



**MEETING** : JOINT MEETING OF SCRUTINY COMMITTEES  
**VENUE** : COUNCIL CHAMBER, WALLFIELDS, HERTFORD  
**DATE** : WEDNESDAY 28 JANUARY 2026  
**TIME** : 7.00 PM

**MEMBERS OF AUDIT AND GOVERNANCE COMMITTEE**

Councillors M Adams (Chair), B Deering, J Dunlop, C Hart, S Nicholls, G Williamson, D Willcocks, Mr M Poppy and Mr N Sharman.

**Substitutes:**

Conservative Group: Councillor J Wyllie  
Liberal Democrat Group: Councillors S Marlow and M Swainston  
Labour Group: Councillor D Jacobs  
Green Group: Councillor M Connolly and N Cox

**MEMBERSHIP OF OVERVIEW AND SCRUTINY COMMITTEE:**

Councillors D Jacobs (Chair), D Andrews, P Boylan, E Buckmaster, R Carter, N Clements, N Cox, C Horner, S Marlow, S Nicholls, T Smith, M Swainston, G Williams and J Wyllie

**Substitutes:**

Conservative Group: Councillors A Holt and G Williamson  
Liberal Democrat Group: Councillor R Townsend  
Labour Group: Councillor C Redfern  
Green Group: Councillors V Burt, V Smith and S Watson  
Reform UK: Councillor G McAndrew

*Note: Substitution arrangements must be notified by the absent Member to Democratic Services 7 hours before the meeting, i.e. by midday on the day of the meeting*

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## **DISCLOSABLE PECUNIARY INTERESTS**

1. A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:

- must not participate in any discussion of the matter at the meeting;
- must not participate in any vote taken on the matter at the meeting;
- must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
- if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;
- must leave the room while any discussion or voting takes place.

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## AGENDA

1. Appointment of Chair

2. Apologies

To receive apologies for absence.

3. Chair's Announcements

4. Declarations of Interest

To receive any Members' declarations of interest.

5. Draft Budget 2026/27 and Medium Term Financial Plan 2026-2031 (Pages 7 - 57)

6. Capital Strategy, Minimum Revenue Provision Statement and Treasury Management Strategy 2026/27 (Pages 58 - 96)

7. Exclusion of the Press and Public (if required)

No Part II business has been notified for this meeting.

If Part II business is notified and the procedures set out in the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 have been complied with, the Chairman will move: - That under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the discussion of item XX on the grounds that it involves the likely disclosure of exempt information as defined in paragraph XX of Part 1 of Schedule 12A of the said Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

8. Urgent Business

To consider such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration and is not likely to involve the disclosure of exempt information.



## East Herts Council Report

### Joint Meeting of Scrutiny Committees

**Date of meeting: Wednesday 28 January 2026**

**Report by:** Councillor Carl Brittain – Executive Member for Financial Sustainability

**Report title:** Draft Budget 2026/27 and Medium Term Financial Plan 2026-2031

**Ward(s) affected:** All

**Summary** – This report provides members with an updated Medium Term Financial Plan (MTFP) for the period 2026/27 to 2030/31, building on the version presented to Executive in October. It reflects the implications of the December finance settlement and incorporates a range of other adjustments, including revised forecasts, updated assumptions, and budgetary refinements.

The report also sets out how the funding gap identified in the October Executive MTFP has been addressed, detailing the savings and changes that have enabled a balanced position to be achieved for 2026/27. It also includes the fees and charges to be agreed. Finally, it presents the draft budget for 2026/27 for Members' consideration.

### **RECOMMENDATIONS FOR JOINT MEETING OF SCRUTINY COMMITTEE:**

- a) That Members examine and comment on the Draft Budget 2026/27 and Medium Term Financial Plan 2026-2031 contained within the reports.**

#### **1. Purpose**

- 1.1. The Medium Term Financial Plan (MTFP) that was approved in March 2025 had been updated to reflect the evolving financial landscape and key developments since its adoption. The latest (October 2025) refresh incorporated several significant changes:

- The confirmed pay award for 2025/26 was 3.2% slightly above the 3% assumptions in the original MTFP, adding pressure to the staffing budget.
  - In-year pressure reported at Quarter 1 highlighted the impact of the recent revaluation of business rates on the council's assets.
  - The review of the savings programme over the medium-term resulted in the removal of over £0.5Million of savings from future years that are no longer considered achievable.
  - Two new growth bids been incorporated – one for an additional HR Officer to support organisational resilience, and another reflecting a reduction in the projected BEAM surplus, reverting to the 2025/26 position.
- 1.2. These updates reflect the Council's commitment to maintaining a realistic and deliverable financial strategy amid ongoing inflationary pressures and constrained funding.
  - 1.3. This work takes place against a backdrop of prolonged financial uncertainty, driven by one-year settlements that have limited strategic planning and hindered preparation for major structural changes, including Local Government Reorganisation (LGR). The recent announcement of a multi-year settlement through to 2028/29 is therefore a welcome development, providing stability and enabling Members to take a longer-term view in shaping priorities and preparing for governance transition.
  - 1.4. The finalisation of the Fair Funding Review (FFR 2.0) also marks a significant milestone in funding distribution. While East Herts faces a reduction in allocation, the impact is less severe than projected in October, allowing for more measured planning.
  - 1.5. The Council's financial planning continues to be underpinned by the Corporate Plan and its LEAF priorities, ensuring decisions on spending and savings remain aligned with strategic objectives.

## **2. Economic Outlook and Policy Framework**

- 2.1. The Autumn Budget 2025, delivered by the Chancellor on 26 November, was set against a backdrop of persistent fiscal pressures, subdued economic growth, and historically high public debt. The Office for Budget Responsibility (OBR) forecasts GDP growth of 1.3% for 2025/26, with growth stabilising at 1.5% per year



through to 2029/30. Inflation, while easing, is expected to remain above the Bank of England's 2% target in the near term, at 3.5% for 2025/26, before returning to target levels by 2027/28. Interest rates remain elevated, increasing borrowing costs across the economy.

- 2.2. To maintain the government's fiscal rules, the Chancellor announced a further round of tax-raising measures worth £26 billion, following last year's £36 billion. Taxation as a share of GDP is set to reach an all-time high of 38% by 2029/30, while public spending remains elevated at around 44–45% of GDP. Despite these measures, the OBR suggests the government would have met its fiscal targets without further action, but the Chancellor opted to increase the fiscal headroom to £22 billion (0.6% of GDP) to provide greater resilience against economic shocks. The Budget's main focus was on restoring fiscal stability while maintaining investment in priority areas such as housing, energy transition, and public services.

### Local Government Impact

- 2.3. For district councils, the Autumn Budget 2025 introduces a new High Value Council Tax Surcharge on properties over £2 million from April 2028, which will be collected by local authorities but ultimately benefit central government, with no increase in local spending power. Business rates reforms include reduced multipliers for retail, hospitality, and leisure properties, funded by a higher rate for high-value properties, alongside transitional reliefs and some extended retention pilots.
- 2.4. While the Budget also references a visitor levy for mayoral authorities and a transfer of SEND funding responsibilities to central government, these measures have little direct effect on district councils. Overall, the Budget offers limited new resources for districts and does not address the sector's core funding challenges.

### Local Government Finance Settlement Policy Statement 2026/27 to 2028/29

- 2.5. On 20 November 2025, the Minister of State for Local Government and English Devolution published the policy statement for the 2026/27 to 2028/29 local government finance settlement. It sets out

a new needs-based funding system following the Fair Funding Review 2.0, a multi-year settlement for greater certainty, and significant simplification of funding streams. The statement also confirms a full reset of the business rates retention system in 2026/27 and maintains existing council tax referendum principles, allowing shire districts to increase council tax by up to 3% or £5 (whichever is higher) per year without triggering a referendum.

- 2.6. For district councils, the Policy Statement is expected to result in a relative reduction in funding for most authorities, as updated needs formulas and changes to the tier split shift resources towards counties and metropolitan areas. While transitional protections will ensure that funding reductions are phased in over three years—typically with a 95% funding floor—many districts will still face a gradual decrease in their allocations.
- 2.7. Additionally, grants such as the Homelessness Prevention Grant will be rolled into new consolidated funding streams, though the precise allocations for each district remain unknown until the provisional settlement is published. Overall, there remains significant uncertainty for district councils until the detailed figures are released.

### **3. Local Government Finance Settlement and Funding Allocation**

- 3.1. On 17 December 2025, the Government published the Provisional Local Government Finance Settlement for 2026/27, accompanied by indicative figures for 2027/28 and 2028/29. This marks the most significant redistribution of funding within the sector for at least 25 years, following the implementation of the Fair Funding Review 2.0 and a full reset of the Business Rates Retention System. The key headlines being:
  - **Fair Funding Review 2.0:** Major changes to the funding formula now place greater weight on deprivation and population, with less emphasis on remoteness.
  - **Grant Simplification:** Multiple grants have been consolidated into four main streams, aiming to simplify funding.
  - **Business Rates Reset:** All accumulated business rates growth has been reset, redistributing resources based on the new formula.

- **Council Tax:** The settlement assumes councils will apply the maximum permitted increases, making council tax a larger share of local funding.
  - **Transitional Protection:** New funding floors and phased arrangements will cushion the impact of changes.
  - **Recovery Grant:** The Recovery Grant continues for three years.
- 3.2. The 2026/27 settlement provides a three-year funding framework, but only the first year is statutory, with subsequent years remaining indicative and subject to change. This means that while there is some increased certainty for medium-term planning, authorities must remain cautious, as future allocations could still be revised.
- 3.3. There is significant redistribution between authorities as a result of the new funding formula and business rates reset. More deprived and urban areas generally see larger increases in funding, while many shire districts and rural councils face below-average increases or even reductions in cash terms. This shift reflects the government's intention to target resources towards areas of greatest need, but it also creates challenges for councils that may experience a relative loss of funding.
- 3.4. The complexity and late timing of the settlement announcement have made budget-setting for 2026/27 particularly challenging. Authorities have had limited time to analyse the detailed figures and assess the impact of rolled-in grants, the business rates reset, and transitional protection arrangements. This ongoing uncertainty makes it difficult to plan with confidence, especially for services that rely on multi-year investment or where funding streams have been consolidated or reallocated.

### Core Spending Power (CSP)

- 3.5. Core Spending Power (CSP) is the government's headline measure of the total resources available to a local authority each year. It brings together the main sources of council funding—such as government grants, retained business rates, and council tax—into a single figure, providing a consistent way to compare overall funding levels year-on-year

3.6. East Herts' CSP is forecast to increase modestly over the next four years, rising from £20.60m in 2024/25 to £21.8m by 2028/29—a total increase of 5.8%. However, when council tax is excluded, CSP falls from £7.9m to £6.8m, a reduction of 14%. This reflects the growing reliance on council tax to maintain overall funding levels, as government grant and baseline funding continue to decline.

Year	CSP £M	CSP % change	Excl. CT £M	Excl. CT % change
2024/25	20.6		7.9	
2025/26	21.1	+2.2%	7.9	-0.2%
2026/27	21.5	+2.3%	7.8	-1.2%
2027/28	21.7	+0.7%	7.4	-5.8%
2028/29	21.8	+0.5%	6.8	-7.3%
Average 24/25 to 28/29		+5.85%		-14.0%

### Baseline Funding Level

3.7. The Baseline Funding Level (BFL) is a key component of CSP. It represents the share of funding that a council receives through the Business Rates Retention System and is one of the main government grants included in the CSP calculation alongside council tax and other grants. The BFL is intended to reflect each authority's share of national business rates income, adjusted for local circumstances.

3.8. For 2026/27, East Herts' BFL within the settlement is £2.657 million. Because East Herts' assessed business rates capacity is higher than its assessed needs, this funding is paired with a significant tariff payment back to Government. The table below shows the settlement determination for East Herts.

3.9. It is important to note that these figures are provisional because, following the reset of the business rates system, the Government has had to make a number of assumptions about each authority's business rates position for 2026/27. Until the actual data is received—through the NNDR1 return in January 2026 and a bespoke data collection in summer 2026—the settlement figures are based on estimates. Once the true position is known, the

Baseline Funding Level and tariff will be adjusted accordingly to ensure the final settlement accurately reflects East Herts' actual business rates income for the year. Any changes will be incorporated into the 2027/28 settlement and members will be updated as necessary.

	<b>2026/27 £'000</b>
Gross Rates Payable	74,537
Appeals and Bad Debt Provision	(3,242)
Cost of Collection	(204)
Renewables deduction	(91)
<b>Business Rates Baseline (@ 40%)</b>	<b>28,400</b>
Baseline Funding Level determined by Government	2,657
<b>Tariff to be paid</b>	<b>25,743</b>

### Revenue Support Grant

3.10. Revenue Support Grant (RSG) is a general, non-ringfenced grant from central government and forms a key part of CSP. It helps fund local services and is allocated using a national formula based on each council's needs and resources.

3.11. For 2026/27, East Herts' RSG allocation is £4.27 million, as set out in the provisional multi-year settlement. This grant, together with the Baseline Funding Level (BFL) from business rates, makes up the Fair Funding Allocation within CSP.

<b>£ Million</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
RSG	4.274	3.672	3.041

3.12. It is important to note that the multi-year settlement sets out a planned reduction in RSG year-on-year, with funding levels decreasing to reflect the government's Fair Funding Review and the move towards the final Fair Funding position by 2028/29. This means that, over the settlement period, RSG will form a progressively smaller share of the council's total resources, increasing the reliance on council tax and other local income streams.

### Homelessness, Rough Sleeping and Domestic Abuse

3.13. From 2026/27, the government is consolidating major homelessness and rough sleeping grants into a single ring-fenced grant, supporting a shift from crisis response to prevention and holistic support. The grant is designed to give councils flexibility to address local needs, with funding certainty over three years. Temporary accommodation funding is now rolled into RSG, so the figures below focus on prevention, relief, staffing, and support for rough sleeping and domestic abuse. The allocation for East Herts is shown in the table below.

£'000	2026/27	2027/28	2028/29
Total Grant	901	987	1,022
Of which: Homelessness & Rough Sleeping	864	949	984
Domestic Abuse	37	38	38

3.14. The table below shows the provisional finance settlement allocations by grant.

£ Million	2026/27	2027/28	2028/29
Baseline Funding	2.657	2.718	2.773
Revenue Support Grant	4.274	3.672	3.041
Fair Funding Allocation	<b>6.931</b>	<b>6.390</b>	<b>5.814</b>
Council Tax	13.716	14.328	14.967
Homelessness, Rough Sleeping and Domestic Abuse	0.901	0.987	1.022
Total CSP	<b>21.548</b>	<b>21.705</b>	<b>21.803</b>

### Council Tax Base

3.15. The Council Tax Base for 2026/27 has now been formally calculated and set at **65,819.15 Band D equivalents** for the district. This figure reflects the latest estimates of new properties coming into use, adjusted for discounts, exemptions, and the anticipated impact of the Council Tax Support Scheme.

3.16. In the MTFP presented in October, the baseline assumption for tax base growth from 2026/27 onwards was set at an annual increase of 500 Band D equivalent properties under the medium growth scenario.

- 3.17. This has resulted in the tax base being 5 band D equivalent properties higher against the MTFP and will generate an additional £1,000.
- 3.18. The policy statement confirms that the council tax referendum limit will remain at 2.99% for 2026/27, in line with the assumptions within the Medium-Term Financial Plan (MTFP). This results in a Band D council tax of £207.03 for 2026/27.
- 3.19. Based on the updated council tax base, the agreed council tax support scheme, and a proposed 2.99% increase in the East Hertfordshire precept for 2026/27, the total projected income from council tax will be £13.627 million. This is lower than the level assumed by the Government in its provisional finance settlement for 2026/27.

#### 4. New Budget Pressures

- 4.1. As part of the ongoing budget review process, several emerging pressures have been identified and have now been incorporated into the latest iteration of the MTFP and the 2026/27 budget. These pressures reflect a combination of external factors, and local demand trends. The following tables shows the proposed new and existing pressures (within 2025/26 and on-going).

New Pressures	Cause of Pressure	Amount £
Members Allowance	Revised scheme was approved by Council in October 2025 following Independent Remuneration Panel review; changes effective April 2026	11,000
Cloud 9 App	A new mobile app that connects residents to the Council's waste service for bin collections and recycling, while also offering additional features such as reporting issues and accessing local information.	20,000

<b>New Pressures</b>	<b>Cause of Pressure</b>	<b>Amount £</b>
Interest charges	Borrowing costs expected to rise further; advisors recommend increasing projected average interest rate by 0.5% to reflect market conditions.	140,000
Broxbourne – Performance Support	A new growth pressure has arisen to fund Broxbourne Council’s support for performance monitoring at East Herts, reflecting the need for dedicated resource to coordinate and report on key performance indicators and progress against the Corporate Plan.	15,000
Increase projected pay award budget	The pay award projection for 2026/27 has been increased from 3% to 4% to reflect the “higher for longer” position on inflation, ensuring the Council’s budget remains resilient against ongoing wage pressures.	170,000
	<b>Total New Pressures</b>	<b>356,000</b>

<b>Existing Pressures</b>	<b>Cause of Pressure</b>	<b>Amount £</b>
Rapier House Income	No rental income is expected to continue due to the lack of prospective tenants. Consequently, the income budget will be removed, and a business case will be developed to explore alternative uses for the property.	115,000
Sale of Lime Kiln (Northgate End)	Upon completion of the sale of Lime Kiln, the council will no longer receive income from Launchpad, this will be offset by the costs we currently incur in operating the building.	64,000
IT Licences	With the continual reported pressure during 2025/26, a review of IT licences has been	75,000



Existing Pressures	Cause of Pressure	Amount £
	undertaken, and the resulting budget increase reflects the rising costs of essential software.	
Contribution from Other Authorities	As income from other councils has ceased due to the service no longer being provided, the income budget will be removed within Licensing and Improvement & Insight services.	77,000
Repayment of Grant	Following a review of the budget, no further grants were expected to be repaid therefore budget being deleted.	19,000
	<b>Total Existing Pressures</b>	<b>350,000</b>

- 4.2. The total of new pressures (£356,000) and existing pressures (£350,000) amounts to £706,000 before consideration of Local Government Reorganisation (LGR) costs. This £706,000 has been built into the MTFP under the cost of services. In addition, further provisions will be considered to address LGR-related costs as outlined in subsequent sections.
- 4.3. Following the submission of East Hertfordshire’s proposal to government regarding options for Local Government Reorganisation (LGR), councils within Hertfordshire are now reviewing and determining the level of funding each authority will require for 2026/27 up to vesting day. It is anticipated that there will be further one-off costs associated with the implementation of LGR, including pension strain. The proposal is to provide an initial £1 million of funding over two years (2026/27 and 2027/28) for these LGR-related costs, with £250,000 per year from revenue and £250,000 per year from earmarked reserves.
- 4.4. In addition to the LGR-related funding, over the next two years £318,000 will be placed in a reserve each year—resulting in a total of £636,000—to help smooth out any future increases in pension costs arising from the next Triennial review, or to support any redundancy costs that may fall on the Council as a result of LGR.

4.5. Furthermore, a contingency of £203,000 is proposed for 2026/27 to address any additional pressures that may arise—such as those relating to the BEAM service—until a new business plan is implemented.

## **5. Funding the Gap: Addressing Existing and Emerging Pressures**

5.1. To address the current budget gap (from the October MTFP) of £531,000 for 2026/27, the Leadership Team has worked closely with services to identify a range of proposed savings and income generation initiatives. These proposals protect frontline services while ensuring financial sustainability. Members are asked to consider and approve these measures as part of the budget-setting process, and to consider how the further pressures identified above (in section 4) will be funded. The proposals include:

- Income Generation: increased income from rental of assets, and additional government funding through Extended Producer Responsibility (EPR).
- Fees and Charges Review: aligning charges with market rates and inflation.
- Service Efficiency Reviews: savings through partnership working.
- Pension Fund Outcome: incorporating the financial impact of the latest triennial valuation of the pension fund.

### Income Generation

5.2. The Council has entered into two new arrangements to support income generation: leasing out the top floor of Northgate End Car Park and permitting the installation of lockers in several of the Council's car parks. These initiatives have generated an additional £66,000 per year in income for the Council.

5.3. The Council has received confirmation of its Extended Producer Responsibility (EPR) Grant for packaging grant allocation for 2026/27 and can increase the budget back to the 2025/26 level.

5.4. The latest MTFP had prudently assumed a 10% reduction in the EPR grant each year, reflecting the expectation that funding would

decrease over time as producers improve their packaging and reduce waste. As a result of the confirmed allocation, an additional £143,000 has been included in the 2026/27 budget, compared to previous projections.

### Fees and Charges

- 5.5. Fees and charges are set in accordance with key principles to ensure financial sustainability, transparency, and fairness. Charges are reviewed annually to reflect inflation and cost recovery, with an emphasis on simplicity, clarity, and alignment. Where full cost recovery is not applied, this is supported by a clear policy rationale. For 2026/27, fees and charges are presented in three distinct areas: garden waste, parking (including tariffs and Traffic Regulation Orders), and other service fees income. This approach ensures that each area is considered on its own merits, with adjustments made to support both the Council's financial objectives and the needs of residents and service users.
- 5.6. **Garden Waste** - In line with the Council's principles for setting fees and charges—cost recovery, inflation alignment, and transparency—the garden waste subscription fee is proposed to increase from £59 in 2025/26 to £61 in 2026/27, a 3.4% rise. This is below the inflation rate (September CPI being 3.8%) for 2026/27, reflecting a measured approach given anticipated cost pressure.
- 5.7. The MTFP had already assumed an additional £31K from this increase. The proposed change will generate a further £31K of new income for the 2026/27 budget and future years.
- 5.8. **Parking** - The Council's parking strategy, as approved in February 2025, set out a series of proposed changes to parking tariffs and Traffic Regulation Orders (TROs) for 2026/27. The underlying principles included applying an average inflationary increase of 3.8% across parking tariffs and introducing specific changes to parking arrangements in line with the Council's broader strategy to manage demand, support local economies, and ensure fair access across all areas.
- 5.9. During the public consultation on these proposals, the Council received a significant volume of responses from residents and businesses. Many expressed concerns about the potential impact

of increased charges on high street trade, accessibility for vulnerable groups, and congestion in residential areas. There was particularly strong feedback that rural towns, with limited public transport and distinct local economies, should not be treated in the same way as larger urban centres. For more detail on the consultation process and feedback, please refer to the parking strategy report included on this agenda for the Executive.

- 5.10. In response to this feedback, the Council has amended its approach for 2026/27. While the average 3.8% increase will apply to most parking tariffs, rural car parks in Stanstead Abbots, Buntingford, and Sawbridgeworth will see weekday charges remain unchanged, and Sunday charges will be maintained at current levels (£1.50 per day). Weekend charges will still be introduced in Buntingford and Sawbridgeworth, with Saturday charges matching weekday rates. These changes are intended to support local businesses, maintain accessibility, and address the specific needs of rural communities.
- 5.11. Changes to the Traffic Regulation Orders (TROs) and parking tariffs (as detailed in Appendix Bi) are expected to generate an additional £277K of income, which will be built into the 2026/27 budget and across the MTFP.
- 5.12. **Other Services Fees Income** - This category covers all other fees and charges levied by Council services to residents and businesses for the provision of specific services. The Council maintains a strong focus on cost recovery, ensuring that charges reflect the true cost of service delivery wherever possible. While some fees are subject to Government restrictions on the level of increase permitted, others are set locally by the Council. The principles outlined above, particularly around cost recovery, inflation alignment, and transparency have heavily influenced the proposed changes to individual charges for 2026/27.
- 5.13. A full listing of these charges is provided in Appendix Bii. The MTFP had projected an increase in income from these charges of £50,000. However, following a detailed review and in light of higher inflationary pressures on service provision, a further £79,000 will be generated within these fees and charges. In addition, some budget realignments have been undertaken within the overall

financial position for these fees to ensure that budgets are achievable for 2026/27.

### Service Efficiency Reviews

5.14. As part of the Council's ongoing service efficiency reviews, a saving of £14,000 has been identified within the Corporate Support Hub for 2026/27. This saving arises from a minor restructure, following a detailed review of task allocation between the Corporate Support Hub and the Licensing team.

### Pension Fund Triennial Valuation

5.15. The Local Government Pension Scheme (LGPS) requires all participating employers to undergo a formal actuarial valuation every three years (triennially). The purpose of this valuation is to review the financial position of the pension fund and to set appropriate employer contribution rates for the following three-year period, ensuring the long-term sustainability of the scheme and compliance with statutory requirements.

5.16. The most recent triennial valuation was carried out as at 31 March 2025 for the Hertfordshire Pension Fund, of which East Hertfordshire District Council is a part. This valuation provides a snapshot of the Council's funding position and determines the employer contribution rates for the period from 1 April 2026 to 31 March 2029. The key outcomes of the valuation are:

- **Funding Position:** As at 31 March 2025, East Herts District Council had a funding level of 107.3%. This is an improvement from the previous valuation in 2022, which showed a funding level of 101.6%.
- **Employer Contribution Rates:** The employer contribution rate for the next three years (from 1 April 2026) is 17.1% of pay, with no additional secondary rate required, reflecting the improved funding position.

5.17. The outcome of the 2025 triennial valuation has a significant positive impact on the Council's financial position for 2026/27 and across the MTFP. The reduction in the primary employer contribution rate from 19.8% in 2025/26 to 17.1% from 2026/27 onwards—translates into a saving of £348,000 in 2026/27, with

similar savings projected for subsequent years. In addition, the cessation of the secondary rate provides a further ongoing saving of £637,000 from 2026/27.

5.18. The results of the above savings are summarised in the table below.

Savings Area	2026/27 £'000
Income generation	209
Fees and Charges:	
• Garden Waste	32
• Parking	277
• Other	79
Service Efficiency Review	14
Pension Fund Triennial Valuation:	
• Primary Rate	348
• Secondary Rate	637
<b>Total Savings found</b>	<b>1,596</b>

5.19. Bringing together the provisional finance settlement, planned savings, and new pressures—including funding for LGR, redundancy contingency, and general contingencies—the MTFP currently forecasts a surplus of £250,000 for each of the next two years. This surplus will be transferred into a new reserve, providing the Council with flexibility to respond to emerging priorities and pressures. The reserve will be available for Executive drawdown as and when proposals are brought forward and agreed in line with the Council's priorities. The table below summarises the overall financial position from 2026/27.

£'000	2026/27	2027/28	2028/29	2029/30	2030/31
Net Cost of Services	18,017	19,192	20,290	21,339	22,494
Corporate Budget	3,311	3,063	2,919	2,6650	2,615
Pressures	771	549	0	0	0
Savings	(890)	(1,538)	(1,748)	(1,748)	(1,748)
<b>Total Costs</b>	<b>21,209</b>	<b>21,266</b>	<b>21,461</b>	<b>22,256</b>	<b>23,361</b>
Settlement Funding	(7,832)	(7,377)	(6,835)	(6,835)	(6,835)
Council Tax Demand	(13,627)	(14,139)	(14,670)	(15,220)	(15,790)

<b>Net Budget Requirement</b>	<b>(250)</b>	<b>(250)</b>	<b>(44)</b>	<b>200</b>	<b>735</b>
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## 6. General Fund Balances and Reserves

- 6.1. The Council's General Fund reserves are classified as either general or earmarked for specific purposes. The General Fund balance serves as a financial buffer to absorb the impact of unexpected events, emergencies, or fluctuations in cash flow.
- 6.2. The projected General Fund balance within the MTFP remains unchanged at £3.854 million on the basis that the delivery of funding gap across the MTFP is achieved. Maintaining level of reserves is essential to support financial resilience and ensure the Council can respond to unforeseen pressures.
- 6.3. In determining the appropriate level of general fund balances, the Chief Finance Officer has based their advice on a range of risk factors, as summarised in the table below. This assessment currently indicates a minimum requirement of £3.649 million.

<b>General Fund balances Minimum Level of Assessment</b>	<b>2026/27 £million</b>
Annual Gross Revenue Expenditure (at 4%)	2.393
Annual Gross Capital Expenditure (at 3%)	1.256
<b>Minimum General Fund Balance</b>	<b>3.649</b>

- 6.4. A detailed review of the Council's earmarked reserves has been completed to ensure that resources are aligned with strategic priorities and financial resilience. This review examined the purpose of each reserve, confirmed amounts already committed for specific projects and obligations over the next two years, and incorporated these commitments into the MTFP. Earmarked reserves are essential for managing future risks, funding planned initiatives, and providing flexibility to respond to unforeseen pressures without impacting core services. Following this review, the projected balance of earmarked reserves is estimated to be £14.997 million by the end of March 2026 and £14.342 million by the end of March 2027, reflecting planned utilisation for approved commitments.

- 6.5. The table below summarises the forecast General Fund and Earmarked Reserves across the MTFP period, with a detailed list of reserves provided in Appendix C.

<b>Financial Year</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>£'000</b>	<b>Actual balance</b>	<b>Forecast balance</b>	<b>Forecast balance</b>	<b>Forecast balance</b>
Earmarked	17,297	14,997	14,342	13,688
General	3,854	3,854	3,854	3,854
<b>Total Usable</b>	<b>21,151</b>	<b>18,851</b>	<b>18,196</b>	<b>17,542</b>

#### Section 25 Statement: Reserves Perspective

- 6.6. The Section 25 Statement of the Chief Financial Officer (CFO) is a statutory report that accompanies the annual budget for East Herts Council. It provides Members with an independent assessment of the robustness of the Council's budget estimates and the adequacy of its reserves, ensuring that financial decisions are made with a clear understanding of the risks, assumptions, and the Council's overall financial resilience. The report outlines the economic context, the rigorous budget-setting process, key financial assumptions, risk management, and the Council's approach to maintaining sufficient reserves. Further detail can be found in Appendix D.
- 6.7. In summary, the CFO concludes that the 2026/27 budget is both realistic and sustainable, with reserves considered adequate to manage foreseeable risks and support the Council's medium-term strategy. Members are therefore recommended to approve the budget and reserves strategy, note the underlying risks and assumptions, and support the ongoing delivery of savings.

#### **7. Reason(s)**

- 7.1. The 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.



## **8. Options**

- 8.1. The MTFP currently shows a surplus for the first three years, with significant growth already built into the budget. However, it remains essential to sustain this position by continuing to increase council tax, fees, and charges in line with rising costs from pay awards and inflation. Any decision to reduce council tax, limit growth, or hold back on increases to fees and charges would create additional financial pressures in later years of the MTFP or result in increased budget monitoring challenges for 2026/27 and beyond.
- 8.2. If the Executive were to propose a lower rate of council tax, this would move the Council further away from the government's assumptions and expectations for local funding. Such a decision could be interpreted by government as evidence that there are no funding issues for district councils, despite the fact that core funding is projected to reduce by 14% up to 2028/29, as set out earlier in this report. It would also result in a permanent loss of revenue, increasing financial pressure in future years.
- 8.3. It is therefore important that the Council continues to review and adjust fees and charges across all services to ensure income keeps pace with rising costs. Any alternative approach—such as reducing fees and charges, limiting growth, or holding council tax below government expectations—would increase financial risk and could compromise the Council's ability to deliver services sustainably in future years.

## **9. Risks**

- 9.1. Significant uncertainty continues to shape the financial environment in which the Council operates. While the confirmation of a multi-year financial settlement provides a welcome degree of stability and planning certainty, a number of material risks remain that could impact the Council's ability to deliver a balanced and sustainable budget over the medium term.
- 9.2. Inflationary pressures remain a key concern, particularly in relation to energy, contract inflation and pay awards. Although inflation has moderated from recent peaks, volatility in global markets and domestic economic policy could result in renewed cost pressures.

These risks are compounded by the potential for interest rate fluctuations, which may affect borrowing costs and investment returns.

- 9.3. Recruitment and retention difficulties persist, especially in areas where there are national shortages of professionally qualified staff. The Council continues to explore workforce strategies to reduce reliance on agency staffing and ensure service continuity. However, the competitive labour market and rising salary expectations present ongoing financial and operational risks.
- 9.4. The ongoing process of Local Government Reorganisation introduces structural and transitional risks, including potential changes to service delivery models, governance arrangements and funding allocations. These changes may have both short-term financial implications and longer-term strategic impacts that are not yet fully understood.

## **10. Implications/Consultations**

### **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 duty under the Equalities Act, 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 discharges 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 delivery of the council's policies and priorities in relation to the environmental and sustainability areas.

## **Financial**

All financial implications are contained within the report.

## **Health and Safety**

None directly arising from this report.

## **Human Resources**

The budget provides provision of a pay award for up to 3% in 2026/27. The actual award is subject to national NJC negotiations.

## **Human Rights**

None directly arising from this report.

## **Legal**

The 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.

## **Specific Wards**

No

### **11. Background papers, appendices and other relevant material**

11.1. Budget 2025/26 & Medium Term Financial Plan 2025-2035 – Council 26 February 2025.

11.2. Medium Term Financial Plan 2026-2031 – Executive 7 October 2025

### 11.3. Appendices:

- Appendix A MTFP 2026-2031
- Appendix B Fees and Charges 2026/27
- Appendix C Earmarked Reserves
- Appendix D Section 25 Report

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**General Fund Revenue Budget and Medium Term Financial Plan  
2026/27 to 2030/31**

2025/26 £000	Cost of Services	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
305	Chief Executive's Office	313	323	333	343	353
1,855	Communications, Strategy & Policy	1,850	1,907	1,965	2,025	2,087
2,073	Housing and Health	3,482	3,655	3,779	3,872	3,970
700	Operations	1,203	1,622	1,887	2,155	2,420
(200)	Hertford Theatre	(200)	(375)	(350)	(324)	(304)
2,285	Planning & Building Control	2,373	2,471	2,572	2,677	2,784
844	Shared Revenues & Benefits Service	618	692	769	849	978
2,971	IT Shared Service	2,959	3,061	3,167	3,277	3,392
1,436	Legal & Democratic Services	1,527	1,579	1,632	1,687	1,728
519	Human Resources & Org Development	656	671	688	704	721
2,528	Strategic Finance & Property	2,319	2,647	2,876	3,101	3,393
705	Centrally Managed Costs	937	939	941	943	943
(150)	Revenue Costs Capitalised	(70)	(50)	(20)	(20)	(20)
50	Capital Expenditure Charged to a Revenue Account	50	50	50	50	50
15,921	<b>Net Cost of Services</b>	18,017	19,192	20,290	21,339	22,494

2025/26 £000	Corporate Budgets	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
(100)	Fees and Charges Annual Review	(50)	(100)	(150)	(200)	(250)
1,634	Minimum Revenue Provision	1,453	1,453	1,479	1,479	1,479
3,269	Interest Payable on Loans	2,508	2,310	2,190	1,986	1,986
(1,000)	Investment Income	(600)	(600)	(600)	(600)	(600)
637	Pension Fund Deficit Contribution					
4,440	<b>Total Corporate Budgets</b>	3,311	3,063	2,919	2,665	2,615

(63)	Savings identified 2026/27	(436)	(436)	(436)	(436)	(436)
	Savings identified 2027/28		(648)	(648)	(648)	(648)
	Savings identified 2028/29			(210)	(210)	(210)
	Savings proposed 2026/27 Pressures	(454)	(454)	(454)	(454)	(454)
	Savings to be found	771	549	0	0	0
	<b>Total Savings &amp; Pressures</b>	(119)	(989)	(1,748)	(1,748)	(1,748)

<b>20,298</b>	<b>Total Costs</b>	<b>21,209</b>	<b>21,266</b>	<b>21,461</b>	<b>22,256</b>	<b>23,361</b>
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2025/26 £000	Government Funding & Council Tax	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
(5,092)	Retained Business Rates - Business Rates	(2,657)	(2,718)	(2,773)	(2,773)	(2,773)
(1,193)	New Homes Bonus Grant	0	0	0	0	0
(141)	Revenue Support Grant	(4,274)	(3,672)	(3,041)	(3,041)	(3,041)
(403)	General Government Grants	0	0	0	0	0
(179)	NI grant					
	Homelessness, Rough Sleeping and Domestic Abuse	(901)	(987)	(1,022)	(1,022)	(1,022)
(13,131)	Council Tax Demand on the Collection Fund	(13,627)	(14,139)	(14,670)	(15,220)	(15,790)
	Collection Fund (Surplus)/Deficit					
(20,139)	Total Government Funding & Council Tax	(21,459)	(21,516)	(21,505)	(22,055)	(22,625)
<b>159 Net Budget before Reserves movements</b>		<b>(250)</b>	<b>(250)</b>	<b>(44)</b>	<b>200</b>	<b>735</b>
2025/26 £000	Contributions to/(from) Reserves	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
0	Contributions to Earmarked Reserves	250	250	0	0	0
(164)	Contributions (from) Earmarked Reserves	0	0	0	0	0
	Contributions to General Fund					
	Contributions (from) General Fund					
(164)	Total Contributions to/(from) Reserves	250	250	0	0	0
<b>(5) Net Budget Position</b>		<b>0</b>	<b>0</b>	<b>(44)</b>	<b>200</b>	<b>735</b>



**Parking Fees**

Tariff
01 April 2025

Tariff
01 April 2026
Inclusive of VAT

**CAR PARK - LOCATION - CHARGEABLE HOURS**

<b>Jackson Square - Bishop's Stortford</b>
<b>Mon – Sat (7.30am – 6.30pm)</b>
Up to 1 hour
Up to 2 hours
Up to 3 hours
Up to 4 hours
Up to 5 hours
Public Holidays except Christmas Day Up to 11 hours (All Day)
Sunday Up to 11 hours (All Day)

£1.20
£2.40
£3.60
£4.80
£6.00
£2.00
£2.00

NO FREE
£1.25
£2.50
£3.70
£5.00
£6.20
£2.10
£2.10

<b>Link Road - Bishop's Stortford:</b>
<b>Mon – Sat (7.30am – 8.00pm)</b>
Up to 1 hour
Up to 2 hours
Up to 3 hours
Up to 4 hours
Up to 5 hours
Sunday Up to 12.5 hours (All Day)
Public Holidays except Christmas Day to 12.5 hours (All Day)

£1.20
£2.40
£3.60
£4.80
£6.00
£2.00
£2.00

NO FREE
£1.25
£2.50
£3.70
£5.00
£6.20
£2.10
£2.10

<b>Northgate End MSCP - Bishop's Stortford</b>
<b>Mon – Sat (7.30am – 8.00pm)</b>
Up to 1 hour
Up to 2 hours
Up to 3 hours
Up to 4 hours
Up to 5 hours
Up to 12.5 hours (All Day)
Sunday Up to 12.5 hours (All Day)
Public Holidays except Christmas Day 12.5 hours (All Day)

£1.00
£2.00
£2.60
£3.20
£3.70
£4.20
£1.60
£1.60

NO FREE
£1.05
£2.10
£2.70
£3.30
£3.80
£4.40
£1.70
£1.70

<b>Apton Road, Basbow Lane, - Bishop's Stortford</b>
<b>Mon – Sat (7.30am – 8.00pm)</b>
Up to 30 mins (Free)
Up to 1 hour
Up to 2 hours
Up to 3 hours
Up to 4 hours
Up to 5 hours
Up to 12.5 hours (All Day)
Sunday Up to 12.5 hours (All Day)
Public Holidays except Christmas Day up to 12.5 hours (All Day)

£0.00
£1.20
£2.40
£3.60
£4.80
£6.00
£7.80
£2.00
£2.00

£0.00
£1.25
£2.50
£3.70
£5.00
£6.20
£8.10
£2.10
£2.10

<b>Crown Terrace A - Bishop's Stortford</b>
<b>Mon – Sat (7.30am – 8.00pm)</b>
Up to 30 mins (Free)
Up to 1 hour
Up to 2 hours
Up to 3 hours
Sunday Up to 12.5 hours (All Day)
Public Holidays except Christmas Day up to 12.5 hours (All Day)

£0.00
£1.20
£2.40
£3.60
£2.00
£2.00

£0.00
£1.25
£2.50
£3.70
£2.10
£2.10

Tariff
01 April 2025

Tariff
01 April 2026
Inclusive of VAT

**CAR PARK - LOCATION - CHARGEABLE HOURS**

<b>Crown Terrace B - Bishop's Stortford</b>	
Mon – Fri (8.30am – 8.00pm)	
Up to 30 mins (Free)	
Up to 5 hours	
Up to 12.5 hours (All Day)	
Sat (8.30am – 8.00pm)	
Up to 30 mins (Free)	
Up to 1 hour	
Up to 2 hours	
Up to 3 hours	
Up to 4 hours	
Up to 5 hours	
Up to 12.5 hours (All Day)	
Sunday Up to 12.5 hours (All Day)	
Public Holidays except Christmas Day up to 12.5 hours (All Day)	

£0.00
£6.00
£7.20
£0.00
£1.20
£2.40
£3.60
£4.80
£6.00
£7.20
£2.00
£2.00

£0.00
£6.20
£7.50
£0.00
£0.00
£1.25
£2.50
£3.70
£5.00
£6.20
£7.50
£2.10
£2.10

<b>Elm Road - Bishop's Stortford</b>	
Mon – Sat (7.30am – 8.00pm)	
Up to 30 mins (Free)	
Up to 5 hours	
Up to 12.5 hours (All Day)	
Sunday Up to 12.5 hours (All Day)	
Public Holidays except Christmas Day up to 12.5 hours (All Day)	

£0.00
£4.00
£5.00
£2.00
£2.00

£0.00
£4.20
£5.20
£2.10
£2.10

<b>Grange Paddocks A - Bishop's Stortford</b>	
Mon – Sat (9.00am – 8.00pm)	
Up to 2.5 hours	
Up to 11 hours (All Day)	
Sunday Up to 11 hours (All Day)	
Public Holidays except Christmas Day up to 11 hours (All Day)	

£2.00
£3.50
£2.00
£2.00

NO FREE
£2.10
£3.60
£2.10
£2.10

<b>Grange Paddocks B - Bishop's Stortford</b>	
Mon – Sat (9.00am – 8pm)	
Up to 2.5 hours (Free)	
Up to 5 hours	
Sunday Up to 8 hours (All Day)	
Public Holidays except Christmas Day up to 8 hours (All Day)	

£0.00
£3.50
£2.00
£2.00

£0.00
£3.60
£2.10
£2.10

<b>Grange Paddocks C - Bishop's Stortford</b>	
Mon – Sun (9.00am – 8pm)	
Up to 2.5 hours (Free)	

£0.00

£0.00

<b>Gascoyne Way Multi Storey: Level A - Hertford</b>	
Mon – Sat (7.30am – 8.00pm)	
Up to 30 mins (Free)	
Up to 1 hour	
Up to 2 hours	
Up to 3 hours	
Up to 4 hours	
Up to 5 hours	
Sunday Up to 12.5 hours (All Day)	
Public Holidays except Christmas Day up to 12.5 hours (All Day)	

£0.00
£1.20
£2.40
£3.60
£2.00
£2.00

New Standard Tariff Structure
£0.00
£1.25
£2.50
£3.70
£2.10
£2.10



Tariff
01 April 2025

Tariff
01 April 2026
Inclusive of VAT

<b>CAR PARK - LOCATION - CHARGEABLE HOURS</b>
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<b>St Andrew Street - Hertford</b>
Mon – Sat (7.30am – 8.00pm)
Up to 30 mins (Free)
Up to 1 hour
Up to 2 hours
Up to 3 hours
Up to 4 hours
Up to 5 hours
Sunday Up to 12.5 hours (All Day)
Public Holidays except Christmas Day up to 12.5 hours (All Day)

£0.00
£1.20
£2.40
£3.60
£4.80
£6.00
£2.00
£2.00

£0.00
£1.25
£2.50
£3.70
£5.00
£6.20
£2.10
£2.10

<b>Gascoyne Way Multi Storey - Levels B,C,D; Hartham Lane; Hartham Common; Port Vale - Hertford</b>
Mon – Sat (7.30am – 8.00pm)
Up to 30 mins (Free)
Up to 1 hour
Up to 2 hours
Up to 3 hours
Up to 4 hours
Up to 5 hours
Up to 12.5 hours (All Day)
Sunday Up to 12.5 hours (All Day)
Public Holidays except Christmas Day up to 12.5 hours (All Day)

£0.00
£1.20
£2.40
£3.60
£4.80
£6.00
£7.20
£2.00
£2.00

£0.00
£1.25
£2.50
£3.70
£5.00
£6.20
£7.50
£2.10
£2.10

<b>Old London Road - Hertford</b>
Mon – Sat (7.30am – 8.00pm)
Up to 30 mins (Free)
Up to 1 hour
Up to 2 hours
Up to 3 hours
Up to 4 hours
Up to 5 hours
Up to 12.5 hours (All Day)
Commercial Vehicles
Sunday Up to 12.5 hours (All Day)
Public Holidays except Christmas Day up to 12.5 hours (All Day)

£0.00
£6.00
£7.20
£16.00
£2.00
£2.00

New Standard Tariff Structure
£0.00
£1.25
£2.50
£3.70
£5.00
£6.20
£7.50
£17.00
£2.10
£2.10

<b>Wallfields - Hertford</b>
Mon – Fri (9.00am – 5.00pm)
Up to 2 hours (Free)
Up to 3 hours
Up to 4 hours
Up to 5 hours
Sat (9.00am – 5.00pm)
Up to 2 hours (Free)
Up to 3 hours
Up to 4 hours
Up to 5 hours
Up to 8 hours (All Day)
Sunday Up to 8 hours (All Day)
Public Holidays except Christmas Day up to 8 hours (All Day)

£0.00
£1.20
£2.40
£3.60
£0.00
£1.20
£2.40
£3.60
£7.20
£2.00
£2.00

£0.00
£1.25
£2.50
£3.70
£0.00
£1.25
£2.50
£3.70
£7.50
£2.10
£2.10

Tariff
01 April 2025

Tariff
01 April 2026
Inclusive of VAT

**CAR PARK - LOCATION - CHARGEABLE HOURS**

<b>Kibes Lane - Ware</b>
Mon – Sat (7.30am – 8.00pm)
Up to 30 mins (Free)
Up to 1 hour
Up to 2 hours
Up to 3 hours
Up to 4 hours
Up to 5 hours
Sunday Up to 12.5 hours (All Day)
Public Holidays except Christmas Day up to 12.5 hours (All Day)

£0.00
£1.20
£2.40
£3.60
£4.80
£6.00
£2.00
£2.00

<b>New Standard Tariff Structure</b>
£0.00
£1.25
£2.50
£3.70
£5.00
£6.20
£2.10
£2.10

<b>Amwell End - Ware</b>
Mon – Sat (7.30am – 8.00pm)
Up to 30 mins (Free)
Up to 1 hour
Up to 2 hours
Up to 3 hours
Up to 4 hours
Up to 5 hours
Up to 12.5 hours (All Day)
Sunday Up to 12.5 hours (All Day)
Public Holidays except Christmas Day up to 12.5 hours (All Day)

£0.00
£1.20
£2.40
£3.60
£4.80
£6.00
£7.80
£2.00
£2.00

£0.00
£1.25
£2.50
£3.70
£5.00
£6.20
£8.10
£2.10
£2.10

<b>Baldock Street, Priory Street - Ware</b>
Mon – Sat (7.30am – 8.00pm)
Up to 30 mins (Free)
Up to 1 hour
Up to 2 hours
Up to 3 hours
Up to 4 hours
Up to 5 hours
Up to 12.5 hours (All Day)
Sunday Up to 12.5 hours (All Day)
Public Holidays except Christmas Day up to 12.5 hours (All Day)

£0.00
£1.20
£2.40
£3.60
£4.80
£6.00
£7.20
£2.00
£2.00

£0.00
£1.25
£2.50
£3.70
£5.00
£6.20
£7.50
£2.10
£2.10

<b>Burgage Lane - Ware</b>
Mon – Sat (7.30am – 8.00pm)
Up to 30 mins (Free)
Up to 1 hour
Up to 2 hours
Up to 3 hours
Sunday Up to 12.5 hours (All Day)
Public Holidays except Christmas Day up to 12.5 hours (All Day)

£1.20
£2.40
£3.60
£2.00
£2.00

<b>New Standard Tariff Structure</b>
£0.00
£1.25
£2.50
£3.70
£2.10
£2.10

<b>Bowling Green Lane - Buntingford</b>
<b>Mon – Sat (7.30am – 6.30pm)</b>
Up to 30 mins (Free)
Up to 1 hour
Up to 2 hours
Up to 3 hours
Up to 4 hours
Up to 5 hours
Up to 11 hours (All Day)
Sunday Up to 11 hours (All Day)
Public Holidays except Christmas Day Up to 11 hours (All Day)

<b>2025-2026</b>
£0.00
£2.10
£4.20
£2.00

<b>New Standard Tariff Structure</b>
£0.00
£0.70
£1.40
£2.10
£2.80
£3.50
£4.20
£1.50
£1.50

Tariff
01 April 2025

Tariff
01 April 2026
Inclusive of VAT

<b>CAR PARK - LOCATION - CHARGEABLE HOURS</b>
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<b>Bell Street - Sawbridgeworth</b>
<b>Mon – Sat (7.30am – 6.30pm)</b>
Up to 30 mins (Free)
Up to 1 hour
Up to 2 hours
Up to 3 hours
Up to 4 hours
Up to 5 hours
Up to 11 hours (All Day)
<b>Sunday Up to 11 hours (All Day)</b>
Public Holidays except Christmas Day up to 9.5 hours (All Day)

£0.00
£0.70
£1.40
£2.10
£2.80
£3.50
£4.20
£2.00

<b>New Standard Tariff Structure</b>
£0.00
£0.70
£1.40
£2.10
£2.80
£3.50
£4.20
£1.50
£1.50

<b>High Street - Stanstead Abbots</b>
<b>Mon – Sat (7.30am – 6.30pm)</b>
Up to 30 mins (Free)
Up to 1 hour
Up to 2 hours
Up to 3 hours
Up to 4 hours
Up to 5 hours
Up to 11 hours (All Day)
Sunday Up to 11 hours (All Day)
Public Holidays except Christmas Day Up to 11 hours (All Day)

£0.00
£0.70
£1.40
£2.10
£2.80
£3.50
£4.20
£1.50
£1.50

<b>New Standard Tariff Structure</b>
£0.00
£0.70
£1.40
£2.10
£2.80
£3.50
£4.20
£1.50
£1.50

<b>CAR PARKS TIMES &amp; HOURS</b>
Market Trader Tariff - Apton Road & Link Road - Bishop's Stortford
Commercial vehicles Tariff - Old London Road - Hertford

<b>Tarrif</b>
£4.80
£16.00

£5.00
£17.00



Basis of Charge	Unit of Charge	2025/26 Charge Ex. VAT £	2026/27 Charge Ex. VAT £	VAT
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### Environmental Health Charges

Animal licences - Grant or renewal cost of one licensable activity	Cost Recovery	Every 1 to 3 years	532.00	554.00	OS
Animal licences - Grant or renewal cost per additional licensable activity	Cost Recovery	Every 1 to 3 years	280.00	292.00	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	255.00	265.00	OS
Animal Licences - Hiring of horses additional charge per horse	Cost Recovery	Every 1 to 3 years	15.00	17.00	OS
Animal licences - Minor variation of a current licence (no site visit)	Cost Recovery	per variation	127.00	132.00	OS
Animal licences - Variation of a current licence (involving site visit) (plus vet fees)	Cost Recovery	per variation	288.00	300.00	OS
Animal licences - Re-evaluation of a licenced premises star rating (plus vet fees)	Cost Recovery	per inspection	394.00	410.00	OS
Animal Licences - 'arrangers fee' for one licensable activity	Cost Recovery	Every 1 to 3 years	558.00	580.00	OS
Zoos - New Licence (plus vet fees)	Cost Recovery	per 4 year registration	2,912.00	3,030.00	OS
Zoos - Year 3 periodical inspection (plus vet fees)	Cost Recovery	per inspection	2,646.00	2,790.00	OS
Zoos - Year 6 renewal licence inspection (plus vet fees)	Cost Recovery	per 6 years	2,682.00	2,790.00	OS
Zoos - Transfer of Licence (plus vet fees)	Cost Recovery	per transfer	1,055.00	1,100.00	OS
Dangerous Wild Animals (plus vet fees)	Cost Recovery	per 2 years	442.00	460.00	OS
Registration for Skin Piercing (Premises)	Cost Recovery	per business	265.00	276.00	OS
Registration for Skin Piercing (Person) - when registered at the time of premises registration	Cost Recovery	per person	15.00	16.00	OS
Registration for Skin Piercing (Person) - when registered after/independently of premises registration	Cost Recovery	per person or premises	191.00	200.00	OS
Registration for Peripatetic Skin Piercing	Cost Recovery	per business	277.00	290.00	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	92.00	96.00	OS
Replacement of any environmental health licence, FHRS sticker or registration certificate	Cost Recovery	per licence	30.00	32.00	OS
Mobile homes sites - fit and proper person checks ( exc DBS costs)	Cost Recovery	Per check	198.00	210.00	OS
	Cost Recovery	per hour or part	89.00	93.00	OS

### Food Hygiene & Safety

Issue of certificate following surrender of food - first hour (plus disposal costs)	Cost Recovery	per hour or part	89.00	93.00	OS
Issue of certificate following surrender of food - additional hours (plus disposal costs)	Cost Recovery	per hour or part	59.00	62.00	OS
Food export health certificate (first hour)	Cost Recovery	per hour or part	91.00	95.00	OS
Food export health certificate (additional hours)	Cost Recovery	per hour or part	59.00	62.00	OS
Letter confirming food premises registration	Cost Recovery	per certificate	35.00	37.00	OS
Food Hygiene Rating Scheme Rescoring Visit	Cost Recovery	per visit	214.00	223.00	OS



Basis of Charge	Unit of Charge	2025/26 Charge Ex. VAT £	2026/27 Charge Ex. VAT £	VAT
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#### Miscellaneous Fees & Charges

Contaminated Land/ additional land charge enquiry (simple land search)	Cost Recovery	per enquiry	87.00	91.00	OS
Contaminated Land/ additional land charge enquiry (detailed land search)	Cost Recovery	per enquiry	230.00	240.00	OS
Statement of fact for civil cases (first hour)	Cost Recovery	First hour or part	93.00	97.00	S
Statement of fact for civil cases (additional hour)	Cost Recovery	per hour or part	59.00	62.00	S
Processing Section 61 notice application	Cost Recovery	per enquiry	91.00	95.00	OS
Attendance at Exhumations (first hour)	Cost Recovery	First hour or part	93.00	97.00	OS
Attendance at Exhumations (additional hours)	Cost Recovery	per hour or part	59.00	62.00	OS
Public health burials (first hour)	Cost Recovery	First hour or part	91.00	95.00	OS
Public health burials (additional hour)	Cost Recovery	per hour or part	59.00	62.00	OS

#### Private Water Supplies

Risk Assessment (first hour) (plus costs incurred by specialist inspector)	Cost Recovery	First hour or part	89.00	93.00	S
Risk Assessment (additional hour) (plus costs incurred by specialist inspector)	Cost Recovery	per hour or part	52.00	55.00	S
Risk Assessment (Desktop) - first hour	Cost Recovery	First hour or part	89.00	93.00	S
Risk Assessment (Desktop) - additional hours	Cost Recovery	per hour or part	52.00	55.00	S
Sampling Visit - first hour (plus analysis costs)	Cost Recovery	First hour or part	82.00	86.00	S
Sampling Visit - additional hours (plus analysis costs)	Cost Recovery	per hour or part	52.00	55.00	S
Sampling - Desktop review of results (first hour)	Cost Recovery	First hour or part	82.00	86.00	OS
Sampling - Desktop review of results (additional hours)	Cost Recovery	per hour or part	52.00	55.00	OS
Investigation - first hour (plus analysis costs)	Cost Recovery	First hour or part	82.00	86.00	OS
Investigation - additional hours (plus analysis costs)	Cost Recovery	per hour or part	52.00	55.00	OS
Granting of Authorisation -first hour	Cost Recovery	First hour or part	121.00	126.00	OS
Granting of Authorisation - additional hours	Cost Recovery	per hour or part	67.00	70.00	OS

#### Private Sector Housing

Standards inspection for immigration	Cost Recovery	per inspection	201.00	210.00	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	450.00	470.00	OS
Housing Notices Recovery of cost to arrange for professional reports (plus professional costs)	Cost Recovery	per professional report	85.00	89.00	OS
Fixed penalty for failure to belong to an approved redress scheme	Cost Recovery	fixed charge	5,000.00	5,000.00	OS
Licence for a HMO with no more than 5 bedrooms - full fee upon application	Cost Recovery	per licence	1,377.00	1,432.00	OS
Licence for a HMO with no more than 5 bedrooms - Part 1 Fee	Cost Recovery	per licence	1,112.00	1,157.00	OS
Licence for an HMO - Part 2 Fee	Cost Recovery	per licence - final before issuing licence	293.00	305.00	OS
Additional bedrooms	Cost Recovery	each	29.00	31.00	OS
Renewal of HMO Licence - Full fee upfront.	Cost Recovery	per licence	1,145.00	1,191.00	OS

Renewal of HMO Licence - Two-part fee - Part 1	Cost Recovery	per licence - initial at application	880.00	916.00	OS
Renewal of HMO Licence - Two-part fee - Part 2	Cost Recovery	per licence - final before issuing licence	293.00	305.00	OS
HMO Confirmation Letters for licensable HMOs after application has been received	Cost Recovery	per letter	35.00	37.00	OS
Housing Advice Visit	Cost Recovery	per visit	388.00	404.00	S



Basis of Charge	Unit of Charge
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2025/26 Charge Ex. VAT £
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2026/27 Charge Ex. VAT £	VAT
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### Other Licenses

Sex Establishments		per annum	3,760.00	3,910.00	OS
Sex Establishments		per renewal	3,330.00	3,460.00	OS
Sex Establishments		transfer	108.00	112.00	OS
Hypnotism Act 1952 - Occasional licensed premises			217.00	226.00	OS
Hypnotism Act 1952 - Occasional unlicensed premises			835.00	870.00	OS
Scrap Metal Site Licence		per licence granted	353.00	370.00	OS
Scrap Metal Site Licence		per licence renewed	263.00	275.00	OS
Scrap Metal Site Licence - Variation, Name Change, Change of Site		per change	63.00	65.00	OS
Scrap Metal Collectors Licence		per licence granted	320.00	332.00	OS
Scrap Metal Collectors Licence		per licence renewed	229.00	240.00	OS
Scrap Metal Collectors Licence - Variation, Name Change		per change	63.00	65.00	OS

### Taxi Licensing

Private Hire vehicle (new) - 1 year	Cost Recovery	per new licence	308.00	308.00	OS
Private Hire vehicle (renewal) - 1 year	Cost Recovery	per renewal	287.00	287.00	OS
Vehicle - either Hackney Carriage or Private Hire (new) HC only - 1 year	Cost Recovery	per new licence	400.00	400.00	OS
Vehicle - either Hackney Carriage or Private Hire (renewal) HC only - 1 year	Cost Recovery	per renewal	318.00	318.00	OS
Dual Driver or Private Hire Driver (new) - 3 year	Cost Recovery	per new licence	394.00	394.00	OS
Dual Driver or Private Hire Driver (renewal) - 3 year	Cost Recovery	per renewal	284.00	284.00	OS
Dual Driver or Private Hire Driver (new) - 1 year	Cost Recovery	per new licence	343.00	343.00	OS
Dual Driver or Private Hire Driver (renewal) - 1 year	Cost Recovery	per renewal	234.00	243.00	OS
Private Hire Operator - 5 year (new)	Cost Recovery	per new licence	302.00	302.00	OS
Private Hire Operator - 5 year (renewal)	Cost Recovery	per renewal	296.00	296.00	OS
Private Hire Operator - 1 year (new)	Cost Recovery	per new licence	267.00	267.00	OS
Private Hire Operator - 1 year (renewal)	Cost Recovery	per renewal	267.00	267.00	OS
Change of vehicle (new vehicle on old plate number)	Cost Recovery	Per vehicle	62.00	65.00	OS
Change of vehicle (courtesy car)	Cost Recovery	Per vehicle	96.00	100.00	OS
Vehicle Inspection (5 year check)	Cost Recovery	Per vehicle	38.00	40.00	OS
Private Hire Driver converted to Dual Driver	Cost Recovery	Per driver	32.00	33.00	OS
Private Hire Driver converted to Hackney Carriage vehicle	Cost Recovery	Per driver	113.00	118.00	OS
Change of vehicle proprietor	Cost Recovery	Per vehicle	43.00	45.00	OS
Change of DVLA details (registration number etc.)	Cost Recovery	Per vehicle	64.00	67.00	OS
Change of Drivers address	Cost Recovery	Per driver	13.00	14.00	OS
Knowledge test and training day (all new applicants)	Cost Recovery	Per driver	103.00	108.00	OS

Resit of both routes and rules & regulations tests	Cost Recovery	Per driver	55.00	57.00	OS
Resit of routes test only	Cost Recovery	Per driver	36.00	38.00	OS
Update training for existing drivers	Cost Recovery	Per driver	65.00	68.00	OS
Enhanced DBS Online	Cost Recovery	Per person	99.00	103.00	OS
English Competency testing (in our offices)	Cost Recovery	Per person	102.00	106.00	OS
English Competency testing (remote)	Cost Recovery	Per person	82.00	85.00	OS
Roof light (complete)	Cost Recovery	per light	68.00	71.00	S
Roof light (top cover only)	Cost Recovery	per light	47.00	49.00	S
Roof Light (base)	Cost Recovery	per light	32.00	33.00	S
Replacement drivers badges	Cost Recovery	Each	20.00	21.00	S
Hackney Carriage Replacement plate (or additional for a trailer)	Cost Recovery	Each	21.00	22.00	S
Private Hire Vehicle replacement plate	Cost Recovery	Each	23.00	24.00	S
Roof light bulbs	Cost Recovery	Each	3.00	3.00	S
Magnets (sold as a pair)	Cost Recovery	Per pair	19.00	20.00	S
Executive Disc (private hire vehicles only)	Cost Recovery	Each	14.00	15.00	S



Basis of Charge	Unit of Charge	2025/26 Charge Ex. VAT £	2026/27 Charge Ex. VAT £	VAT
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#### Premises Licenses

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	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	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	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	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	350.00	350.00	OS

PERSONAL LICENCE	Statutory Fee	per licence	37.00	37.00	OS
Supply of copies of information contained in register		per black & white A4 sheet	0.16	0.17	S
Supply of copies of information contained in register		per black & white A3 sheet	0.32	0.33	S
Supply of copies of information contained in register		per black & white A0 sheet	2.10	2.18	S
Supply of copies of information contained in register		per colour A4 sheet	0.32	0.33	S
Supply of copies of information contained in register		per colour A3 sheet	0.63	0.66	S
Supply of copies of information contained in register		per colour A0 sheet	2.42	2.52	S
Application for copy of licence or summary on theft, loss etc. of premises licence	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





Basis of Charge	Unit of Charge	2025/26 Charge Ex. VAT £	2026/27 Charge Ex. VAT £	VAT
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### Gambling Act

Bingo Premises		per licence	3,421.00	3,500.00	OS
Bingo Premises		per variation	1,711.00	1,750.00	OS
Bingo Premises		per transfer	1,173.00	1,200.00	OS
Bingo Premises		Annual Fee	978.00	1,000.00	OS
Adult Gaming Centre Premises		per licence	1,977.00	2,000.00	OS
Adult Gaming Centre Premises		per variation	978.00	1,000.00	OS
Adult Gaming Centre Premises		per transfer	1,150.00	1,200.00	OS
Adult Gaming Centre Premises		Annual Fee	978.00	1,000.00	OS
Betting Premises (Track)		per licence	2,444.00	2,500.00	OS
Betting Premises (Track)		per variation	1,223.00	1,250.00	OS
Betting Premises (Track)		per transfer	929.00	950.00	OS
Betting Premises (Track)		Annual Fee	978.00	1,000.00	OS
Betting Premises (Other)		per licence	2,939.00	3,000.00	OS
Betting Premises (Other)		per variation	1,467.00	1,500.00	OS
Betting Premises (Other)		per transfer	1,173.00	1,200.00	OS
Betting Premises (Other)		Annual Fee	383.00	400.00	OS
Family Entertainment Centre Premises		per licence	1,955.00	2,000.00	OS
Family Entertainment Centre Premises		per variation	978.00	1,000.00	OS
Family Entertainment Centre Premises		per transfer	929.00	950.00	OS
Family Entertainment Centre Premises		Annual Fee	733.00	750.00	OS
Temporary Use Notices		per notice	525.00	525.00	OS
Temporary Use Notices		per copy	26.00	26.00	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

### Business & Planning Act 2024

Pavement License New ( 2 Years)		2 years	500.00	500.00	OS
Pavement License Renewal ( 2 years)		2 Years	350.00	350.00	OS
Removal of unauthorised Furniture		Per notice	210.00	210.00	OS
Storage per week		Per notice	175.00	175.00	OS
Disposal of furniture		per notice	295.00	295.00	OS
Distribution of free literature - 1 year		Per license	34.00	36.00	S

### Street Trading

Street Trading: Occasional Registered Charity (up to one month)	Cost Recovery	per month	88.00	92.00	OS
Street Trading: Occasional (up to one month)	Cost Recovery	per month	172.00	180.00	OS
Street Trading: Peripatatic (e.g. ice cream van)	Cost Recovery	per annum	497.00	517.00	OS
Street Trading: Static (e.g. burger van)	Cost Recovery	per annum	505.00	526.00	OS

Transfer of street trading consent	Cost Recovery	per transfer	69.00	72.00	OS
Variation of street trading consent	Cost Recovery	Per variation	69.00	72.00	OS
Street trading consent refund - greater than 6 months left on consent	Cost Recovery	per consent	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	-	OS



Basis of Charge	Unit of Charge	2025/26 Charge Ex. VAT £	2026/27 Charge Ex. VAT £	VAT
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### Markets

Hertford commercial (Friday or Saturday)	Annual	-	460.00	OS
Hertford commercial (Friday or Saturday)	6 Months	-	240.00	OS
Hertford commercial (Friday or Saturday)	Quarterly	-	150.00	OS
Ware commercial (Friday or Saturday)	Annual	-	460.00	OS
Ware commercial (Friday or Saturday)	6 Months	-	240.00	OS
Ware commercial (Friday or Saturday)	Quarterly	-	150.00	OS
Commercial Markets (Any two) <b>note 1</b>	Annual	-	880.00	OS
Commercial Markets (Any two)	6 Months	-	460.00	OS
Commercial Markets (Any two)	Quarterly	-	275.00	OS
Commercial Markets (All three) <b>note 2</b>	Annual	-	1,260.00	OS
Commercial Markets (All three)	6 Months	-	660.00	OS
Commercial Markets (All three)	Quarterly	-	400.00	OS
Hertford Farmers Market <b>note 3</b>	Annual	-	360.00	OS
Hertford Farmers Market	6 Months	-	190.00	OS
Hertford Farmers Market	Quarterly	-	100.00	OS
Hertford Farmers Market	Daily	-	11.00	OS
Electricity ( lights & till only)	Per day	4.50	4.50	S
Electricity ( lights & till & cooking)	Per day	7.50	7.50	S
Comercial Market Incentive Discount	Annual	-	26.00	
Comercial Market Incentive Discount	6 Months	-	13.00	
Comercial Market Incentive Discount	Quarterly	-	6.50	

Note 1 - Can be any two from Hertford Commercial Saturday, Hertford Commercial Friday and Ware Commercial

Note 2 - Hertford Commercial Saturday, Hertford Commercial Friday and Ware Commercial.

Note 3 - One market per month but includes stall and table.



Basis of Charge	Unit of Charge	2025/26 Charge Ex. VAT £	2026/27 Charge Ex. VAT £	VAT
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### Hostels

			2025/26 Charge Ex. VAT £	2026/27 Charge Ex. VAT £	VAT
Rectory & Hillcrest Hostels Single room (exc. Service charges)		per week	250.00	260.00	Z
Rectory & Hillcrest Hostels Double room (exc. Service charges)		per week	330.00	343.00	Z
Rectory & Hillcrest Hostels Family room (exc. Service charges)		per week	375.00	390.00	Z
Cedar Cottage Support Hostel Self Contained Unit		per week	377.00	392.00	Z
Bed & Breakfast - Single person		per week	129.33	134.50	Z
Bed & Breakfast - Single person		per day	15.80	16.43	Z
Bed & Breakfast - Single person and one child		per week	146.40	152.26	Z
Bed & Breakfast - Single person and one child		per day	20.90	21.74	Z
Bed & Breakfast - Single person and two children		per week	159.00	165.36	Z
Bed & Breakfast - Single person and two children		per day	22.80	23.71	Z
Bed & Breakfast - Couple		per week	146.40	152.26	Z
Bed & Breakfast - Couple		per day	20.90	21.74	Z
Bed & Breakfast - Couple and one child		per week	171.80	178.67	Z
Bed & Breakfast - Couple and one child		per day	24.50	25.48	Z
Bed & Breakfast - Couple and two children		per week	181.10	188.34	Z
Bed & Breakfast - Couple and two children		per day	26.60	27.66	Z
Bed & Breakfast - Additional children up to 16		per week	15.10	15.70	Z
Bed & Breakfast - Additional children up to 16		per day	2.10	2.18	Z

### Landcharges

Registration of a charge in Part II of the register	Statutory Fee	per charge	67.00	67.00	OS
Filing a definite certificate of the Lands Tribunal under rule 10 (3)	Statutory Fee	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 Fee	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 Fee	per parcel of land	2.50	2.50	OS
Office copy of any plan or other document filed pursuant to the rules	Statutory Fee	per copy			OS
Standard search fee ( CON29) VAT inclusive price	Cost Recovery	Per search	140.00	117.50	S
Extra parcel fee with standard search (CON29)	Cost Recovery	Per search	20.50	11.00	S
Standard search including all CON29O questions	Cost Recovery	Per search	305.25	287.40	S
CON29	Cost Recovery	Per search	105.00	117.50	S
Con29O Qu.4 -21	Cost Recovery	Per search	7.00	7.25	S
Con29o Qu.22	Cost Recovery	Per search	39.25	39.40	S
Extra parcel fee (Con29)	Cost Recovery	Per search	10.25	11.00	S
Expedited search fee	Cost Recovery	Per search	40.00	41.00	S

### Legal Charges

External legal advice (Non Public Law Partnership member)	Discretionary	Per hour	255.00	265.00	S
Authorised Guarantee Agreement	Discretionary	Fixed	628.00	653.00	S
Commercial lease assignment	Discretionary	Fixed	850.00	884.00	S
Leases	Discretionary	Fixed	981.00	1,020.00	S
Licences	Discretionary	Fixed	459.00	477.00	S
Deed of covenants	Discretionary	Fixed	511.66	532.00	S

Landlord licence	Discretionary	Fixed	717.00	746.00	S
Deed of variation (complex)	Discretionary	Fixed	1,307.00	1,359.00	S
Easements	Discretionary	Fixed	1,307.00	1,359.00	S
Drafting Rent Reviews	Discretionary	Fixed	327.00	340.00	S
s.106 TCPA 1990 – simple	Discretionary	Fixed	255.00	265.00	S
s.106 TCPA – complex	Discretionary	Per Hour	255.00	265.00	S

#### Legal Charges continued

Deed of Surrender	Discretionary	Fixed	784.00	815.00	S
Transfer of Open Space	Discretionary	Fixed	1,046.00	1,088.00	S
Licence of alterations	Discretionary	Fixed	915.00	952.00	S
Licence to assign leasehold premises	Discretionary	Fixed	915.00	952.00	S
Notice of Assignment	Discretionary	Fixed	107.00	111.00	S
Nomination Agreement	Discretionary	Fixed	826.00	859.00	S
Leasehold Enquiry Forms	Discretionary	Fixed	193.00	201.00	S
Letter and Consent	Discretionary	Fixed	39.00	41.00	S
Residential Lease Extension	Discretionary	Fixed	551.00	573.00	S
Notice of charge	Discretionary	Fixed	130.00	135.00	S
Postponement of Charge	Discretionary	Fixed	130.00	135.00	S
Sale of land	Discretionary	Fixed	1,190.00	1,238.00	S
Footpath/Bridleway Creation or Diversion Agreement	Discretionary	Fixed	2,368.00	2,463.00	S

#### Street Name & Numbering

Change of house name or adding alias name	Discretionary	Per address	100.00	104.00	Z
Registering 1 plot	Discretionary	Per address	100.00	104.00	Z
Registering 2-24 plots	Discretionary	Per address	75.00	78.00	Z
Registering 25-49 plots	Discretionary	Per address	65.00	68.00	Z
Registering 50-74 plots	Discretionary	Per address	55.00	57.00	Z
Registering 75-99 plots	Discretionary	Per address	45.00	47.00	Z
Registering 100+ Plots	Discretionary	Per address	35.00	36.00	Z
Naming a new street/block where the Council Chooses a Name	Discretionary	Per road name	300.00	310.00	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	400.00	425.00	Z
Renaming of street where requested by residents and/or the Town/Parish Council	Discretionary	Per address	100.00	104.00	Z
Change to new addresses due to development changing after the schedule has been issued (applies to all amended plots)	Discretionary	Per address	100.00	104.00	Z

#### Electoral Registration Fees

Fee for sale of the full register and notices of alteration	Statutory Fee	per sale provided electronically	20.00	20.80	Z
and an additional	Statutory Fee	per thousand or part thousand entries	1.50	1.56	Z
Fee for sale of the full register and notices of alteration	Statutory Fee	per sale printed	10.00	10.40	Z
and an additional	Statutory Fee	per thousand or part thousand entries	5.00	5.20	Z
Fee for sale of the open Register	Statutory Fee	per sale provided electronically	20.00	20.80	Z
and an additional	Statutory Fee	per thousand or part thousand entries	1.50	1.56	Z
Fee for sale of the open Register	Statutory Fee	per sale printed	10.00	10.40	Z

and an additional	Statutory Fee	per thousand or part thousand entries	5.00	5.20	Z
Fee for sale of the list of overseas electors	Statutory Fee	per sale provided electronically	20.00	20.80	Z
and an additional	Statutory Fee	per hundred or part hundred entries	1.50	1.56	Z
Fee for sale of the list of overseas electors	Statutory Fee	per sale printed	10.00	10.40	Z
and an additional	Statutory Fee	per hundred or part hundred entries	5.00	5.20	Z
Fee for sale of the marked document (register or absent voters list)	Statutory Fee	per sale provided electronically	10.00	10.40	Z



Basis of Charge	Unit of Charge
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2025/26 Charge Ex. VAT £
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2026/27 Charge Ex. VAT £	VAT
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#### Electoral Registration Fees - continued

and an additional	Statutory Fee	per thousand or part thousand entries	1.00	1.04	Z
Fee for sale of the marked document (register or absent voters list)	Statutory Fee	per sale printed	10.00	10.40	Z
and an additional	Statutory Fee	per thousand or part thousand entries	2.00	2.08	Z
Photocopies of Election expense returns	Statutory Fee	Per side copied	0.20	0.21	Z
Certificate of Registration	Discretionary	per elector per year	22.00	22.88	Z
Voter Authority Certificate	Statutory Fee	per elector per year	Free		Z

#### Animal Control

Stray dog with ID chip (unless first offence and dog is collected the same day)		per dog	35.00	36.40	n/a
Stray dog without ID chip	Statutory Fee		60.00	60.00	n/a
Stray dog collected			25.00	26.00	n/a
Kennel Charges		per night	27.50	28.60	n/a
Assistance to third party organisations		per hour	Price on application	-	S
Provision of dog waste bag		per box of 5000	68.50	71.00	S
Dog Fouling Sign		per sign	Price on application	-	S

#### 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	25.00	26.00	S
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**Outdoor Exercise Group Activities**

Organisations - per site		per site	1,995.00	2,075.00	S
Personal Trainers - per trainer		per trainer	745.00	775.00	S



Basis of Charge	Unit of Charge	2025/26 Charge Ex. VAT £	2026/27 Charge Ex. VAT £	VAT
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**Waste Service Fees****Garden Waste - residential**

Garden Waste Bin		Per bin per year	59.00	61.00	OS
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**Trade Refuse - Commercial Customers**

120 litre bin	Commercial charge	Per bin per year	7.35	7.64	OS
240 litre bin	Commercial charge	Per bin per year	11.91	12.39	OS
360 litre bin	Commercial charge	Per bin per year	13.24	13.77	OS
660 litre bin	Commercial charge	Per bin per year	22.43	23.33	OS
1100 litre bin	Commercial charge	Per bin per year	28.16	29.29	OS
EH Sacks - per 50 sacks	Commercial charge	Per 50 sacks	158.05	164.37	OS

**Trade Refuse - Charities**

240 litre bin	Commercial charge	Per bin per year	10.47	10.90	OS
360 litre bin	Commercial charge	Per bin per year	11.58	12.00	OS
660 litre bin	Commercial charge	Per bin per year	18.67	19.40	OS
1100 litre bin	Commercial charge	Per bin per year	22.93	23.80	OS
EH Sacks - per 50 sacks	Commercial charge	Per 50 sacks	146.44	152.00	OS

**TRADE REFUSE - SCHOOLS**

140 litre bin	Commercial charge	Per bin per year	7.31	7.60	OS
240 litre bin	Commercial charge	Per bin per year	8.64	9.00	OS
360 litre bin	Commercial charge	Per bin per year	10.86	11.30	OS
660 litre bin	Commercial charge	Per bin per year	15.84	16.50	OS
1100 litre bin	Commercial charge	Per bin per year	19.61	20.40	OS
EH Sacks - per 50 sacks	Commercial charge	Per 50 sacks	146.44	152.00	OS

**TRADE RECYCLING - CO-MINGLED RECYCLING**

Box	Commercial charge	Per box per year	3.15	3.30	OS
140 litre bin	Commercial charge	Per bin per year	3.15	3.30	OS
240 litre bin	Commercial charge	Per bin per year	4.50	4.70	OS
360 litre bin	Commercial charge	Per bin per year	6.19	6.50	OS
660 litre bin	Commercial charge	Per bin per year	9.91	10.30	OS
1100 litre bin	Commercial charge	Per bin per year	12.38	12.90	OS

**TRADE RECYCLING - PAPER RECYCLING**

Box	Commercial charge	Per box per year	3.15	3.30	OS
140 litre bin	Commercial charge	Per bin per year	3.15	3.30	OS
240 litre bin	Commercial charge	Per bin per year	4.50	4.70	OS
360 litre bin	Commercial charge	Per bin per year	6.19	6.50	OS

**TRADE CLINICAL WASTE**



Site visit	Commercial charge	Per box per year	21.32	22.17	OS
Sharps container	Commercial charge	Per bin per year	13.63	14.18	OS
Clinical Waste Sacks - infectious	Commercial charge	Per bin per year	8.42	8.76	OS
Clinical Waste Sacks - offensive	Commercial charge	Per bin per year	5.10	5.30	OS
Extra sacks delivery	Commercial charge	Per bin per year	37.44	38.94	OS

### BULKY WASTE COLLECTION

Basic collection of 1 - 6 items	Cost Recovery	Per collection of 1 - 6 items	58.90	61.20	OS
Additional items - non electrical	Cost Recovery	Per item	16.30	17.00	OS
Additional items - electrical	Cost Recovery	Per item	54.30	56.50	OS
Additional items - Persistent Organic Pollutants	Cost Recovery	Per item	58.60	61.00	OS
Cancellation fee	Cost Recovery	Per cancellation	14.40	15.00	OS



Basis of Charge	Unit of Charge	2025/26 Charge Ex. VAT £	2026/27 Charge Ex. VAT £	VAT
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## Planning Fees

### MISC DEVELOPMENT MANAGEMENT CHARGES

Copies of any documents		per black & white A4 side	0.16	0.17	n/a
Copies of any documents		per colour A4 side	0.33	0.34	n/a
Copies of any documents		per black & white A3 side	0.33	0.34	n/a

Copies of any documents		per colour A3 side	0.66	0.69	n/a
Copies of documents provided on an electronic disc		per disc provided	19.95	20.75	n/a
Historical Research (where records available)		per hour (or part)	100.80	104.83	n/a
Legal obligation agreements - confirmation of compliance by third parties or where the monitoring		per hour (or part of) after first hour	98.70	102.65	n/a
Retrieval of externally stored microfilmed records		per microfilmed record	45.00 per hour	47.00 per hour	n/a

**MINOR PRE-APPLICATION ADVICE**

Householder proposals (written advice only)		Per request	218.75	227.50	S
Heritage advice only (minor scheme where site is within curtilage of Listed Building)		Per request	450.00	468.00	S
Small Commercial (written advice only)		Per request	454.80	478.00	S
Small Commercial (written advice and meeting)		Per request	-	728.00	S
Medium commercial (written advice only)		Per request	909.59	955.00	S
Medium commercial (written advice and meeting)		Per request	-	1,205.00	S
Other commercial or simple change of use (written advice only)		Per request	272.88	287.00	S
Other commercial or simple change of use (written advice, with meeting)		Per request	-	537.00	
Simple Adverts (written advice only)		Per request	181.92	191.00	S
Simple Adverts (written advice with meeting)		Per request	-	441.00	
10 or more adverts (written advice only)		Per request	636.71	669.00	S
11 or more adverts (written advice with meeting)		Per request	-	919.00	
Other non-residential not covered by the above (written advice only)		Per request	272.88	287.00	S
Other non-residential not covered by the above (written advice and meeting)		Per request	-	537.00	
Creation of new residential unit (written advice only)		Per request	481.25	505.00	S
Creation of new residential unit (written advice and meeting)		Per request	-	755.00	
2-5 new residential units (includes meeting)		Per request	960.49	1,009.00	S
6-9 new residential units (written advice only)		Per request	1,152.59	1,210.00	S
6-9 new residential units (written advice and meeting)		Per request	-	1,610.00	S

**MAJOR PRE-APPLICATION ADVICE**

Residential 10-24 units		Per request	3,605.39	3,786.00	S
Residential 25-49 units		Per request	5,408.09	5,678.00	S
Residential 50 - 99 units		Per request	8,112.13	8,518.00	S
Residential 100-200 units		Per request	13,520.22	14,196.00	S
Residential 200 units +		Per request	price on application	price on application	S
Small major commercial scheme		Per request	5,250.00	5,513.00	S
Medium major commercial scheme		Per request	7,875.00	8,269.00	S
Large major commercial scheme		Per request	10,500.00	11,025.00	S
Commercial change of use		Per request	2,100.00	2,205.00	S
Other non-residential advice on major applications not covered by the above		Per request	4,375.00	4,594.00	S
Other non-residential advice on major applications not covered by the above (no floor area)		Per request	525.00	551.00	S



<b>Basis of Charge</b>	<b>Unit of Charge</b>
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<b>2025/26 Charge Ex. VAT</b>
£

<b>2026/27 Charge Ex. VAT</b>	<b>VAT</b>
£	

**Planning Miscellaneous**

High Hedges (Part 8 of the Anti-social Behaviour Act 2003)		Per request	700.00	735.00	S
Withdrawal of notice from Enforcement Register		Per request	450.00	473.00	S
Discretionary Meeting		Per request	200.00	210.00	S
Handling Fee for long-term invalid applications		Per request	62.00	65.00	S
Discussion of provision of habitat bank for Biodiversity Net Gain		Per request	-	2,500.00	S
Chargeable amendments to applications under consideration		Per request	-	204.17	S

**SELF-BUILD AND CUSTOM HOUSEBUILDING REGISTER**

Entry onto Part 1 of the Register (Individuals)		per officer rate	150.00	25.00	S
Entry onto Part 2 of the Register (Individuals)		per officer rate	150.00	25.00	S
Entry onto Part 1 of the Register (Groups and Associations)		per officer rate	150.00 + 75.00 per individual	25.00	S
Entry onto Part 2 of the Register (Groups and Associations)		per officer rate	150.00 + 75.00 per individual	25.00	S

**Surrendering Vehicle for scrapping**

Motorcycle - no storage	Cost Recovery	per vehicle	-	59.50	S
Vehicle less than 3.5 tonnes - no storage	Cost Recovery	per vehicle	-	59.50	S
Touring Caravan - no storage	Cost Recovery	per vehicle	-	259.50	S
Motorcycle - storage 7 days	Cost Recovery	per vehicle	-	161.00	S
Vehicle less than 3.5 tonnes - storage 7 days	Cost Recovery	per vehicle	-	231.00	S
Touring Caravan - storage 7 days	Cost Recovery	per vehicle	-	466.00	S



Basis of Charge	Unit of Charge
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2025/26 Charge Ex. VAT £
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2026/27 Charge Ex. VAT £	VAT
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### Parking permits

			2025/26 Charge Ex. VAT £	2026/27 Charge Ex. VAT £	VAT
Off Street Resident Season Ticket - Port Vale			341.71	354.17	S
Off Street Resident Season Ticket - Crown Terrace			1,536.00	1,597.50	S
Off Street Resident Season Ticket - Baldock Street - Ware			1,201.01	1,250.00	S
On Street Resident Season Ticket - 1st Permit			75.00	75.00	OS
On Street Resident Season Ticket - 2nd Permit			150.00	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))			156.25	150.00	OS
On Street Resident Season Ticket - Motorcycle permit			27.00	28.00	OS
On Street Resident Season Ticket - Contractor permit		per week	26.00	27.00	OS
On Street Resident Season Ticket - Business permit		per annum	424.00	441.00	OS
On Street Resident Season Ticket - Carers/ Special permits (discretionary)			45.00	47.00	OS
On Street Resident Season Ticket - Charge for Temporary Dispensation from Parking Restrictions			26.00	27.00	OS
On Street Residents Parking Permits - Folly Island - 2nd Permit			75.00	75.00	OS
On Street Resident Season Ticket - Visitors Vouchers		per hour	0.17	0.18	OS
On Street Resident Season Ticket - Visitors Vouchers		per hour pensioners	0.08	0.08	OS
On Street Resident Season Ticket - Visitors Vouchers		Per Day	1.60	1.66	OS
On Street Resident Season Ticket - Visitors Vouchers		Per day pensioners	0.80	0.83	OS
On Street Resident Season Ticket - Visitors Vouchers		Per Week	3.40	3.54	OS
On Street Resident Season Ticket - Visitors Vouchers		Per week pensioners	1.70	1.77	OS
Parking Northgate House		Per space per annum	1,050.00	1,092.00	OS
Bishop's Stortford market traders' tariff - Link Road		per Thursday or Saturday	4.80	5.00	S
Bishop's Stortford market traders' tariff - Apton Road		per Thursday or Saturday	4.80	5.00	S
Old London Road - Hertford - Coach / Lorry tariff		per visit	16.00	16.67	S
Fast chargers (up to 22 kWh)			0.44	0.44	I

PROJECTED BALANCES ON RESERVES

Appendix C

	2025/26 Balance 31 Mar '26 £000	2026/27 Balance 31 Mar '27 £000	2027/28 Balance 31 Mar '28 £000	2028/29 Balance 31 Mar '29 £000	2029/30 Balance 31 Mar '30 £000	2030/31 Balance 31 Mar '31 £000
<b>General Fund</b>	3,854	3,854	3,854	3,854	3,854	3,854
<b>Other Earmarked Reserves</b>						
<b>Corporate</b>						
General Reserve	481	481	481	481	481	481
Local Government Reorganisation	0	500	0	0	0	0
Provision for future whole Council elections	380	380	380	380	380	380
New Homes Bonus Priority Spend	4,006	3,006	3,006	3,006	3,006	3,006
<b>Total Corporate</b>	<b>4,866</b>	<b>4,366</b>	<b>3,866</b>	<b>3,866</b>	<b>3,866</b>	<b>3,866</b>
<b>Risk</b>						
Interest Equalisation Reserve	1,647	1,647	1,647	1,647	1,647	1,647
Insurance Fund	714	714	714	714	714	714
Emergency Planning Reserve	36	36	36	36	36	36
HB Subsidy Volatility	100	100	100	100	100	100
Waste recycling income volatility reserve	171	171	171	171	171	171
Sinking Fund - Leisure utilities / pension	228	228	228	228	228	228
Collection Fund Reserve	5,063	5,063	5,063	5,063	5,063	5,063
<b>Total Risk</b>	<b>7,959</b>	<b>7,959</b>	<b>7,959</b>	<b>7,959</b>	<b>7,959</b>	<b>7,959</b>
<b>Service Specific</b>						
Local Plan Reserve	387	232	77	0	0	0
Housing Condition Survey	90	90	90	40	40	40
Performance reward grant	0	0	0	0	0	0
Footbridge over the River Stort	150	150	150	150	150	150
Finance Systems	326	326	326	326	326	326
Neighbourhood Planning Grant	176	176	176	176	176	176
Flexible Homelessness Grant	354	354	354	354	354	354
Preventing Homelessness New Burdens	31	31	31	31	31	31
Land Charges New Burdens	30	30	30	30	30	30
Parks & Open spaces	306	306	306	306	306	306
Revenues & Benefits New Burdens	321	321	321	321	321	321
<b>Total Service Specific</b>	<b>2,172</b>	<b>2,017</b>	<b>1,862</b>	<b>1,735</b>	<b>1,735</b>	<b>1,735</b>
<b>Total Earmarked Reserves</b>	<b>14,997</b>	<b>14,342</b>	<b>13,688</b>	<b>13,560</b>	<b>13,560</b>	<b>13,560</b>
<b>Total Reserves</b>	<b>18,851</b>	<b>18,196</b>	<b>17,542</b>	<b>17,414</b>	<b>17,414</b>	<b>17,414</b>

### **Section 25 Statement of the Chief Financial Officer (CFO) – East Herts Council 2026/27**

#### **1. Introduction and Wider Economic Environment**

The 2026/27 budget for East Herts Council has been prepared in the context of ongoing uncertainty in the wider economic environment, including persistent inflationary pressures, fluctuating interest rates, and continued volatility in staffing and other costs. The national and local economic climate continues to impact both the Council's income streams and expenditure, requiring prudent financial management and robust governance.

East Herts Council has a strong track record of sound financial management, compliance with statutory codes, and effective delivery of strategic objectives. The Council's financial planning is underpinned by regular review and challenge, ensuring that the budget is both realistic and sustainable.

#### **2. Robustness of Estimates**

##### **Budget Process and Governance**

The Council's budget-setting process is rigorous and collaborative, involving:

- **Enhanced challenge and scrutiny** by the CFO and Deputy CFO, who work closely with business partners, service managers, the Leadership Team, and the Executive to ensure all budget proposals are robust and evidence based.
- **Quarterly budget monitoring** and regular review of outturn positions, enabling early identification and management of variances.
- **Active engagement** of Members through the Scrutiny Committees, ensuring transparency and accountability.

##### **Key Assumptions and Risks**

- **Inflation and Pay:** The 2026/27 estimates incorporate prudent assumptions on inflation, pay awards, and contract costs, reflecting the latest forecasts and local intelligence.
- **Income and Grants:** Income projections are based on realistic assessments of demand and economic conditions. The budget includes the impact of Fair Funding 2.0.
- **Savings and Efficiencies:** The Council continues to deliver savings through efficiency programmes. The budget includes a significant asset disposal programme, notably the disposal of all properties within the Millstream company. These receipts are critical to reducing the Council's Minimum Revenue Provision (MRP) and interest costs.
- **Capital Programme:** The capital estimates have been reviewed for deliverability and risk. The Council's capital strategy is closely aligned with its asset management and treasury strategies, with clear governance arrangements in place.
- **Risk Management:** The Council has identified and mitigated key financial risks, including those associated with commercial income, asset disposals, and market volatility. Sensitivity analysis and scenario planning are embedded in the budget process.

## **Financial Controls**

- The Council's Financial Regulations require all budget holders to manage within approved budgets, with clear procedures for virements and supplementary estimates.
- Where budget pressures arise, these are reported promptly to Members, with action plans developed to address significant variances.

## **3. Adequacy of Reserves**

### **General and Earmarked Reserves**

- The Council maintains a clear distinction between general, earmarked, and unusable reserves. The adequacy of reserves is reviewed annually, taking into account service risks, transformation commitments, and the need for financial resilience.

- **Breakdown of Earmarked Reserves:** Work is completed on which reserves are committed and which may be available for future use. A breakdown of reserves is provided as an appendix to the final budget report.
- The Council's reserves are regularly reviewed to ensure that balances remain above the minimum risk-assessed level, providing a buffer against unforeseen events and timing differences between expenditure and income.

#### **4. Statement of Accounts and Audit**

- East Herts Council has caught up on all outstanding statements of accounts up to and including 2024/25. While these accounts are currently disclaimed, work is progressing with auditors to gain further assurance and move towards unqualified opinions.
- The Council's financial management and reporting arrangements remain robust, providing Members and the public with confidence in the integrity of the Council's finances.

#### **5. Capital Programme**

- The Council has a minimal capital programme, including a heavy asset disposal strategy. The disposal of Millstream company properties is a key element, with receipts earmarked to support reductions in MRP and interest costs.
- The capital programme is subject to rigorous review and governance, with risks and dependencies clearly identified and managed.

#### **6. Conclusion and CFO Opinion**

In my opinion as Chief Financial Officer, the budget estimates for 2026/27 are robust, and the level of reserves is adequate to support the Council's financial position and medium-term strategy. The latest MTFP has taken account of a greater proportion of the ongoing financial pressures anticipated to persist into future years, which should help to reduce the budgetary challenges projected for 2026/27 and beyond.

Members are recommended to:

- Approve the budget and reserves strategy as set out,



- Note the risks and assumptions underpinning the estimates,
- Support the ongoing delivery of savings, transformation, and asset disposal plans,
- Note the Council's compliance with statutory and professional codes of practice.

# Agenda Item 6

## East Herts Council Report

### Joint Meeting of Scrutiny Committees

**Date of meeting: Wednesday 28 January 2026**

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

**Report title:** Capital Strategy, Minimum Revenue Provision Statement and Treasury Management Strategy 2026/27

**Ward(s) affected:** All

**Summary** – The report contains the Capital Strategy, Minimum Revenue Provision (MRP) statement and Treasury Management Strategy for 2026/27 for recommendation to Full Council to approve following consultation with Joint Scrutiny Committees.

### **RECOMMENDATIONS FOR JOINT MEETING OF SCRUTINY COMMITTEES:**

- a) **That Members examine and comment on the Capital Strategy, Minimum Revenue Provision Statement and the Treasury Management Strategy 2026/27 including the Prudential Indicators contained within the reports.**

#### **1. Proposal(s)**

- 1.1. This report presents the Executive's recommended Capital Strategy, Minimum Revenue Provision Statement, and Treasury Management Strategy for 2026/27 for Scrutiny to consider prior to formal approval by Full Council.

#### **2. Background and Reason(s)**

Capital Strategy

- 2.1. The East Herts Council Capital Strategy (as detailed at Appendix A) provides an essential opportunity for engagement with Full Council to ensure that the overall approach to capital investment, risk appetite, and governance arrangements is fully understood by all Members and stakeholders. It sets the framework within which decisions on capital expenditure are made.
- 2.2. The Strategy is a corporate document that both influences and is influenced by wider policy and decision-making. It ensures that capital investment aligns with the Council's priorities and statutory responsibilities.
- 2.3. The Strategy will be reviewed and updated annually to remain responsive to changing circumstances, including external pressures, financial constraints, and the implications of Local Government Reorganisation (LGR). This annual refresh is necessary to maintain compliance with statutory guidance and to provide transparency on the Council's capital position.
- 2.4. Given the Council's very limited financial resources, the Capital Strategy for 2026/27 to 2028/29 will focus exclusively on schemes that are health and safety critical or essential to maintaining core business continuity. There is no scope for discretionary or aspirational projects within this period.
- 2.5. The Council will continue to deliver and monitor its capital programme within the context of its Climate Change commitments, including the ambition to become carbon neutral by 2030. A carbon assessment will remain an integral part of the business case for any new proposals.
- 2.6. The capital programme reflects the Council's compliance with statutory guidance that debt should remain below the Capital Financing Requirement. While the Council is currently compliant, there is no capacity for additional borrowing beyond the levels already proposed.

### Treasury Management Strategy

- 2.7. The Council is required to operate a balanced budget, meaning that cash raised during the year broadly meets cash expenditure. Treasury management Strategy 2026/27 (as

- detailed at Appendix B) ensures that cash flow is planned effectively so that funds are available when needed. Surplus cash is invested only with low-risk counterparties and instruments, consistent with the Council's low risk appetite, prioritising security and liquidity before considering investment return.
- 2.8. A second core function of treasury management is funding the Council's capital plans. These plans guide the Council's borrowing requirements and support longer-term cash flow planning to meet capital spending obligations. This may involve arranging short- or long-term loans or utilising longer-term cash surpluses. Where prudent and cost-effective, existing debt may be restructured to manage risk or reduce cost.
  - 2.9. Treasury management makes a critical contribution to the Council's financial resilience. Balancing debt and investment operations ensures liquidity for day-to-day revenue commitments and major capital projects. Interest costs on borrowing and investment income from cash deposits directly affect the budget. As cash balances largely derive from reserves, maintaining the security of invested sums is paramount, as any loss of principal would impact the General Fund.
  - 2.10. This Strategy complies with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities, ensuring that statutory requirements and best practice principles are met.
  - 2.11. The Council's treasury activities are supported by its appointed independent advisors, Arlingclose Limited, who provide specialist guidance on borrowing, investment, and risk management.

#### Minimum Revenue Provision (MRP) Policy

- 2.12. Local authorities are required by statute to make a prudent provision for the repayment of borrowing undertaken to finance capital expenditure. This provision, known as the Minimum Revenue Provision (MRP) (and detailed at Appendix C), ensures that the cost of capital investment is spread over the life of the asset and that borrowing is repaid in a sustainable manner.

- 2.13. The Council must approve an annual MRP Policy before the start of each financial year. This policy sets out the method by which the Council will calculate and charge MRP to its revenue account. Agreeing the policy provides transparency and assurance that the Council is complying with statutory requirements and the CIPFA Prudential Code, and that its approach remains prudent, affordable, and sustainable.
- 2.14. For 2026/27, the proposed policy continues to apply the principles adopted in previous years, ensuring that borrowing for capital purposes is repaid over an appropriate period, reflecting the useful life of the assets funded. This approach supports sound financial management and protects the Council's long-term financial resilience.

### **3. Options**

- 3.1. The Executive may endorse the draft Capital Strategy, Minimum Revenue Provision Policy and Treasury Management Strategy as presented, agree amendments it considers necessary, or request further revisions. Whichever option is chosen; the Executive must ensure that final versions of these three documents are prepared for submission to Full Council for approval as part of the statutory budget-setting process.

### **4. Risks**

- 4.1. Risks are set out in detail within the Capital Strategy, including the ongoing uncertainty around future funding and the Council's limited capacity for additional borrowing.
- 4.2. Compliance with tighter regulations on Minimum Revenue Provision (MRP) requires the Council to calculate its Capital Financing Requirement accurately to ensure there is no underpayment of MRP and that borrowing remains affordable. Non-compliance with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2024, as amended, would be unlawful.
- 4.3. Treasury risk management continues to operate 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 Code requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

## **5. Implications / Consultations**

None

### **Community Safety**

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

### **Data Protection**

All investment in IT systems is 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 considers 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 require capital expenditure it will be fast tracked to deal with the issue.

## **Human Resources**

None

## **Human Rights**

None

## **Legal**

A Capital Strategy is required under the CIPFA Prudential Code, which the Council must follow in accordance with the Local Government Act 2003. The Act also requires local authorities to have regard to the CIPFA Treasury Management Code of Practice and to approve a Treasury Management Strategy before the start of each financial year.

In addition, the Council is legally obliged to make a Minimum Revenue Provision (MRP) for the repayment of borrowing undertaken to finance capital expenditure. This requirement is set out in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, and supported by statutory guidance issued by the Government. Failure to comply with these regulations would be unlawful.

The approval of an annual MRP Policy by Full Council ensures compliance with these statutory provisions and demonstrates that the Council's approach to debt repayment is prudent, affordable, and sustainable.

## **Specific Wards**

None

## **6. Background papers, appendices and other relevant material**

- 6.1. Appendix A – East Herts District Council Draft Capital Strategy 2026/27
- 6.2. Appendix B – Treasury Management Strategy 2026/27
- 6.3. Appendix C – Minimum Revenue Statement 2026/27

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# Capital Strategy

2026/27

## 1. Introduction

- 1.1. This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.
- 1.2. Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

## 2. Capital Expenditure and Financing

- 2.1. Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.
- 2.2. In 2026/27, the Authority is planning capital expenditure of £0.845 million as summarised below:

*Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions*

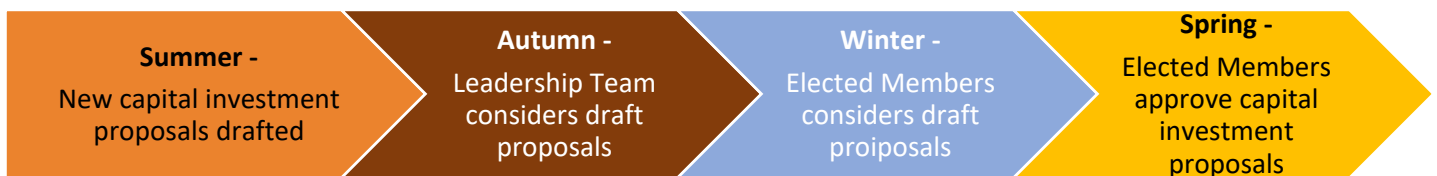
	2024/25 actual £'000	2025/26 forecast £'000	2026/27 budget £'000	2027/28 budget £'000	2028/29 budget £'000
General Fund services	7,065	10,763	845	1,900	0.0

- 2.3. Due to the limited capital receipts available and the Council's decision not to fund capital expenditure through borrowing, the capital programme for 2026/27 has significantly reduced. The main spends in 2026/27 will be Rolling Programmes (ICT), Old River Lane and URC Church Hall. However, as and when assets are sold and receipts become available, the Council will review its prioritised list of proposed programmes and bring forward recommendations to Members for approval during the year.
- 2.4. The delivery of the public square at Old River Lane has been deferred by at least one year. This is due to the recent submission of a planning application and the need to align the associated budget with the revised project timetable. The timing will be reviewed next year to determine whether delivery should take place in 2027/28 or be further deferred to 2028/29.

### 3. Governance

3.1. Service managers bid annually to include projects in the Authority’s capital programme. Bids are collated by Finance, who calculate the financing cost (which can be nil if the project is fully externally financed). The Leadership Team appraises all bids based on a comparison of strategic priorities against financing costs and maintains a prioritised list of proposed programmes. However, due to the limited capital receipts currently available and the decision not to fund capital expenditure through borrowing, there is no immediate capacity to progress additional projects. As and when new receipts are received from asset sales, the Council will review this prioritised list and bring forward recommendations to Members for approval during the year.

Figure 1 Business Planning Process



#### Process for Developing Capital Investment Proposals

- 3.2. New proposals are drafted by Project Managers and approved at service level by the Head of Service. They are then reviewed by the Corporate Assets Group and Leadership Team before progressing for consideration and approval as part of the annual budget cycle.
- 3.3. Project and Service Managers should explore a range of options and prepare a business case using the standardised capital project bid form. This form must include estimated capital costs, revenue implications, funding sources, and demonstrate how the proposal aligns with Council plans and any relevant external strategies. It should also identify risks, outline mitigating actions, and set out timescales. Bid forms must be maintained throughout the project lifecycle to ensure accurate information and lessons learned are captured in closure reports.

#### Prioritising capital investment

3.4. Given the absence of immediate capital receipts and the Council’s decision not to fund capital expenditure through borrowing, it is essential to prioritise investment proposals. The standardised capital project bid forms will be assessed through a consistent evaluation process, supported by a scoring mechanism, to create a prioritised capital investment programme. This approach ensures that, as and when new receipts become available from asset sales, the Council can review its prioritised list and bring forward proposals for Member approval. With ongoing financial challenges and a greatly reduced capital programme

compared to previous years, this process is critical to targeting resources effectively and aligning investment with strategic priorities.

## 4. Financing

4.1. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

*Table 2: Capital financing*

	2024/25 actual £'000	2025/26 forecast £'000	2026/27 budget £'000	2027/28 budget £'000	2028/29 budget £'000
External sources	1,977	786			
Capital receipts	372	2,167	670	1,900	
Revenue resources	3,098				
Debt	1,618	7,810	175		
<b>TOTAL</b>	<b>7,065</b>	<b>10,763</b>	<b>845</b>	<b>1,900</b>	<b>0</b>

4.2. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

*Table 3: Replacement of prior years' debt finance*

	2024/25 actual £'000	2025/26 forecast £'000	2026/27 budget £'000	2027/28 budget £'000	2028/29 budget £'000
Minimum revenue provision (MRP)	751	1,431	1,399	1,399	1,425
Capital receipts	0	0	6,563	0	0
<b>TOTAL</b>	<b>751</b>	<b>1,431</b>	<b>7,962</b>	<b>1,399</b>	<b>1,425</b>

4.3. The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase during 2026/27. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	2024/25 actual £m	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m
<b>TOTAL CFR</b>	<b>61.806</b>	<b>66.937</b>	<b>59.150</b>	<b>57.751</b>	<b>56.326</b>

## 5. Asset Management

5.1. 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 regularly reviewed to identify assets for disposal to repay borrowing.

### Asset Disposals

5.2. When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or used to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Authority plans to receive £6.9 million of capital receipts in the coming financial year as follows. However, this forecast takes into account a risk factor for potential delays in receiving these receipts or for the actual amounts being lower than anticipated. This uncertainty reinforces the need for a prioritised approach to capital investment, ensuring that projects are only brought forward for approval when funding is confirmed:

Table 5: Capital receipts receivable

	2024/25 actual £m	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m
Asset sales	0.372	5.757	5.541	0.162	0.499
Loans etc repaid	-	0.175	1.400	1.400	0
<b>TOTAL</b>	<b>0.372</b>	<b>5.932</b>	<b>6.941</b>	<b>1.562</b>	<b>0.499</b>

## 6. Treasury Management

6.1. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

6.2. Due to decisions taken in the past, the Authority currently has £1.5 million long term borrowing at a rate of 8.875% and £60m in short term borrowing at an average interest rate of 4.58% and £34 million treasury investments at an average rate of 3.5%.

### Borrowing Strategy

6.3. The Authority’s main objectives when borrowing, are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheaper short-term loans and long-term fixed rate loans where the future cost is known but higher.

6.4. The Authority does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

6.5. Projected levels of the Authority’s total outstanding debt (which comprises borrowing, leases and transferred debt) are shown below, compared with the capital financing requirement (see above).

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

	31.3.2025 actual £m	31.3.2026 forecast £m	31.3.2027 budget £m	31.3.2028 budget £m	31.3.2029 budget £m
Debt (incl. PFI & leases)	64.5	59.0	56.5	56.5	54.9
Capital Financing Requirement	61.8	66.9	59.2	57.8	56.3

6.6. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Authority expects to comply with this in the medium term. The council was £2.7 million over borrowed as at 31<sup>st</sup> March 2025, to avoid risks to cashflow liquidity at year end. This position was only short term.

### Liability Benchmark

6.7. To compare the Authority’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £5 million.

*Table 7: Borrowing and the Liability Benchmark in £ millions*

	31.3.2025 actual £m	31.3.2026 forecast £m	31.3.2027 budget £m	31.3.2028 budget £m	31.3.2029 budget £m
Existing borrowing	64.5	59.0	56.5	56.5	54.5
Liability benchmark	32.7	46.1	40.1	39.4	38.0

6.8. The actual forecast borrowing is higher than the liability benchmark primarily to protect the Council’s liquidity position and ensure resilience. Anticipated cash flows are expected to reduce significantly over the coming periods, which could create pressure on day-to-day operations and capital commitments. By borrowing earlier and maintaining a liquidity buffer, the Council mitigates the risk of having to secure funds at short notice, which could result in higher costs and unfavourable market conditions. This proactive approach ensures that the Council can meet its obligations and deliver its capital programme without resorting to last-minute borrowing at potentially elevated interest rates.

Affordable borrowing limit

6.9. The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

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

	2025/26 limit £m	2026/27 limit £m	2027/28 limit £m	2028/29 limit £m
Authorised limit - total external debt	100	100	100	100
Operational boundary - total external debt	75	75	75	75

Investment Strategy

6.10. Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

6.11. The Authority’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

Table 9: Treasury management investments

	31.3.2025 actual £m	31.3.2026 forecast £m	31.3.2027 budget £m	31.3.2028 budget £m	31.3.2029 budget £m
Near-term investments	21.3	7.0	15.0	15.0	15.0
Longer-term investments*	12.8	10.8	5.9	0	0
<b>TOTAL</b>	<b>34.1</b>	<b>17.8</b>	<b>20.9</b>	<b>15.0</b>	<b>15.0</b>

\* Long-term investments includes balance of property fund not yet being wound down, shareholding in Millstream Property Company and long term loans to Herts Building Control and Millstream Property Company.

## Risk Management

6.12. The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

6.13. Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director for Finance, Risk & Performance and finance staff, who must act in line with the treasury management strategy approved by council. Half yearly reports on treasury management activity are presented to council. The audit and governance committee is responsible for scrutinising treasury management decisions.

## 7. Revenue Budget Implications

7.1. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP is charged to revenue. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2024/25 actual	2025/26 forecast	2026/27 budget	2027/28 budget	2028/29 budget
Financing costs (£m)	3.120	4.903	3.961	3.763	3.669
Proportion of net revenue stream	13.7%	23.1%	18.6%	17.5%	16.5%

## Sustainability

7.2. Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to [50] years into the future. The Director for Finance, Risk & Performance is satisfied that the proposed



capital programme is prudent, affordable and sustainable because it has been reduced to a level where the borrowing remains affordable.

### Knowledge and Skills

- 7.3. The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director for Finance, Risk & Performance is a qualified accountant with 26 years' post experience. The Authority pays for junior staff to study towards relevant professional qualifications including CIPFA, AAT etc.
- 7.4. Where Authority staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.

# Treasury Management Strategy **2026/27**

## Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and 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.

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.

## External Context

**Economic background:** The most significant impacts on the Authority's treasury management strategy for 2026/27 are expected to include: the influence of the government's 2025 Autumn Budget, lower short-term interest rates alongside higher medium- and longer-term rates, slower economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and geopolitical issues.

The Bank of England's Monetary Policy Committee (MPC) cut Bank Rate to 3.75% in December 2025, as expected. The vote to cut was 5-4, with the minority instead favouring holding rates at 4.0%. Those members wanting a cut judged that disinflation was established while those preferring to hold Bank Rate argued that inflation risks remained sufficiently material to leave rates untouched at this stage.

Figures from the Office for National Statistics showed that the UK economy expanded by 0.1% in the third quarter of the calendar year, this was unrevised from the initial estimate. The most recent Monetary Policy Report (November) projected modest economic growth, with GDP expected to rise by 0.2% in the final calendar quarter of 2025. Annual growth is forecast to ease from 1.4% before improving again later, reflecting the delayed effects of lower interest rates, looser monetary conditions, stronger global activity, and higher consumer spending. The view of modest economic growth going forward was echoed by the Office for Budget Responsibility in its Economic and fiscal outlook published in line with the Autumn Statement which revised down its estimate of annual real GDP to around 1.5% on average between 2025 and 2030.

CPI inflation was 3.2% in November 2025, down from 3.6% in the previous month and below the 3.5% expected. Core CPI eased to 3.2% from 3.4%, contrary to forecasts of remaining at 3.6%. Looking forward, the MPC continues to expect inflation to fall, to around 3% in calendar Q1 2026, before steadily returning to the 2% target by late 2026 or early 2027.

The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to October 2025, the unemployment rate increased to 5.1%, higher than the level previously expected by the BoE, while the employment rate slipped to 74.9%. Pay growth for the same period eased modestly, with total earnings (including bonuses) growth at 4.7% and while regular pay was 4.6%.

## **Credit Outlook**

While lower interest rates may weigh on banks' profitability, strong capital positions, easing inflation, steady economic growth, low unemployment, and reduced borrowing costs for households and businesses all support a favourable outlook for the creditworthiness of institutions on (the authority's treasury management advisor) Arlingclose's counterparty list. Arlingclose's advice on approved counterparties and recommended investment durations is kept under continuous review and will continue to reflect prevailing economic and credit conditions.

**Interest rate forecast 22<sup>nd</sup> December 2025:** Arlingclose, the Authority's treasury management adviser, currently forecasts that the Bank of England's Monetary Policy Committee will continue to reduce Bank Rate in 2026, reaching around 3.25%. This forecast reflects amendments made following the Autumn Budget and an assessment of the fiscal measures and their market implications, and following the BoE MPC meeting held on 18th December.

Long-term gilt yields, and therefore interest rates payable on long-term borrowing, are expected to remain broadly stable on average, though with continued volatility, and to end the forecast period marginally lower than current levels. Yields are likely to stay higher than in the pre-quantitative tightening era, reflecting ongoing balance sheet reduction and elevated bond issuance. Short-term fluctuations are expected to persist in response to economic data releases and geopolitical developments.

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

For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 3.5%, and that new long-term loans will be borrowed at an average rate of 4.5%.

## Local Context

On 31<sup>st</sup> December 2025, the Authority held £61m of borrowing and £34m of treasury investments. This is set out in further detail at *Appendix Bii*. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

*Table 1: Balance sheet summary and forecast*

	31.3.25 Actual £m	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m
Capital financing requirement (CFR)	61.8	66.9	59.2	57.8	56.3
Less: Other debt liabilities *	-	-	-	-	-
Less: External borrowing **	64.5	59.0	56.5	56.5	54.5
<b>Internal / (over) borrowing</b>	<b>(2.7)</b>	<b>7.9</b>	<b>2.7</b>	<b>1.3</b>	<b>1.8</b>
Less: Balance sheet resources	(34.1)	(25.8)	(24.1)	(23.4)	(23.3)
<b>Treasury investments</b>	<b>31.4</b>	<b>33.7</b>	<b>26.8</b>	<b>24.7</b>	<b>25.1</b>

\* 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

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.

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 2026/27.

## Liability benchmark:

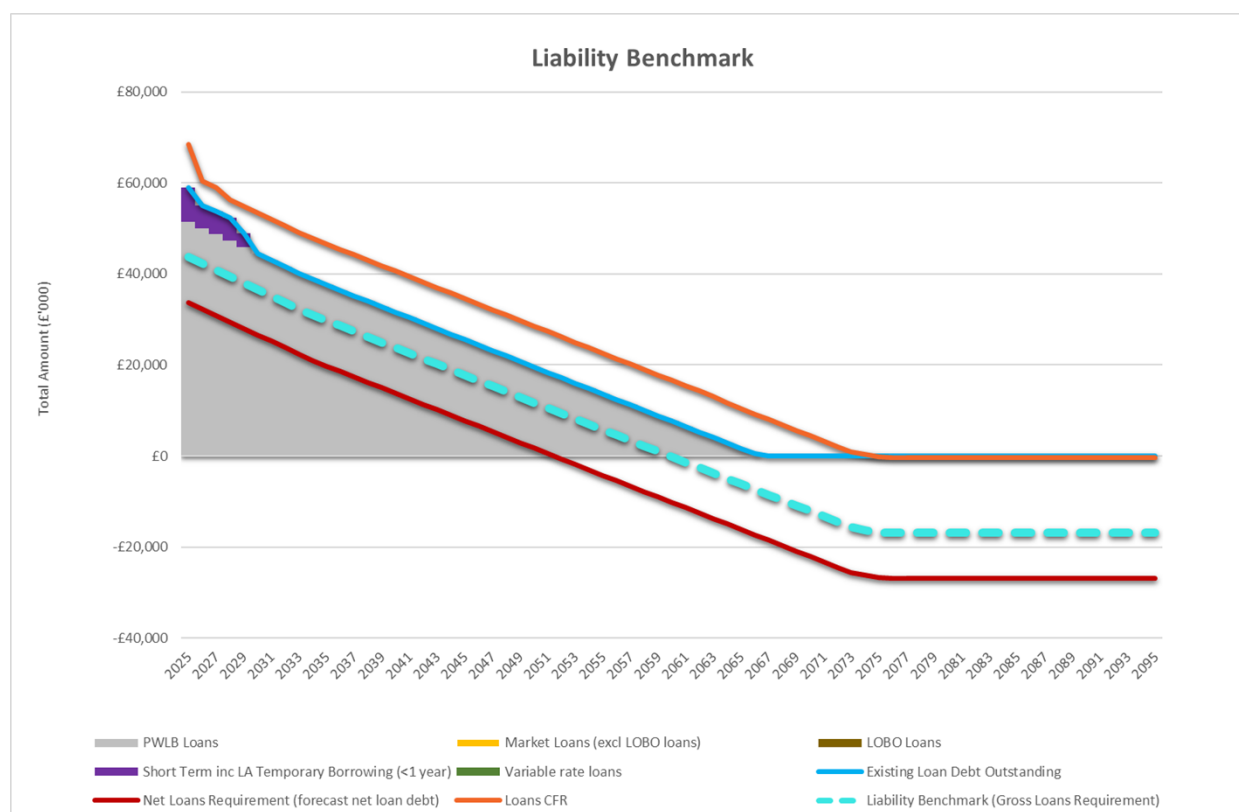
To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £5m at each year-end to maintain sufficient liquidity but minimise credit risk.

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

	31.3.25 Actual £m	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m
Loans CFR	61.8	66.9	59.2	57.8	56.3
Less: Balance sheet resources	34.1	25.8	24.1	23.4	23.3
<b>Net loans requirement</b>	27.7	41.1	35.1	34.4	33.0
Plus: Liquidity allowance	5.0	5.0	5.0	5.0	5.0
<b>Liability benchmark</b>	<b>32.7</b>	<b>46.1</b>	<b>40.1</b>	<b>39.4</b>	<b>38.0</b>

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 £59m a year, 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 Authority’s existing borrowing:



## Borrowing Strategy

The Authority currently holds £61 million of loans, a decrease of £3 million on the previous year. The balance sheet forecast in table 1 shows that the Authority expects to borrow up to £59m in 2026/27. The Authority may also borrow additional sums to

pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £100 million.

**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.

**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. Short-term interest rates have fallen over the past year, and are expected to fall a little further, and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead. The risks of this approach will be managed by keeping the Authority's interest rate exposure within the limit set in the treasury management prudential indicators, see below.

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 2026/27 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions 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.

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.

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

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

- HM Treasury’s PWLB lending facility (formerly the Public Works Loan Board)
- National Wealth Fund Ltd (formerly UK Infrastructure Bank Ltd)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Hertfordshire Local Government Pension Scheme)

**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:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback
- similar asset based finance

**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).

**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. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

## **Treasury Investment Strategy**

The Authority holds currently 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 £27m and £42m, and similar levels are expected to be maintained in the forthcoming year.

**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.

**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 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.

**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.

**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.

**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	£10m	Unlimited
Secured investments *	3 years	£10m	Unlimited
Banks (unsecured) *	13 months	£10m	Unlimited
Building societies (unsecured) *	13 months	£10m	25%
Registered providers (unsecured) *	3 years	£5m	10%
Money market funds *	n/a	£10m	Unlimited

Sector	Time limit †	Counterparty limit	Sector limit
Strategic pooled funds	n/a	£10m	25%
Other investments *	3 years	£1m	10%

This table must be read in conjunction with the notes below

**\* 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. 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.

**† Time limits:** These start on the earlier of date that the Authority is committed to make the investment and the date that cash is transferred to the counterparty.

**UK Government:** Sterling-denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to be zero credit risk due to the government's ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

**Local authorities and other government entities:** Loans to, and bonds and bills issued or guaranteed by, other 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.

The counterparty limit for loans to local authorities will be increased to an unlimited amount where (a) the government has announced that this authority will merge with the borrowing authority and (b) the loan is scheduled to be repaid after the expected date of the merger.

**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, secured deposits 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. A higher limit applies for investments fully secured on UK or other government collateral.

**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.

**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.

**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.

**Strategic pooled funds:** Bond, equity and property funds, including exchange traded 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 can be either withdrawn after a notice period or sold on an exchange, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

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

**Operational bank accounts:** The Authority may incur operational exposures, for example through 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 £10m per bank. 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.

**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:

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

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.

**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.

**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.

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 other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

**Investment limits:** The Authority’s revenue reserves available to cover investment losses are forecast to be £19 million on 31<sup>st</sup> March 2026 and £18 million on 31<sup>st</sup> March 2027. 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 unsecured 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.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £100,000 in operational bank accounts count against the relevant investment limits.

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	£10m per manager
Investments held in a broker's nominee account	£10m per broker
Foreign countries	£10m per country

**Liquidity management:** The Authority uses cash flow spreadsheets 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.

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

## Treasury Management Prudential Indicators

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

**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	6.0

**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

**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% <u>rise</u> in interest rates	£490,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£490,000

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.

**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	50%	0%
5 years and within 10 years	50%	0%
10 years and above	90%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

**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	2026/27	2027/28	2028/29	No fixed date
Limit on principal invested beyond year end	£0m	£0m	£0m	£10m

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 as these are considered short-term.

## **Related Matters**

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

**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).

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.

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.

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.

**Markets in Financial Instruments Directive:** 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 Director of Finance, performance and Risk believes this to be the most appropriate status.

## **Financial Implications**

The budget for investment income in 2026/27 is £0.6 million, based on an average investment portfolio of £17 million at an interest rate of 3.5%. The budget for debt interest paid in 2026/27 is £2.5 million, based on an average debt portfolio of £55 million at an average interest rate of 4.5%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

## Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Director for Finance, Risk and Performance, having consulted the Executive Member for Financial Sustainability, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain





Arlingclose Ltd:  
Independent treasury management services

# Economic and Interest Rate Forecast

22<sup>nd</sup> December 2025

# Economic and Interest Rate Forecast

## 22<sup>nd</sup> December 2025

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- The Bank of England duly delivered on expectations for a December rate cut, but, despite softer economic data over the past two weeks, the minutes highlighted increased caution surrounding both the inflation outlook and the speed of future easing. With a close vote of 5-4 in favour of a rate reduction, this suggests that the bar for further monetary easing may be higher than previously thought despite the possibility of the CPI rate falling to target in 2026.
- Budget policies and base effects will mechanically reduce the CPI rate in 2026, on top of the downward pressure arising from soft economic growth and the looser labour market. However, many policymakers appear concerned that household and business inflation and pricing expectations are proving sticky following recent bouts of high price and wage growth, which may allow underlying inflationary pressure to remain elevated. While, the Bank's measure of household expectations ticked lower in December, it remains above levels consistent with the 2% target at 3.5%.
- While policymakers hold valid concerns, these appear somewhat out of line with current conditions; CPI inflation fell to 3.2% in November, private sector wage growth continued to ease amid the highest unemployment rate since the pandemic, and the economy contracted in October after barely growing in Q3. Business surveys pointed to marginally stronger activity and pricing intentions in December but also suggested that the pre-Budget malaise was not temporary. These data are the latest in a trend suggesting challenging economic conditions are feeding into price and wage setting.
- Risks to the growth and inflation outlook lie to the downside, which may ultimately deliver lower Bank Rate than our central case. However, the minutes suggest that the bar to further rate cuts beyond 3.25% is higher and the near-term upside risks to our Bank Rate forecast have increased. Having said that, we believe inflation expectations will naturally decline alongside headline inflation rates.
- Investors appear to have given the UK government some breathing space following the Budget, with long-term yields continuing to trade at slightly lower levels than in late summer/early autumn. Even so, sustained heavy borrowing across advanced economies, the DMO's move towards issuing more short-dated gilts and lingering doubts about the government's fiscal plans will keep short to medium yields above the levels implied by interest rate expectations alone.

	Current	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
<b>Official Bank Rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>3-month money market rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	3.82	3.55	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.35	3.35	3.35
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>5yr gilt yield</b>													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	3.96	3.85	3.80	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.80	3.80	3.80
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
<b>10yr gilt yield</b>													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.52	4.40	4.35	4.30	4.30	4.30	4.30	4.30	4.30	4.30	4.35	4.35	4.35
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
<b>20yr gilt yield</b>													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	5.16	5.00	4.95	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.95	4.95	4.95
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
<b>50yr gilt yield</b>													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.74	4.65	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.65	4.65	4.65
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85

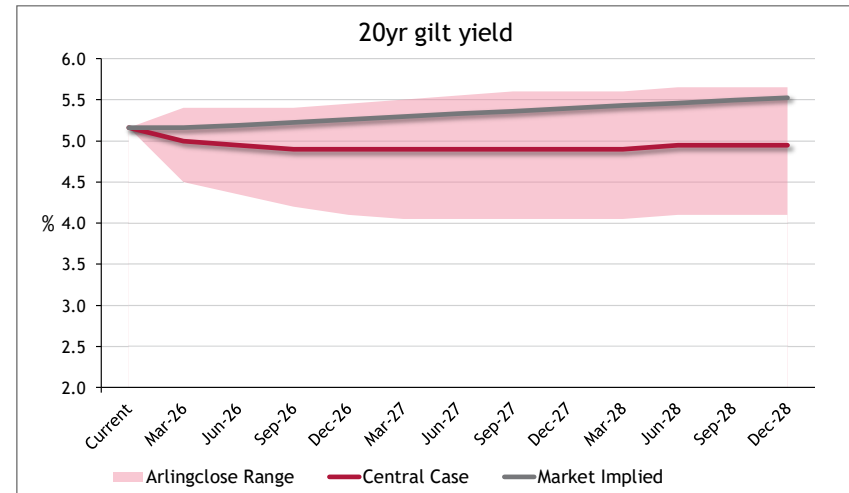
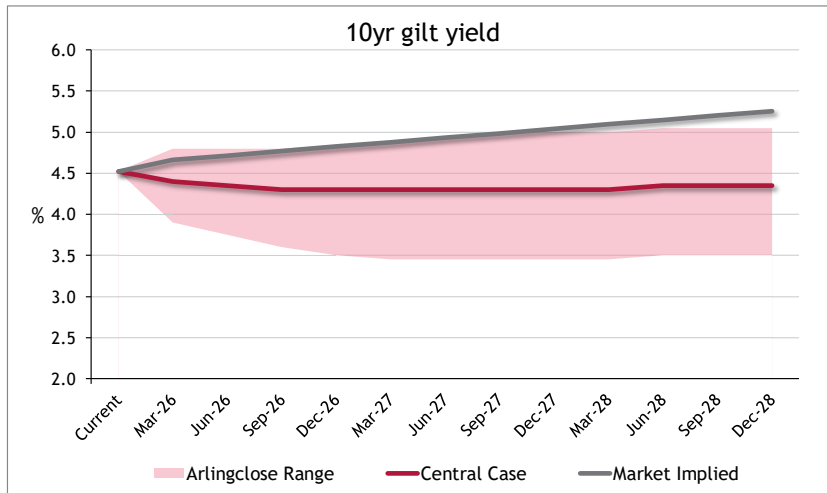
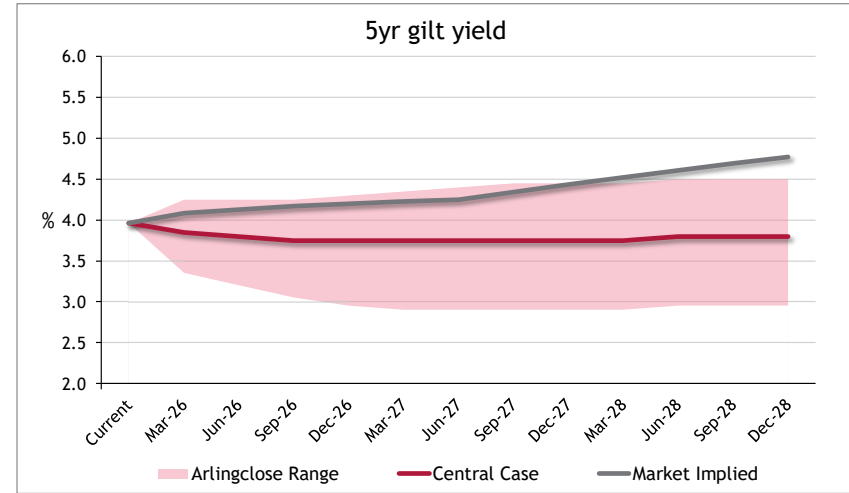
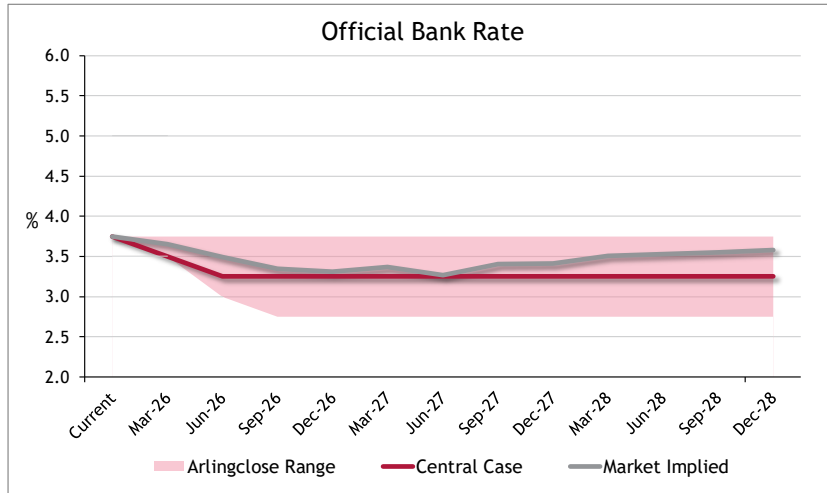
PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%; PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%  
 PWLB HRA Rate (Maturity Loans) = Gilt yield + 0.40%; National Wealth Fund Rate (Maturity Loans) = Gilt yield + 0.40%

- In line with our long-held forecast, Bank Rate was cut to 3.75% in December.
- Continuing disinflation, rising unemployment, softening wage growth and low confidence suggests that monetary policy will continue to be loosened.
- Arlingclose expects Bank Rate to be cut to 3.25% by middle of 2026. However, near-term upside risks to the forecast have increased.
- Medium and long-term gilt yields continue to incorporate premia for UK government credibility, global uncertainty and significant issuance. These issues may not be resolved quickly and we expect yields to remain higher than would normally be consistent with Bank Rate expectations.

# Arlingclose and Market Projections

Charts show the Arlingclose central case along with upside and downside risks:

Arlingclose judges the risk around its Bank Rate and gilt yield forecasts to be weighted to the downside in the medium term.



**Arlingclose forecast: 22<sup>nd</sup> December - versus - Market forward curves: 22<sup>nd</sup> December**

Economic and Interest Rate Forecast  
Confidential - not for disclosure to third parties

**Appendix Bii - Existing Investment & Debt Portfolio Position**

	31/12/2025 Actual portfolio £m	31/12/2025 Average rate %
<b>External borrowing:</b>		
Public Works Loan Board (Long-term)	1.5	8.875
Public Works Loan Board (Short-term)	50.0	4.85
Local authorities	10.0	4.05
Other loans	-	-
<b>Total external borrowing</b>	<b>61.5</b>	
<b>Total long-term liabilities</b>	<b>-</b>	<b>-</b>
<b>Total gross external debt</b>	<b>61.5</b>	
<b>Treasury investments:</b>		
The UK Government	1.3	3.76
Local authorities	20.0	4.15
Banks (unsecured)	5.2	3.51
Building societies (unsecured)	-	-
Registered providers (unsecured)	-	-
Money market funds	7.8	4.01
Property funds	0.2	-
Other investments	-	-
<b>Total treasury investments</b>	<b>34.5</b>	
<b>Net debt</b>	<b>27.0</b>	

## Appendix C

### Annual Minimum Revenue Provision Statement 2026/27

1. Where the Authority funds capital expenditure with 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 Authority to have regard to the Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in April 2024.
2. The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is aligned with that over which the capital expenditure provides benefits
3. The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and provides a number of options for calculating a prudent amount of MRP but does not preclude the use of other appropriate methods. The following statement only incorporates options recommended in the Guidance.
4. MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding. The CFR is calculated from the Authority's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Expenditure in Local Authorities*, 2021 edition.
5. For capital expenditure, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments (on the straight-line method), starting in the year after the asset becomes operational. In line with the useful economic life (UEL) of the asset, up to a maximum of 50 years.
6. The useful life of assets for individual assets will be set by the Director for Finance, Risk and Performance with advice from the Council's surveyor for property and from guidance from manufacturers or other specialists in relation to vehicles, plant, and equipment. The UEL for individual assets will not exceed the outlines below.
  - a. MRP on purchases of freehold land will be charged over 50 years.
  - b. MRP on Buildings will be charged over the anticipated UEL up to a maximum of 50 years

- c. Computer equipment and Intangibles are anticipated to be charged between 3 and 10 years.
- d. MRP on Vehicles including refuse, recycling and street cleansing vehicles will be payable over the UEL of the individual vehicle (ranging from 3 – 12 years).
- e. MRP on Infrastructure will be charged over the estimated UEL up to a max of 50 years.
- f. 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.
  - i. 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 overall charge for MRP over the life of the lease reflects the value of the right-of-use asset recognised on transition rather than the liability.
- g. MRP on expenditure not related to fixed assets, which have been capitalised by regulation or direction will be charged over a period up to 25 years.

### **Capital loans**

- 7. For capital expenditure loans to Millstream Property Investment Limited (which is wholly owned by the council), no MRP will be set aside, unless an expected credit loss is identified or increased in-year. Instead, capital receipts arising from principal repayments will reduce the capital financing requirement. 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.
  - a. This option was proposed by the government in its recent MRP consultation and in the council's, view is consistent with the current regulations.
  - b. 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.
  - c. 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.
    - i. Given that there is a 40%+ share of equity in excess of the loans and domestic property, 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.
  - a. The council intends to utilise receipts from planned disposal as voluntary Payments. These additional voluntary payments will enable the council to reduce MRP charges to the Comprehensive Income & Expenditure Statement (CIES) in future years
9. Capital expenditure incurred during 2026/27 will not be subject to a MRP charge until 2027/28 for completed projects or later for any Assets Under Construction.
10. Based on the Authority's latest estimate of its CFR on 31st March 2026, the budget for MRP has been set as follows:

	31.03.2026 Estimated CFR £m	2026/27 Estimated MRP £m
Opening CFR	61.805	66.937
Capital expenditure	6.563	0.175
MRP charged in Year	(-)1.431	(-)1.399
Forecast Capital Receipts - to reduce MRP charge	0	(-)6.563
<b>Capital Expenditure to which MRP applies</b>	<b>66.937</b>	<b>59.150</b>
MRP Charge in Year	1.431	1.399
VRP (Voluntary MRP - asset disposals)	0	6.563
<b>Total Reduction in CFR - due to MRP and VRP</b>	<b>1.431</b>	<b>7.962</b>

11. The council intends to dispose of assets and to apply the capital receipts to reduce the CFR. As the use of the capital receipts constitutes a Voluntary Payment the following table summarises planned VRP that will reduce the CFR.

Planned Voluntary Payments	£m
Planned payment 2026/27	6.563
<b>Total Planned VRP</b>	<b>6.563</b>

## Capital receipts

12. Proceeds from the sale of capital assets are classed as capital receipts and are typically used to finance new capital expenditure. Where the Authority decides instead to use capital receipts to repay debt and hence reduce the CFR, the calculation of MRP will be adjusted as follows:
- a. Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.
  - b. Capital receipts arising on the repayment of principal on finance lease receivables will be used to lower the MRP charge in respect of the acquisition of the asset subject to the lease in the year of receipt, if any.
  - c. Capital receipts arising from other assets which form an identified part of the Authority's MRP calculations will be used to reduce the MRP charge in respect of the same assets over their remaining useful lives, starting in the year after the receipt is applied.
  - d. Any other capital receipts applied to repay debt will be used to reduce MRP in 10 equal instalments starting in the year after receipt is applied.