424.00	OS
On Street Resident Season Ticket - Carers/ Special permits (discretionary)			40.00	43.00	OS
On Street Resident Season Ticket - Vistors Vouchers		per hour	0.14	0.16	OS
On Street Resident Season Ticket - Vistors Vouchers		per hour pensioners	0.07	0.08	OS
On Street Resident Season Ticket - Vistors Vouchers		Per Day	1.40	1.60	OS
On Street Resident Season Ticket - Vistors Vouchers		Per day pensioners	0.70	0.80	OS
On Street Resident Season Ticket - Vistors Vouchers		Per Week	3.00	5.60	OS
On Street Resident Season Ticket - Vistors Vouchers		Per week pensioners	1.50	2.80	OS
On Street Resident Season Ticket - Charge for Temporary Dispensation from Parking Restrictions			19.00	25.00	OS
On Street Residents Parking Permits - Folly Island - 2nd Permit			72.00	75.00	OS
Parking Northgate House		Per space per annum	1,000.00	1,000.00	OS
Bishop's Stortford market traders' tariff - Link Road		per Thursday or Saturday	4.30	4.60	S
Bishop's Stortford market traders' tariff - Apton Road		per Thursday or Saturday	4.30	4.60	S
Old London Road - Hertford - Coach / Lorry tarriff		per visit	15.00	15.00	S

MISC DEVELOPMENT MANAGEMENT CHARGES

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
Copies of any documents		per black & white A4 side	0.15	0.15	n/a
Copies of any documents		per colour A4 side	0.30	0.03	n/a
Copies of any documents		per black & white A3 side	0.30	0.03	n/a
Copies of any documents		per colour A3 side	0.60	0.06	n/a
Copies of any documents		per black & white A2 side	1.00	1.00	n/a
Copies of any documents		per colour A2 side	2.00	2.00	n/a
Copies of any documents		per black & white A1 side	1.50	1.50	n/a
Copies of any documents		per colour A1 side	3.00	3.00	n/a
Copies of any documents		per black & white A0 side	2.00	2.00	n/a
Copies of any documents		per colour A0 side	4.60	4.60	n/a
Copies of documents provided on an electronic disc		per disc provided	19.00	19.00	n/a
Historical Research (where records available)		per hour (or part)	96.00	96.00	n/a
Legal obligation agreements - confirmation of compliance by third parties or where the monitoring fee has not been paid		per hour (or part of) after first hour	94.00	94.00	n/a
Retieval of externally stored microfilmed records		per microfilmed record	5.00	5.00	n/a

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
MINOR PRE-APPLICATION ADVICE					
Householder proposals (written advice only)		Per request	168.00	208.33	S
Request for informal confirmation that proposed development comprises 'permitted development'. (Not Lawful Development Certificate)		Per request	168.00	208.33	S
Minor development (single new or replacement dwellings and other development of less than 50sqm floorspace)		Per request	360.00	416.67	S
Minor development (all other minor development) includes meeting		Per request	450.00	416.67	S
Small Commercial (written advice only)		Per request	360.00	416.67	S
Medium commercial (includes discretionary meeting)		Per request	bespoke	833.33	S
Other commercial or simple change of use (written advice only)		Per request	135.00	250.00	S
Simple Adverts (written advice only)		Per request	112.50	166.67	S
10 or more adverts (written advice only)		Per request	n/a	583.33	S
Other non-residential not covered by the above (written advice only		Per request	135.00	250.00	S
Creation of new residential unit (written advice only)		Per request	360.00	458.33	S
2-5 new residential untis (includes meeting)		Per request	450.00	833.33	S
6-9 new residential units Includes meeting)		Per request	450.00	1,000.00	S
MAJOR PRE-APPLICATION ADVICE					
Written advice & meeting					
Residential 10-25 units		Per request	bespoke	3,333.33	S
Residential 26-50 units		Per request	bespoke	5,000.00	S
Residential 50 -100 units		Per request	bespoke	7,500.00	S
Residential 100-200 units		Per request	bespoke	12,500.00	S
Residential 200 units +		Per request	bespoke	price on application	S
Commercial scheme 1,000 - 5000m2		Per request	bespoke	5,000.00	S
Commercial scheme 5,000 - 10,000m2		Per request	bespoke	7,500.00	S
Commercial scheme 10,000m2		Per request	bespoke	10,000.00	S
Commercial COU		Per request	bespoke	2,000.00	S
Other non-residential advice on major applications not covered by the above		Per request	bespoke	4,166.67	S
Other non-residential advice on major applications not covered by the aboive (no floor area)		Per request	bespoke	500	S

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT	2024/25 Charge Ex. VAT	VAT
			£	£	
SELF-BUILD AND CUSTOM HOUSEBUILDING REGISTER					
Entry onto Part 1 of the Register (Individuals)		per officer rate	287.00	0.00	S
Entry onto Part 2 of the Register (Individuals)		per officer rate	133.00	133.00	S
Entry onto Part 1 of the Register (Groups and Associations)		per officer rate	265.00 + 62.00 per individual	265.00 + 62.00 per individual	S
Entry onto Part 2 of the Register (Groups and Associations)		per officer rate	105.00 + 62.00 per individual	105.00 + 62.00 per individual	S

Waste & Recycling

	Basis of Charge	Unit of Charge	2023/24 Charge Ex. VAT £	2024/25 Charge Ex. VAT £	VAT
TRADE REFUSE - COMMERCIAL CUSTOMERS					
120 litre bin	Commercial charge	Per bin per year	6.60	6.93	OS
240 litre bin	Commercial charge	Per bin per year	10.70	11.24	OS
360 litre bin	Commercial charge	Per bin per year	11.90	12.50	OS
660 litre bin	Commercial charge	Per bin per year	20.15	21.16	OS
1100 litre bin	Commercial charge	Per bin per year	25.30	26.57	OS
EH Sacks - per 50 sacks	Commercial charge	Per 50 sacks	142.00	149.10	OS
TRADE REFUSE - CHARITIES					
240 litre bin	Commercial charge	Per bin per year	9.45	9.92	OS
360 litre bin	Commercial charge	Per bin per year	10.45	10.97	OS
660 litre bin	Commercial charge	Per bin per year	16.85	17.69	OS
1100 litre bin	Commercial charge	Per bin per year	20.70	21.74	OS
EH Sacks - per 50 sacks	Commercial charge	Per 50 sacks	132.20	138.81	OS
TRADE REFUSE - SCHOOLS					
140 litre bin	Commercial charge	Per bin per year	6.60	6.93	OS
240 litre bin	Commercial charge	Per bin per year	7.80	8.19	OS
360 litre bin	Commercial charge	Per bin per year	9.80	10.29	OS
660 litre bin	Commercial charge	Per bin per year	14.30	15.02	OS
1100 litre bin	Commercial charge	Per bin per year	17.70	18.59	OS
EH Sacks - per 50 sacks	Commercial charge	Per 50 sacks	132.20	138.81	OS
TRADE RECYCLING - CO-MINGLED RECYCLING					
Box	Commercial charge	Per box per year	2.80	2.99	OS
140 litre bin	Commercial charge	Per bin per year	2.80	2.99	OS
240 litre bin	Commercial charge	Per bin per year	4.00	4.27	OS
360 litre bin	Commercial charge	Per bin per year	5.50	5.87	OS
660 litre bin	Commercial charge	Per bin per year	8.80	9.39	OS
1100 litre bin	Commercial charge	Per bin per year	11.00	11.74	OS
TRADE RECYCLING - PAPER RECYCLING					
Box	Commercial charge	Per box per year	2.80	2.99	OS
140 litre bin	Commercial charge	Per bin per year	2.80	2.99	OS
240 litre bin	Commercial charge	Per bin per year	4.00	4.27	OS
360 litre bin	Commercial charge	Per bin per year	5.50	5.87	OS

TRADE CLINICAL WASTE

Site visit	Commercial charge	Per box per year	19.25	20.21	OS
Sharps container	Commercial charge	Per bin per year	12.30	12.92	OS
Clinical Waste Sacks - infectious	Commercial charge	Per bin per year	7.60	7.98	OS
Clinical Waste Sacks - offensive	Commercial charge	Per bin per year	4.60	4.83	OS
Extra sacks delivery	Commercial charge	Per bin per year	33.80	35.49	OS

BULKY WASTE COLLECTION

Basic collection of 1 - 6 items	Cost Recovery	Per collection of 1 - 6 items	53.20	55.86	OS
Additional items - non electrical	Cost Recovery	Per item	14.75	15.49	OS
Additional items - electrical	Cost Recovery	Per item	49.10	51.56	OS
Additional items - Persistant Organic Pollutants	Cost Recovery	Per item	-	55.86	OS
Cancellation fee	Cost Recovery	Per cancellation	13.00	13.65	OS

Report of the section 151 Officer under Section 25 Local Government Act 2003

1 Section 25 of the Local Government Act 2003 requires the Council's section 151 Officer to report to Council on the following matters at the time the Council is making calculations under section 32 of the Local Government Finance Act 1992 (determination of the council tax requirement):

a. The robustness of the estimates made for the purpose of the calculation; and

b. The adequacy of the proposed level of reserves.

2 In coming to a conclusion about the robustness of the estimates, the Section 151 officer has to assess the risk of over or under spending the budget. Budgeting practices should ensure that sufficiently prudent provision is made for costs and income that are foreseeable and relatively certain.

Report Summary

3 The section 151officer has concluded:

a. The estimates contained within the recommended budget to Council are robust for the purposes of the calculation of the Council Tax;

b. The forecast reserves are adequate to meet unforeseen events or emergencies arising during 2024/25;

c. Providing that:

i. the 2024/25 savings plan is delivered;

ii. over the next 9 months, work on the 2025/26 savings plan confirms delivery of those savings

iii. savings proposals to close the current 2025/26 budget gap of £1.114 million plus any savings in the current plan which are found to undeliverable

then, in the Section 151 officer's opinion, the forecast reserves are adequate in the medium term. In the long term the council needs to build up more adequate levels of reserves to provide sufficient buffer against unforeseen events; and

d. The recommended minimum General Fund Balance is £3.050 million. The current balance is £3.854 million.

Employee Costs

4 The council, in common with most other local authorities, budgets for staff on the basis that all posts are fully funded for the year. This has the advantage of allowing posts to be advertised during the notice period of any employee and replacements to come into post quickly. It also provides flexibility should agency staff be required to temporarily fill posts. A percentage vacancy factor is used to take account of the time lag in filling vacant posts. The use of a vacancy factor carries the risk that if turnover falls there will be requirement for "vacancy freezes". This is judged to be low risk.

5 Each post in the establishment is costed at actual spine column point with relevant on-costs being added. Where a post is vacant then that post is budgeted for at the mid-point of the salary range in order to provide flexibility around starting pay or to provide budgetary provision for temporary cover. In the opinion of the Section 151 officer, this is a robust calculation for the purposes of the estimates.

6 There is a provision for a pay increase of up to 5% built into the salary estimates. The council is part of the National Joint Committee (NJC) collective pay bargaining arrangements between local authorities and trade unions and therefore the final pay award is determined by the NJC. With the cost of living crisis and the cumulative below inflation pay increases of the last decade, which makes recruitment and retention difficult, there is a medium to high risk that the pay award may be for more than the provision in the budget and the council is contractually bound to pay the award. Part of the rationale for the minimum General Fund balance is to provide an amount that can be drawn upon in year to meet the additional costs.

Running Expenses

7 The Council includes provision for price increases in service budgets that covers major outsourced contracts and utilities. This is based on known

inflation such as inflation clauses in contracts or inflation estimates from our Treasury advisors. All other supplies and services inflation is for service areas to absorb or to be contained through procurement savings. There is a risk inflation may increase during the course of the financial year, but indications are that inflation will continue to fall over the year. The Council maintains reserves and contingencies in order to mitigate the potential effect of this.

Major Contracts

8 There are agreed inflationary increases built into the major contracts and the estimates include inflation increases of up to 4%. Furthermore, some contracts have cost step changes linked to new properties, e.g. refuse and recycling collections. Contracts due for renewal do present a risk that costs may increase. Reserves are held for supplier failure risks and part of the General Fund Working Balance is retained to cushion any increases. Major contracts also stipulate non-performance bonds which the council would use to provide a temporary service until a procurement exercise had taken place.

Demand led expenditure budgets

9 The key demand led expenditure budgets are for housing benefits payments, Local Council Tax Support Scheme discounts and payments for temporary accommodation for homeless persons. These budgets have been set on the best information available and projections using professional judgement. The Council is reimbursed by central government for housing benefit payments. With working age claimants having transitioned to Universal Credit, over the medium term only pensioners will remain on housing benefit. Local Council Tax Support Scheme awards are given as a discount in the Collection Fund and increases in claimant numbers will result in the Council Tax Base reducing and lower income from Council Tax. For 2024/25 we have forecast an increase in Local Council Tax Support Scheme awards to reflect the balance of risks between economic growth and recession. The increase also balances out any potential optimism bias in growth estimates of new properties. Experience from the 2008 financial crash indicates that the main risk to the Tax Base will be in 2024/25 as housebuilders will have completed properties already under construction but may suspend build

out of further phases until the market picks up. Visits by Revenues Officers to inform the estimates of new build properties within the Council Tax Base reflect the plans that site managers have expressed for activity over the next 12 months.

Waste and Recycling

10 The garden waste service price was held at £49 in 2022/23 and 2023/24 and will be held at the same price in 2024/25 for garden waste collection to those households that opt to have this service. The figures in the budget are based on 50% of households taking up this service. This percentage is based on initial take up of the charged for service in 2021/22and there is a low to medium risk that take up could be lower. The charge will be recalculated once the refuse, recycling and streets contract is awarded in May 2024

11 In the medium term, there is a medium risk of cost increases resulting from the Government's Waste Strategy which mandates the collection of food waste. The council has received £1.5 million capital funding grant towards the costs of caddies and vehicles. The government has stated that new burdens funding will be added to the council's baseline funding assessment for on-going running costs but there is medium risk that this will not meet all the costs of the new service. The MTFP does not include an estimate of the on-going new burdens funding as it is not possible to tell if the government will use a bespoke allocation model or distribute it through the grant formula.

Income from car parking

12 The tariffs for car parking have been increased by 6.7% in line with the charges policy of the higher of CPI inflation or 2%. The intention of the policy is to eliminate the current subsidy for on street car parking from the Council Taxpayer. With the changeover post-pandemic to a mixture of home and office working and reductions in commuting there is a low to medium risk of the budget not being achieved in 2023/24 and additional income generation from the car park estate is being investigated to mitigate

Planning application fees

13 Planning application fee income is driven by market conditions. Current Construction Products Association forecasts for the construction industry are:

a. 2024 – 2.1% decrease in output; and

b. 2025 – 2.0% increase in output.

14 Fees for submitting planning applications are determined nationally by DLUHC and fees increased in January 2024 by 35% for major applications and 25% for all other applications. The achievement of the budgeted income depends on activity in terms of the number and types of application. Based on the District Plan, where all except 2 of the major sites and Gilston have had permissions, based on output forecasts it is reasonable to expect major application numbers to be very low but during housebuilding recessions the number of householder applications has usually increased. There is no guarantee this will be the case this time after substantial applications following the COVID pandemic. Given the forecasts for outputs there is a low to medium risk of this income budget not being achieved.

Property Portfolio

15 The council has a property portfolio of commercial premises within the district. In addition, the council historically invested £20 million in two property funds. Both funds are closed to withdrawals and the Lothbury Fund is likely to be wound up with the sale of a core portfolio of properties sold onto another property fund. The council has received substantial income from the fund over the life of the investment but it is likely that a capital loss will occur on the investment. Due to a statutory override on losses needing to be paid for from the general fund this should have no effect on the council's finances providing the loss event occurs before the statutory override expires on 31 March 2025. Hermes Property Fund is also closed to withdrawals but is not in the position of being wound up. Once withdrawals are allowed there is a medium to high risk of capital loss. This is likely to be beyond the expiry of the statutory override. There is £.045 million set aside in an earmarked reserve to cover for capital loss on these investments.

Minimum Revenue Provision

16 The capital programme is now predominantly financed by external borrowing and the council will need to make Minimum Revenue Provision (MRP) to repay the debt principal sum. The section 151 officer advises that the proposed MRP policy is prudent and the asset lives chosen are in line with guidance issued by Government.

Treasury Investment Income Management

17 Investment income reflects the current bank base rate and decreases over time as cash is used to avoid borrowing and interest rates fall.

Section 151 officer's Conclusion on the robustness of the estimates

18 The Section 151 officer considers that the estimates contained within the recommended budget to Council are robust for the purposes of the calculation of the Council Tax.

Assessment of the adequacy of the proposed level of reserves

19 The Section 151 officer has conducted a review of the strategic, operational and financial risks facing the Council. The key risks facing the Council are detailed in the Corporate Risk Register.

20 The Section 151 officer has conducted a review of the earmarked reserves held on the balance sheet and is satisfied that they are required to fund specific expenditure in future years or are required to provide risk finance.

21 The Section 151 officer has, in the light of the risks facing the Council, calculated the minimum level of General Fund Balance that the Council should hold as £3.021 million. The rationale for this calculation is shown in the table below.

Factor for the calculation	£000	Factor	£000
Average Annual Gross Revenue Expenditure	76,220	4%	3,048
Average Annual Gross Capital Expenditure	6,738	9%	337
Adjustment for Council Tax as a funding source	(12,652)	5%	(633)
Minimum General Fund Balance			**3,021**

22 In calculating the minimum balance the section 151 officer has used the following factors:

a. Gross revenue expenditure, in the 2024/25 budget and allowed for 4% of that sum for: a cash flow management buffer; risks of cost increases and provision to meet 15% of costs arising from an emergency that would not be met by the Bellwin Scheme for emergencies. Although in recent years flood hit areas have received 100% of costs the base scheme terms are 85% of eligible expenditure and it is therefore prudent to rely on 85% reimbursement.

b. Average annual capital expenditure over the next 3 years and allowed 9% for cost increases.

c. An adjustment is made for the certainty of Council Tax as a funding source for the Council to meet its costs. Therefore, the Council Tax requirement for 2024/25 is taken and a 5% factor applied to produce a downward adjustment.

23 The General Fund Balance estimate at 31 March 2024, and used for the purposes of preparing the estimates is, £3.854 million and above the recommended minimum balance.

Section 151 officer's conclusion on the assessment of the adequacy of the proposed level of reserves

24 In the opinion of the Section 151 officer the forecast reserves are adequate to meet unforeseen events or emergencies arising during 2024/25.

25 The adequacy of reserves and balances in the medium to long term will be dependent on the financial position dictated by changes to government grants as set by the government, economic conditions and operational factors such as changes to waste and recycling collections as a result of the new government waste strategy.

26 Providing that

a. the 2024/25 savings plan is delivered;

b. over the next 9 months, work on the 2025/26 savings plan confirms delivery of those savings

c. savings proposals to close the current 2025/26 budget gap of £1.114 million plus any savings in the current plan which are found to undeliverable

then, in the Section 151 officer's opinion, the forecast reserves are adequate in the medium term. If the current savings plan is significantly off target and/or the future plans are unlikely to meet the £ further savings requirement in the MTFP by the end of 2028 at the latest then, in the medium to long term, the reserves are inadequate to meet unforeseen events or emergencies alongside meeting deficits as a result of measures to reduce net cost not being put in place, or delivered, and the section 151 officer would need to consider issuing a report under section 114 of the Local Government Finance Act 1988. The section 151 officer is confident, based on observation of the Executive and Leadership Team and the overall culture of East Herts Council, that the council will meet the current savings plan and that further realistic savings proposals will be developed to meet the MTFP savings requirements.

Steven Linnett
Head of Strategic Finance & Property (section 151 officer)

21st February 2024

East Herts Council Report

Council

Date: 28th February 2024

Report by: Cllr Carl Brittain, Executive Member for Financial Sustainability

Report title: Capital Strategy, Minimum Revenue Provision Policy and Treasury Management Strategy 2024/25

Ward(s) affected: All

Summary

The report contains the Capital Strategy, Minimum Revenue Provision (MRP) policy and Treasury Management Strategy for 2024/25 for Full Council to approve.

RECOMMENDATIONS FOR COUNCIL:

(a) **To approve the Capital Strategy, Minimum Revenue Provision Policy and the Treasury Management Strategy 2024/25 including the Prudential Indicators contained within the reports.**

1.0 Proposal(s)

1.1 This report presents the Executive's recommended Capital Strategy, the Minimum Revenue Provision policy and Treasury Management Strategy 2024/25 for Full Council to approve.

2.0 Background

2.1 The East Herts Council Capital Strategy provides a valuable opportunity for engagement with Full Council to ensure that overall strategy, investment ambition, risk appetite and governance procedures are fully understood by all elected

Members and other Council stakeholders.

2.2 The East Herts Council Capital Strategy is intended to be a strategic corporate document which will both be influenced by and in turn influence policy and decision making in respect of capital investment.

2.3 The Strategy will continue to develop and evolve as external influences do and will be updated as required in order that this Strategy is responsive to the challenges, opportunities, priorities and objectives that the Council must consider.

2.4 The current capital programme pauses the Arts Centre at Old River Lane in order to make the capital programme affordable by reducing borrowing costs.

2.5 As the council continues to deliver, review and update the capital programme, it will do so within the context of the council's Climate Change commitments, most notably the commitment to the council itself becoming carbon neutral by 2030. To that end, the council has devised a carbon assessment tool which it is now beginning to use to assess its existing major projects. As new proposals for capital funding come forward, a carbon assessment will be included as an integral part of the business case to inform decision-making.

2.6 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing security and adequate liquidity always before considering investment return.

2.7 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

2.8 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

2.9 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

2.10 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

2.11 This activity is currently supported by the council’s appointed independent advisors – Arlingclose Limited.

2.12 The Capital Strategy, Minimum Revenue Provision Policy and Treasury Management Strategy was scrutinised by Audit and Governance Committee at its meeting on 30 January 2024.

There were no comments/Comments and recommended actions are snhown at Appendix.

3.0 Reason(s)

3.1 Revised reporting was required from the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes included the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011.

3.2 This report includes the fourth capital strategy since the revisions. The first three versions of the report were welcomed by Members and no comments or suggestions for improvement have been received from either internal or external audit.

4.0 Options

4.1 Endorse the updated strategy or suggest amendments because of the scrutiny process.

5.0 Risks

5.1 Risks are discussed in detail, within the Capital Strategy, including the uncertainty around future funding.

6.0 Implications/Consultations

6.1 None

Community Safety

Building and refurbishment schemes design out crime and safety issues and public realm works in particular are required to ensure that the community feel safe.

Data Protection

All investment in IT systems are required to check where data is held and that systems comply with data protection legislation.

Equalities

All capital schemes meet the necessary legislation and are subject to access audits. Design also takes into account dementia friendly design elements particularly around colour.

Environmental Sustainability

The council has established a carbon assessment tool that it is beginning to apply to existing capital projects. In the future, a carbon assessment of proposed capital projects will be included within the overall business case so as to inform decision-making. To date, individual schemes have sustainability features designed into them and may include, for example: meeting BREEAM ratings for buildings and refurbishments; flood resilience and sustainable underground drainage systems; opportunities for renewable energy generation; and carbon reduction such as replacement of the council's internal combustion engine vehicles with battery electric vehicles.

Financial

The strategy guides the capital programme and detailed financial implications are included with that in the budget report

Health and Safety

All contractors are required to have compliant health and safety policies. Where a health and safety issue requires capital expenditure it will be fast tracked to deal with the issue

Human Resources

None

Human Rights

None

Legal

A Capital Strategy is a requirement of the Prudential Code which the council is required to follow under the Local Government Act 2003.

Specific Wards

None

7.0 Background papers, appendices and other relevant material

7.1 Appendix A - East Herts District Council Draft Capital Strategy and Minimum Revenue Policy 2023/24 Onwards

7.2

Contact Member

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Capital Strategy
2024/25

Including Minimum Revenue Provision Policy

www.eastherts.gov.uk

2.1. Capital Expenditure*Table 1: Prudential Indicator: Estimates of Capital Expenditure*

	2022/23 actual £(000)	2023/24 forecast £(000)	2024/25 budget * £(000)	2025/26 budget £(000)	2026/27 budget £(000)
General Fund services	15,430	31,322	16,437	1,452	2,326
Capital investments	-	-	-	-	-
TOTAL	**15,430**	**31,322**	**16,437**	**1,452**	**2,326**

Summer

- New capital investment proposals drafted

Autumn

- Management Team consider draft proposals

Winter

- Elected Members consider draft proposals

Spring

- Elected Members approve capital investment proposals

Table 2: Capital financing

	2022/23 actual £(000)	2023/24 forecast £(000)	2024/25 budget * £(000)	2025/26 budget £(000)	2026/27 budget £(000)
External sources	2,207	3,506	83	-	-
Capital receipts	1,427	306	250	250	250
Revenue resources	53	3,288	2,051	650	650
Debt	11,743	24,222	14,053	552	1,426
TOTAL	**15,430**	**31,322**	**16,437**	**1,452**	**2,326**

Table 3: Replacement of prior years' debt finance

	2022/23 actual £(000)	2023/24 forecast £(000)	2024/25 budget £(000)	2025/26 budget £(000)	2026/27 budget £(000)
Minimum revenue provision (MRP)	0	594	1,032	2,701	2,786
Capital receipts	0	-	6,000	-	-
TOTAL	**0**	**594**	**7,032**	**2,701**	**2,786**

Table 4: Capital Financing Requirement (CFR)

	2022/23 actual £(000)	2023/24 forecast £(000)	2024/25 budget £(000)	2025/26 budget £(000)	2026/27 budget £(000)
Capital Financing Requirement (CFR)	40,071	63,699	70,720	68,570	67,210

3.6.1. To ensure that capital assets continue to be of long-term use, the Authority has an asset management strategy in place. The council's assets are being reviewed to identify assets for disposal to repay borrowing. The council is exploring transferring parks, open spaces, playing fields, playgrounds, grass verges and woodland to Town and Parish Councils. Ware Town Council has come forward with a desire to transfer assets and we are working with them to develop this policy.**Asset Disposals***Table 5: Capital receipts receivable*

	2022/23 actual £(000)	2023/24 forecast £(000)	2024/25 budget £(000)	2025/26 budget £(000)	2026/27 budget £(000)
Asset sales	1,177	3,256	6,000	-	-
Preserved Right to Buy Receipts	250	250	250	250	250
Loans etc repaid	-	-	-	-	-
TOTAL	**1,427**	**3,506**	**6,250**	**250**	**250**

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31.3.2023 actual £(000)	31.3.2024 forecast £(000)	31.3.2025 budget £(000)	31.3.2026 budget £(000)	31.3.2027 budget £(000)
Debt (incl. PFI & leases)	31,522	55,180	62,827	60,678	59,318
Capital Financing Requirement	40,071	63,699	70,720	68,570	67,210

Table 7: Borrowing and the Liability Benchmark

	31.3.2023 actual £(000)	31.3.2024 forecast £(000	31.3.2025 budget £(000	31.3.2026 budget £(000	31.3.2027 budget £(000
Forecast borrowing	31,522	55,180	62,827	60,678	59,318
Liability benchmark	15,497	39,125	56,146	59,997	58,637

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt

	2023/24 limit £(000)	2024/25 limit £(000	2025/26 limit £(000	2026/27 limit £(000
Authorised limit – total external debt	180	150	150	150
Operational boundary – total external debt	90	75	75	75

Table 9: Treasury management investments

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
Near-term investments	6,056	6,056	6,056	11,000	11,000
Longer-term investments	19,999	19,999	9,998	-	-
TOTAL	**26,055**	**26,055**	**16,054**	**11,000**	**11,000**

Table 11: Prudential Indicator: Proportion of financing costs to net revenue stream £(000)

	2022/23 actual	2023/24 forecast	2024/25 budget *	2025/26 budget	2026/27 budget
Financing costs (£m)	£596	£1,536	£3.987	£4.903	£4.314
Proportion of net revenue stream	2%	8%	18%	25%	22%

Annual Minimum Revenue Provision Statement 2024/25

1. Where the council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the council to have regard to the former Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018.

2. The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

3. The MHCLG Guidance requires the council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance.

4. For capital expenditure, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset, in equal instalments, starting in the year after the asset becomes operational. It is expected that this will generally be 30 years. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. MRP on refuse, recycling and street cleansing vehicles will be payable by the contractor to the council and will be charged over 8 years so that the loans on the vehicles are fully repaid at the break or renewal point of the new waste contract. The useful life of assets will be determined by the Head of Strategic Finance and Property

5. For assets acquired by leases MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

6. Where former operating leases have been brought onto the balance sheet due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

7. For capital expenditure loans to Millstream Property Investments Limited, which is wholly owned by the council, the council will make nil MRP, unless an expected credit loss was recognised or increased in-year, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. Sufficient MRP will be charged to ensure that the outstanding capital financing requirement (CFR) on the loan is no higher than the principal amount outstanding less the expected credit loss. This option was proposed by the government in its recent MRP consultation and in the council's view is consistent with the current regulations. The council further believes this is prudent as the loans were financed by a reduction in the negative CFR, which arose from the large scale voluntary transfer of council housing in 2001, and therefore was financed in full at the time the money was lent to the company. Furthermore, the loans are secured by a charge over domestic property assets of the company and the loans were on average 60% of the property purchase price. Given that there is a 40%+ share of equity in excess of the loans and domestic property, taking past performance as a guide, are expected to increase in value by an average of 12% per annum over a ten year period, the council believes there is sufficient equity in each domestic property to fully repay the loans to the company in most foreseeable downside risk events.

8. The council may make additional payments over and above MRP to reduce the CFR and these payments are known as Voluntary Payments. The council intends to dispose of at least £6 million of assets and apply the capital receipts as Voluntary Payments. The Voluntary Payment will enable the council to reduce MRP in subsequent years.

9. Capital expenditure incurred during 2024/25 will not be subject to a MRP charge until 2025/26 or later.

10. Based on the council's latest estimate of its Capital Financing Requirement on 31st March 2023, the budget for MRP has been set as follows:

Table 1 Minimum Revenue Provision Budget 2024/25

	31.03.2025 Estimated CFR £m	2024/25 Estimated MRP £
Capital expenditure		-
Less: Assets under construction[1]		-
Less: Voluntary Payments applied	(6.0)	-
Capital Expenditure to which MRP applies		
Leases		
Loans to other bodies repaid in instalments	0	0
Total General Fund		

1 Assets under construction are not yet complete and therefore do not count towards MRP until the year after they are completed and brought into use.

11. The council intends to dispose of at least £6 million of assets and to apply the capital receipt to reduce the CFR. As the use of the capital receipts constitutes a Voluntary Payment the following disclosure table is required by the MHCLG Guidance.

Table 2 Voluntary Payments 2024/25

Voluntary Payments	**£m**
Actual balance 31.03.2023	0
Approved payment 2023/24	0
Expected balance 31.03.2024	0
Planned payment 2024/25	6.0
Forecast balance 31.03.2025	6.0

Treasury Management Strategy

2024/25

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East Herts Council

Contents

Introduction

1. Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has [borrowed and/or invested] substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

2. Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Economic Background

The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Authority's treasury management strategy for 2024/25.

4. The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level in September and then again in November. Members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

5. The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with near-term risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

6. Office for National Statistics (ONS) figures showed CPI inflation was 6.7% in September 2023, unchanged from the previous month but above the 6.6% expected. Core CPI inflation fell to 6.1% from 6.2%, in line with predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling, declining to around 4% by the end of calendar 2023 but taking until early

2025 to reach the 2% target and then falling below target during the second half 2025 and into 2026.

7. ONS figures showed the UK economy grew by 0.2% between April and June 2023. The BoE forecasts GDP will likely stagnate in Q3 but increase modestly by 0.1% in Q4, a deterioration in the outlook compared to the August MPR. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

8. The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth remained strong, with regular pay (excluding bonuses) up 7.8% over the period and total pay (including bonuses) up 8.1%. Adjusted for inflation, regular pay was 1.1% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.

9. Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve paused in September and November, maintaining the Fed Funds rate target at this level. It is likely this level represents the peak in US rates, but central bank policymakers emphasised that any additional tightening would be dependent on the cumulative impact of rate rises to date, together with inflation and developments in the economy and financial markets.

10. US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But as the impact from higher rates is felt in the coming months, a weakening of economic activity is likely. Annual CPI inflation remained at 3.7% in September after increasing from 3% and 3.2% consecutively in June and July.

11. Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.9% in October 2023. Economic growth has been weak, and GDP was shown to have contracted by 0.1% in the three months to September 2023. In line with other central banks, the European Central Bank has been increasing rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.

Credit outlook

12. Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

13. On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

14. Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

15. Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

16. There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

17. However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast

18. Although UK inflation and wage growth remain elevated, the Authority's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round

effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

19. Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

20. Like the BoE, the Federal Reserve and other central banks see persistently high policy rates through 2023 and 2024 as key to dampening domestic inflationary pressure. Bond markets will need to absorb significant new supply, particularly from the US government.

21. A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.

22. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 5.1%, and that new long-term loans will be avoided with short term borrowing at an average rate of 5%. Based on interest rate forecasts, the short term borrowing will be replaced with long term borrowing during 2026.

Local context

23. On 31st December 2023, the Authority held £31.522m of borrowing and £34.2m of treasury investments. This is set out in further detail at Appendix B. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.23 Actual £(000)	31.3.24 Estimate £(000)	31.3.25 Forecast £(000)	31.3.26 Forecast £(000)	31.3.27 Forecast £(000)
Capital financing requirement	**40,071**	**63,699**	**70,720**	**68,570**	**67,210**
Less: Other debt liabilities *	-	-	-	-	-
Loans CFR	**40,071**	**63,699**	**70,720**	**68,570**	**67,210**
Less: External borrowing **	31,522	55,180	62,827	60,678	59,318
Internal borrowing	**8,549**	**8,519**	**7,893**	**7,892**	**7,892**
Less: Balance sheet resources	34,574	34,574	24,574	18,573	18,573
Treasury investments	**26,025**	**26,025**	**16,681**	**10,681**	**10,681**

* leases and PFI liabilities that form part of the Authority's total debt

** shows only loans to which the Authority is committed and excludes optional refinancing

24. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

25. The Authority has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £70.7m over the forecast period.

26. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2024/25.

Liability Benchmark

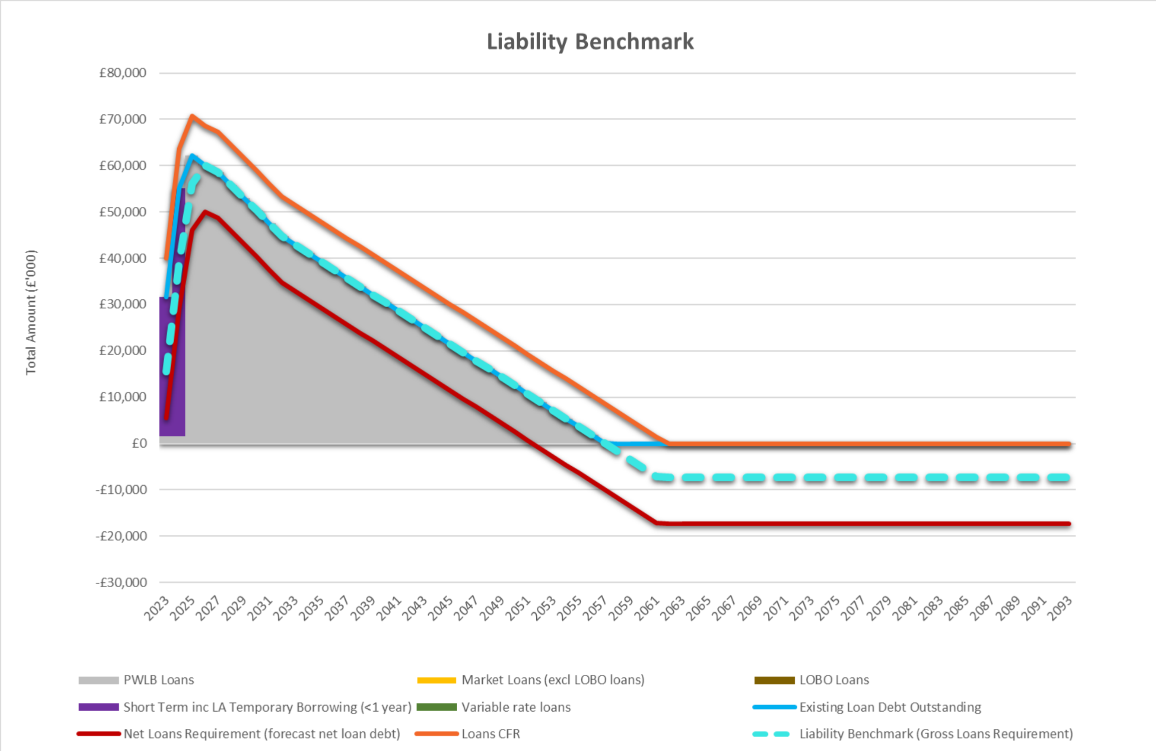
27. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

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

Table 2: Prudential Indicator: Liability benchmark

	31.3.23 Actual £(000)	**31.3.24 Estimate £(000)**	**31.3.25 Forecast £(000)**	**31.3.26 Forecast £(000)**	**31.3.27 Forecast £(000)**
Loans CFR	40,071	63,699	70,720	68,570	67,210
Less: Balance sheet resources	34,574	34,574	24,574	18,573	18,573
Net loans requirement	5,497	29,125	46,146	49,997	48,637
Plus: Liquidity allowance	10,000	10,000	10,000	10,000	10,000
Liability benchmark	**15,497**	**39,125**	**56,146**	**59,997**	**58,637**

29. Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of a maximum £62.8m, minimum revenue provision on new capital expenditure based on a 30 year asset life and income, expenditure and reserves all increasing by inflation of 2% a year. This is shown in the chart below together with the maturity profile of the council's existing borrowing:



Borrowing Strategy

30. The Authority currently holds £36.6 million of loans, an increase of £6 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority expects to borrow up to £70.7m in 2024/25. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £140 million.

31. **Objectives:** The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

32. **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

33. By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

34. The Authority has previously raised all of its long-term borrowing from the HM Treasury PWLB Lending Facility (PWLB) (formerly the Public Works Loans Board) but will consider long-term loans from other sources including banks, pension funds and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

35. Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

36. In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

37. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:

   a. HM Treasury's PWLB Lending Facility (formerly the Public Works Loan Board)
   b. UK Infrastructure Bank Ltd.
   c. any institution approved for investments (see below).

d. any other bank or building society authorised to operate in the UK.
e. any other UK public sector body.
f. UK public and private sector pension funds (except the Hertfordshire Local Government Pension Scheme).
g. capital market bond investors.
h. UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.

38. **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

a. Leasing.
b. hire purchase.
c. Private Finance Initiative.
d. sale and leaseback.
e. similar asset based finance.

39. **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Full Council.

40. **LOBOs:** The Authority holds no LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. Borrowing via LOBO loans will not be undertaken unless a separate report requesting authority is approved by Full Council.

41. **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

42. **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Treasury Investment Strategy

43. The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £30 and £50 million, and similar levels are expected to be maintained in the forthcoming year.

44. **Objectives:** The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

45. **Strategy:** As demonstrated by the liability benchmark above, the Authority expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

46. The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Authority may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio. As a result we are in the process of

ending a long term investment of £10 million in the Lothbury Property Fund. The £10 million in the Hermes Property Fund will be held until the redemption restrictions on the fund are lifted in the next few years.

47. **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

48. **Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

49. **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	3 years	£20m	Unlimited
Secured investments *	3 years	£20m	Unlimited
Banks (unsecured) *	13 months	£20m	Unlimited
Building societies (unsecured) *	13 months	£20m	£60m
Registered providers (unsecured) *	3 years	£5m	£30m
Money market funds *	n/a	£20m	Unlimited
Strategic pooled funds	n/a	£20m	£20m
Real estate investment trusts	n/a	n/a	n/a
Other investments *	3 years	£1m	£5m

This table must be read in conjunction with the notes below.

50. *** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

51. For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £500,000 per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

52. **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

53. **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

54. **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

55. **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish

Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

56. **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

57. **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

58. **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

59. **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

60. **Operational bank accounts:** The Authority may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £1 million per bank except the council's banker, Nat West, where the balance will be kept below £50 million. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than

made insolvent, increasing the chance of the Authority maintaining operational continuity.

61. **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

   a. no new investments will be made,
   b. any existing investments that can be recalled or sold at no cost will be, and
   c. full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

62. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

63. **Other information on the security of investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

64. **Reputational aspects:** The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

65. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will

restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

66. **Investment limits:** The Authority's revenue reserves available to cover investment losses are forecast to be £18 million on 31st March 2024 and £18 million on 31st March 2025. In order that no more than 60% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

67. Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £20 in operational bank accounts count against the relevant investment limits.

68. Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee account	£20m per broker
Foreign countries	£5 m per country

69. **Liquidity management:** The Authority uses a spreadsheet based cash flow forecasting model to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

70. The Authority will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Prudential Indicators

71. The Authority measures and manages its exposures to treasury management risks using the following indicators.

72. **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average [credit rating / credit score] of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit score	6.0

73. **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£10m

74. **Interest rate exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£300,000
Upper limit on one-year revenue impact of a 1% fall in interest rates	£300,000

75. The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

76. **Maturity structure of borrowing:** This indicator is set to control the Authority’s exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	30%	0%
10 years and within 20 years	35%	0%
20 years and within 30 years	35%	0%

77. **Long-term treasury management investments:** The purpose of this indicator is to control the Authority’s exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£0m	£0m	£0m	£20m

78. Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Related Matters

79. The CIPFA Code requires the Authority to include the following in its treasury management strategy.

80. **Financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities’ use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

81. The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

82. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

83. In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

84. **Markets in Financial Instruments Directive (MFID):** The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Head of Strategic Finance and Property believes this to be the most appropriate status.

Appendix A - Arlingclose Economic & Interest Rate Forecast

Underlying assumptions:

- UK inflation and wage growth remain elevated but, following a no-change MPC decision in November, Bank Rate appears to have peaked in this rate cycle. Near-term rate cuts are unlikely, although downside risks will increase as the UK economy likely slides into recession and inflation falls more quickly.
- The much-repeated message from the MPC is that monetary policy will remain tight as inflation is expected to moderate to target slowly. In the Bank's forecast, wage and services inflation, in particular, will keep CPI above the 2% target until 2026.
- The UK economy has so far been relatively resilient, but recent data indicates a further deceleration in business and household activity growth as higher interest rates start to bite. Global demand will remain soft, offering little assistance in offsetting weakening domestic demand. A recession remains a likely outcome.
- Employment demand is easing, although the tight labour market has resulted in higher nominal wage growth. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household spending will therefore be weak. Higher interest rates will also weigh on business investment and spending.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant policy loosening in the future to boost activity.
- Global bond yields will remain volatile, particularly with the focus on US economic data and its monetary and fiscal policy. Like the BoE, the Federal Reserve and other central banks see persistently high policy rates through 2023

and 2024 as key to dampening domestic inflationary pressure. Bond markets will need to absorb significant new supply, particularly from the US government.

- There is a heightened risk of geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in November. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate remain on the upside, but these diminish over the next few quarters and shift to the downside before balancing out, due to the weakening UK economy and dampening effects on inflation.
- Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	**5.25**	**5.25**	**5.25**	**5.25**	**5.00**	**4.75**	**4.25**	**4.00**	**3.75**	**3.50**	**3.25**	**3.00**	**3.00**
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	**5.40**	**5.40**	**5.40**	**5.30**	**5.15**	**4.80**	**4.30**	**4.10**	**3.80**	**3.50**	**3.25**	**3.05**	**3.05**
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	**4.28**	**4.35**	**4.30**	**4.25**	**4.10**	**4.00**	**3.75**	**3.50**	**3.40**	**3.30**	**3.30**	**3.30**	**3.35**
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	**4.32**	**4.40**	**4.35**	**4.30**	**4.25**	**4.15**	**4.00**	**3.80**	**3.75**	**3.65**	**3.60**	**3.65**	**3.70**
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	**4.78**	**4.70**	**4.65**	**4.55**	**4.45**	**4.35**	**4.25**	**4.25**	**4.25**	**4.25**	**4.25**	**4.25**	**4.25**
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	**4.38**	**4.30**	**4.25**	**4.20**	**4.15**	**4.15**	**4.10**	**4.10**	**4.10**	**4.10**	**4.10**	**4.10**	**4.10**
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

UK Infrastructure Bank Rate = Gilt yield + 0.40%

Appendix B – Existing Investment & Debt Portfolio Position

	30/12/2023 **Actual portfolio £m**	30/12/2023 **Average rate %**
External borrowing:		
Public Works Loan Board	**1.6**	**8.875%**
Local authorities	**35.0**	**4.020%**
LOBO loans from banks		
Other loans		
Total external borrowing	**36.6**	**4.230%**
Other long-term liabilities:		
Private Finance Initiative		
Leases		
Transferred Debt		
Total other long-term liabilities		
Total gross external debt	36.6	4.230%
Treasury investments:		
The UK Government		
Local authorities		
Other government entities		
Secured investments		
Banks (unsecured)	11.3	4.800%
Building societies (unsecured)	3.0	4.880%
Registered providers (unsecured)		
Money market funds		
Strategic pooled funds		
Real estate investment trusts		
Other investments	19.9	2.723%
Total treasury investments	34.2	3.598%
Net debt	2.4	4.230%

Appendix C – Treasury Management Scheme of Delegation

Full Council

1. receiving and reviewing reports on treasury management policies, practices and activities;
2. approval of annual strategy.

Executive

1. approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
2. budget consideration and approval;
3. approval of the division of responsibilities;
4. receiving and reviewing regular monitoring reports and acting on recommendations;
5. approving the selection of external service providers and agreeing terms of appointment.

Audit & Governance Committee

1. reviewing the treasury management policy and procedures and making recommendations to the responsible body.
2. receiving and reviewing reports on treasury management policies, practices and activities

Appendix D – The Treasury Management Role of the Section 151 Officer

1. recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
2. submitting regular treasury management policy reports.
3. submitting budgets and budget variations.
4. receiving and reviewing management information reports.
5. reviewing the performance of the treasury management function.
6. ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
7. ensuring the adequacy of internal audit, and liaising with external audit.
8. recommending the appointment of external service providers.
9. preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe (say 20+ years – to be determined in accordance with local priorities.)
10. ensuring that the Capital Strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money.
11. ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority.
12. ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing.
13. ensuring the proportionality of all investments so that the Authority does not undertake a level of investing which exposes the Authority to an excessive level of risk compared to its financial resources.
14. ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities.

15. provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees.

16. ensuring that members are adequately informed and understand the risk exposures taken on by the Authority.

17. ensuring that the Authority has adequate expertise, either in house or externally provided, to carry out the above

18. creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following (TM Code p54): -

    a. Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios.

    b. Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments.

    c. Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making.

    d. Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken.

    e. Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.