

# Public Document Pack

## NORTH HERTFORDSHIRE DISTRICT COUNCIL

### COUNCIL

THURSDAY, 27TH FEBRUARY, 2025

### SUPPLEMENTARY AGENDA

Please find attached supplementary papers relating to the above meeting, as follows:

<b>Agenda No</b>	<b>Item</b>
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| 10. | <b><u>BUDGET 2025/26 (REVENUE BUDGET AND INVESTMENT STRATEGY)</u></b><br><b>(Pages 3 - 26)</b> |
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REPORT OF THE SERVICE DIRECTOR – RESOURCES

Cabinet recommends a budget for 2025/26 to Council for their consideration and approval.

Included within this supplementary pack is an addendum report and Appendix B.

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**PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: BUDGET 2025/26 (REVENUE BUDGET AND INVESTMENT STRATEGY) ADDENDUM**

REPORT OF: THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT

COUNCIL PRIORITY: SUSTAINABILITY

**1. EXECUTIVE SUMMARY**

1.1. Cabinet recommends a budget for 2025/26 to Council for their consideration and approval. The budget considers the following:

- The funding that the Council should expect to receive in 2025/26 and an estimate of future years funding.
- The forecast net spend required to enable the continued delivery of the Council services in 2025/26 and beyond.
- Choices to support the delivery of a balanced budget in the medium-term.
- Choices on spend that are aligned to the Council Plan.
- Capital budget proposals and the revenue costs of capital of those proposals.
- The risks in relation to the budget (e.g. higher spend or lower income) and providing reasonable financial protection against those risks.
- The implications of all the above on future years and ensuring that actions are in place to deliver a balanced budget in the medium term.
- Strategy for the investment of surplus cash and approach to future borrowing.

The changes in this addendum version are to paragraphs 5.3, 8.2, 8.3 and Appendix B only.

**2. RECOMMENDATIONS**

That Council:

- 2.1. Notes the position on the Collection Fund and how it will be funded.
- 2.2. Notes the position relating to the General Fund balance and that due to the risks identified a minimum balance of £2.6 million is recommended.
- 2.3. Notes the net revenue savings that are likely to be required in future years, combined with the Chief Finance Officer's section 25 report (Appendix D) which provides a commentary on the risks and reliability of estimates contained in the budget.
- 2.4. Approves the revenue savings and investments as detailed in Appendix B.
- 2.5. Approves the capital programme as detailed in Appendix C.
- 2.6. Approves a net expenditure budget of £22.792m, as detailed in Appendix E.

- 2.7. Approves a Council Tax increase of 2.99%, which is in line with the provisions in the Medium Term Financial Strategy.
- 2.8. Approves the Investment Strategy as detailed in Appendix F.
- 2.9. Approve the adoption of the four clauses in relation to the Code of Practice on Treasury Management (as detailed in paragraphs 8.32 to 8.35).

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1. To ensure that all relevant factors are considered in arriving at a budget (revenue and capital) and Council Tax level for 2025/26. To ensure that the budget is aligned to Council priorities for 2024-28 as set out in the Council Plan.
- 3.2. The Council's Investment Strategy is set to comply with relevant statutory guidance, including the CIPFA Prudential Code. The Strategy also sets out the Council's approach to risks in relation to the investment of surplus cash.

### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1. In seeking to address the funding gap detailed in the Council's Medium Term Financial Strategy for 2025-30, Political Groups and Officers have been asked for savings (reductions in costs and additional income) ideas and these are included in appendix B to this report.
- 4.2. The budget is based on the use of reserves to allow time for us to get greater certainty over our medium-term funding and carry out public consultation on our spend priorities. An alternative approach would be to seek to make savings more quickly and retain those reserves from any options for one-off investment in the district. However that strategy would need to be focused on reductions in service levels and/ or further increases to fees and charges.
- 4.3. Investments will generally be a combination of cost pressures to deliver existing services and new spend that is linked to the delivery of priorities identified within the Council Plan. Given the overall budget position, any ongoing investments should only be where there are unavoidable cost pressures (e.g. delivery of statutory services).
- 4.4. Capital spend is a combination of necessary expenditure to maintain and improve Council assets (to allow the continued delivery of services) and choices over investment in our communities and delivery of our priorities. From the decision at the Council meeting on 15<sup>th</sup> January 2025 investment towards decarbonisation is a priority for the Council. However, there is an option to only focus on necessary capital works. This would reduce capital spend and therefore also reduce the revenue impacts of capital spend.
- 4.5. The Council could take a different (but still compliant) approach to the investment of surplus cash. The proposed approach is considered to be a reasonable balance of risk with the generation of investment yield.

### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1. All Councillors were given an opportunity to comment on the revenue efficiency, revenue investment and capital proposals at the budget workshops.
- 5.2. Business Ratepayers will be consulted on the proposals within this report before the budget is discussed at Full Council on 27 February. Any feedback will be made available at the Council meeting. This is the only statutory consultation that is required. This

consultation will be via the website/ e-mail, which is the method that has now been established.

- 5.3. If any saving proposal is anticipated to have a particular impact on a specific area (or areas) then it would be referred to the relevant Community Forum(s). The proposal for parking charges will be subject to consultation, including the Community Forums, prior to Cabinet's decision (see paragraph 8.2).
- 5.4. The Finance, Audit and Risk Committee review this budget report which allows them to comment on the governance of the budget setting process, the risks within the budget and the robustness of estimates and assumptions. At their meeting in January they recommended that Cabinet (and Council) should be provided with additional information on the revenue investment proposals, detailing whether they related to a statutory service and the implications of not providing the investment funding. This detail is attached at Appendix G.

## **6. FORWARD PLAN**

- 6.1 This report does not contain a recommendation on a key Executive decision. It was referred to in the Forward Plan published on 18 October 2024 as the updated revenue monitoring can identify variances that are reported to Cabinet and are key decisions. However (as detailed in paragraph 8.19) no variances have been identified.

## **7. BACKGROUND**

- 7.1. The Medium Term Financial Strategy (MTFS), which provides the financial background for the Corporate Business Planning Process, was approved by Council in Spetmeber following recommendation by Cabinet (and review by the Finance, Audit and Risk Committee). The budget estimates within the MTFS included a number of assumptions. These have been updated as better information has become available. This final budget still contains some assumptions, hence monitoring reports are provided to Cabinet on a quarterly basis.
- 7.2. Political groups were given the opportunity to comment on the initial budget proposals (put forward by Officers and Executive Members) in early November. The feedback from those discussions was presented to Cabinet in January, which has resulted in the proposals contained within this report.

## **8. RELEVANT CONSIDERATIONS**

### **Decisions made to deliver Council services and priorities**

- 8.1 The Council's Medium Term Financial Strategy (MTFS) did not set a specific target for savings in 2025/26 as part of this budget process. Instead, the aim was for a net-nil impact budget (i.e. any ongoing investments would as a minimum be balanced out by any ongoing savings). However, this has been impacted by the following which relate to resourcing capacity to deliver existing services and commitments:
  - The staffing capacity in Environmental Health needs to be increased to ensure the delivery of statutory services.
  - Planning resource to support Local Plan work (review of the current Plan and delivery of transport projects)
  - The capacity of Leadership Team as identified by the Corporate Peer Challenge.
  - Investment in delivering Climate Change actions, made up of staffing resource (Climate Change and Sustainability Project Manager) and capital investment (decarbonisation phases 1 and 2).

8.2 At its meeting in January, Cabinet considered the feedback from the Budget Workshops. This resulted in the following changes being made relation to those proposals:

- Charging for parking on Sundays, evenings and Bank Holidays. This would be subject to consultation but supported the principle. The amount is not known as need to carry out more work on how and when it would be implemented. Any additional income in 2025/26 would be reflected in the quarterly budget monitoring reports. **As the amount is unknown (so not showing a budgeted financial impact) and this will be a Cabinet decision it has been removed (shaded in grey) on the addendum version of Appendix B.**
- Environmental Health staffing. Given the concerns over the delivery of this statutory service, agreed to go with the higher level of staffing investment (i.e. not the revised prioritisation that was worked on following the budget workshops).
- Civic Secretary to Chair of Council. To be removed due to feedback from current and previous Chair that they would carry out the relevant tasks themselves.
- Central Grants Pot. To be removed as wanted to keep all grant considerations at a local level.
- Service Director capacity. Noted that the underspend on the inflation estimate for the 24/25 pay award could be notionally allocated towards this investment bid.
- Interactive Water Feature at North Herts Leisure Centre: Would be removed as not a key investment for the pool, especially in the context of other significant investment in our Leisure facilities.
- Royston Learner Pool. Whilst it is still a strong aspiration to deliver this project, there is not currently a viable plan for it. There will be a focus on trying to identify alternative funding sources to bridge the viability gap. It is also too late to add the works to the decarbonisation and gym extension project. So any works on a learner pool would have to take place after that project is completed.

8.3 In separate reports to the January Cabinet meeting, the following were agreed:

- Agreement in principle (subject to agreeing detailed terms) to an agency agreement for our Leisure services. This would provide a financial saving but the amount will be kept as TBC (and therefore in budget terms having a zero impact) as the legal details still need to be resolve and it is currently commercially confidential. The actual impact will be picked up through budget monitoring reports during 2025/26. **As the amount is uncertain (so not showing a budgeted financial impact) and this was a Cabinet decision it has been removed (shaded in grey) on the addendum version of Appendix B.**
- A garden waste charge of £55 per year (with concessionary discounts) from April 2025. The impact of this is reflected in the revenue budget proposals in Appendix B.

8.4 The following are also updated in the budget proposals:

- Officers are still trying to reach agreements with businesses on the Solar for Business initiative. The savings of this will therefore be matched to the revenue costs of capital of the Council funded investment. This is estimated at around £21k per year. If there is no or limited take-up, then the capital allocation and assumed savings will be removed, with no net revenue budget impact.
- There are various terms in the new waste and street cleansing contract for inflation and adjustments to actual baseline costs for pay and fuel. These still need to be worked through in advance of the May start date. The current estimate is that the total provision that was allocated in the 2024/25 budget is reasonable. This was made up of ending the transfer to reserves to fund future waste vehicles and a very prudent capital allocation for the new vehicles. The capital allocation in the 2024/25 budget was for £8.5 million (based on contract estimates at the time), and has now

reduced to £5.27 million. The reduction in effective Minimum Revenue Provision is estimated at around £300k. This is added to the revenue budget as a pressure, but the overall net impact is zero compared with last year. This is reduced by the cost of customer service staff that have already transferred to the Council (from the current contractor) and are already included in pay forecasts.

- The capital allocation for the phase 2 Decarbonisation project (Hitchin Town Hall and Museum, District Council Offices and North Herts Learner Pool) has been shown as a TBC value previously. This value has now been added in the capital programme proposals. There may be increased energy costs from the works, but these will be kept under review. The works will not go ahead as scheduled if the grant bid is not successful.
- The budget workshop proposals had a TBC impact from lost leisure income during the decarbonisation works. The work on developing the proposals around the larger sized heat pumps (Council decision on 15<sup>th</sup> January) has meant that it has not been possible to get an estimate of this impact. It is therefore be included as a budget risk.
- The expected cost impact of the increased rate for employer National Insurance contributions. This is for Council employed staff only.
- The expected capital cost of machines outside the Windows environment (to use in case of a cyber attack) has reduced from £25k to £15k.
- As agreed in the July Council report on decarbonisation of our leisure centres, the one-off cost of exiting the CHP (combined heat and power) has already been added in to the revenue forecasts for 25/26.
- As per the decision at the February Cabinet meeting, the separate capital allocation for the Howard Park play equipment in Letchworth (reference NCP4) will be removed, as the cost of replacing that piece of equipment can be covered by the general play area capital allocation (reference ECP4).

## General Funding

8.5. The Government provided a policy statement on Local Government funding on 28<sup>th</sup> November 2024. On the same day they also published guaranteed allocations (for 2025/26 only) for Extended Producer Responsibility (EPR) payments. This was followed by the draft Local Government Finance Settlement on 18<sup>th</sup> December 2023. The policy statement provided some earlier warning of the principles that would be applied. The relevant points for future funding are:

- The baseline amount of Business Rates that Councils can retain will continue to be increased in line with Consumer Price Index (i.e. inflationary increase). Councils will continue to be reimbursed for this inflation even when Government make policy decisions to not increase the amounts that are charged to businesses.
- “Negative Revenue Support Grant” (which would reduce the amount of Business Rates that can be retained) will continue to be eliminated.
- District Councils will be able to increase Council Tax by up to 2.99% without the requirement for a local referendum. It is looking like this threshold will now continue at 2.99% so our forecasting assumptions will now reflect this.
- New Homes Bonus will continue in 2025/26 using the same method as applied in 2024/25 (i.e. one year reward only with a 0.4% baseline applied).
- That all Council’s would not see a decrease in their Core Spending Power, but unlike previous years this would be after assumptions around increases in Council Tax rates (i.e. that increases would be at the referendum limit). This guarantee is in cash terms, so there could be a decrease in real terms. Due to the targeting of funding to social care and areas with higher deprivation, our Core Spending Power is the same as 2024/25.
- Our allocation of EPR funding is £1.435 million, and is not ring-fenced.

- The promised National Insurance funding for the increase in the employers rate and cost for directly employed staff will be notified as part of the final settlement.
- 8.6. The final Local Government settlement was published on 3<sup>rd</sup> February 2024. This was unchanged apart from notifying us of funding for the employer National Insurance increase. This is £157k for 2025/26, and it is assumed that this will be ongoing funding.
- 8.7. The position that has been taken by the Government on Core Spending Power is less generous than had been predicted in our budget assumptions. We had been assuming a small increase in cash terms, although still a reduction in real terms.
- 8.8. The allocation of EPR is guaranteed for 2025/26, and the actual amount received could be higher. There is no certainty over EPR in future years, and it could be incorporated into general funding and therefore be subject to any commitments around Core Spending Power. Government should provide us with new burdens funding for food waste and separate fibre (card and paper) collections. For budgeting purposes, it is assumed that our ERP funding will continue, even if it effectively becomes our allocation for new burdens.

**Table 1 – Estimated General Funding comparison (2025/26)**

£000 Funding	2024/25 Budget	2025/26 MTFS Forecast	2025/26 Latest Forecast	Comments
	£'000	£'000	£'000	
Council Tax	13,147	18,409 (not split out)	13,613	Increase in rate (2.99%) and small increase in base compared to 2024/25
Business Rates, including compensation for under-indexing the multiplier	3,686		3,766	Inflationary increase
Other general grant funding (including New Homes Bonus and Core Spending Power guarantees)	1,490		977	Reduction as off-sets the increases above
National Insurance funding	n/a	n/a	157	Not announced at time of writing this report
Extended Producer Responsibility funding	n/a	n/a	1,435	New funding stream
Less: Council Tax support to Parishes	(39)	(39)	(39)	Maintained at previous levels.
	<b>18,284</b>	<b>18,370</b>	<b>19,909</b>	

**Table 2 – Estimated General Funding forecasts**

£000 Funding	2026/27	2027/28	2028/29	2029/30	Comments
Council Tax	14,090	14,584	15,095	15,625	Assumed 2.99% increase in rate. Net 0.5% increase in tax base
Other funding	4,423	3,929	3,418	2,888	Included together as there will be a Business Rate reset which will affect retained Business Rates. Assume that Core Spending guarantee will continue at 0%
EPR/ New burdens funding	1,435	1,435	1,435	1,435	
Less: Council Tax support to Parishes	(39)	(39)	(39)	(39)	Retained at same rate
	<b>19,909</b>	<b>19,909</b>	<b>19,909</b>	<b>19,909</b>	



- 8.9. The numbers in the table above are just estimates, and we will not get any certainty on medium-term funding until later in 2025. The continuation of EPR as a separate funding stream seems unlikely, and waste new burdens funding may be much less than has been assumed. These will be used for modelling future budget positions and therefore savings requirements, as they provide a potentially realistic scenario. However overall, we will need to be ready to adapt to changes in funding levels.

### Specific Funding

- 8.10 The Council also receives grants and contributions for specific purposes. Generally, these are built into service budgets and have therefore already been taken in to account when determining spend forecasts, so cannot be used towards funding the base budget. These amounts can be uncertain, and reductions in the amount can result in spending pressures that would need to be met from the General Fund. These have been reviewed and the main risks and opportunities are detailed in table 3 below, noting that this is not an exhaustive list:

**Table 3 – Forecasts in relation to grants and other contributions**

Grant/ Contribution	Amount expected in 2025/26 (£000)	Risk/ Opportunity
Healthy Hub funding	39	Whilst HCC have allocated Healthy Hub funding, they seem to have changed the specification of what they expect to be delivered, with a focus on more specialist Public Health services. Subject to ongoing discussions there may be a need for further funding in 25/26 to continue the valued preventative work. There may be an opportunity for this to come from the UK SPF (below).
UK Shared Prosperity Fund (SPF)	£400k Revenue £99k Capital	The parameters for 2025/26 are that there should be increased local flexibility on how this is spent. There are three priorities (Communities and Place, Supporting Local Business, and People and Skills) with five themes and 12 sub-themes.
Homelessness Prevention and Rough Sleeping Grant	986	Funding has been confirmed from MHCLG of the 2025/26 allocations. This is broadly in line with the amount expected.
Domestic Abuse Safe Accommodation Grant	0	The New Burdens grant funding received in 2023/24 and 2024/25 to ensure that victims of domestic abuse and their children can access the right support in safe accommodation when they need it has been rolled into the Settlement funding calculation for 2025/26 (additional £36k included in 'other general grant funding' in table 1). Budget provision for the expenditure has therefore been added to the list of pressures in appendix B.
Housing Benefit Administration Grant	244	Notification is awaited from government of the grant allocation for 2025/26. Amount expected is based on the grant receipt for the current financial year.

### Business Rates and Council Tax Collection Funds

- 8.11 The Council is required to maintain a Collection Fund to account for the income received and costs of collection for Council Tax and Business Rates. Estimates of the net income are made at the start of the year and based on this money is transferred out of the Collection fund to our General Fund and other precepting bodies. The Fund is required to break even over time and any surplus or deficit is transferred to the our fthGeneral Fund and other precepting bodies. For Business Rates, most of the deficits relate to reliefs introduced by Government. The Council receives funding for these which it holds in a specific reserve. This reserve is then released back to the General Fund as required. The net impact is forecast to be relatively low, and is included in the budget summary in Appendix E.

## Review of balances and reserves

- 8.12 In setting its budget, the Council needs to consider the level of its reserves. This determines the extent to which the current budget can be supported by the use of reserves or requires a budget to be set that includes an allowance for increasing reserves. In addition to the General Fund balance, the Council has specific reserves and provisions. Specific reserves are amounts that are set aside for a determined purpose. This purpose can arise from a choice made by the Council, or where it is felt that there is an obligation. Provisions are where there is a requirement on the Council to meet future expenditure, and a reasonable estimate can be made of the amount and timing. In determining the risks that may need to be met from the General Fund, it is important to know which risks will already be covered by amounts that are set aside as a specific reserve or provision.
- 8.13 The Government have referred to Councils having high levels of reserves and that these should be used, rather than asking for more funding. The table below (table 4) demonstrate the reasons why reserves are being held, as well as forecasts of future balances. Apart from the Business Rates Grants reserve, all the balances are held for a specific purpose. The table below already notes that the Business Rates Grants reserve will mainly be used to smooth the impact of funding which has not kept pace with the level of inflation.

**Table 4 – Specific Reserves**

Name of Reserve	Purpose of Reserve	Balance at 1 April 2024	Estimated Balance at 31 March 2025	Estimated Balance at 31 March 2026
Childrens Services Reserve	Used to help fund Active Communities projects in the district funded from grant income and/or external contributions. Drawdown of the remaining balance is planned in the current year to support the activities of the Healthy Hub service.	10	0	0
Churchgate Development Reserve	Additional income over and above that necessary to off-set the treasury income that would have been generated from the capital used to purchase the shopping centre freehold (expected at around £175k per year) will be set aside in a reserve to support the planning and delivery of Churchgate regeneration project. The money will provide necessary professional advice via consultants, architects, quantity surveyors etc.	123	27	Unknown
Climate Change Grant Reserve	Grants awarded to help combat the effect of climate change. Being used for the additional costs (above available establishment) of employing a Trainee Policy Officer working on Climate Strategy.	17	18	13
Elections Admin Grant	Holds funding provided from government to support the delivery of the policies of the Elections Act 2022, which focused on the introduction of voter ID and improvements to accessibility for disabled voters. The reserve will be used to fund anticipated additional expenditure associated with the Act in administering future elections	67	67	Unknown
Environmental Health Grants Reserve	Holds funding amounts received for specific initiatives relating to the Council's Environmental Health service, such as air quality and housing checks. The reserve is used to finance the undertaking of the relevant initiatives and to help manage staffing and workload pressures within the service.	118	0	0
Growth Area Fund Reserve	Holds the revenue grant awarded. With the Local Plan now in place, this reserve is anticipated to be drawn down to fund relevant projects and activities.	24	24	Unknown
Homelessness Grants Reserve	To help prevent homelessness in the district. The grant is earmarked for different homelessness projects or resources.	398	230	105

Name of Reserve	Purpose of Reserve	Balance at 1 April 2024	Estimated Balance at 31 March 2025	Estimated Balance at 31 March 2026
Housing & Planning Delivery	Hold unspent Housing & Planning Delivery grant to fund Cabinet approved spending plans in subsequent years. The Authority has also made a commitment to the Local Development Framework and funds are held in this reserve for this purpose. This has also been previously added to by additional income from 20% increase in statutory planning fees.	691	600	511
Insurance Reserve	Used to finance potential claims for risks that are not covered by external policies together with higher excesses currently being borne by the Authority. It is good financial management practice to have an insurance reserve. The future balances will depend on the claims received and the level of relevant insurance.	34	Unknown	Unknown
Land Charges Reserve	Reserve originally established to help meet the potential cost should the financial risk of the repayment of personal search fees occur. In recent years some of this has been used for additional administration costs and software upgrades.	12	12	Unknown
Leased Assets Reserve	The incorporation of the accounting standard IFRS 16: Leases in the accounting code, effective from April 2024, means that the Council's cars provided to staff on operations will be considered for accounting purposes to have transferred to the Council and will be recorded on the Council's balance sheet at the end of 2024/25. The saving on the revenue account from these arrangements will be transferred to this reserve and ultimately used to finance the capital costs of replacement vehicles.	0	92	179
Leisure Management Maintenance Reserve	To help cover the cost of any future significant repair liabilities on the leisure facilities. The Leisure Contract requires a contribution from the Council for maintenance items over £15k, so therefore if funds are not available in the reserve then this would impact on the general fund. Use of the reserve depends on what arises and is therefore unknown. This reserve currently includes amounts that have been set-aside at the end of the SLL contract period. SLL are going through a liquidation process.	308	293	Unknown
MHCLG Grants Reserve	Balance of unapplied Section 31 business rate relief grants and pooling gains. Used to fund NNDR Collection Fund deficit contributions and levy payments in future years. A total of £5.4m will be released into the General Fund to help bridge the forecast funding gaps in the coming years. This is included in Appendix E.	5,735	6,481	Unknown
Museum Exhibits Reserve	Funds the purchase of museum exhibits and is funded from donations. Use of reserve will depend on donations and opportunities for acquisitions.	14	14	Unknown
Neighbourhood Plan Reserve	Funds received from Government to support neighbourhood planning have been transferred to reserve. The funding will be needed in future years as neighbourhood plans are developed and public examinations and public referendums are required.	132	130	110
Paintings Conservation Reserve	Used to help restore paintings. This is funded through donations and publication income. To be used against a list of items that require conservation.	11	11	Unknown
Shared Prosperity Fund Grants Reserve	Holds the balance of unspent grant funding received to date to support the Council's delivery of the three-year Investment Plan approved by Government in the autumn of 2022.	27	0	0
Street Name Plates	To fund Street Name Plates as and when required.	16	16	Unknown
Syrian Refugee Project	The Council has agreed to house Syrian Refugees under the government's resettlement scheme. The scheme is fully funded by the government based on expected costs and by using Registered Provider housing, the costs incurred are less than the grants awarded. The Council will look to use some of this funding to support linked housing pressures (around £100k per year).	737	835	765
Taxi Reserve	Any surplus from the taxi service will be transferred to the earmarked reserve where it can be used to offset any future deficit or to fund investment in the taxi service.	11	11	Unknown
Town Centre Maintenance	For the implementation of the Town Wide Reviews and ad hoc town centre maintenance.	85	93	Unknown

Name of Reserve	Purpose of Reserve	Balance at 1 April 2024	Estimated Balance at 31 March 2025	Estimated Balance at 31 March 2026
Traffic Regulation Orders	An audit was done to identify TRO work to be carried out in the district. Amounts will be drawn down as and when the work is done.	372	367	362
Waste Reserve	Alternative Financial Model (AFM, funding from HCC to encourage increases in recycling) were previously transferred to help mitigate any potential risk to the waste service and support future service developments. Has been being spent on various projects., including the new waste contract procurement work and any spend related to options around a new waste depot. There will be no further AFM money.	836	836	776
Waste Vehicles Reserve	As repayment of the finance lease principal embedded within the waste contract is funded from the Council's cash reserves, the saving on the revenue account is transferred to this reserve to fund the purchase of vehicles when they next need to be replaced.	2,456	3,178	0
Welfare Reform Grants Reserve	Awarded to the Authority for different initiatives or changes relating to Housing & Council Tax benefit scheme, and more recently the Business Support and self-isolation grant schemes developed in response to the Covid-19 pandemic. The balance in reserve will be used to develop the service and drawn down when the initiatives or changes are carried out, and therefore the exact timing of usage is unknown.	455	359	286

8.14 As at the 31 March 2024 there was a total of £2.597m held as long-term provisions. These are comprised of:

- Business Rates appeals - £2.557m - the Council's estimated share of outstanding business rates appeals
- Insurance - £40k - covers the uninsured aspect of outstanding insurance claims.

8.15 We do not want to be in a position where we are holding such a high level of provision in relation to Business Rates appeals, but it reflects the number of outstanding appeals which need to be dealt with by the Valuation Office Agency (VOA). Until those appeals are resolved, the Council cannot use these amounts for another purpose, nor can they go back to businesses.

8.16 North Herts Council operates with a reserve balance for General Fund activities in order to provide a cushion against unexpected increases in costs, reductions in revenues and expenditure requirements. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) suggests that the revenue balances should be set at no less than 5% of net revenue expenditure, having taken account of the risks faced by the Authority in any particular year. As net expenditure is anticipated to be around £23 million, this means a minimum balance of about £1.1million. The Council's budget is also reliant on generating income to set a balanced budget, so an additional 3% of budgeted income (excluding Housing Benefit, grants and other contributions) is included in determining the minimum level. Income from fees, charges, interest and rentals is forecast to be around £13.9m and therefore an additional allowance of around £400k is added.

8.17 An assessment of the risks has been compiled for the coming year based on risks identified by each Service Director and cross-referenced to the risk register. The identified areas are where the financial impact is not wholly known, but an estimate can be made. The amount allocated is based on the forecast likelihood of occurrence. Where there is a high likelihood, 50% of the estimated financial impact is allowed for. For medium likelihood, it is 25%. For low likelihood, it is 0%. Table 5 summarises the risks, the forecast impact and the risk allowance to be made. A full list of these risks is shown in Appendix A.

**Table 5- Budget Risks in 2025/26**

Category	Number of Risks	Forecast Value of Impact (£000)	Risk Allowance (£000)
Low	14	3,759	0
Medium	12	1,128	282
High	11	1,590	795
<b>Total</b>	<b>37</b>	<b>6,477</b>	<b>1,077</b>

- 8.18 Combining the risk allowance for specific risks and unknown risks means that a General Fund balance of at least £2.6million should be maintained. This is what is recommended by the s151 Officer (Chief Finance Officer).

### **Expenditure Forecasts**

- 8.19 The starting point for forecasting net expenditure for future years is the previous year's budget, as set in February 2024. This is then adjusted (where necessary) through the Quarterly budget monitoring reports, which highlight both in-year and ongoing impacts. An additional budget review is carried out during December for any additional significant ongoing variances. As the Quarter 2 monitoring report were considered by Cabinet in January (and included information known about after the end of Quarter 2), no further ongoing variances have been identified. Some further carry-forwards have been identified but these will be considered as part of the Quarter 3 monitoring report, which is reported to Cabinet in March.
- 8.20 Budget proposals were put forward for discussion at Group workshops in November. Comments on the proposals made by the Groups were outlined in the draft budget report presented at the December meeting of Cabinet. This has been covered in more detail in paragraphs 8.1 and 8.2 above. The complete final list of savings and investments is included at Appendix B.

### **Capital Programme and the revenue effects of capital**

- 8.21 In previous years the capital programme has been considered as a separate report to the revenue budget report. The Council is due to be in a position where it will have a Capital Financing Requirement (CFR). This means that we will incur greater revenue costs in relation to funding our capital programme, through a Minimum Revenue Provision charge. This greater linkage between capital expenditure and revenue costs, means it is sensible to consider the two together.
- 8.22 The proposed capital programme is attached at Appendix C. This mainly reflects the items considered by the budget workshops. It has been updated for the changes referenced in paragraphs 8.2 and 8.4. It also reflects the increased capital allocation for the phase 1 decarbonisation project (leisure centres) following the decision by Council on 15<sup>th</sup> January 2025.
- 8.23 The Council incurs some interest costs in relation to historic borrowing for capital purposes. The small cost of this is reflected in budget estimates.
- 8.24 In general, revenue spend should be matched by funding. Although in the short-term it is possible to fund any budget gaps from reserves. This is the current strategy that the Council is adopting, with the need to develop a plan to achieve an in-year balanced budget in the medium term. This therefore means that the revenue budget is having an effect (i.e. reducing) on the balances available for investment.
- 8.25 Capital spend can be funded from sources which include grants, capital receipts and revenue (although usually this is not affordable). It can also be funded from borrowing. This borrowing can be external (e.g. from government or banks) or internal (i.e. against

available cash reserves). In line with the Prudential Code (and as set out in the Investment Strategy), the Council plan to borrow internally against revenue balances first, and only when those balances are insufficient would we borrow externally. Borrowing internally is generally cheaper as the interest cost is the lost interest that would have been earned, rather than the external borrowing cost. Where the Council has a need to borrow (either internally or externally, as measured by its Capital Financing Requirement) then it must make a charge to the revenue budget called Minimum Revenue Provision (MRP).

- 8.26 The MRP aims to spread the cost of capital that is funded from borrowing over the expected life of the asset. This means the taxpayers that are getting the benefit of the asset are paying a contribution towards its cost. MRP is charged from the year after an asset is purchased or completed (where it is constructed).
- 8.27 Table 6 shows the amounts that need to be incorporated into the revenue budget to reflect the impacts of capital spend and income from investments:

**Table 6- Revenue impacts from the Investment Strategy**

£000	2025/26	2026/27	2027/28	2028/29	2029/30
Forecast external borrowing costs (existing borrowing)	34	33	32	31	30
Forecast external borrowing costs (new borrowing)	0	0	0	0	0
Forecast interest income from investments	(825)	(362)	(322)	(259)	(144)
Forecast MRP requirement	402	1,841	1,834	1,635	1,418
Net budget requirement	(389)	1,512	1,544	1,407	1,304
Current allocated budget*	149	732	1,080	1,255	n/a
Change in budget required	(538)	780	464	152	-

Note: this has not been adjusted for the removal of the Howard Park play area (NCP4) as the impact is insignificant (around £5k) and does not affect the 2025/26 budget.

### Investment Strategy

- 8.28 The proposed Investment Strategy is attached at Appendix F. Council are asked to approve this strategy, which includes the following:
- A total capital programme for the period of 2025/26 to 2029/30 of £35.6m.
  - The current assets that the Council has, including investment assets.
  - How the capital programme will be funded, including estimates of capital receipts.
  - A Minimum Revenue Provision (MRP) policy.
  - Adoption of a treasury strategy that covers borrowing and investment forecasts and limits, including prudential indicators.

The strategy itself provides further details of what it includes and why. It also explains the key technical terms.

### Code of Practice on Treasury Management

- 8.29 The Code of Practice on Treasury Management requires that a report be submitted to Full Council setting out four clauses which should be formally passed in order to approve adoption of the code. The four clauses are detailed below, including how they are met by the Council. As recommended by CIPFA, where appropriate these are included within the Council's Constitution and Financial Regulations.

- 8.30 Clause 1 relates to creating and maintaining a Policy and practices as a cornerstone for effective treasury management.
- 8.31 Full Council are asked to approve the adoption of the following Treasury Management Policy Statement, which is the same as in previous years:
- That we define our treasury management activities as: “The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
  - That we define the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
  - That we acknowledge that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 8.32 The Council has adopted treasury management practices (TMPs) which set out how the Council will carry out, manage and control the achievement of the policy above in practice. The majority of the TMPs are unchanged from last year and follow the recommendations contained within the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments are minor and do not result in any material deviation from the Code’s key principles. The TMPs are operationally focused and therefore the themes covered are detailed below, rather than providing the full document. Where relevant the detail is already covered in the Investment Strategy (e.g. approved instruments):
- TMP1- Risk Management
  - TMP2- Performance Measurement
  - TMP3- Decision making and analysis
  - TMP4- Approved instruments, methods and techniques
  - TMP5- Organisation, clarity and segregation of responsibilities, and dealing arrangements
  - TMP6- Reporting requirements and management information arrangements
  - TMP7- Budgeting accounting and audit arrangements
  - TMP8- Cash and cash-flow management
  - TMP9- Money laundering
  - TMP10- Staff training and qualifications
  - TMP11- Use of external service providers
  - TMP12- Corporate Governance
- 8.33 Clause 2 relates to the reporting on treasury activities. These are set out in the Investment Strategy on page 3.
- 8.34 Clause 3 relates to the delegation of responsibility for the implementation and regular monitoring of its treasury management policies. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet (Constitution 5.7.9) and for the execution and administration of treasury management decisions to the Service Director: Resources (Constitution 14.6.12 (b) (iv) and Financial Regulations section 13) who will act in accordance with the Council’s policy statement and treasury management practices and the CIPFA Standard of Professional Practice on Treasury Management.

- 8.35 Clause 4 relates to the scrutiny of treasury management strategy and policies. The Council nominates the Finance, Audit and Risk Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies (Constitution 10.1.5 (c)).

### **Reliability of estimates**

- 8.36 As part of the budget setting process, the Chief Finance Officer is required to comment on budget risks, the reliability of the estimates made and levels of Council reserves. This is known as a section 25 report. Note that this report is required alongside the budget every year, and is very different to a section 114 report. Although failure to take action on any risks highlighted in a section 25 could ultimately end in the need for a section 114 report. Therefore, Council should note the contents of the section 25 report which is attached at Appendix D.

### **Cumulative impact**

- 8.37 The cumulative impact of all the estimates described in the previous sections is provided at Appendix E. This shows a forecast of funding and net expenditure for the next five years, including the impact on the General Fund balance. This can be updated when we are informed of the funding that Government will provide in relation to Employer National Insurance increase.
- 8.38 Appendix E also includes a forecast of the expected minimum level of savings that the Council still needs to deliver over the next 3 years. The level of savings that the Council needs to deliver have been affected by the additional capital investment in decarbonisation and the net revenue investments. It has been partly off-set by changes in funding assumptions. The forecast level of annual savings required is £2.8 million.
- 8.39 The profile of the savings to be delivered is shown across 2026/27 to 2029/30. This reflects the delivery of those savings. The identification of those savings should happen during 2025/26. The earlier that the savings can be delivered, will mean more of the General Fund balance could be used for investments in the District.
- 8.40 This level of savings still required to be identified assumes that the Council will continue to increase Council Tax at the maximum level permitted without the need for a referendum. Any increase in Council Tax below this level would further increase the savings required to balance the budget over the period and require greater drawdown on reserves. The proposal is therefore that Council Tax should be increased by the maximum allowed. It is expected that future Government forecasts of our required funding will assume that we have increased our Council Tax by the maximum amount allowed (without a local referendum).
- 8.41 We should receive more certainty over our funding during 2025, with an expectation that we will have a 3 year budget (up to 2028/29) by January 2026. The plan is to undertake a budget consultation exercise during 2025 to inform savings proposals to be included in the 2026/27 budget. This will enable much greater clarity as to how the Council will achieve a balanced medium-term budget.



## **9 LEGAL IMPLICATIONS**

- 9.1 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council.
- 9.2 Cabinet's terms of reference at 5.7.39 include recommending to Council the annual budget, including the capital and revenue budgets and the level of council tax and the council tax base. They also recommend a treasury management strategy statement (Constitution 5.7.40). Council's terms of reference at 4.4.1 (b) and 4.3 state that the Full Council's responsibilities include approving or adopting the budget recommended by the Cabinet. Full Council can also approve the treasury management strategy statement (Constitution 4.4.1 (cc)).
- 9.3 Finance, Audit and Risk Committee's terms of reference at 10.1.5 (d) include assisting the Council and the Cabinet in the development of its Budget and Policy Framework process by in-depth analysis of policy issues pertaining to finance, audit and risk. They will also consider the Council's policy in relation to Treasury Management and make recommendations on the Annual Treasury Management and Investment Strategy, and Treasury Management Code of Practice (Constitution 10.1.5 (c)).
- 9.4 Members are reminded of the duty in accordance with the Local Government Finance Act 1992 to set a balanced budget and to maintain prudent general fund and reserve balances.
- 9.5 Local authorities are required by virtue of the Local Government Finance Act 1992 to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year.
- 9.6 The provisions of section 25 Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance Officer (s.151 officer) as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

## **10 FINANCIAL IMPLICATIONS**

- 10.1 These are generally covered in the body of the report.
- 10.2 We need to differentiate between revenue and capital spend, as they generally have different sources of funding. Revenue relates to ongoing costs, and any physical item that is purchased would have an expected life of less than one year. Low value items are also treated as revenue spend. Capital relates to the purchase or improvement of assets, which have a useful life of more than one year.

## **11 RISK IMPLICATIONS**

- 11.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2 The budget setting process includes a detailed assessment of financial risks, so these are covered in section 8, appendix A and appendix D.
- 11.3 There are significant uncertainties and risks with regard to the funding of the Council over the medium term. This uncertainty is reflected in our over-arching financial risk.

- 11.4 Capital investment is sometimes needed to mitigate against a risk to the Council. This is detailed to Members when a new investment comes forward. The risk implications of each individual scheme are considered in project plans as the schemes are progressed. The capital programme assumes a level of third party contributions and grants towards the cost of the schemes. There is a risk that not all the contributions are forthcoming.
- 11.5 Investment risks in relation to treasury management are covered in this report and the Investment Strategy. The TMPs (see 8.32) and Financial Regulations provide controls to manage other risks.

## **12 EQUALITIES IMPLICATIONS**

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 For any individual proposal comprising either £50k growth or efficiency, or affecting more than two wards, an equality analysis is required to be carried out; this has either taken place or will take place following agreement of efficiencies or growth.
- 12.3 The inclusion of banks on our counter-party list will consider the Country that they are in and an objective analysis of the approach to equalities in that Country. This will be in addition to any sovereign (Country) and institution credit rating.

## **13 SOCIAL VALUE IMPLICATIONS**

- 13.1 The Social Value Act and “go local” policy do not apply to this report.

## **14 ENVIRONMENTAL IMPLICATIONS**

- 14.1 The decarbonisation of our buildings would have a positive environmental impact. Some of the savings and investments identified in Appendix B are put forward to have a positive influence on the Council’s environmental impact (e.g. ongoing climate change resource, use of HVO fuel). For others there may be a low level of indirect negative implications (e.g. recruiting additional staff could require increased travel), and for these the impacts will be managed as much as possible. Overall the Council still plans to deliver the commitments contained within its Climate Change Strategy. Some of the specific actions contained within the Climate Strategy will be dependent on opportunities and funding being available. They may not therefore be in this budget but could be incorporated in future years.

## **15 HUMAN RESOURCE IMPLICATIONS**

- 15.1 Some of the investments relate to additional staffing resource. Depending on the level of additional work that these entail, these may have a positive impact on staffing capacity. Additional HR support will be needed to help recruit to these posts, but this can be absorbed within the existing team.

## 16 APPENDICES

- 16.1 Appendix A – Financial Risks 2025/26
- 16.2 Appendix B – Revenue Budget Savings and Investments (ADDENDUM)
- 16.3 Appendix C – Capital Programme 2025-35
- 16.4 Appendix D - Section 25 report
- 16.5 Appendix E - Budget Summary 2025 – 2030
- 16.6 Appendix F- Investment Strategy
- 16.7 Appendix G- Revenue Investments- details of statutory services and implications of not investing

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## 18 BACKGROUND PAPERS

- 18.1 Medium Term Financial Strategy <https://srvmodgov01.north-herts.gov.uk/documents/s26095/Appendix%20A%20MTFS%202025-30.pdf>

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## REVENUE BUDGET SAVINGS AND INVESTMENTS

### New Revenue Efficiency Proposals and Savings Identified

Reference	Service Directorate	Description of Proposal	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
E1	Customers	Careline service income. Due to variations in health services and political boundaries, Careline's alarm monitoring and reassurance services outside of Hertfordshire are experiencing steady growth. Currently, referrals are bringing in approximately three new clients per week. A business case is in development, and should Careline choose to actively promote and expand this service, both the client base and potential income could see substantial growth. However, this would also entail a proportionate increase in associated costs.	(35)	(35)	(35)	(35)	(35)
E2	Enterprise	Rental income associated with the letting of the former meltax office and WC's in Royston. Achievement of the efficiency is subject to the approval of the corresponding capital investment proposal. Efficiency value allows for initial rent free period and stepped rent, with the ongoing annual rent of £5,000 pa subject to upward only rent reviews.	-	-	-	(3)	(5)
E3	Enterprise	Premises cost savings from the early surrender of the lease for Brotherhood Hall, Letchworth. This property is leased from Letchworth Garden City Heritage Foundation under a 99 year full repairing lease which ends June 2027. A decision has been taken, in principal, not to renew the lease and potentially to agree an early surrender with LGCHF, subject to terms and dilapidations, and LGCHF securing a suitable tenant. Value for 25/26 includes estimated cost of a financial settlement with landlord for dilapidations, a schedule of which the landlord's surveyor is currently preparing.	25	(11)	(11)	(11)	(11)
E4	Housing & Environmental Health	Environmental Health Commercial Team income. Estimated additional income from an increase in Environmental Health Commercial Team fees to bring them into line with fees charged by neighbouring authorities.	(6)	(6)	(6)	(6)	(6)
E5	Place	Recycling credit income from Herts County Council. Increase in eligible credit income is anticipated following the waste and recycling service changes from August 2025. Additional income value based on the collection of an additional 300 tonnes of soft plastic and 200 tonnes of additional recycling.	(48)	(48)	(48)	(48)	(48)
E6	Regulatory	Car Parking income. Review the opportunities with regard to parking charges, for example evening / weekend / Sunday / Bank Holiday charging, on-street charging and issuing special permits. To ensure that all users pay towards the cost of provision and to manage demand. <b>Removed as still TBC so no currently assumed financial impact. Will be a Cabinet decision rather than a Council decision.</b>					
E7	Place	Garden waste income. Increase in charges to reflect charges by other Local Councils and increase in costs under the new contract.	(150)	(150)	(150)	(150)	(150)
E8	Place	Solar for Business. The income generated will at least off-set the cost of capital but may be higher depending what is negotiated with the businesses.	-	(21)	(21)	(21)	(21)
E9	Place	Proposal that our leisure provider moves to acting as our agent in running our leisure centres. This is expected to allow more VAT on expenditure to be recovered, which lowers the overall running costs. The benefit of this would be shared. <b>Removed as still TBC so no currently assumed financial impact, reflects a decision already taken by Cabinet (so not a Council decision).</b>					
E10	Managing Director	Update to estimated interest income returns from treasury investments, based on Investment Strategy (Integrated Capital and Treasury) 2025-2035.	(219)	102	(57)	(72)	43
<b>Total Net Budget Reduction from new efficiency proposals</b>			<b>(433)</b>	<b>(169)</b>	<b>(328)</b>	<b>(346)</b>	<b>(233)</b>

### New Revenue Pressures and Investment Proposals

Ref No	Service Directorate	Description of Proposal	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
R1	Customers	Careline Service staffing costs. Increase in management and administrative capacity through the replacement of provision for two admin officer roles with provision for two senior administrator posts. The investment will both enhance business resilience and facilitate the expansion of the service as it takes on new clients from outside of Hertfordshire, with the associated additional administration involved.	16	16	16	16	16
R2	Customers	Maintenance and support costs associated with the capital proposal to purchase 25 laptops that are outside of the Windows environment for disaster recovery (DR) purposes. This may be replaced by an option to lease the equipment if a DR event that affects IT access takes place.	11	11	11	11	11
R3	Enterprise	Economic Development Officer. Budget is requested for the shared post with East Herts District Council to continue in 2025/26 to deliver work associated with the new Commercial Strategy, which aims to support economic growth and engagement across the District, and the oversight of the Shared Prosperity Funding stream.	27	-	-	-	-

Reference	Service Directorate	Description of Proposal	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
R4	Housing & Environmental Health	Reinstatement of the part time posts of Empty Homes Officer (0.5 FTE) and Housing Grants Officer (0.5FTE) and the full time Air Quality Officer position to the Council's permanent staffing establishment. These posts were deleted as part of a restructure in 2023/24 to release resource to meet other urgent staffing priorities. The requested reinstatement of these roles will enable the delivery of essential work to address empty homes in the district and to develop and support an air quality strategy in line with our climate emergency and the upcoming challenges to be faced regarding the proposed Luton Airport expansion.	77	77	77	77	77
R5	Housing & Environmental Health	Creation of a part-time (0.5 FTE) Private Water Supply Officer (PWSO) post for the Environmental Health Commercial Team. The PWSO would support the existing Private Water Supply Scientific Officer in delivering the increased workload caused by the imposed changes to statutory guidance and water quality requirements and would also increase service resilience in this area.	26	26	26	26	26
R6	Housing & Environmental Health	Recruitment of an additional fully qualified Environmental Health Regulatory Officer into the Environmental Protection & Housing Team on a 4 year fixed-term contract to provide senior experience and higher competency whilst the technical officers progress through their training. The post will also provide cover/resilience for the other Senior Officer in this service in the event of unplanned additional work, as has been the case with the Baldock Industrial Estate fire, funeral homes inspections, and health and safety accidents/incidents.	64	64	64	64	-
R7	Housing & Environmental Health	Recruitment of an additional Senior Environmental Health / Food Officer in the Commercial Team, on a 4 year fixed-term contract, to accommodate the increased pro and reactive workload, including the additional food inspections required, and the additional Health & Safety interventions necessary for the service to achieve and maintain this legally required competency.	64	64	64	64	-
R8	Housing & Environmental Health	Permanent budget provision for an additional Environmental Health Regulatory Officer in the Commercial Team, initially at a junior level to support the senior officers in undertaking essential roles, including the food sampling programme and the assessment of those food businesses classed as lower concern. The officer would also provide advice to new businesses following the increase in new food registrations seen over recent years.	51	51	51	58	64
R9	Housing & Environmental Health	Year 4 funding for the Environmental Health Apprentice, which is a fixed term four-year post. Unspent salary budget (due to grant funding received) of £100k was identified at the end of 2023/24 and earmarked to cover the costs of the first three years of the apprenticeship. This request is for year 4 funding for the apprentice to complete the four year course.	-	-	-	35	-
R10	Housing & Environmental Health	Environmental Health service staffing costs. In light of recruitment issues in this service area and to facilitate the strategy agreed earlier this year, it is proposed to standardise the six existing technical officer posts to a career graded Environmental Health Regulatory Officer job profile. The plan is to recruit unqualified individuals and develop them into fully qualified officers over time. The additional investment reflects the higher than existing pay grades officers can progress through to as they complete their training and gain professional accreditation. While the maximum additional annual cost from this proposal is estimated at £86k, investment values reflect the anticipated additional cost over the next five years based on the current staffing position.	-	7	17	23	56
R11	Housing & Environmental Health	Environmental Health service training costs. To support the development of the proposed Environmental Health Regulatory Officers, the provision of additional dedicated training and development budget. The budget will cover annual training costs of approximately £3,000 per officer.	18	18	18	18	18
R12	Housing & Environmental Health	Housing Service staffing expenditure. Replacement of the existing fixed term contract for the Housing Register and Accommodation Officer (Refugee Support) with a permanent contract of employment, with the post added to the permanent staffing establishment. The balance held in the refugee project earmarked reserve can support this post for at least the next seven years, at which point the housing team structure will be reviewed. In the meantime this proposal will offer more security to both the employee and the housing team.	-	-	-	-	-
R13	Housing & Environmental Health	Community safety expenditure. Introduction of a crime prevention budget to contribute to, and attract, matched funding from community safety partnership partners such as the police, housing providers and the county council. It is anticipated that the resource will allow small scale, upstream interventions to prevent antisocial behaviour and crime from escalating.	10	10	10	10	10
R14	Legal & Community	Democratic Services staffing expenditure. Creation of permanent part-time (19 hours pw) post of Civic Secretary to Chair of the Council to provide a dedicated support to the Chair of Council (and Vice Chair when deputising) to enable the Chair to be more proactive. The role would be comparable to how some other neighbouring authorities provide this service. Central Bedfordshire Council has a part-time Chair's PA and Business Support Officer; Welwyn Hatfield has a PA and Mayor Support Officer; Stevenage Borough Council have 1.5 staff providing support to the Mayor and Councillors; Broxbourne has an Elections Officer/Mayor's Secretary; Hertsmere provides support as part of another post, St Albans has a Civic Officer, County Council has a full time officer providing support for the Lieutenancy and Councillors. <b>Proposed ongoing budget of £20k recommended to be removed by Cabinet at January 2025 meeting.</b>	-	-	-	-	-
R15	Legal & Community	Healthy Hub project expenditure. Budget is requested to cover the shortfall on the salary cost of the Health & Wellbeing Hub Coordinator in 2025/26 and 2026/27 and to ensure effective community wellbeing interventions continue to be delivered across the district tackling food poverty, poor emotional wellbeing, low levels of physical activity, social isolation and loneliness. Herts County Council have part funded the North Herts Healthy Hub since 2019. The current MOU ends in March 2025 and HCC have announced £35k of funding for 25/26 and 26/27. <b>Forecast shortfall in 25/26 proposed to be funded from the carry forward of unspent staffing cost budget in 2024/25</b>	-	12	-	-	-

Reference	Service Directorate	Description of Proposal	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
R16	Legal & Community	Introduction of a district wide grant budget. This budget would cover those grant applications that cut across all community forums and not solely focus on one geographic area. The centralised funding pot will reduce the resource implications for the applying organisations and for officers reviewing and approving for member consideration. This could allow for greater impact of and effectiveness of community forum grants to voluntary organisations to support the needs of NH residents. This could be considered as a pilot for 2025/26 with regular reviews to assess the effectiveness of this proposal. <b>Proposed £10k budget in 2025/26 recommended to be removed by Cabinet at January 2025 meeting.</b>	-	-	-	-	-
R17	Legal & Community	Introduction of a permanent career graded Policy and Strategy Officer post to replace the existing fixed term trainee role, which has to date been part funded from contributions from the Climate Change earmarked reserve. Grade progression would be dependent on completion of relevant training at first diploma and then degree level. The proposal will increase the scope, range, and ability of the Policy & Strategy team to support NHC officers, North Hertfordshire residents and district wide partnerships. The Team is becoming involved in more partnership work across the district (e.g., Herts Climate Change and Sustainability Partnership and associated subgroups, Equality and Diversity Networks) and corporate governance matters (the production of the Annual Governance Statement, associated Local Code of Governance and cumulative equality and environmental impact assessments). The permanence of this role will ensure that these obligations can be discharged to a consistent standard. Investment value reflects the maximum additional cost of this proposal and includes the removal of the budgeted contribution from reserve when the reserve balance reduces to zero.	7	11	16	16	16
R18	Managing Director	Leadership team restructure. Make permanent the seventh Service Director post, with realignment of responsibilities across the seven roles. This would be subject to consultation with affected staff and separate Full Council approval of the revised structure. This can in effect be part funded by the salary inflation provision for 2024/25 that wasn't all required.	112	112	112	112	112
R19	Place	Permanent budget provision for the Climate Change and Sustainability Manager role, which is currently funded on a fixed term basis until September 2026. The post will be necessary to help the Council make progress on its sustainability priority and net zero targets in future years.	-	31	62	62	62
R20	Place	Swimming pool tiling repairs at North Herts Leisure Centre. Annual underwater pool surveys are carried out to identify repair works and ensure they meet current Health & Safety legislation. Recent surveys carried out by Everyone Active have identified extensive grout works within the pool tanks required to ensure they remain in good condition. Investment value reflects current estimated cost of repairs required.	17	-	-	-	-
R21	Place	Swimming pool tiling repairs at Hitchin Swim Centre. Annual underwater pool surveys are carried out to identify repair works and ensure they meet current Health & Safety legislation. Recent surveys carried out by Everyone Active have identified extensive grout works within the pool tanks required to ensure they remain in good condition. Investment value reflects current estimated cost of repairs required.	69	-	-	-	-
R22	Place	Swimming pool tiling repairs at Royston Leisure Centre. Annual underwater pool surveys are carried out to identify repair works and ensure they meet current Health & Safety legislation. Recent surveys carried out by Everyone Active have identified extensive grout works within the pool tanks required to ensure they remain in good condition. Investment value reflects current estimated cost of repairs required.	34	-	-	-	-
R23	Place	Repairs and maintenance at Ransoms Rec, Hitchin. Following receipt of a number of complaints about the lighting and condition of this busy footway, repairs to the lighting and footpaths are required to ensure continued public safety.	25	-	-	-	-
R24	Place	Repair and maintenance of Letchworth War Memorial. Current condition of the existing memorial is tired and in need of refurbishment.	15	-	-	-	-
R25	Place	Repair of the balancing pond at Purwell Meadows, Hitchin. The balancing pond on the local nature reserve is now silted up and does not function as it should.	20	-	-	-	-
R26	Place	Waste contract client team staffing expenditure. Net cost of recruitment of two temporary full-time Mobilisation Contract Officers (one of which will be funded by East Herts DC) to support the mobilisation of the new waste and recycling services for up to 6 months, as originally proposed in the report to Cabinet in October 2022.	16	-	-	-	-
R27	Place	Addition of a new part-time (0.5 FTE) Commercial Waste Officer post to the Council's permanent staffing establishment. As originally proposed in the report to Cabinet in October 2022, the new role would support the implementation of Commercial Food Waste Collections, commercial clinical waste collections and evolve and develop the Commercial Waste and Recycling business. Half of the cost of the post will be funded by East Herts, with the aim for this post to be self-funding within 3 years.	9	7	5	-	-
R28	Place	Net cost (after East Herts 50% contribution) of recruitment to a six month temporary full time post that will be responsible for fixing issues which arise with containers, as detailed in the report to Cabinet in December 2023. This staff member would be issued with a van and would assist with container swaps, delivery of ad hoc missing containers, stickering containers and resident run throughs to help residents adjusting to the change. Investment estimate includes box van vehicle hire costs for 4 months.	13	-	-	-	-
R29	Place	Provision of Hydrogenated Vegetable Oil (HVO) fuel for the waste, recycling and street cleansing service vehicles. Based on the annual requirement for 280,000 litres, the additional cost is anticipated to be 12% higher than diesel and this cost is outside the provision of the waste contract. The use of HVO reduces CO2 emissions by approximately 90% in comparison to diesel, thus significantly reducing the carbon impact of the service. Investment value is based on the provision of 100% HVO, but HVO can be blended in proportions of 10% increments with diesel and this provides directly proportionate cost impacts and carbon savings (e.g. opting for 50% HVO would halve both the investment value and the carbon emission saving).	40	40	40	40	40

Reference	Service Directorate	Description of Proposal	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
R30	Place	Commissioning of a waste compositional analysis (WCA). The last was completed in 2021 and is periodically completed to inform the Council of the effectiveness of recycling services. WCA will be a requirement of the data provision from Extended Producer Responsibility Funding (EPR) and undertaking a composition in late 25/26 will allow us to assess the effectiveness of the new services in comparison to the previous composition in 2021. The Hertfordshire Waste Partnership will collectively procure on behalf of the districts and boroughs to provide a wider Hertfordshire analysis for comparison.	20	-	-	-	-
R31	Place	Provision of a comprehensive communications plan to support the roll out of waste and recycling service changes, as detailed in the previous Cabinet report of 9 July 2024. Costs are estimates and will vary depending on the number of collection day changes and the confirmation of costs following procurement.	100	-	-	-	-
R32	Place	Provision of a mobile application for residents to support the waste and recycling service provision. The app would provide service and collection updates via push notifications to those residents subscribed to the app, as well as look up functionality regarding collection days and options for recycling. The additional 'reporting' functionality via the app would also support the CRM. The app would have capabilities to be expanded to a wider range of council services including planning.	25	20	20	20	20
R33	Place	Storage of wheeled bins during mobilisation of new waste and recycling services. This will be required for a period of around 3 months. Site security and or rental may be required during this period once a site has been identified.	5	-	-	-	-
R34	Regulatory	Permanent budget provision for the Principal Planning Officer and career graded planning officer posts. Fixed term budget provision of five years for these posts was previously approved by Council to lead and support work on the Local Plan review. Cabinet resolved in January 2024 that the review of the Local Plan should be undertaken and initial work is ongoing. A further report to Cabinet in January 2025 will set out a proposed timetable for the key stages. Following the change of Government there is uncertainty over the regulatory framework and timeframe over which the Review will be undertaken. It is already anticipated that it will extend beyond the period for which these posts are funded, with funding for the Principle Planning officer ending in June 2027 and the funding for the Planning Officer post ending in July 2028. These posts are also involved in delivering a range of other planning activities which will continue regardless of, and beyond, the Review programme including Neighbourhood Planning, monitoring, supporting strategies, the Chilterns National Landscape Review and joint strategic planning work with neighbouring authorities.	-	-	53	112	133
R35	Regulatory	Planning service staffing expenditure. Increase in management and oversight capacity through the uplifting of one existing post into a team leader role. There are currently 46 planning posts arranged under three service managers and five team leader / principal roles. Some team leaders are now responsible for a large number of staff working across a wide range of disciplines, complex professional projects and / or substantial case loads.	9	9	9	9	9
R36	Regulatory	Recruitment of an additional Transport Officer for a fixed term of five years to; assist the Senior Transport Officer with the delivery of various transport projects emerging from the adopted Local Plan, the Growth Transport Plan and the Local Cycling and Walking Infrastructure Plan; to assist with the review of transport policies relating to the Local Plan review; to allow the Senior Transport officer to lead and input on transport initiatives associated with masterplanning for strategic site allocations in the Local Plan and to focus on key strategic transport projects working together with Herts County Council.	56	56	56	56	56
R37	Regulatory	Planning Control IT expenditure. The procurement of Agile AI, an Artificial Intelligence Planning Validator System which operates as an interface between the national Planning Portal and Council IT systems to reduce the manual workload with the checking and validation of planning applications. It reduces validation timescales by up to 65% leaving officer time to concentrate on other matters and improve planning performance. County-wide procurement currently being investigated under the guidance of HIPP and the Growth Board. Costs may be recoverable through planning fees if there was the ability to set fees at a break-even level.	25	5	5	5	5
R38	Regulatory	Planning Control IT expenditure. The installation of Idox Insights, a Uniform add-on that allows real-time access to information that would enable the Development & Conservation Manager to view performance to ensure alignment with performance targets for applications and appeals and gain access to data to enable more reliable and insightful decision-making. It will enable Team Leaders to review in real time the caseload and capacity of officers, easily identify bottlenecks that require attention and thereby improve performance. It allows case officers to prioritise effectively and handle workload efficiently through reducing the burden of administration. Costs may be recoverable through planning fees if there was the ability to set fees at a break-even level.	20	5	5	5	5
R39	Regulatory	Additional budget provision for specialist planning advice. The planning service requires specialist, qualified technical advice on key disciplines to inform decisions, the assessment of heritage impacts of development relating to matters such as archaeology, scheduled monuments and other heritage assets as well as reviews of conservation areas. The advice might take the form of an additional establishment post and most of the funding would come from the overspend that has already been reported from increase in fees from HCC to undertake some of this work.	6	6	6	6	6
R40	Customers	Two factor authentication to allow access to Staff and Councillors to access our IT environment. Previously a capital cost but has been moved to revenue as amount is now much lower.	-	3	-	3	-
R41	Place	Mobilisation of the new waste contract. All tenders were asked to provide separate costs for the mobilisation of the contract and implementation of service changes. These were evaluated as part of the contract award. These costs will be met from the waste reserve, so no General Fund impact. The remainder of the reserve will be a contribution towards the vehicle costs.	-	-	-	-	-
R42	Place	The leisure centre decarbonisation project will require some closures during the works, which will mean a reduction in the management fee that we receive. TO NOW BE COVERED VIA A BUDGET RISK.	-	-	-	-	-



Reference	Service Directorate	Description of Proposal	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
R43	Housing & Environmental Health	Local Authority Domestic Abuse Duty. The Domestic Abuse Act 2021 placed new duties on local authorities across England to ensure that victims of domestic abuse and their children can access the right support in safe accommodation when they need it. The New Burdens grant funding received in 2023/24 and 2024/25 has now been rolled into the Settlement funding for 2025/26. The financing of this expenditure in 2025/26 is therefore included as an additional amount to the Council funding total.	36	36	36	36	36
R44	All	Changes to the Class 1 National Insurance Contributions Secondary Threshold and the Secondary Class 1 National Insurance contributions rate from 6 April 2025. The Secondary Threshold is currently set at £9,100 a year, and will be reduced to £5,000 a year with effect from 6 April 2025 until 5 April 2028. Thereafter the Secondary Threshold will be increased in line with Consumer Prices Index (CPI). In addition, the employer contribution rate for remuneration above the secondary threshold will increase from 13.8% to 15%. Pressure value represents estimated impact for Council payrolled staff only. The government confirmed £515 million in support for local authorities in England to mitigate the additional impact of the increase in employer National Insurance Contributions (NICs) on their budgets, with final allocations to local authorities to be published with the final local government finance settlement in early 2025.	370	370	370	370	370
R45	Place	New waste and street cleansing contract expenditure. In last years budget there was a capital allocation for new vehicles. This has since been reduced. This pressure reflects the equivalent of the MRP reduction. This is reduced by the staffing cost for Customer Service staff that have TUPE transferred across to the Council (from the current contractor) that has already been incorporated in to staffing budgets. Overall this has zero net impact compared with last year.	220	220	220	220	220
R46	Managing Director	Revenue cost of internal borrowing required to finance the proposed capital programme 2024-2034. Amounts are additional to those estimated to finance the proposed capital programme 2024-2034. Value only reflects estimated Minimum Revenue Provision, as additional impact of lost interest income is included in the interest income projection.	(319)	678	521	224	7
<b>Total Net Budget Increase from new pressures and investment proposals</b>			<b>1,314</b>	<b>1,965</b>	<b>1,890</b>	<b>1,698</b>	<b>1,375</b>

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