

NORTH HERTFORDSHIRE DISTRICT COUNCIL



18 February 2026

Our Ref Council 26 February 2026
Contact. Committee Services
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To: The Chair and Members of North Hertfordshire District Council

NOTICE IS HEREBY GIVEN OF A

MEETING OF THE COUNCIL

to be held in the

**COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES, GERONON
ROAD, LETCHWORTH GARDEN CITY, SG6 3JF**

on

THURSDAY, 26TH FEBRUARY, 2026

at

7.30 PM

Yours sincerely,

Isabelle Alajooz
Director – Governance

****MEMBERS PLEASE ENSURE THAT YOU DOWNLOAD ALL AGENDAS AND REPORTS VIA THE MOD.GOV APPLICATION ON YOUR TABLET BEFORE ATTENDING THE MEETING****

Agenda **Part I**

| Item | | Page |
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| 1. | APOLOGIES FOR ABSENCE | |
| 2. | MINUTES - 29 JANUARY 2026 To take as read and approve as a true record the minutes of the meeting of the Committee held on the 29 January 2026. | 5 - 22 |
| 3. | NOTIFICATION OF OTHER BUSINESS Members should notify the Chair of other business which they wish to be discussed at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency. The Chair will decide whether any item(s) raised will be considered. | |
| 4. | CHAIR'S ANNOUNCEMENTS <u>Climate Emergency</u> The Council has declared a climate emergency and is committed to achieving a target of zero carbon emissions by 2030 and helping local people and businesses to reduce their own carbon emissions. A Cabinet Panel on the Environment has been established to engage with local people on matters relating to the climate emergency and advise the council on how to achieve these climate change objectives. A Climate Change Implementation group of councillors and council officers meets regularly to produce plans and monitor progress. Actions taken or currently underway include switching to green energy, incentives for low emission taxis, expanding tree planting and working to cut food waste. In addition the council is a member of the Hertfordshire Climate Change and Sustainability Partnership, working with other councils across Hertfordshire to reduce the county's carbon emissions and climate impact. The Council's dedicated webpage on Climate Change includes details of the council's climate change strategy, the work of the Cabinet Panel on the Environment and a monthly briefing on progress. <u>Ecological Emergency</u> The Council has declared an ecological emergency and is committed to addressing the ecological emergency and nature recovery by identifying appropriate areas for habitat restoration and biodiversity net gain whilst ensuring that development limits impact on existing habitats in its process. | |

The Council has set out to do that by a) setting measurable targets and standards for biodiversity increase, in both species and quantities, seeking to increase community engagement, b) to work with our partners to establish a Local Nature Partnership for Hertfordshire and to develop Nature Recovery Networks and Nature Recovery Strategy for Hertfordshire and c) to investigate new approaches to nature recovery such as habitat banking that deliver biodiversity objectives and provide new investment opportunities.

Declarations of Interest

Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chair of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest, wishing to exercise a 'Councillor Speaking Right', must declare this at the same time as the interest, move to the public area before speaking to the item and then must leave the room before the debate and vote.

5. PUBLIC PARTICIPATION

To receive petitions, comments and questions from the public.

6. ITEMS REFERRED FROM OTHER COMMITTEES

To consider any items referred from other Committees. Any items referred to this meeting will be published as a supplementary document.

7. PAY POLICY STATEMENT 2026/27

REPORT OF THE DIRECTOR – RESOURCES

23 - 32

This report sets out a Pay Policy Statement 2026/27 (Appendix 1) for Council's consideration and approval in accordance with the requirements of Section 38 of the Localism Act 2011 (the Act), associated guidance issued under Section 40 of the Act, the Local Government Transparency Code 2015 and any other relevant legislation.

The Statement incorporates elements of existing policy and practice and is required to be agreed annually.

8. BUDGET 2026/27 (REVENUE AND CAPITAL BUDGETS)

REPORT OF THE DIRECTOR – RESOURCES

33 - 68

For Council to consider and approve a Budget for 2026/27.

9. INVESTMENT STRATEGY 2026/27

REPORT OF THE DIRECTOR – RESOURCES

69 - 108

For Council to consider and approve the Investment Strategy 2026/27.

10. COUNCIL TAX RESOLUTION 2026/27

REPORT OF THE DIRECTOR – RESOURCES

109 -
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The purpose of this report is to obtain approval for the Council Tax requirement and the overall Council Tax rates for the district of North Hertfordshire for 2026/27.

11. QUESTIONS FROM MEMBERS

To consider any questions submitted by Members of the Council, in accordance with Standing Order 4.8.11 (b).

12. NOTICE OF MOTIONS

To consider any motions, due notice of which have been given in accordance with Standing Order 4.8.12.

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Public Document Pack Agenda Item 2

NORTH HERTFORDSHIRE DISTRICT COUNCIL

MINUTES

Meeting of the Council held in the Council Chamber, District Council Offices, Gernon Road,
Letchworth Garden City, SG6 3JF
on Thursday, 29th January, 2026 at 7.30 pm

PRESENT: Councillors: Keith Hoskins MBE (Chair), Sadie Billing (Vice-Chair), Ian Albert, Daniel Allen, Amy Allen, David Barnard, Matt Barnes, Tina Bhartwas, Ruth Brown, Cathy Brownjohn, Val Bryant, Rhona Cameron, David Chalmers, Jon Clayden, Ruth Clifton, Sam Collins, Mick Debenham, Elizabeth Dennis, Emma Fernandes, Joe Graziano, Steve Jarvis, Tim Johnson, Chris Lucas, Sarah Lucas, Ian Mantle, Nigel Mason, Caroline McDonnell, Ralph Muncer, Michael Muir, Sean Nolan, Steven Patmore, Louise Peace, Vijaiya Poopalasingham, Martin Prescott, Emma Rowe, Claire Strong, Tamsin Thomas, Tom Tyson, Paul Ward, Laura Williams, Alistair Willoughby, Stewart Willoughby, Claire Winchester, Dave Winstanley, Donna Wright and Daniel Wright-Mason.

IN ATTENDANCE: Shelley Abel (Electoral Services Manager), Isabelle Alajooz (Director - Governance and Monitoring Officer), Ian Couper (Director - Resources), Robert Filby (Trainee Committee, Member and Scrutiny Officer), Natasha Jindal (Interim Legal Manager and Deputy Monitoring Officer), Susan Le Dain (Committee, Member and Scrutiny Officer), James Lovegrove (Committee, Member and Scrutiny Manager), Anthony Roche (Chief Executive) and Melanie Stimpson (Democratic Services Manager).

ALSO PRESENT:

At the commencement of the meeting approximately two members of the public, including registered speakers.

66 APOLOGIES FOR ABSENCE

Audio recording – 1 minute 49 seconds

Apologies for absence were received from Councillors Sean Prendergast, Lisa Nash, Clare Billing, Dominic Griffiths and Bryony May.

67 MINUTES - 4 DECEMBER 2025

Audio Recording – 2 minutes 44 seconds

Councillor Keith Hoskins, as Chair, proposed and Councillor Sadie Billing seconded and it was:

RESOLVED: That the Minutes of the Meeting of the Committee held on 4 December 2025 be approved as a true record of the proceedings and be signed by the Chair.

N.B. Councillors David Barnard and Steven Patmore entered the Chamber at 19:33.

68 NOTIFICATION OF OTHER BUSINESS

Audio recording – 3 minutes 42 seconds

There was no other business notified.

69 CHAIR'S ANNOUNCEMENTS

Audio recording – 3 minutes 45 seconds

- (1) The Chair advised that, in accordance with Council Policy, the meeting would be recorded.
- (2) The Chair reminded Members that the Council had declared both a Climate Emergency and an Ecological Emergency. These are serious decisions, and mean that, as this was an emergency, all of us, Officers and Members had that in mind as we carried out our various roles and tasks for the benefit of our District.
- (3) The Chair drew attention to the item on the agenda front pages regarding Declarations of Interest and reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question.
- (4) The Chair advised that the normal procedure rules in respect of debate and times to speak will apply.
- (5) The Chair advised that 4.8.23(a) of the Constitution did not apply to this meeting. A comfort break would be held at an appropriate time, should proceedings continue at length.

N.B. Councillor Sam Collins entered the Chamber at 19:35.

70 PUBLIC PARTICIPATION

Audio recording – 6 minutes 23 seconds

There was no public participation.

71 ITEMS REFERRED FROM OTHER COMMITTEES

Audio recording – 6 minutes 26 seconds

The Chair advised that the items referred from the Standards Committee, the Finance, Audit and Risk Committee and Cabinet would be taken with the respective items on the agenda.

72 SECOND QUARTER TREASURY MANAGEMENT REVIEW 2025/26

Audio recording – 6 minutes 59 seconds

N.B. Councillor Paul Ward declared an interest due to his employment and left the Chamber for the duration of the item.

Councillor Ian Albert, as Executive Member for Resources presented the referral from Cabinet and the report entitled 'Second Quarter Treasury Management Review 2025/26' and advised that:

- This report provided an update on the investment of surplus cash.
- It was positive to note that the investment returns had increased to nearly £2M.
- Estimates for 2026/27 would be reviewed as part of the budget setting process.
- This report highlighted a breach of the treasury strategy and the extra control put in place to ensure this would not happen again.
- Details of total interest earned to date was highlighted in paragraph 8.3 of the report.
- The percentage split of investments was set out in a table in paragraph 8.4 of the report.

- Full details of investments including risks and credit ratings were detailed in paragraph 8.5 of the report.
- Following a motion from Council, a meeting had now taken place with the Council's treasury management adviser and an outcome report would be provided to Cabinet and Council as part of the Investment Strategy for 2026/27.

Councillor Ian Albert proposed and Councillor Val Bryant seconded and, following a vote, it was:

RESOLVED: That Council noted the position of Treasury Management activity as at the end of September 2025.

REASON FOR DECISION: To ensure the Council's continued compliance with CIPFA's code of practice on Treasury Management and the Local Government Act 2003 and that the Council manages its exposure to interest and capital risk.

N.B. Councillor Paul Ward returned to the Chamber at 19.40.

73 UPDATED FINANCIAL REGULATIONS

Audio recording – 10 minutes 45 seconds

The Director – Resources presented the referral from Finance, Audit and Risk Committee and the report entitled 'Updated Financial Regulations' and advised that:

- This was a slightly overdue report on the updated financial regulations of the Council.
- The proposed schedule of changes and the reasons for the changes was set out in Appendix A. The schedule had track changes to show where the changes had been made.
- There had been some good discussions at the Finance, Audit and Risk Committee meeting around the changes.
- One of the recommendations that had been made by the Finance, Audit and Risk Committee had not been adopted and the reason why this had not been possible to reflect was detailed in paragraph 5.4 of the report.

Councillor Ian Albert proposed and Councillor Val Bryant seconded and, following a vote, it was:

RESOLVED: That Council agreed to the adoption of the Financial Regulations as per Appendix A.

REASON FOR DECISION: Due to the passage of time since the last major review of the Financial Regulations, it was considered appropriate to carry out a full review. The proposed changes are detailed in Appendix A alongside the reasons for them.

74 THE COUNCIL TAX REDUCTION SCHEME (EFFECTIVENESS AND PROPOSALS FOR 2026/27)

Audio recording – 12 minutes 50 seconds

Councillor Ian Albert, as Executive Member for Resources presented the referral from Cabinet and the report entitled 'The Council Tax Reduction Scheme (Effectiveness and Proposals for 2026/27)' and advised that:

- This report was seeking approval of the changes to the Council Tax Reduction Scheme (CTRS) for 2026/27, including changes to the discretionary policy.
- This had been incorporated into the wider report requested by the Overview and Scrutiny Committee in relation to the effectiveness of the CTRS.

- This scheme worked well. It was affordable and ensured that the poorest residents did not pay any Council Tax.
- The actions from the Marie Curie campaign that local authorities could take to prevent residents from dying in poverty were set out in paragraph 8.14 of the report.
- As the CTRS already ensured that the poorest residents did not pay any Council Tax, this support would be best covered by an additional to the discretionary policy.
- Inflationary uplifts to Council Tax bands of 6% in line with inflation, were referenced in paragraph 8.19 of the report.
- As the increase to Universal Credit had not been confirmed, the Council would need to wait to ensure the final modelling had the desired outcome.
- An addition to the wording of recommendation 2.2 was proposed to delegate authority to the Director – Resources in consultation with the Executive Member for Resources to make any inflationary changes to the CTRS bands.

Councillor Ian Albert proposed as amended and Councillor Sean Nolan seconded and, following a vote, it was:

RESOLVED: That Council:

- (1) Amended the Council Tax discretionary policy to include the support provided to residents with a terminal illness, with the wording detailed in paragraph 8.17.
- (2) Approved changes to the Council Tax Reduction Scheme bands to reflect the impact of inflation and delegated a decision on those increases to the Director – Resources in consultation with the Executive Member for Resources.

REASON FOR DECISION: To respond to the request from Overview and Scrutiny Committee, and to consider changes for next year.

75 ELECTORAL SERVICES - SCALE OF FEES 2026/27

Audio recording – 18 minutes 2 seconds

N.B. The Democratic Services Manager and the Director – Governance declared an interest in this item as the Returning Officer and the Deputy Returning Officer and left the Chamber for the duration of the item.

The Director – Resources presented the report entitled 'Electoral Services – Scale of Fees 2026/27' and advised that:

- The proposed changes to the scale of fees were set out in paragraphs 8.4-8.8 of the report.
- The main change was to ensure that roles were continued to be paid in line with the National Living Wage.
- Full details of the scale of fees were set out in Appendix A.

Councillor Ian Albert proposed and Councillor Val Bryant seconded and, following a vote, it was:

RESOLVED: That the Council agreed the Scale of Fees for 2026/27 as set out in Appendix A.

REASON FOR DECISION: To enable the Council to remunerate the Returning Officer and the staff employed to carry out tasks during electoral events and to be open and transparent regarding other payments.

N.B. The Democratic Services Manager and Director – Governance returned to the Chamber at 19:50.

76 INTERIM REVIEW OF POLLING DISTRICT, POLLING PLACES AND POLLING STATIONS

Audio recording 19 minutes 59 seconds

The Electoral Services Manager presented the report entitled 'Interim Review of Polling District, Polling Places and Polling Stations' and advised that:

- Following completion of the Community Governance Review (CGR) in 2025, the Council was required to undertake an interim Polling District Review.
- An interim review followed the same process as a statutory polling district and polling places review and included a public consultation period.
- The consultation period ran between 14 October 2025 to 30 November 2025 and a total of 20 responses were received as summarised in Appendix B.
- Consideration of the suitability of a polling place included accessibility, parking and transport links, as detailed in Appendix A.
- Details of amendments were set out in paragraph 8.6 of the report as well as in detail in Appendix A.
- Electors in the new polling district of Lavender Grange, which was part of Ickleford parish would continue to vote at Ickleford Village Hall.
- The Council had applied to the Ministry of Housing, Communities and Local Government (MHCLG) to participate in the forthcoming flexible voting election pilots.
- In preparation, it was planned to have voting hubs located in Codicote, Knebworth, Kimpton and Royston if the elections were contested.
- If the election pilots went ahead, electors would be able to vote early in person on Saturday 2 May and Sunday 3 May at Voting Hubs.

In response to a question from Councillor Ralph Muncer, the Democratic Services Manager advised that early voting would be applied for any scheduled parish election or any unscheduled parish or district election on 7 May 2026.

In response to a question from Councillor Jon Clayden, the Electoral Services Manager advised that the change in the polling district boundary line affecting the dwellings in Billing Place, Hitchin was detailed in the map in Appendix B. These changes were being made to ensure that voters in these dwellings could vote at their closest polling station.

Councillor Daniel Allen proposed and Councillor Val Bryant seconded and, following a vote, it was:

RESOLVED: That Council designated the Polling Districts and Polling Places as per the Returning Officer's Proposals attached as Appendix A to the submitted report, effective as of 2 March 2026.

REASONS FOR DECISION:

- (1) The Electoral Registration and Administration Act 2013 introduced a change to the timing of compulsory reviews of UK Parliamentary Polling Districts and Polling Places, which had to be concluded by 31 January 2025.
- (2) Outside of compulsory reviews, the (Acting) Returning Officer (RO) for each authority is also encouraged to conduct regular assessments of existing arrangements. Following completion of the Community Governance Review (CGR) 2025 which resulted in changes to parish wards – specifically in Ickleford, Baldock, Royston, Clothall and Bygrave. Therefore, the polling arrangements were required to be considered.

77 APPOINTMENT OF REPLACEMENT RESERVE INDEPENDENT PERSON

Audio recording – 25 minutes 41 seconds

Councillor Daniel Allen, as Executive Member for Governance presented the report entitled 'Appointment of Reserve Independent Person' and advised that:

- This report requested approval from Council to appoint a Reserve Replacement Independent Person following the resignation of the current Reserve Independent Person.
- Approval was sought to appoint Joel Rogers from 29 January 2026 for a fixed term period of up to 4 years.

Councillor Daniel Allen proposed and Councillor Sean Nolan seconded and, following a vote, it was:

RESOLVED: That Council:

- (1) Appointed Joel Rogers as Reserve Independent Person;

such appointments/ confirmation of continuing appointments under 2.1 be for a fixed term of up to 4 years from 29 January 2026, based on 2-years, with delegation to the Monitoring Officer, in consultation with the Chair and Vice Chair of the Standards Committee to extend for a further 2 years.

- (2) Delegated to the Monitoring Officer in consultation with the Chair and Vice Chair of the Standards Committee, the decision (if the current Independent Person decides within term to resign/ unable to act/ no longer qualifies), to appoint one of the existing Reserve Independent Persons as the Independent Person and/ or to undertake any further recruitment, as may be required.

REASON FOR DECISIONS: To ensure that the Council's Standards processes can operate in accordance with legislative requirements if one or both Independent Person and Reserve Independent Persons are unable to advise on a matter. This should also allow for a degree of succession planning/ training whilst experienced persons are in place.

78 ADOPTION OF UPDATED GUIDANCE TO COUNCILLORS ON OUTSIDE BODIES

Audio recording – 28 minutes 34 seconds

Councillor Vijaiya Poopalasingham, as Chair of the Standards Committee, presented the referral from Standards Committee and the report entitled 'Adoption of Updated Guidance to Councillors on Outside Bodies' and advised that:

- The last time the guidance to Councillors on Outside Bodies was updated was 2016.
- There had been a late amendment to the report to change the word 'company' to 'organisation' in paragraph 8.8 of the report.
- No fundamental changes had been made to the approach adopted by the Council and the update was to make the document easier for Members to read.
- The initial part of the guidance had been updated to reflect the three most common types of outside body, as detailed in paragraph 8.5 of the report and point 2 of the guidance.
- Details of any conflicts of interest that Councillors needed to be aware of was detailed in paragraphs 8.7 and 8.8 of the report.
- Members could always seek guidance from the Monitoring Officer as detailed in points 7 and 8 of the guidance.

The following Members asked questions:

- Councillor Claire Strong
- Councillor Matt Barnes

In response to questions, Cllr Poopalasingham advised that the report had originally said 'company' instead of 'organisation' in paragraph 8.8 of the report.

In response to questions, the Deputy Monitoring Officer advised that:

- The word 'company' had been changed to 'organisation' in the last bullet point of paragraph 8.8 on page 181 of the published agenda.
- Paragraph 8.8 of the report also applied to Section 6 of the guidance to Councillors on Outside Bodies.

In response to a question, the Monitoring Officer advised that Members were covered by an Indemnity Policy, which was available on The Hub for Members to view.

Councillor Vijaiya Poopalasingham proposed and Councillor Ian Albert seconded and, following a vote, it was:

RESOLVED: That Council approved and adopted the updated guidance for Councillors.

REASONS FOR DECISION:

- (1) The Council's current guidance to Councillors on Outside Bodies was last updated in 2016.
- (2) A full review of the guidance to Councillors on outside bodies has been necessary to ensure:
 - Councillors are aware of their liabilities based on the type of organisation which they are appointed to and the risks associated with these appointments both to the Councillor and the Council.
 - That the guidance available to Councillors aligns with the updated statutory position and also best practice.

79 ADOPTION OF THE MONITORING OFFICER PROTOCOL

Audio recording – 37 minutes 27 seconds

Councillor Vijaiya Poopalasingham, as Chair of the Standards Committee, presented the referral from Standards Committee and the report entitled 'Adoption of the Monitoring Officer Protocol' and advised that:

- This report was to provide Members with a proposed Monitoring Officer protocol and for Members to note the recent guidance document on the Golden Triangle.
- The emphasis on good governance has been heightened as an increased number of local authorities have found themselves in financial difficulties.
- The Monitoring Officer role was a statutory role as highlighted in paragraph 8.1 of the report.
- It was the obligation of the Monitoring Officer to report if the Council made a proposal or decision that could be illegal, improper or to constitute maladministration, as set out in Section 2 and 3 of the guidance at Appendix A.
- The protocol explained the legal requirements and set out the arrangements in place to manage maladministration as detailed in paragraph 8.6 of the report.
- The Monitoring Officer should be proactive in decision making, as highlighted in Section 3 of the guidance.
- The Monitoring Officer could act to resolve matters informally as set out in paragraphs 8.8 and 8.9 of the report.

- The Monitoring Officer was a very important role to ensure the Council operated to high standards.

Councillor Vijaiya Poopalasingham proposed and Councillor Sean Nolan seconded and, following a vote, it was:

RESOLVED: That Council:

- (1) Approved and adopted the Monitoring Officer Protocol into the Constitution.
- (2) Noted the guidance attached at Appendix 2 titled: The Golden Triangle: Governance Roles and Responsibilities.

REASONS FOR DECISIONS:

- (1) The role of the Monitoring Officer has expanded over recent years. Monitoring Officers are also required to act as consultants to anyone within the Council on matters of legality, maladministration, and impropriety.
- (2) It is therefore considered that it would be good practice for the Council to introduce an appropriate Protocol.
- (3) In August 2025, Lawyers in Local Government (LLG), the Chartered Institute for Public Finance & Accountancy (CIPFA) and the Society for Local Authority Chief Executives & Senior Managers (SOLACE) collaborated to produce a new guide: 'The Golden Triangle: Governance Roles and Responsibilities' (attached at Appendix 2). Members are invited to give consideration to this guidance to enhance their overall understanding of the interwoven nature of the roles of the three statutory officers within the Council.

80 APPOINTMENT OF SUBSTITUTE, MEMBER, CHAIR AND VICE CHAIR OF THE FINANCE, AUDIT AND RISK COMMITTEE (AND NOTING THE APPOINTMENT OF THE DEPUTY LEADER OF COUNCIL, APPOINTMENT OF A NEW EXECUTIVE MEMBER FOR CUSTOMER EXPERIENCE AND APPOINTMENT TO OUTSIDE ORGANISATIONS)

Audio recording – 43 minutes 2 seconds

The Democratic Services Manager presented the report entitled 'Appointment of a Substitute, Member, Chair and Vice Chair of the Finance, Audit and Risk Committee' as published.

Following a question from Councillor Claire Strong, Councillor Val Bryant advised that the Special Interest Member Champion for Health vacancy would remain vacant for the remainder of the civic year.

Following a question from Councillor Claire Strong, the Democratic Services Manager advised that whilst there would be an extra Executive Member of Cabinet, there would not be any extra financial implications. This was because the Special Responsibility Allowance (SRA) for the Executive Member for Customer Experience role would be received by Cllr Sean Nolan instead of Councillor Val Bryant who was vacating that position.

The Chair advised that a separate vote would be taken for each of the recommendations.

Councillor Val Bryant proposed and Councillor Nigel Mason seconded, and it was:

RESOLVED: That for the remainder of the 2025/26 civic year Council appointed Members to the following vacancies on the Finance, Audit and Risk Committee:

- Councillor Daniel Wright-Mason be appointed as a Member of the Finance, Audit and Risk Committee to the vacant seat on the Labour and Co-Operative Group.
- Councillor David Barnard be appointed as a Substitute Member of the Finance, Audit and Risk Committee to the vacant seat on the Conservative Group.

Councillor Val Bryant proposed and Councillor Amy Allen seconded, and it was:

RESOLVED: That Councillor Vijaiya Poopalasingham be appointed as the Chair of the Finance, Audit and Risk Committee for the remainder of the 2025/26 civic year.

Councillor Val Bryant proposed and Councillor Emma Fernandes seconded, and it was:

RESOLVED: That Councillor Sarah Lucas be appointed as the Vice-Chair of the Finance, Audit and Risk Committee for the remainder of the 2025/26 civic year.

Councillor Val Bryant proposed and Councillor Nigel Mason seconded, and it was:

RESOLVED: That Council noted the appointment of Councillor Sean Nolan as the Executive Member for Customer Experience and Deputy Leader for the remainder of the 2025/26 civic year.

Councillor Ian Albert proposed and Councillor Nigel Mason seconded, and it was:

RESOLVED: That Council noted the appointment of Councillor Val Bryant as Member Representative and Councillor Sean Nolan as reserve Member Representative on the Outside Organisations 'Herts Leaders Group' and 'East of England Leaders Group'.

REASON FOR DECISIONS: To comply with the provisions of 4.8.1 (a) (vii), (viii) and (ix) of the Council's Constitution following Councillor Sean Nolan resigning from the Committee / position of Chair of Finance, Audit and Risk Committee and appointment as the Deputy Leader / Executive Member for Customer Experience.

81 QUESTIONS FROM MEMBERS

Audio recording – 51 minutes 40 seconds

In accordance with Standing Order 4.8.11, two questions had been submitted by the required deadline set out in the Constitution.

(A) Support for Compassionate Neighbours Scheme and Other Schemes

Councillor Jon Clayden to Councillor Daniel Allen (Executive Member for Governance):

'The sadly precarious financial position that Garden House Hospice Care finds itself in has recently led to the short-notice closure of the North Herts Compassionate Neighbours scheme. This scheme provided very much-needed support and companionship to many residents across our district, including to an elderly man in my ward who wrote to tell me how important it had been to him since the death of his wife. Could the Executive Member please update this council on the future of these schemes in North Herts, including any help the council is planning to provide?'

Councillor Daniel Allen provided the following response:

'Thank you, Cllr Clayden, for raising this important issue. I completely understand how upsetting the closure of the Compassionate Neighbours Scheme has been for residents who have relied on it and for the families that saw the difference that it made. It provided real companionship and reassurance for people who were often at their most vulnerable. As the scheme was established by an external organisation, the Council cannot determine the future of the service or replace the service. Our officers have been engaging and will continue to engage with Garden House Hospice to understand the changes that have been made. The Council has also shared information with community groups about alternative sources of support, including local voluntary organisation, Community Forums and relevant grant and locality funding routes where appropriate. While we cannot step in, North Herts Council remains committed to working with partners and community organisations to help ensure residents area supported within our powers and available resources.'

Councillor Jon Clayden asked a supplementary question, as follows:

'I would like to know whether there is anything this Council could do to enable people to have access to a similar scheme? It has been a lifeline for those who have been depending on it.'

Councillor Daniel Allen responded:

'Thank you. We would encourage that anyone speak with the Community team to help them. I was going to say that we would do our best to help, but I cannot because I don't know what is being asked of us, but I am going to say that this is a really vital service that does much to help.'

(B) 'Protection of the Romano-British small town and Late Iron Age settlement at Baldock

Councillor Sam Collins to Councillor Donna Wright (Executive Member for Place):

"The Late Iron age and Romano-British town at Baldock has been placed on the at-risk register by Historic England who state that the site has major problems, has high vulnerability and is declining. Historic England has also highlighted that there is no action or strategy identified or agreed to protect this site of national importance. What is the administration doing to protect this nationally important historic site?"

Councillor Donna Wright provided the following response:

'The historic settlement at Baldock has been on Historic England's risk register since 2016. Much of the settlement is beneath the area known locally as Walls Field and has been farmed for many years.

The Masterplan for the Growing Baldock project was approved by Council in June 2025. It says that Walls Field will be taken out of agricultural use to provide a new public open space and this will focus on natural grassland and biodiversity. This lower intensity of use will reduce the pressure on the Scheduled Ancient Monument.

An outline planning application is currently being considered and Historic England's response to the application is available on our website. This says that the end of ploughing impacts and appropriate future management would likely result in the site being taken off the 'at risk' register.'

Councillor Sam Collins asked a supplementary question, as follows:

‘Historic England’s guidance states that local planning authorities should have the ability to assess heritage assets within the local heritage list. These local heritage lists, if the officers have delegated authority to add sites, what is the procedure to add sites to the list and how do members of the public have access to those lists?’

Councillor Donna Wright responded:

‘I don’t know what that procedure is and I will have to check with officers. We have begun discussions with urban and civic as part of the planning process and the masterplan will ensure we have a broad strategy and that is the main point with this site. I will have to get back to Cllr Collins on the process he mentions.’

82 NOTICE OF MOTIONS

Audio recording – 56 minutes 35 seconds

There were three motions submitted in accordance with Standing Order 4.8.12.

N.B. Councillors Claire Strong, Martin Prescott and Daniel Allen declared an interest in this item due to their position as Members and substitutes of the Planning Control Committee and left the Chamber for the duration of this item.

N.B. Councillor Emma Rowe declared an interest in this item due to her employment and left the Chamber for the duration of the item.

N.B. Councillors Nigel Mason and Emma Fernandes declared an interest in this item due to their positions as Chair and Vice-Chair of the Planning Control Committee and advised they would not take part in the debate or vote on the motion but would remain in the Chamber.

In response to a question from Councillor Val Bryant, the Monitoring Officer explained that the motion related to planning policy at a high level, and it did not prevent Members of the Planning Control Committee from taking part, however, they should be careful when expressing views and have an open mind when considering applications at Committee.

(A) ‘Grey Belt’ Land and Planning Applications in North Herts

Councillor Louise Peace proposed the motions as follows:

‘Changes to the NPPF (National Planning Policy Framework) in December 2024 introduced a new concept in planning: grey belt. “For the purposes of plan-making and decision-making, ‘grey belt’ is defined as land in the green belt comprising previously developed land and/or any other land that, in either case, does not strongly contribute to any of purposes (a), (b), or (d) in paragraph 143.”

Villages in North Herts now find that surrounding ‘green belt’ land can be considered as ‘grey belt’ as (a), (b) and (d) in paragraph 143 of the 2024 NPPF made no reference to villages – only that neighbouring towns should not merge into one another and it should ‘...preserve the setting and special character of historic towns’. Proposed revisions to the NPPF, currently at consultation stage, go further than this with (a) and (b) clearly stating that villages should not be included in these considerations. Provided that certain ‘golden rules’ are followed such as the provision of 50% ‘affordable’ housing, applications can now be made on green belt land that would previously have been untenable.

The result of this in Ickleford, in my ward of Cadwell, is that some 350 homes are currently under consideration or at pre-application stage on undeveloped edge of village green field sites with another approximately 50 homes on the border of neighbouring Bearton ward. North Hertfordshire needs new homes, but it needs to be able to build these homes where there is infrastructure available to support residents. Residents deserve readily available NHS services, good public transport options including safe walking and cycling access to employment and homes where the sewerage network isn't already at capacity. Large developments on edge of village locations result in communities reliant on cars, using roads that are already at a standstill at peak periods.

In December 2025, the Campaign for the Protection of Rural England (CPRE) reported that of 1,250 homes submitted as part of applications on 'grey belt' land, 88% will be built on previously undeveloped countryside. When the policy was introduced, the government gave 'disused petrol stations' and 'abandoned car parks' as examples of sites in the green belt that could be considered 'grey belt' and released for development. Instead, the NPPF is allowing development on unspoilt rural landscapes. The requirement for local authorities to demonstrate a five-year land supply (also introduced in the 2024 NPPF) further reduces the protection for green field habitat as the 'tilted balance' in favour of development significantly raises the bar to demonstrate harms.

The Institute for Public Policy Research published research in 2025 that showed up to 1.4 million homes have been granted planning permission, but left unbuilt by developers since 2007, and commented "This is not about pitting NIMBYs against YIMBYs, it is about ensuring the government achieves its ambitious targets whilst also maintaining local support and high quality." That is also the purpose of this motion.

Therefore, Council resolves:

That the Executive Member for Place:

- (1) Writes to the Secretary of State for Housing, Communities and Local Government to express concern about the rise of speculative development in the countryside in North Herts.
- (2) Responds to the consultation on proposed changes to the NPPF by 10 March 2026, including the following points:
 - Green belt assessment should include villages.
 - Ensure grey belt developments occur only on previously developed land
 - Ensure high-quality farmland and important wildlife habitats are protected from development.
 - Set ambitious and legally binding targets for genuinely affordable and socially rented homes in all new developments, with developers held to account if they are not delivered.

Councillor Ruth Brown seconded the motion.

The following Members took part in the debate:

- Councillor Caroline McDonnell
- Councillor Donna Wright
- Councillor David Barnard
- Councillor Ruth Brown
- Councillor Joe Graziano
- Councillor Daniel Wright Mason
- Councillor Steve Jarvis
- Councillor Ralph Muncer
- Councillor Paul Ward
- Councillor Sam Collins

Points raised during the debate included:

- This motion highlighted the risk to the green belt as villages were being overdeveloped.
- The Council needed to find more brown sites for housing development.
- The introduction of the National Planning Policy Framework (NPPF) had created challenges to planning.
- Ickleford was a small community which was suffering from over development.
- The Council needed to remain cautious with directing housing growth.
- If the Council did not build on grey belt, it would not meet housing requirements.
- The Council should apply to the government for extra funding for housing.
- Local villages were being overdeveloped leading to urban sprawl.
- The right infrastructure needed to be in place before any housing development could happen.
- The Council did need to provide affordable housing for young people within the district, but this must be in the right places.
- Further clarity was need on the definition of the grey belt.
- Residents have accepted that the major sites in the Local Plan would be built.
- The Council did not have enough land supply to limit grey belt development.
- Villages were in risk of becoming towns and needed to keep their rural character.
- There was a lack of concern for the countryside and local wildlife habitats.

Councillor Louise Peace replied to the debate and made the following points:

- She was very pleased that Members supported this motion.
- Members were all in agreement that the Council needed to control housing development levels in the district.
- The green belt had been put in place to prevent urban sprawl.

Having been proposed and seconded and, following a vote, the motion was **CARRIED**.

N.B. Councillor Cathy Brownjohn left the Chamber at 20:26 and returned at 20:28.

N.B. Councillor Mick Debenham left the Chamber at 20:33 and returned at 20:36.

N.B. Following this motion there was a break in proceedings and the meeting commenced again at 21:15, at which point Councillors Daniel Allen, Claire Strong and Emma Rowe returned to the Chamber.

N.B. During the break Councillors Rhona Cameron and Martin Prescott left the meeting and did not return.

(B) HertsLynx Expansion

Councillor Ralph Muncer proposed the motion as follows, having accepted the proposed amendments by Councillors Jon Clayden and Tim Johnson published as a supplementary document:

'The HertsLynx was first launched in North and East Herts in September 2021 by the previous Conservative Administration at Hertfordshire County Council in conjunction with North Herts Council, offering residents the opportunity to access more flexible and reliable journeys by bus, as well as enhancing connections and making it easier for people who live in rural communities to access employment, education and healthcare located within key hub towns including Hitchin, Letchworth and Stevenage.

However, despite the service going from strength to strength in recent years with over 5,000 passenger journeys being taken every month and the service having been expanded to Dacorum in December 2023, the rural communities within the Southern Rural area have not yet been able to experience the benefits of this service due to the operating zone not having been expanded to cover them.

It notes that the Liberal Democrat led Hertfordshire County Council has recently successfully obtained funding from the Labour government to support work towards introducing franchised bus services in North Herts, East Herts and Stevenage which could in future result in funding to expand the HertsLynx service to the remainder of the district.'

Therefore, Council resolves:

- (1) To instruct the Leader of the Council to write to the Executive Member for Environment, Transport and Growth at Hertfordshire County Council, urging them, once funding is available, to expand the HertsLynx service to the communities within the Southern Rural area who don't currently enjoy the benefits of this innovative service, as well as to welcome the planned enhancements to the service currently experienced by those living elsewhere in North Herts.
- (2) To instruct Officers to work with Hertfordshire County Council in order to identify the best way North Hertfordshire District Council can encourage and support any proposals for the expansion and service enhancement of the HertsLynx, including investigating any potential financial support from S106 contributions that this Council could offer in order to deliver these ambitions.

Councillor Joe Graziano seconded the amended motion.

Published as a supplementary document to the agenda was a further amendment proposed by Councillor Vijaiya Poopalasingham, which was withdrawn on the basis that the amendments proposed by the Liberal Democrat group had been incorporated into the motion.

The following Members took part in the debate:

- Councillor Vijaiya Poopalasingham
- Councillor Ruth Brown
- Councillor Sam Collins
- Councillor Alistair Willoughby
- Councillor Ian Albert
- Councillor Matt Barnes
- Councillor Val Bryant
- Councillor Nigel Mason

Points raised during the debate included:

- Hertfordshire County Council was looking to expand bus services to rural areas.
- The original concept for HertsLynx originated from North Herts Council.
- The Council should seek to provide a reliable regular bus service across the whole district to connect communities.
- Although there had been some improvements made to the bus services to villages, there was much more to be achieved.
- The bus service in Royston was very popular and was used in many of the surrounding villages.
- Hertfordshire County Council should seek to improve bus services in North Herts using some of the funds it received from government.

Councillor Ralph Muncer replied to the debate and made the following points:

- He was very pleased to receive support from Members for this motion.
- Although there were some Hertfordshire County Councillors in the Chamber, it should be made clear that this request was being made from North Herts District Council.

Having been proposed as amended, and seconded and, following a vote, the substantive motion was **CARRIED**.

(C) Action on Fly-tipping

Councillor Ralph Muncer proposed the motion as follows:

‘Fly-tipping is a blight on our towns and villages which causes damage and pollution to the local environment, endangers public health and results in the perception of an area shifting from one that is looked after and protected to one of neglect and decline.

It’s a crime which incurs significant cost to the taxpayer, with the Hertfordshire Waste Partnership estimating Councils across the county are required to over £1 million every year to clean-up and investigate illegally dumped waste.

Rural communities are also disproportionately impacted by this crime with farmers, who already face increased hardship, often being required to pay thousands of pounds to remove fly-tipped waste from their land, and recently the National Farmers Union estimated the cost of rural crime in Hertfordshire, including fly-tipping, increased to £1.23 million.’

Therefore, Council resolves:

- (1) To use the powers given to local authorities by the previous Conservative Government to increase fixed penalty notices issued by North Hertfordshire District Council for fly-tipping to £1000 as opposed to the current £400 fine.
- (2) To instruct Officers to work on a public information campaign to increase awareness of the SCRAP code, as well as the steps members of public should take to report fly-tipping to the Council.
- (3) To adopt a policy to name offenders who are convicted of fly-tipping in Council Press Releases.’

Councillor Michael Muir seconded the motion.

The Chair advised that there had been two amendments to the motion published in supplementary documents. One proposed by Councillor Mick Debenham and seconded by Councillor Vijaya Poopalasingham and one proposed by Councillor Tom Tyson and seconded by Councillor Caroline McDonnell.

Councillor Mick Debenham advised that he would be happy to accept the amendments proposed by the Liberal Democrat Group, within the amended motion he proposed.

Therefore, Councillor Mick Debenham proposed the amendment as follows:

‘Fly-tipping is a blight on our towns and villages which causes damage and pollution to the local environment, endangers public health and results in the perception of an area shifting from one that is looked after and protected to one of neglect and decline.

It’s a crime which incurs significant cost to the taxpayer, with the Hertfordshire Waste Partnership estimating Councils across the county are required to over £1 million every year to clean-up and investigate illegally dumped waste.

Rural communities are also disproportionately impacted by this crime with farmers, who already face increased hardship, often being required to pay thousands of pounds to remove fly-tipped waste from their land, and recently the National Farmers Union estimated the cost of rural crime in Hertfordshire, including fly-tipping, increased to £1.23 million.

Therefore, Council resolves:

- (1) To use its powers given under the Environmental Protection Act (1990) to issue Fixed Penalty Notices for minor fly tipping offences. In line with the 2023 amendment increasing the maximum fine to £1000, higher penalties will be applied where appropriate.
- (2) To instruct Officers to work on a public information campaign to increase awareness of the SCRAP code, as well as the steps members of public should take to report fly-tipping to the Council.
- (3) To continue to work with the police to tackle the crime of fly-tipping by unauthorised commercial operators and pursue the objective of prosecuting all serious offenders.'

Councillor Vijaya Poopalasingham seconded the amendment to the motion.

The following Members took part in the debate on the amendment:

- Councillor Sean Nolan
- Councillor Michael Muir
- Councillor Tom Tyson
- Councillor Ralph Muncer
- Councillor Alistair Willoughby
- Councillor David Barnard
- Councillor Amy Allen
- Councillor Sam Collins
- Councillor Joe Graziano
- Councillor Ruth Brown

Points raised during the debate included:

- The Council did currently name fly-tipping offenders on the website and in some of the press releases.
- The fine for should be raised to the maximum £1k to stop fly-tipping offenders.
- Sometimes people could be unaware that the rubbish they had paid to be disposed of could end up being fly tipped.
- Increasing fines to £1k would not stop fly-tipping and more work needed to be done with partners to put an end to fly tipping.
- Environmental Enforcement Officers were currently overworked with so many cases of fly-tipping.
- People should ask to see a refuse disposal licence and obtain a receipt when they paid someone to dispose of their rubbish, otherwise they could face being prosecuted.
- Details of the SCRAP code could be found on the Council website.
- Farmers were victims of fly-tipping and the National Farmers Union were having to clear up fly tipping out of their own expenses.
- The current fine of £400 for fly-tipping was less than the price of hiring a skip.
- In addition to promoting the SCRAP code, the Council should be promoting the bulky waste collection service.

In response to points raised in the debate on the amendment, Councillor Ralph Muncer thanked Members for their support for this motion.

Thursday, 29th January, 2026

Having been proposed and seconded, and following a vote, the amendment was **CARRIED**.

Having been proposed and seconded and, following a vote, the substantive motion, as amended, was **CARRIED**.

The meeting closed at 10.01 pm

Chair

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**COUNCIL
26 FEBRUARY 2026**

***PART 1 – PUBLIC DOCUMENT**

PAY POLICY STATEMENT 2026/27

REPORT OF: DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR RESOURCES

COUNCIL PRIORITY: ACCESSIBLE SERVICES

1. EXECUTIVE SUMMARY

- 1.1 This report sets out a Pay Policy Statement 2026/27 (Appendix 1) for Council's consideration and approval in accordance with the requirements of Section 38 of the Localism Act 2011 (the Act), associated guidance issued under Section 40 of the Act, the Local Government Transparency Code 2015 and any other relevant legislation.

The Statement incorporates elements of existing policy and practice and is required to be agreed annually.

2. RECOMMENDATIONS

- 2.1. That Council approves the 2026/27 Pay Policy Statement attached at Appendix 1.
- 2.2. That Council delegates authority for revisions made in year to the Pay Policy Statement, to the Director - Resources, in consultation with the Executive Member.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To comply with the requirements of Section 38 of the Localism Act 2011, Statutory Guidance issued under s40 and the Local Government Transparency Code 2015.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. The Pay Policy Statement reflects current adopted policies and associated statutory reporting arrangements.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 There is no consultation required.

6. FORWARD PLAN

6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

7.1 The Localism Act 2011 requires Council to approve, on an annual basis, a Pay Policy Statement. The suggested contents of the statement are set out in guidance issued under Section 40 of the Act, the Local Government Transparency Code 2015 and the Enterprise Act 2016.

8. RELEVANT CONSIDERATIONS

8.1 The format and general contents of the Pay Policy Statement are unchanged from previous years. The main updates to note are:

- Details of the pay agreement for 2025/26 (Appendix 1 Paras 2.1).
- Updated pay rates and multiples. As these will be subject to further update when the April 2026 pay claim is agreed, this emphasises the need for recommendation 2.2.

9. LEGAL IMPLICATIONS

9.1 Under Section 38 (1) of the Localism Act 2011, the Council must prepare a Pay Policy Statement for each financial year and policies for the financial year relating to the remuneration of its chief officers, the remuneration of its lowest-paid employees and the relationship between the remuneration of its chief officers and its employees who are not chief officers.

9.2 Section 38 (4) of the Localism Act 2011 sets out what the Pay Policy Statement must include:

- (a) the level and elements of remuneration for each chief officer,
- (b) remuneration of chief officers on recruitment,
- (c) increases and additions to remuneration for each chief officer,
- (d) the use of performance-related pay for chief officers,
- (e) the use of bonuses for chief officers,
- (f) the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and
- (g) the publication of and access to information relating to remuneration of chief officers.

9.3 The Act defines remuneration widely, which will include not just pay but also charges, fees, allowances, benefits in kind, increases in or enhancements in entitlements such as pension entitlements and termination payments.

9.4 The 2011 Act also confirms that the Pay Policy Statement:

- must be approved formally by the Council meeting before it comes into force,
- must be prepared and approved each year,
- as soon as reasonably practicable after approving or amending a Pay Policy Statement, the Council must publish the Statement in such manner as it thinks fit which must include on the authority's website.

- 9.5 The Council must have regard to any guidance issued or approved by the Secretary of State under Section 40 of the Act.
- 9.6 Under Section 39 of the Localism Act, the Council's Pay Policy Statement must be approved by resolution of the authority, before it comes into force.
- 9.7 Sections 38 to 43 of the Localism Act 2011 require Councils to prepare a Pay Policy Statement for each financial year and the Secretary of State, pursuant to section 40, has issued both the original Pay Accountability Guidance in February 2012 and a supplementary guidance in February 2013. The content of this report and the recommendations comply with the Council's responsibilities in this regard. Section 39(4) permits the Council to amend its policy by resolution.
- 9.8 Section 4.4 (aa) of the Constitution states that Full Council will "agree any award which would exceed the financial limits set out in the Council's Pay Policy Statement". Therefore, the Pay Policy Statement needs to set what this level will be.

10. FINANCIAL IMPLICATIONS

- 10.1 There are no direct financial implications arising from this report.

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 There are no direct risk implications arising from this report.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its 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 The Pay Policy Statement reflects the practical arrangements that are in place to ensure all employees are remunerated in accordance with the requirements of the Equality Act and Public Sector Equality Duty and through the application of a universal grading scheme, flexible retirement scheme, other relevant HR policies and salary structure for all staff. The pay policy ensures consistency regarding pay and remuneration in regard to individual roles, and therefore with no direct adverse impact on any single group with protected characteristics.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at Paragraph 12.

14. ENVIRONMENTAL IMPLICATIONS

14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

15.1 The Pay Statement meets the requirements of the Localism Act 2011.

16. APPENDICES

16.1 Appendix 1 - North Herts Council Draft Pay Policy Statement 2026/27

17. CONTACT OFFICERS

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Appendix 1 - North Herts Council Pay Policy Statement 2026/27

INTRODUCTION

- 1.1 Local Authorities are required by section 38 of the Localism Act to prepare a pay policy statement and view it alongside the Local Government Transparency Code. This statement outlines our current policy and matters required by the Act and the Transparency Codes relating to the pay of staff, particularly senior staff and the lowest paid employees.
- 1.2 This annual statement covers the financial year 1 April 2026 to 31 March 2027 and is approved by full Council. It will be subject to review annually and in accordance with new or proposed legislation to ensure that it remains relevant and effective.

BACKGROUND

- 2.1 The National Joint Council (NJC) pay awards for 2025/26 were agreed in July 2025. The pay awards were as follows:

National Joint Council for Local Government Services:

- 3.2% on each spinal point
- From 1 April 2026, spinal column point 2 will be permanently deleted (this is the lowest pay point on the NJC pay scale)

Joint Negotiating Committee for Chief Executives and Joint Negotiating Committee for Chief Officers:

- 3.2% on each spinal point

- 2.2 The National pay negotiation process for 2026/27 has begun.
- 2.3 All the pay amounts in this document are at 2025/26 rates but include the deletion of the lowest spinal column point in line with the 2025/26 pay award.

GRADING

- 3.1 Our pay scales contain 16 pay bands which each contain 6 incremental points except for Grade 16 and grade 1, with grade 16 containing 5 points and grade 1 containing 4 points, following the deletion of the lowest point in April 2026. Grade 1 is the lowest and Grade 16 is the highest of these pay grades. Posts are allocated to a pay band through an analytical job evaluation process. Incremental progression through the pay points is annual, based on satisfactory performance. The Council does not operate performance related pay or a bonus system. Grades 13 & 15 are not currently used.
- 3.2 The lowest grade is Grade 1. The bottom of the Grade 1 pay band is £25,033, the top is £25,664 and the median £25,243.
- 3.3 The Enterprise Act 2016 regulations introduced a Levy for Apprenticeship training set at a rate of 0.5% of an employer's pay bill. The Enterprise Act 2016 also set out that public sector bodies should employ apprentices and may be set targets to increase Apprenticeships, and the Levy is now used for the apprenticeship training.
- 3.4 The Council employs several temporary Apprentices each year. The scheme supports young people and career changers gain paid meaningful work experience which

assists progress to permanent employment and develop careers. Those employed as level 3 Apprentices will be paid at the bottom of Grade 1, £25,033.

- 3.5 The Accounts and Audit Regulations 2011 require councils to publish the number of employees who are paid over £50,000. This would apply to the Chief Executive, Directors and all full-time managers at grades 11 and 12 and several at grade 10. Following the April 2025 pay award, the salary for grade 10 scale point 6 is £50,383. The Council's 2025/26 Statement of Accounts will disclose the number of employees who earned over £50,000. Due to progression through the pay scales and inflation, the number in 2026/27 will be higher. The exact number will be subject to the April 2026 pay award.
- 3.6 The table below shows the current positions for Chief Officers on Grades 14 to 16. At 2025/26 pay rates, excluding car allowance.

| Position | Grade | Bottom of Pay Scale £ | Top of Pay Scale £ |
|------------------------|--------------|------------------------------|---------------------------|
| Director - Enterprise | 14 | 74,959 | 87,794 |
| Director - Customers | 14 | 74,959 | 87,794 |
| Director - Governance | 14 | 74,959 | 87,794 |
| Director - Environment | 14 | 74,959 | 87,794 |
| Director - Regulatory | 14 | 74,959 | 87,794 |
| Director - Resources | 14 | 74,959 | 87,794 |
| Director – Place | 14 | 74,959 | 87,794 |
| Chief Executive | 16 | 126,839 | 139,334 |

Pay is pro-rata for part time hours.

- 3.7 The values of the pay points within these pay grades are up rated by the pay awards notified by the National Joint Council for Local Government Services. For the Chief Executive the up-rate is usually determined via the Joint Negotiating Committee for Chief Executives of Local Authorities and for Directors, grades are usually up-rated by the Joint Negotiating Committee for Chief Officers of Local Authorities, as the JNC conditions of service apply to these posts.
- 3.8 4.4 (aa) of the Council's constitution states that Council will agree any award that exceeds the financial limits set out in this Pay Policy Statement. The salary limit is £100,000 and therefore will apply to the Chief Executive post only, as no other posts are expected to reach this threshold.
- 3.9 The same limit (£100,000) is applied to discretionary severance compensation payment award, which includes:
- Salary paid in Lieu of Notice
 - Outstanding holiday pay

- Redundancy/Compensation under the Discretionary Compensation Regulations 2006
- Pension strain costs to the Employer

This limit could apply to a much greater range of people, due to pension strain costs being dependant on length of service, current and recent salary amounts and time until standard retirement date.

- 3.10 The Statutory guidance on the making and disclosure of Special Severance Payments (SSP) by Local Authorities in England was published in May 2022. This sets out what is considered to be a SSP (generally where there is discretion as to whether it is paid) and the approval process required. In line with paragraph 3.9 above, any payment over £100k (including those which would not actually be an SSP) are approved by Council. The Council will ensure that all SSPs meet the requirements set out in the regulations.
- 3.11 Returning Officer/counting officer fees are paid by the parish, North Herts Council or the Government and are payable to the Returning Officer in respect of Elections and referendums. In setting a scale of fees and charges for local elections (district, town and parish elections) the Council is complying with The Representation of The People Act 1983, (section 36). These fees are approved by Full Council.

4. FUTURE APPOINTMENTS AND INTERIM ARRANGEMENTS

- 4.1 If the need arises to provide agency or interim cover the policy is to seek to cap the cost of that appointment at no more than that of the permanent appointment taking into account additional employment costs, pension contributions, national insurance, paid leave etc. However, it is often necessary to pay a higher “market rate” to secure a suitable individual and market rate will be established by reference to soft market testing, external independent advice and dialogue with peer authorities. A decision notice will be published where the cost of an agency or interim arrangement exceeds £75k.
- 4.2 Engaging senior people on a temporary basis as a self-employed worker, a consultant or via an agency occurs only when necessary. This form of employment is a last resort when it is in the economic or operational interests of the Council.
- 4.3 The use of severance agreements and “off payroll” arrangements were the subject of Guidance issued for local authorities in March 2015, known as IR35. From 6 April 2017, responsibility for assessing IR35 status and for deducting and accounting for Pay as You Earn (PAYE) and National Insurance Contributions (NIC) became the responsibility of the public sector body engaging them. The Council implemented the processes to ensure that this legislation is adhered to.

5 PAY MULTIPLES

- 5.1 In the Hutton Report of March 2011, concern was expressed about multiples in the order of 20 or higher between the lowest and the highest paid employees in Local Authorities. The Council is not required to publish details of these pay multiples but has decided to do so in the interests of transparency.
- 5.2 Under the Local Government Transparency Codes 2014 and 2015, the Council must publish the ratio between the highest paid salary and the median salary of the whole of the Authority’s workforce. The highest paid salary including allowances is £143,334.

The median salary of the whole of the Local Authority's workforce is £32,661 and the multiple is 4.39.

| Position/ Grade | Pay Range (including Car Allowance for Grade 12,14,16) £ | Median in pay range (inc allowances for Grades 12,14,16) £ | Multiple of Grade 1 Median |
|--------------------------------|---|---|---|
| Grade 1 | 25,181 – 25,664 | 25,485 | 1 |
| Chief Executive - Grade 16 | 130,839 – 143,334 | 137,081 | 5.38 |
| Directors - Grade 14 | 78,459 – 91,294 | 84,864 | 3.33 |
| Service Managers - Grade 12 | 57,558 – 66,801 | 62,173 | 2.44 |

All at 2025/26 pay rates, including deletion of lowest spinal column point.

The Council is satisfied that the multiples shown above are justifiable and equitable. Our pay rates are set by our Job Evaluation scheme, which applies to all the Council's posts.

6. CAR ALLOWANCES

6.1 Employees who need to use their cars on a frequent basis for work related travel get a car user allowance of £1,239. For these car users the mileage is paid at of 45p per mile (up to 10,000 miles per year). If passengers are carried and extra 5p can be claimed per mile. The mileage rates are set in line with the HMRC approved mileage rates.

6.2 Senior car allowances are provided to Grades 11 and above as part of the overall reward package to attract and retain staff.

6.3 Senior Car Allowance

Grade 11 -12 £3,000 p.a.

Grade 13 -14 £3,500 p.a.

Grade 15 -16 £4,000 p.a.

Senior Car Allowances are not subject to inflationary increases.

7. RECRUITMENT AND RETENTION PAYMENTS

7.1 The Council operates a recruitment and retention incentive policy to support the successful resourcing of posts that present recruitment challenges or where turnover levels indicate a risk to service continuity. Under this policy, market forces payments or welcome payments may be applied where appropriate and are limited to a maximum of 10% of the annual salary

All recruitment and retention incentives are subject to relevant approval and must be supported by evidence of recruitment difficulties, market pressures, or retention risks.

8. OTHER PAYMENTS

- 8.1 Section 38 (4) of the Act specifies that in addition to senior salaries, authorities must also make clear what approach they take to the award of other elements of senior remuneration, including bonuses, performance related pay as well as severance payments. The Council does not use either performance related pay or bonuses. Any other payments such as payments for taking on additional responsibility, covering absences or vacancies are calculated using the same formulas regardless of grade.
- 8.2 Any severance payments should be made in accordance with the Council's Early Severance Policy and prevailing legislative requirements.

9. LOCAL GOVERNMENT PENSION SCHEME CONTRIBUTIONS (LGPS)

- 9.1 The Local Government Pension Scheme is a valuable part of the pay and reward package for employees working in local government. For North Herts Council, the scheme is administered by Hertfordshire County Council via a contract with the South East fund, the London Pensions Partnership.
- 9.2 The current Employer contribution rate is 16.5% for all grades (based on 2025 triennial valuation).
- 9.3 The Employee Contribution bands for are set out in the table below.

| Pensionable pay | Contribution rate |
|------------------------|--------------------------|
| Up to £16,500 | 5.5% |
| £16,501 to £25,900 | 5.8% |
| £25,901 to £42,100 | 6.5% |
| £42,101 to £53,300 | 6.8% |
| £53,301 to £74,700 | 8.5% |
| £74,701 to £105,900 | 9.9% |
| £105,901 to £124,800 | 10.5% |
| £124,801 to £187,200 | 11.4% |
| £187,201 or more | 12.5% |

- 9.4 The Council allows flexible retirement under its pension discretions. This is where an employee draws their pension and carries on working at a lower grade and/or on reduced hours. It is available to LGPS members who are aged 55 or over, and who, with the Council's consent, permanently significantly reduce their hours and/or reduce their grade. The employee's pension is actuarially reduced if paid before age 65. This policy applies to all grades, but applications would be at the Council's discretion giving due regard to the business implications and succession planning.

10. PUBLICATION

- 10.1 This annual statement applies to the financial year, beginning 1 April 2026 to 31 March 2027. This statement was approved by a meeting of full Council on 26 February 2026. Where required, Council also delegates authority to update the statement during the year.
- 10.2 In addition to this statement, the Council is required to publish the details of Chief Officer pay in the annual Statement of Accounts. The [draft and final Accounts](#) are

published on the Council's website. The Council also makes further pay related disclosures on the [Open Data](#) page of the website.

COUNCIL
26 February 2026

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: BUDGET 2026/27 (REVENUE AND CAPITAL BUDGETS)

REPORT OF: DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR RESOURCES

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

1.1. Cabinet have recommended a budget for 2026/27 to Council for their consideration and approval. The budget considers the following:

- The funding that the Council should expect to receive in 2026/27 and an estimate of future years funding.
- The forecast net spend required to enable the continued delivery of the Council services in 2026/27 and beyond.
- 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.
- The availability of General Fund reserves and the opportunities that provides.

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 £3.5 million is recommended.
- 2.3. Notes 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 £27.524m, 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 bringing forward the capital budget for pool covers at the outdoor pools to 2025/26.

- 2.9. Notes that a Council Tax premium on Second Homes will be implemented from 1st April 2026, which is adopting the decision taken by Council on 29 February 2024

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 2026/27. To ensure that the budget is aligned to Council priorities for 2024-28 as set out in the Council Plan.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. The proposed budget includes some use of revenue reserves to fund one-off revenue spend and capital projects. This reflects that revenue reserves are significantly above the recommended minimum level and is an option to invest in the district. The Council could choose to retain those reserves.
- 4.2. The proposed budget includes setting aside a specific reserve for the cost of Local Government Reorganisation (LGR). The Council could look to capitalise some of the spend on LGR, which would be any spend that is directly related to the design of new operating models and the transition towards them being implemented. This capitalisation option is discounted due to the available General Fund reserve and helping to put a new Unitary Council in a better financial position. The Council could also choose to not incur costs to help create capacity to support LGR and/or not support training and development of staff. This is discounted as LGR is a massive period of change and people are our most important asset.
- 4.3. Cabinet and Council can recommend changes to the revenue savings, revenue investments (both Appendix B) and capital proposals (Appendix C) as long as any changes consider the overall affordability.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. All Councillors were given an opportunity to review the revenue savings, revenue investment and capital proposals (as they were at the time) at the informal budget workshops in early November.
- 5.2. Over the summer, when the position in relation to future funding was much less certain, residents were consulted on their service and spend priorities. They were also asked to set out their preferred approach to achieving a balanced budget. The detail of this consultation is included at Appendix F.
- 5.3. Business Ratepayers will be consulted on the proposals within this report before the budget is discussed at Full Council on 26 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.
- 5.4. 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).
- 5.5. 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.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

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 November following recommendation by Cabinet (and review by the Finance, Audit and Risk Committee). The budget estimates within the MTFS included several 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.

8. RELEVANT CONSIDERATIONS

Decisions made to deliver Council services and priorities

- 8.1 The Council's Medium Term Financial Strategy (MTFS) set a general approach to achieving a balanced budget that reflected the high uncertainty over future funding and costs. This reflected that there would not be sufficient time between the provisional Local Government settlement (mid-December) and setting the 2026/27 budget (end of February) to have a full set of savings proposals (if they were required). Therefore, there was no specific savings target for 2026/27, and the focus was on having an implementable plan for the 2027/28 budget, and to use General Fund reserves to address the expected 2026/27 funding shortfall.
- 8.2 At its meeting in January, Cabinet considered the outcomes of the provisional Local Government settlement and reviewed the revenue and capital budget proposals. In that meeting the following additions to the revenue and capital budgets were proposed. These have been incorporated into the relevant appendices for revenue (Appendix B) and capital (Appendix C) proposals, and into the overall forecasts.
- Learner Pool in Royston. Capital funded from a revenue contribution.
 - Digital and other signage for car parks in Hitchin, to promote better use of car parks. Capital funded from a revenue contribution.
 - Additional water play features at North Herts Leisure Centre. Capital funded from a revenue contribution.
 - If required, Churchgate project consultancy costs to get to the point of setting a capital budget. Some costs will be funded from existing specific reserves and surplus lettings income. Revenue cost.
 - Planting at Broadway Gardens, Letchworth. Revenue cost.
 - Feasibility work on remodelling of Grange Recreation Ground in Letchworth. Revenue cost.
 - Work to determine feasibility for additional allotment provision in Great Ashby. Initially a revenue cost to determine the scope of the work required.
 - One-off additional funding for Community Forums.
 - Consider additional funding for organisations receiving funding via Memoranda of Understanding (MOU).
 - Outreach work in relation to the museum storage project. Revenue funding to carry out some work on this if a grant bid is unsuccessful.
 - Marketing support for Hitchin Town Hall and District Museum.
- 8.3. Additional costs have also been added in for an early estimate of the Business Rates amounts that the Council will need to pay. This is due to the new ratings list, but is

subject to change depending on eligibility for any reliefs or if the Council decides to appeal any ratings valuations. As detailed in table 3 there is also likely to be an additional allocation for Herts Futures to support county-wide economic development.

8.4. At its meeting in February, Cabinet recommended some further revenue investment proposals which are included in Appendix B. These additions are:

- Confirmed additional support for Herts Futures of £70k. This is based on other Districts and Boroughs also providing funding, so that their planned work is cost effective. This is for 2026/27 only.
- Provision for an additional Executive Member to represent Local Government Reorganisation during 26/27 and 27/28. Actual use will depend on the Leader's decision over Cabinet structures. Allocation of £9k per year.
- Putting in place security for key evening Committee Meetings (estimated 35 per year) to help protect staff, Councillors and the public. Estimate of £7k per year for 2026/27 and 2027/28.
- Confirmed the additional allocation for MOU funding arrangements. The new arrangements will be for a period of 3 years. The first year allocations will be £194k for Citizens Advice, £30k for North Herts CVS and £15k for North Herts Minority Ethnic Forum. These will increase each year in line with pay inflation.

General Funding

8.5. Government published their funding policy statement on 20 November 2025. This included several updates on how Fair Funding 2 would be calculated. This started to narrow the expected Government funding that the Council would receive.

8.6. On 4 November 2025, the estimated amount of Extended Producer Responsibility (EPR) payments that the Council would receive in 2026/27 was provided. This was £1.787m, which is higher than the 2025/26 amount of £1.435m. In the MTFS the assumption was that the income from EPR would drop by 20% per year to try and reflect the impact of producers reducing the amount and costs of collection and disposal of packaging. It still seems prudent to assume a drop-off in future years, which will be retained at 20%. For 2025/26 the EPR payments were guaranteed, but this is not the case for 2026/27 onwards.

8.7. On 17 December, Government released the Local Government provisional settlement. The relevant factors from this were:

- As expected, the Fair Funding 2 formula has been used to set how much funding Councils need. This covers the period from 2026/27 through to 2028/29, although the amounts for 2027/28 and 2028/29 are indicative.
- The Fair Funding formula calculates total funding need and then deducts an assumed amount that will be received from Council Tax. The Council Tax amount assumes that rates will be increased in line with referendum principles and sets an assumed increase for growth in tax base. Councils retain Council Tax income above the assumed level and equally have to make up any shortfall.
- The funding from Government is split between Government Grant (around 55%) and retained Business Rates (around 45%) and overall is referred to as baseline funding. The Government Grant element will increase by inflation each year. The retained Business Rates element gives the potential for higher growth, but also has some risk.
- The potential for Business Rate growth is still constrained by a levy being applied to growth, but this is now more generous at higher levels of growth. Growth will also be less likely as Councils will have just gone through a reset. Councils can retain 10% of any growth in baseline funding that is up to 10%. For growth up to

an extra 100% of baseline funding, then 30% can be retained. For growth above an extra 100%, then 45% can be retained. Based on previous experience, North Herts is unlikely to see the higher rates of growth.

- The potential for Business Rates losses is still constrained by a safety net. In 2026/27 this safety net is set at 100%, so there will be no losses below the baseline funding level. In 2027/28 it will move to 97%, so losses of up to 3% are possible. From 2028/29 it will move to 92.5% and then stay at that level. This means losses of up to 7.5% are possible, and this is the amount that it has previously been set at. We will continue to set our budget based on the baseline level.
- District Councils will be able to increase Council Tax by up to 2.99% without the requirement for a local referendum.
- New burdens (e.g. costs of weekly food waste collections) are included within Fair Funding 2, and there will not be any additional allocations.
- Homelessness, rough sleeping and domestic abuse grants now form part of Core Spending Power (the headline funding for Councils) although it still subject to restrictions on how it is spent. The funding available has increased. This is shown as part of our general funding, with an off-setting pressure for the matching spend.

8.8. The final Local Government settlement is due late January/ early February, so was not available at the time of writing this report. Estimates are therefore based on the provisional settlement.

8.9. The position on our general funding is detailed in the tables below. Homelessness and rough sleeping prevention funding has previously been provided as a ring-fenced specific grant. It now forms part of core spending power and is notionally within general funding. However, it still has funding conditions, so to enable fair comparisons it has been excluded from the table below. It has been included in the detailed funding table in Appendix E, and is off-set by a spending pressure within the revenue budget proposals in Appendix B.

Table 1 – Estimated General Funding comparison (2026/27 with 2025/26)

| £000 Funding | 2025/26 Budget | 2026/27 Latest Forecast | Comments |
|--|-----------------------|--------------------------------|---|
| | £'000 | £'000 | |
| Council Tax | 13,613 | 14,211 | Increase in rate (2.99%) and increase in base of 1.36% (number of properties) |
| Council Tax Collection Fund Surplus/ (Deficit) | 144 | 251 | |
| Business Rates and General Grant funding | 4,900 | 6,728 | Based on Fair Funding allocation, including New Burdens and inflationary growth |
| Extended Producer Responsibility funding | 1,435 | 1,787 | Based on notification of estimated amount. |
| Less: Council Tax support to Parishes | (39) | (39) | Maintained at previous levels. |
| | 20,053 | 22,938 | |

Table 2 –General Funding forecasts for 2027/28 and 2028/29

| £000 Funding | 2027/28 | 2028/29 | Comments |
|---------------------|----------------|----------------|--|
| Council Tax | 14,709 | 15,225 | Assumed 2.99% increase in rate. Net 0.5% increase in tax base |
| Other funding | 6,680 | 6,613 | Based on Fair Funding totals. Whilst this is a multi-year settlement, the amounts in years 2 and 3 are not guaranteed. |

| | | | |
|--|---------------|---------------|---|
| Extended Producer Responsibility funding | 1,430 | 1,144 | Assumes a reduction of 20% per year based on producers being incentivised to reduce packaging |
| Less: Council Tax support to Parishes | (39) | (39) | Retained at same amount. |
| | 22,780 | 22,943 | |

Specific Funding

8.8 The Council also receives grants and contributions for specific purposes. Generally, these are built into service budgets and have therefore already been taken into 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. Those grants that are ongoing (or have previously been ongoing) have been reviewed and the main risks and opportunities are detailed in table 3 below. This is not intended to be an exhaustive list, and does not include any short-term grants or grants in their first year:

Table 3 – Forecasts in relation to grants and other contributions

| Grant/ Contribution | Amount expected in 2026/27 (£000) | Risk/ Opportunity |
|--|-----------------------------------|--|
| UK Shared Prosperity Fund (SPF) | 0 | Expecting that the 2025/26 allocation will be the last year of UK SPF funding. It has mostly been used for one-off/ time limited projects as known that it would come to an end. It has also been used to fund Herts Futures to provide county-wide economic development. This is identified as an investment proposal for 2026/27 (amount TBC). |
| Homelessness Prevention and Rough Sleeping Grant | 0 | As detailed in paragraph 8.5, now within general funding. Paragraph 8.7 details how it is reflected in the budget. Allocated each year to meeting priorities. Does not create any spend pressures. |
| Domestic Abuse Safe Accommodation Grant | 0 | Was included in general funding last year. A budget pressure was created last year to reflect the spend on an ongoing basis. Does not create any further spend pressures. |
| Biodiversity Net Gain Grant | 0 | This is now part of general funding having previously been a specific grant (£27k in 2025/26). There will be projects that would have been covered by this grant funding, so likely to be some budget pressures identified in the future, but none at this time. |
| Housing Benefit Administration Grant | 253 | In line with current year allocations, so no budget pressure created. |

Business Rates and Council Tax Collection Funds

8.9 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 our General Fund and to the other precepting bodies. For Council Tax an accumulated surplus of £251k can be transferred in to the General Fund and is included in table 1 above. 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 available balances in this reserve are detailed in table 4 below.

Review of balances and reserves

- 8.10 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.
- 8.11 The table below (table 4) shows the reasons why reserves are being held, as well as forecasts of future balances (where they can be estimated). Apart from the Business Rates Grants reserve, all the balances are held for a specific purpose. The result of this analysis is that there is more likely to be additional funding available, rather than any shortfalls that need to be addressed.

Table 4 – Specific Reserves

| Name of Reserve | Purpose of Reserve | Balance at 1 April 2025 | Estimated Balance at 31 March 2026 | Estimated Balance at 31 March 2027 |
|-------------------------------------|---|-------------------------|------------------------------------|------------------------------------|
| Children's Services Reserve | Had been used to help fund Active Communities projects in the district funded from grant income and/or external contributions. Remaining services are now funded from base budget. | 1 | 0 | 0 |
| Churchgate Development Reserve | Additional income above the treasury income that would have been generated from the capital used to purchase the shopping centre freehold. Intention was that those funds will be set aside in to support the planning and delivery of Churchgate regeneration project. The money will contribute towards necessary professional advice via consultants, until we get to the stage of setting a capital budget. Expected now to be used in the year that the income is received and may require additional revenue funding. | 11 | 0 | 0 |
| 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. | 20 | 15 | 10 |
| Council Tax Hardship Grant Reserve | Money received from Government to fund the costs of a localised Council Tax support scheme to help low-income and vulnerable households. Our Council Tax Reduction Scheme has not required use of this funding. There is no condition on the grant received that requires unspent funding to be returned but should be used for the intended purpose. To look at fair ways to use this but maybe over a few years. May be called upon to support what we have put in place to support the Marie Curie initiative to avoid dying in poverty/ | 269 | 269 | TBC |
| 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. May be added to by additional awards of New Burdens funding. | 121 | 93 | 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. The increase is due to additional New Burdens funding for Renters Reform Act, which will not all be spent in this year. | 15 | 24 | Unknown |

| Name of Reserve | Purpose of Reserve | Balance at 1 April 2025 | Estimated Balance at 31 March 2026 | Estimated Balance at 31 March 2027 |
|--|---|--------------------------------|---|---|
| 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. The Fair Funding review provided some greater certainty over homelessness funding, which should help with planning how grants are spent. | 275 | 148 | Unknown |
| 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. | 832 | 784 | 595 |
| 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 | Changes to accounting rules in 2024, affected how the Council treated lease vehicles. They are now treated as assets. 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. | 63 | 55 | Unknown |
| 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. | 33 | 33 | 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. £3.5m will be released into the General Fund in 2026/27 as part of investing in the District. In 2026/27 the Council will receive the funding from previous Business Rate surpluses of £2.2m. This will be released in to General Fund (as part of investing in the District) in 2027/28. This is included in Appendix E. The remaining balances reflect the expected amounts needed for deficit contributions, levy payments and a risk allowance. | 6,227 | 4,893 | 3,200 |
| 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. | 121 | 115 | Unknown |
| 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 |
| 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). To also try and identify other uses for the funding that are compliant with the grant conditions. | 758 | 782 | Unknown |

| Name of Reserve | Purpose of Reserve | Balance at 1 April 2025 | Estimated Balance at 31 March 2026 | Estimated Balance at 31 March 2027 |
|-------------------------------|--|-------------------------|------------------------------------|------------------------------------|
| 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. | 93 | 101 | Unknown |
| 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. | 367 | 359 | 349 |
| 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 waste contract procurement. Future spend may be required for options around a new waste depot. | 836 | 836 | Unknown |
| 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 new vehicles. The Council capital funded new vehicles in 2025/26 in line with the new contract. | 3,178 | 0 | 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. | 358 | 245 | 214 |

8.12 As at the 31 March 2025 there was a total of £732k held as long-term provisions. These are comprised of:

- Business Rates appeals - £704k - the Council's estimated share of outstanding business rates appeals. This has reduced significantly as fewer appeals were received than expected.
- Insurance - £28k - covers the uninsured aspect of outstanding insurance claims.

8.13 We do not want to be in a position where we are holding provisions 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.

8.14 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 £27.3 million, this means a minimum balance of about £1.37million. 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 £14.3m and therefore an additional allowance of around £430k is added.

8.15 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 2026/27

| Category | Number of Risks | Forecast Value of Impact (£000) | Risk Allowance (£000) |
|-----------------|------------------------|--|------------------------------|
| Low | 15 | 2,184 | 0 |
| Medium | 13 | 1,178 | 295 |
| High | 14 | 2,775 | 1,387 |
| Total | 42 | 6,137 | 1,682 |

- 8.16 Combining the risk allowance for specific risks and unknown risks means that a General Fund balance of at least £3.5 million should be maintained. This is what is recommended by the s151 Officer (Chief Finance Officer).

Expenditure Forecasts

- 8.17 The starting point for forecasting net expenditure for future years is the previous year's budget, as set in February 2025. 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.
- 8.18 Budget proposals were put forward for discussion at Group workshops in November. These have been subject to amendment as better estimates or information has become available. The budget report considered by Cabinet in January highlighted the improved pension fund position, which has allowed large decreases in the amounts the Council needs to contribute each year. This combined with the positive outcome from Fair Funding has allowed a balanced budget to be forecast without a significant savings requirement. This gives the Council the opportunity to invest some of the reserves in the district. The proposals in relation to this are detailed in paragraph 8.2.
- 8.19 The draft budget report considered by Cabinet in January forecast a medium-term (in 2028/29) small budget surplus of £88k. This is now forecast to be a surplus of £242k. One of the main reasons for the increase in the surplus is a reduction in estimated revenue costs of capital, and it is still expected that those costs will increase in the longer term.

Capital Programme and the revenue effects of capital

- 8.20 Due to capital spend in 2025/26, the Council now has 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 (MRP) charge. This is why the greater linkage between capital expenditure and revenue costs; means it is sensible to consider the two together.
- 8.21 The proposed capital programme is attached at Appendix C, with further details on new proposals in Appendix G. This mainly reflects the items considered by the budget workshops. It has been updated for the changes referenced in paragraph 8.2. These additional capital items are being funded from a revenue contribution. As with any capital expenditure that is immediately funded (e.g. funded from grants, capital receipts or s106 contributions), these items do not increase the Capital Financing Requirement and therefore do not add to the MRP charge.

- 8.22 When capital budgets are set (same also applies to new revenue budgets) then they can only be spent in the year that they are allocated. For new proposals the allocation is for the following year (i.e. 2026/27) or later. Two of the new proposals relate to new pool covers for the outdoor pools. It is requested (see recommendation 2.8) that Council approve this spend being brought forward into the current year (2025/26) as this then allows the covers to be replaced in advance of the outdoor pool season starting.
- 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 Capital spend can be funded from sources which include grants, capital receipts and revenue. 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).
- 8.25 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).
- 8.26 The changes to the revenue costs of capital are included in Appendix B.

Reliability of estimates

- 8.27 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

- 8.28 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 three years, including the impact on the General Fund balance. A three-year medium-term period is used as this covers the period of the multi-year settlement. On current Local Government Reorganisation (LGR) timescales, it also covers the first year of the new Unitary Councils. This is deemed a more realistic planning horizon than the usual five-year period.
- 8.29 There are no additional unidentified savings that need to be delivered to achieve a medium-term balanced budget. There are risks (as identified in the section 25 report) to this, and there is a need for ongoing budget monitoring and re-forecasting. To enable investment in LGR work there is a budget shortfall in 2026/27 and 2027/28. This will require a use of reserves, but this is affordable with the level of reserves that the Council has. There is an ongoing assumption 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 has an ongoing (and increasing) impact on this Council and

any successor Unitary Council. For example, a Council tax freeze for just one year would affect funding by just over £410k in the first year, and that would increase to over £470k after 5 years. Future Government funding is linked to the assumption that Council's will increase Council Tax by the maximum allowed (without a referendum).

Council Tax Second Home Premium

- 8.30 At the meeting of Council on 29 February 2024, it was agreed that second home premiums would be introduced (alongside an increase in empty home premiums). The initial implementation date was April 2025 (giving the required minimum 12 months' notice) but has been delayed to April 2026 to ensure that all affected properties could be identified and receive full details of the change. That decision in February 2024 considered relevant factors, including the number of properties affected and providing sufficient notice to property owners. Following that decision, the Ministry of Housing, Communities and Local Government published further guidance on the implementation of the premiums. The guidance for Second Homes has been reviewed, and all the factors that are relevant to North Herts had been considered. The charges for Second Homes will also be subject to our policy which reflects statutory and discretionary exceptions contained within the legislation and guidance. Due to the time since this decision was taken, Council are asked in recommendation 2.9 to note its implementation.

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. Capital funding (including borrowing) **cannot** be used for revenue expenditure. Revenue funding can be used for capital.

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 The risks in relation to future funding have significantly reduced with the Fair Funding outcome and three-year settlement. There is an over-arching financial risk in the Council Delivery Plan, which will be reduced as part of the next update.
- 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.

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 Some of the budget proposals identified in Appendix B and Appendix C are put forward to have a positive influence on the Council’s environmental impact (e.g. additional climate change resource, new pool covers). There will also be the continuation of previous proposals that will have a positive environmental impact (e.g. decarbonisation projects, use of HVO fuel). For other proposals 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.
- 15.2 The funding set aside for LGR is intended to help manage the impact of the additional work it creates. However, as highlighted in the Council Delivery Plan, there is still expected to be a negative impact on overall resources and will increase pressure on staff.

16 APPENDICES

- 16.1 Appendix A – Financial Risks 2026/27
- 16.2 Appendix B – Revenue Budget Savings and Investments
- 16.3 Appendix C – Capital Programme 2026-36
- 16.4 Appendix D - Section 25 report
- 16.5 Appendix E - Budget Summary 2026/27– 2028/29
- 16.6 Appendix F- Budget consultation results
- 16.7 Appendix G- Additional detail on new capital proposals

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18 BACKGROUND PAPERS

- 18.1 Medium Term Financial Strategy <https://democracy.north-herts.gov.uk/documents/s29462/Appendix%20A-%20Medium%20Term%20Financial%20Strategy%202026-30.pdf>
- 18.2 Decision on second home Council Tax premiums <https://democracy.north-herts.gov.uk/documents/s24362/Council%20Tax%20Premiums%20Empty%20Properties%20and%20Second%20Homes.pdf>

Appendix A - Financial Risks 2026/27

| Risk | High/ Medium/ Low | Risk Value £ | % | Total Risk Assessment £ |
|---|-------------------|--------------|-----|-------------------------|
| Fines for breaches of the EU General Data Protection Regulation by the Council or by NHDC outsourced providers when handling and storing data originally collected by NHDC | L | 500,000 | 0% | 0 |
| Ransomware attack results in the write-off of some IT hardware and infrastructure. | L | 200,000 | 0% | 0 |
| Failure to meet projected Careline sales income as a result of the loss of a corporate client or fall in the number of private clients. | M | 50,000 | 25% | 12,500 |
| Adverse possession of land/buildings (litigation costs). Protection of "Village Greens". Signs/fences need to be constructed to avoid residents claiming ownership rights. | L | 35,000 | 0% | 0 |
| Increases in construction inflation increase the cost of property repairs and maintenance required. | H | 20,000 | 50% | 10,000 |
| Reduction in income from Churchgate means that funds are not available for the external spend required to progress the regeneration project. Project spend is funded from excess income (above the cost of capital) being achieved since the purchase of the head leasehold interest. | M | 100,000 | 25% | 25,000 |
| Leisure centre running cost increases due to exposure to movement in electricity prices and uncertainty of impact of decarbonisation measures e.g. air source heat pumps. | M | 70,000 | 25% | 17,500 |
| Fuel costs increase for waste vehicles as a result of fluctuating prices for diesel and / or hydro-treated vegetable oil. | M | 60,000 | 25% | 15,000 |
| Increase in the net cost of recycling services due to either or all of ; adverse changes in the market prices for commodities; a reduction in the volume of recyclates collected; a change in the material composition of the recyclates collected | H | 500,000 | 50% | 250,000 |
| Reduction in funding from third party agency agreements for contracted grounds and/or tree maintenance works. | L | 50,000 | 0% | 0 |
| Costs resulting from a localised flooding event that is associated with water courses within the responsibility of NHDC to maintain. | L | 50,000 | 0% | 0 |
| Cost of felling and destroying trees as a result of pests and tree disease. | L | 50,000 | 0% | 0 |

| Risk | High/ Medium/ Low | Risk Value £ | % | Total Risk Assessment £ |
|--|-------------------|-----------------|-----|-------------------------------|
| Income from Trade Refuse is adversely affected by economic downturn. | M | 300,000 | 25% | 75,000 |
| District by-election | M | 8,000 | 25% | 2,000 |
| Legal team resources - requirement due to recruitment/retention issues to use temp. staff or outsource work. Additional external expertise for assistance with the delivery of key Corporate projects or Governance issues | H | 150,000 | 50% | 75,000 |
| Legal expertise related to employment cases | H | 50,000 | 50% | 25,000 |
| The Council is required to meet the cost of any award from new or ongoing judicial reviews. | M | 100,000 | 25% | 25,000 |
| Possible procurement challenge. Legal costs and costs of re-tendering if necessary. | L | 100,000 | 0% | 0 |
| Costs incurred from an increased number of prosecutions pursued in court, for example due to persistent flytipping. | M | 50,000 | 25% | 12,500 |
| Domestic Homicide Review – requirement for additional resources to respond | H | 15,000 | 50% | 7,500 |
| Dangerous structures - where the Council is unable to recover either or both of; the costs incurred in making the structures safe because, for example, the owner of the property is not known or the land/building is unregistered; the costs involved in seeking to recover the expenditure incurred. | L | 50,000 | 0% | 0 |
| Specialist advice required with regard to planning applications, both submitted to the local authority and to the planning inspectorate, e.g. town centre schemes, specialist areas such as solar farms, other energy infrastructure and speculative applications and where the Council cannot reasonably recover the costs (e.g. through a Planning Performance Agreement) | M | 100,000 | 25% | 25,000 |
| Costs associated with a challenge to a forthcoming decision of the Council or one that has been made and any associated outcome costs, for example: legal challenges, tribunals, contracts, grant schemes, purchase notices, an appeal against a planning decision, judicial review or threat in advance of a planning decision, Secretary of State call in or holding direction etc.. | H | 1,000,000 | 50% | 500,000 |
| New duties and obligations associated with government policy, projects etc.. leads to requiring additional training or additional and/or specialist staff or consultancy support etc.. to deliver. | L | 50,000 | 0% | 0 |

| Risk | High/ Medium/ Low | Risk Value £ | % | Total Risk Assessment £ |
|--|-------------------|-------------------|-----|-------------------------------|
| Theft of, or damage to, parking pay & display equipment | M | 20,000 | 25% | 5,000 |
| Lack of resilience in delivering key statutory services when staff absence occurs (other than normal leave) e.g. medium/long term sickness, staff resignations, redeployment to other duties and projects etc, increases expenditure on agency staff and / or consultancy advice or other method to maintain service provision. | H | 150,000 | 50% | 75,000 |
| Increase in net cost of measures to address homelessness/rough sleeping and meeting obligations/projects as a result of for example: absence of government funding / reduced government funding, national and local situations etc. | M | 150,000 | 25% | 37,500 |
| Enforcement – costs in relation to enforcement for example: investigations to enable consideration of enforcement action, specialist legal or other advice, direct action / appeal processes, recovery of illegal earnings. | M | 100,000 | 25% | 25,000 |
| Cost of unexpected Unauthorised Encampments including the cost of bailiffs to remove the encampment and grounds maintenance to repair and clean-up damage/litter etc | H | 30,000 | 50% | 15,000 |
| Disabled Adaptations: Hertfordshire Home Improvement Agency fail to recover sufficient fees, based upon application throughput, resulting in additional payment requested by HCC to cover costs. Increased level of fee exempt Building Control applications for which the Council must reimburse the fee to Hertfordshire Building Control. | H | 15,000 | 50% | 7,500 |
| Assumed vacancy saving within staffing payroll budgets does not materialise as a slim staffing structure, and / or an increase in the level of demand for services, reduces the capacity to hold posts vacant for any significant period of time. | L | 470,000 | 0% | 0 |
| Breach of partial-exemption calculation for VAT | L | 300,000 | 0% | 0 |
| Increases in construction inflation increase the cost of property repairs and maintenance required. | H | 20,000 | 50% | 10,000 |
| Localisation of Business Rates – The council is directly exposed to a range of risks including; business rates levy, safety net. | L | 0 in 2026/27 only | 0% | |
| Member/Officer Indemnity Agreement is called upon | L | 100,000 | 0% | 0 |
| Further payments are required under MMI scheme of arrangement | L | 20,000 | 0% | 0 |

| Risk | High/ Medium/ Low | Risk Value £ | % | Total Risk Assessment £ |
|---|----------------------|-----------------|-----|-------------------------------|
| Reduced staffing capacity means that the delivery of Council projects is delayed and / or additional staffing resource must be hired externally at a cost premium to the Council. | H | 250,000 | 50% | 125,000 |
| Relates to an environmental warranty that was provided to North Herts Homes on the transfer of the Housing stock. | L | 209,000 | 0% | 0 |
| Increase to the annual external audit fee negotiated between the Council's External Auditor and Public Sector Audit Appointments exceeds the amount of additional related grant funding received from government. | H | 50,000 | 50% | 25,000 |
| Contribution to housing benefit overpayments bad debt provision may need to increase as the migration of working age housing benefit clients to Universal Credit has made the recovery of outstanding overpayments debt from those clients more difficult to achieve. | M | 70,000 | 25% | 17,500 |
| Loss of housing benefit subsidy where there is a lack of evidence to support housing benefit rates applied. The current Housing Benefit audit backlog has increased the risk value in this year. | H | 500,000 | 50% | 250,000 |
| Cost of annual Housing Benefit Subsidy Certification is higher than budgeted due to additional audit fieldwork required. | H | 25,000 | 50% | 12,500 |

6,137,000

1,682,000

Appendix B - REVENUE BUDGET SAVINGS AND INVESTMENTS

New Revenue Efficiency Proposals and Savings Identified

| Reference | Service Directorate | Description of Proposal | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 | 2029/30 £'000 | 2030/31 £'000 |
|---|---------------------|--|------------------|------------------|------------------|------------------|------------------|
| E1 | Customers | Careline service income. Estimated additional income associated with proposals (below) to increase spend on Careline marketing activity, with the appointment of an additional Marketing Officer and use of Google advertising. Efficiency estimate based on an average of 300 new clients per year. | (79) | (151) | (223) | (295) | (367) |
| E2 | Place | Place Directorate staffing costs. Deletion of permanent PA to Director: Place post. Previous postholder retired in August 2025 and some responsibilities have transferred to the Regulatory directorate. A revenue investment bid for an additional full-time post to provide service-wide administrative support was approved by Council in setting the 2024/25 budget. This post is currently out to advert and will absorb the residual duties of the PA post. | (20) | (20) | (20) | (20) | (20) |
| E3 | Place | Planning applications income. Householder Planning Fee increases. Fees are presently set nationally and householder application fees were increased by Government in April 2025. Estimated permanent increase in income based upon activity in preceding years. | (200) | (200) | (200) | (200) | (200) |
| E4 | Place | Planning Pre-applications income. Pre-application charges were reviewed in 2025. This, alongside a revision to the Council's pre-application protocol and changes to Government rules around resubmissions of applications, have led to an increase in income which is expected to be sustained in future years. | (60) | (60) | (60) | (60) | (60) |
| E7 | Enterprise | Additional Estates income. Forecast that the capacity created by the additional Surveyor post below will generate annual income at least equal to the cost of the post. This will be kept under review and it is expected that income achieved will be greater. | (70) | (70) | (70) | (70) | (70) |
| E8 | All | Annual contribution to the Pension Fund. The provisional results of the latest triennial revaluation of the Pension Fund, as at 31 March 2025, has indicated an improvement in the position of the Pension Fund since the previous revaluation. As such, the scheme's Actuary has recommended a minimum marginal contribution rate for the next three financial years from 2026/27 at 16.9% of pensionable pay. This compares to the current level of contribution for 2025/26 of both a marginal contribution rate of 19.5% and a lump sum contribution of £1.028million. | (1,410) | (1,410) | (1,410) | (1,410) | (1,410) |
| E9 | Customers | District Wide Survey Expenditure. The successful adoption of the free Microsoft Forms web-based software tool to conduct online surveys has removed the need to separately procure a digital survey platform from which to run the biannual district wide survey. | - | (18) | - | (18) | - |
| Total Net Budget Reduction from new efficiency proposals | | | (1,839) | (1,929) | (1,983) | (2,073) | (2,127) |

New Revenue Pressures and Investment Proposals

| Ref No | Service Directorate | Description of Proposal | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 | 2029/30 £'000 | 2030/31 £'000 |
|--------|---------------------|---|------------------|------------------|------------------|------------------|------------------|
| R1 | Chief Executive | Transfer to a specific earmarked reserve to support the process and impacts of Local Government Reorganisation. | 1,000 | 1,000 | - | - | - |
| R3 | Customers | Careline Service marketing. Creation of a permanent Marketing Assistant post. Increase in marketing capacity will help to sustain current growth in customers and revenue (as indicated by efficiency proposal above) through enhanced marketing output. Investment value is an estimate as new role would be subject to job evaluation. | 43 | 43 | 43 | 43 | 43 |
| R4 | Customers | Careline Service marketing. Permanent budget provision for spend on Google advertising. Families seeking support for vulnerable loved ones, and professionals looking to make referrals, increasingly begin their search online. At present, Careline's visibility on Google is limited, with larger national providers dominating results through higher advertising spend. Increase in budget will allow Careline to maintain consistent daily visibility on Google, strengthening Careline's ability to reach families at the exact point of need, while improving financial sustainability through higher customer acquisition. Estimated corresponding increase in revenue income is included in the efficiency above. | 5 | 5 | 5 | 5 | 5 |
| R5 | Customers | Careline Service staffing costs. Increase in management capacity through the creation of two Team Leader positions. The new posts would replace existing Senior Administrative Support Officer roles. The investment will increase service resilience and reduce operational risk, while increasing strategic capacity. | 6 | 6 | 6 | 6 | 6 |
| R7 | Customers | Careline Service staffing costs. Temporary additional administrative staffing support (65 weekly hours of bank staff) to manage spike in demand for installations while clients transition to new digital assistive technology equipment. This will involve more than 5,500 installer installation bookings over the next 18-24 months, with current administrative capacity unable to absorb the associated additional workload. | 70 | 70 | - | - | - |

| Reference | Service Directorate | Description of Proposal | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 | 2029/30 £'000 | 2030/31 £'000 |
|-----------|---------------------|---|------------------|------------------|------------------|------------------|------------------|
| R8 | Customers | Communications staffing. Budget is requested to retain the capacity that has been created by having a Communications Apprentice. This would be a two-year fixed-term full time contract as a Communications Assistant from June 2026 until June 2028. Role is required with the increased workload associated with Local Government Reorganisation (LGR), increased filming requests, our Newsflash redevelopment project and the Museum Storage Project. | 29 | 36 | 8 | - | - |
| R9 | Customers | Process mapping tool. A process mapping tool is required for the Digital Business Analyst and wider team to use to map processes, and to enhance efficiencies across the Council. The tool will be used to create a library of process maps ahead of LGR. The tool will go towards identifying time saving across the organisation. | 13 | 13 | - | - | - |
| R10 | Customers | IT Services staffing costs. Due to the significant increase in workload, rapid technology advancements, heightened importance of cybersecurity, and the transition from a virtual environment to laptop end user devices, it is essential to make the current temporary Developer role a permanent position within the IT department. This change will ensure continuity, maintain service quality, and support the department's ability to meet ongoing and future operational demands as well as effective preparedness for the transition to a new unitary authority. | 61 | 61 | 61 | 61 | 61 |
| R11 | Enterprise | Recruitment of an additional Estates Surveyor on a fixed term two year contract. There remains a backlog of case work (rent reviews and lease renewals) which require actioning and will deliver back rent and increased revenue going forwards. The proposed role will assist with this and free up existing team members to progress a number of capital projects which require increased resource to progress (including Riverside Walk, Charnwood House, Thomas Bellamy House, former WC building at Royston and bringing forward development sites). This is in addition to overseeing the day to day management of Churchgate Shopping Centre to ensure it is appropriately managed and delivering net income pending the planned re-development, and supporting the Local Government Reorganisation estates workstream across the Hertfordshire authorities. | 67 | 67 | - | - | - |
| R12 | Enterprise | Churchgate Project Manager Role. The extension of the dedicated Project Manager to focus on the preparation and delivery of the next phases of the Churchgate Shopping Centre regeneration beyond that approved by Full Council in July 2025. | 130 | - | - | - | - |
| R13 | Enterprise | Shared Economic Development Officer role. This role is a shared agreement with East Herts to deliver economic development activity across the two Districts. In the next financial year this role will be focusing on both the monitoring of continuing Shared Prosperity Fund projects and delivering elements of the newly adopted Economic Development Strategy such as business partnerships and growth, which is critical to establishing economic development in North Herts. | 30 | - | - | - | - |
| R14 | Enterprise | Enterprise Team staffing expenditure. The new Economic Development Strategy was approved at Cabinet in September 2025. The strategy sets out the need for a much greater economic footprint within North Herts - more than the current 0.5 ED Officer currently delivers. Cabinet recognised the importance of having a strong Economic Development presence across the Council, and are committed to delivering a large portfolio of projects that will address the following: 1) business and enterprise; 2) people and skills; 3) innovation and economic change; 4) site and premises and 5) investment, position and promotion. Therefore, the Enterprise Team (supported by the Executive Member) will be proposing a team restructure in the coming months to deliver the strategy and its action plan. The team have worked with a consultant to map out the 'most effective' way to structure the team - utilising the current staffing budget (which has been significantly underspent for the past three years) and requesting some financial growth (50K) ongoing. This will ensure the team are experienced and strong, and are set up correctly to deliver on both the Enterprise and Economic Development Strategies. The full restructure proposal will be taken to SLT, Executive Members, Cabinet and Full Council. | 50 | 50 | 50 | 50 | 50 |
| R15 | Environment | Creation of fixed term Climate Project Apprentice post to support the delivery of Sustainability Strategy actions and outcomes related to the Climate Emergency. There are 29 actions in the strategy related to reducing emissions for both the council's own operations and the wider district. The officer would help with delivery of these actions, which could have wider benefits for residents around health related to warmer homes, reduced air pollution related to transition to cleaner vehicles / machinery, and potentially saved costs from energy efficiency measures in council buildings. Investment value is an estimate with the new role subject to job evaluation. Being funded from the apprentice budget for the first 18 months. | - | 16 | - | - | - |
| R16 | Environment | Tree maintenance expenditure. Increase to cemetery tree budget to ensure adequate provision for essential tree works. In recent years the budget has either been exceeded or important works deferred. | 12 | 12 | 12 | 12 | 12 |
| R17 | Environment | Planting borders at Bancroft, Hitchin and Priory Memorial Gardens, Royston. This will enhance biodiversity, seasonal interest visitor enjoyment, and a sense of care, while directly supporting our Green Space Management Strategy for town parks. We will look to use these borders for plants that are sustainable, interesting, colourful, wildlife friendly, drought tolerant and low maintenance. They will be a great example to our residents of sustainable planting and will boost the presentation of the park hugely. | 57 | - | - | - | - |
| R18 | Environment | Renovations and repairs of paths at Walsworth Common, as outlined in the Greenspace Action Plan for the site. | 10 | - | - | - | - |

| Reference | Service Directorate | Description of Proposal | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 | 2029/30 £'000 | 2030/31 £'000 |
|-----------|---------------------|---|------------------|------------------|------------------|------------------|------------------|
| R19 | Environment | Ash Dieback removal. An increase in the incidence of Ash Die back has occurred over the last few years in the District. In particular, Weston Hills and Norton Common are both sites where a programmed schedule of works over the next 3 years has been planned. Working with Hertfordshire County Council / Countryside Management Service in following the Greenspace Action Plan. | 15 | 15 | 15 | - | - |
| R20 | Environment | Permanent budget provision for the Community Wellbeing Officer at 32 hours a week. This post has been funded for the past two years through external grants to develop and deliver community wellbeing interventions across the district. From April 2026, the external grants are reduced and are sufficient to fund the service delivery but not the coordinating officer role, without which the services will not be delivered. The post will ensure the delivery of; social isolation projects & falls prevention, creative wellbeing for mental health and food poverty interventions district wide. They will also maintain the Community Wellbeing website, social channels and monthly newsletter. The Community Wellbeing team also have funding from Herts County Council to deliver the North Herts Healthy Hub (alongside none other district and borough hubs) with a funded Healthy Hub Coordinator. This post needs a wellbeing colleague to support safe working practices when working with vulnerable individuals, as well as holiday and other absence cover. This post, alongside the Community Wellbeing Team Leader, will ensure continuity of cover for the Healthy Hub. They will also support the Community Wellbeing Team Leader to identify and apply for sources of external funding to tackle health inequalities in North Herts. | 42 | 42 | 42 | 42 | 42 |
| R21 | Governance | Recruitment to a fixed-term Policy and Strategy Officer post until March 2028. The team, currently comprising a Team Leader, officer, and apprentice (contract ending early 2026), supports the Policy & Strategy Service Action Plan and various Council and service priorities across multiple directorates. This new role will expand the team's capacity to deliver good governance, transparent decision-making, equality and environmental impact assessments, and administration of Assets of Community Value, while also absorbing increased workload from Local Government Reorganisation. Additionally, the officer will be responsible for leading external grants identification, application, monitoring, and impact reporting in support of Council objectives. The post is career graded, with the investment value representing the maximum cost of the appointment. | 46 | 46 | - | - | - |
| R22 | Governance | Increase of hours for the Safeguarding Team Leader from 30 hours to 37 hours per week. The increase in hours is crucial given the growing complexity of safeguarding demands across the Council. The expanded role will provide ongoing support and expertise to officers and councillors, ensuring that safeguarding is fully embedded into Council culture and practice. Key responsibilities will now include delivering bespoke inhouse safeguarding training, hence reducing reliance on external trainers and reducing pressure on corporate training budgets, while ensuring staff are confident and prepared to address safeguarding concerns. The Team Leader must also ensure compliance with new legislation, county-wide protocols, and recommendations from County Boards and Domestic Homicide Reviews (DHRs). | 12 | 12 | 12 | 12 | 12 |
| R23 | Place | Planning Control staffing. Permanent budget to increase two part-time posts, including the Team Leader role, to full-time positions to meet both flexible working requests from employees and capacity requirements in this area of the service. | 17 | 17 | 17 | 17 | 17 |
| R24 | Place | Creation of a new Conservation Assistant permanent post within Planning Control. North Herts has more than 1,700 Listed Buildings and 400 Conservation Areas. There are presently only two professional Conservation Officers to provide advice on relevant schemes & enforcement activities affecting these historic assets. This post would support professional officers with research required for individual schemes or applications, provide additional capacity to support project work (e.g. undesignated heritage assets, new listings, listed buildings at risk, reviews of conservation area boundaries etc.) and resilience / future-proofing of the service by potentially providing a gateway to the professional posts. The investment value is estimated with the new role subject to job evaluation. | 49 | 49 | 49 | 49 | 49 |
| R25 | Place | Planning Technical Support staffing. Improvement of service resilience with the enhancement of the existing Technical Support Officer (TSO) post and the recruitment to a new, dedicated permanent TSO post for planning appeals. Increasing capacity at the start of the process and providing dedicated TSO support for planning appeals should enable quicker processing of applications, facilitating the timely consideration of applications in line with Government targets. | 36 | 36 | 36 | 36 | 36 |
| R26 | Place | Planning Services management. Additional budget is requested to finance additional management capacity and alleviate pressure on service managers through the uplifting of one existing post to a supervisory role. The proposed investment budget will be used in conjunction with the previous ongoing investment of £9k approved by Council for 2025/26 to review management and team arrangements across the Planning Service. | 13 | 13 | 13 | 13 | 13 |
| R29 | Place | Planning IT software expenditure. Software to assist with the statutory assessment of Biodiversity Net Gain (BNG) and reporting requirements of the Biodiversity Duty. Consideration to be given to compatibility with potential IT setups leading into and following Local Government Reorganisation. Anticipated introduction from January 2026 with first years' costs funded by residual Government grant for BNG activities. | 3 | 10 | 10 | 10 | 10 |
| R30 | Place | Digital Traffic Regulation Orders. Budget to support new statutory requirement for existing and new Traffic Regulation Orders to be produced and made available digitally. Hertfordshire County Council are currently leading an exercise to investigate IT-based solutions and funding on behalf of all authorities. Further information on potential costs anticipated October / November and will be added once known. | 8 | 8 | 8 | - | - |

| Reference | Service Directorate | Description of Proposal | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 | 2029/30 £'000 | 2030/31 £'000 |
|-----------|---------------------|---|------------------|------------------|------------------|------------------|------------------|
| R32 | Regulatory | Expenditure on Community Safety projects and initiatives. Increase ongoing Community Safety budget from £10k to £20k. The budget for the current year will be fully spent, while there are so many more initiatives we can deliver to reduce crime and tackle fly-tipping. | 10 | 10 | 10 | 10 | 10 |
| R33 | Environment | Radburn Way Habitat Bank. Improve management of the land and provide a habitat bank with improved public access as appropriate. The site to be a potential source of income as a BNG habitat bank. Long term management likely by CMS. | 15 | - | - | - | - |
| R34 | Environment | Annual software costs for new burial management system. | 21 | 21 | 21 | 21 | 21 |
| R35 | Customers | Extend the trial of Co-pilot (AI) to around 50 users (currently 20 licenses). By increasing to 50 users we get the benefit of additional analytics. The licenses will be targeted based on what has been learnt from the initial trial. | 8 | - | - | - | - |
| R36 | Customers | Business rates expenditure for Council properties. Increase in business rates liability following the 2026 revaluation. At this stage the investment value represents the maximum additional cost to the Council, before the impact of any mitigating eligible relief or business rates appeals (if applicable). | 130 | 130 | 130 | 130 | 130 |
| R37 | Regulatory | Expenditure on homelessness and rough sleeping prevention. Funded from government grant as announced in the provisional Local Government Finance Settlement. Amount matches grant funding. | 914 | 924 | 929 | 948 | 967 |
| R38 | Enterprise | Additional marketing support for Town Hall and Museum. | 34 | 34 | 13 | 13 | 13 |
| R39 | Enterprise | Churchgate project consultancy costs. To progress to being able to set a capital budget. | 100 | - | - | - | - |
| R40 | Enterprise | Outreach work in relation to museum storage project. Grant bid has been submitted for this initiative, investment value is in lieu of grant income funding this expenditure. | 82 | 43 | - | - | - |
| R41 | Enterprise | Riverside walk in Hitchin, additional decorative features. | 10 | - | - | - | - |
| R42 | Enterprise | Support for Herts Futures (26/27 only) to provide county-wide Economic Development activities. This will be subject to contributions from other Districts and Boroughs making the proposed work viable and good value for money. | 70 | - | - | - | - |
| R43 | Environment | Feasibility work on remodelling of Grange Recreation Ground in Letchworth. | 150 | - | - | - | - |
| R44 | Environment | To reinvigorate the planting and overall presentation of Broadway Gardens. Some existing planting has begun to decline and areas now require attention to ensure they remain visually appealing, resilient, and fit for the future. The funding will support the introduction of sustainable and drought tolerant planting that enhances biodiversity while providing vibrant colour and seasonal interest throughout the year. | - | 18 | - | - | - |
| R45 | Governance | Additional ongoing funding for Community Groups with MOU arrangements. Additional allocation compared with current budget, for a period of 3 years. The MOU payments will be subject to inflationary increases, which will be covered through general inflation provisions. | 37 | 37 | 37 | - | - |
| R46 | Governance | Additional one-off support for Community Forums (26/27 only). | 30 | - | - | - | - |
| R47 | Chief Executive | Other strategic priorities: initial funding for early work and feasibility reviews for other existing and emerging priorities, including Great Ashby allotments. | 20 | - | - | - | - |
| R48 | Chief Executive | Direct revenue financing of three capital projects: - Provision of learner pool in Royston (total £4.750million) - Digital and other signage for car parks in Hitchin (£0.2million) - Water play feature at North Herts Leisure Centre (£0.2million) | 2,420 | 2,730 | - | - | - |

| Reference | Service Directorate | Description of Proposal | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 | 2029/30 £'000 | 2030/31 £'000 |
|--|---------------------|--|------------------|------------------|------------------|------------------|------------------|
| R49 | Chief Executive | Update to estimated interest income return from treasury investments, based on proposed Capital Programme and Treasury Investment Strategy 2026-2036. | (129) | - | 94 | 125 | 125 |
| R50 | Chief Executive | Revenue cost of internal borrowing required to finance the capital programme. Update to existing budget estimates based on the financing of the proposed capital programme for 2026-2036. Value only reflects estimated Minimum Revenue Provision, as additional impact of lost interest income is included in the interest income projection. | (393) | (294) | (208) | 272 | 442 |
| R51 | Governance | Provision for an additional Executive Member to represent Local Government Reorganisation during 26/27 and 27/28. Actual use will depend on the Leader's decision over Cabinet structures. | 9 | 9 | | | |
| R52 | Governance | Putting in place security for key evening Committee Meetings (estimated 35 per year) to help protect staff, Councillors and the public. | 7 | 7 | 7 | - | - |
| Total Net Budget Increase from new pressures and investment proposals | | | 5,369 | 5,296 | 1,420 | 1,875 | 2,064 |

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Appendix C - Capital Programme 2026-36

| Project | Service Directorate | | | | | | | Funding | | | | Balance funded from Capital Receipts/ Set-aside receipts/ Borrowing |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------------|--------------------------|------------------------------|--------------------------------|----------------------------------|---|
| | | 2026/27 Funding £ | 2027/28 Funding £ | 2028/29 Funding £ | 2029/30 Funding £ | 2030/31 Funding £ | 2031/32 - 2035/36 Funding £ | Funded from Other Grants | Funded from Government Grant | Funded from s106 contributions | Funded from Revenue / IT Reserve | |
| An alternative set of 25 machines that are outside of the Windows Environment for Disaster Recovery | Customers | 0 | 0 | 15,000 | 0 | 0 | 30,000 | 0 | 0 | 0 | 0 | 45,000 |
| Baldock Road Recreation Ground Letchworth | Environment | 0 | 30,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30,000 |
| Bancroft Lighting | Environment | 0 | 45,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 45,000 |
| Broadway Gardens Resurfacing | Environment | 250,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250,000 |
| CCTV at DCO & Hitchin Town Hall | Customers | 11,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11,800 |
| CCTV Control Room Upgrade | Resources | 0 | 0 | 0 | 0 | 45,000 | 0 | 0 | 0 | 0 | 0 | 45,000 |
| Charnwood House | Enterprise | 300,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 300,000 |
| Council property improvements following condition surveys | Enterprise | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 250,000 | 0 | 0 | 0 | 0 | 500,000 |
| Digital and other signage for car parks in Hitchin, to promote better use of car parks | Enterprise | 200,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200,000 | 0 |
| DR Hardware Refresh Inc UPS Battery Pk (unit 3) | Customers | 0 | 0 | 16,000 | 0 | 0 | 32,000 | 0 | 0 | 0 | 0 | 48,000 |
| Hitchin Lairage car park - cosmetic coating to four stairwells and replacement windows and doors | Enterprise | 69,100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 69,100 |
| Hitchin Swim Centre: Changing Village Refurbishment | Environment | 0 | 225,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 225,000 |
| Hitchin Swim Centre: Pool Cover Replacement | Environment | 58,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 58,000 |
| Hitchin Swim Centre: Pool Seating Replacement | Environment | 73,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 73,000 |
| Hitchin Town Hall Kitchen Enhancement | Enterprise | 25,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25,000 |
| Howard Park Letchworth Path Resurfacing | Environment | 10,000 | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20,000 |
| Infrastructure Hardware | Customers | 18,000 | 18,000 | 190,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 226,000 |
| Installation of trial on-street charging (GAF) | Place | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 50,000 | 0 | 0 | 0 |
| Ivel Springs Footpaths | Environment | 25,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25,000 |
| King George V Muga Hitchin | Environment | 0 | 55,000 | 0 | 0 | 0 | 0 | 0 | 0 | 55,000 | 0 | 0 |
| Laptops - Refresh Programme | Customers | 49,000 | 35,000 | 40,000 | 349,000 | 47,000 | 234,000 | 0 | 0 | 0 | 0 | 754,000 |
| Members Laptops Refresh Programme | Customers | 30,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30,000 |
| Microsoft Enterprise Software Assurance | Customers | 0 | 0 | 747,000 | 0 | 0 | 1,494,000 | 0 | 0 | 0 | 0 | 2,241,000 |
| Museum Storage Facility | Enterprise | 2,600,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,600,000 |
| New Burials Management System | Environment | 55,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 55,000 |
| NHLC Pool Cover Replacement | Environment | 58,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 58,000 |
| NHLC Water Play Feature | Environment | 200,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200,000 | 0 |
| Northern Transfer Station | Environment | 0 | 0 | 3,000,000 | 3,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 6,000,000 |
| Off Street Car Parks resurfacing and enhancement | Enterprise | 43,000 | 77,000 | 70,000 | 60,000 | 0 | 0 | 0 | 0 | 0 | 0 | 250,000 |
| Oughtonhead Common Signage and Interpretation | Environment | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,000 |
| Parking Charging, Payments & Management | Place | 235,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,000 |
| PC's - Refresh Programme | Customers | 8,000 | 5,000 | 8,000 | 5,000 | 8,000 | 0 | 0 | 0 | 0 | 0 | 34,000 |
| Playground Renovation District Wide | Environment | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 900,000 | 0 | 0 | 0 | 0 | 1,800,000 |
| Private Sector Grants | Regulatory | 260,600 | 60,000 | 60,000 | 60,000 | 60,000 | 300,000 | 0 | 0 | 0 | 0 | 800,600 |
| Public Sector Decarbonisation Fund Phase 2 | Environment | 2,001,000 | 423,000 | 0 | 0 | 0 | 0 | 0 | 1,172,000 | 0 | 0 | 1,252,000 |
| Ransoms Rec Footpaths, Gates and Railing | Environment | 20,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20,000 |
| Refuse and Recycling Bins | Environment | 150,000 | 90,000 | 90,000 | 90,000 | 90,000 | 450,000 | 0 | 0 | 0 | 0 | 960,000 |
| Resurface Lairage Car Park | Enterprise | 346,300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 346,300 |
| Royston Leisure Centre Learner Pool | Environment | 750,000 | 4,002,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,752,000 | 0 |
| Security - Firewalls | Customers | 18,000 | 0 | 18,000 | 0 | 18,000 | 36,000 | 0 | 0 | 0 | 0 | 90,000 |

| Project | Service Directorate | | | | | | | Funding | | | | Balance funded from Capital Receipts/ Set-aside receipts/ Borrowing |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------------|--------------------------|------------------------------|--------------------------------|----------------------------------|---|
| | | 2026/27 Funding £ | 2027/28 Funding £ | 2028/29 Funding £ | 2029/30 Funding £ | 2030/31 Funding £ | 2031/32 - 2035/36 Funding £ | Funded from Other Grants | Funded from Government Grant | Funded from s106 contributions | Funded from Revenue / IT Reserve | |
| Swinburne Recreation Ground Hitchin | Environment | 30,000 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 30,000 |
| Tablets - Android Devices | Customers | 10,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 0 | 0 | 0 | 0 | 30,000 |
| Walsworth Common Pavilion - contribution to scheme | Environment | 300,000 | 0 | 0 | 0 | | 0 | 250,000 | 0 | 37,000 | 0 | 13,000 |
| Warm Homes | Environment | 478,100 | 478,100 | 0 | 0 | | 0 | 0 | 956,200 | 0 | 0 | 0 |
| Waste and Street Cleansing Vehicles | Environment | 0 | 0 | 0 | 0 | 0 | 5,500,000 | 0 | 0 | 0 | 0 | 5,500,000 |
| WiFi Upgrade | Customers | 40,000 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 40,000 |
| Wilbury Hills Cemetery Improvements | Environment | 120,000 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 120,000 |
| | | 9,131,900 | 5,787,100 | 4,488,000 | 3,798,000 | 502,000 | 9,230,000 | 250,000 | 2,178,200 | 92,000 | 5,152,000 | 25,264,800 |

Appendix D - Chief Finance Officer's section 25 report

As part of this report, under section 25 of the Local Government Act, the Council's Chief Finance Officer is required to comment on the robustness of estimates and the adequacy of reserves.

Future funding

Previously, future funding has been the biggest uncertainty facing the Council. That seems to have been resolved by now having a three-year settlement, although noting that the allocations in years 2 and 3 are not guaranteed. It is even more positive that the Fair Funding formula provides the Council with more funding than had been estimated might be the case.

The funding estimates treat Extended Producer Responsibility (EPR) monies as part of base funding. This is a reasonable position to take as the money is to fund the collection and disposal of packaging. These costs are already part of the Council's base budget and saw a significant increase between the previous and current contract, even with a competitive tendering process and decisions to help mitigate the increases in costs. However, this funding is not guaranteed, and the aim is that it will reduce packaging volumes. The current assumption is that the funding will reduce by 20% each year. This will need to be kept under review, as collection costs are linked to number of properties rather than volumes.

The Council was already incurring the costs associated with Simpler Recycling., e.g. separate weekly food waste collection. The New Burdens funding for this, now that it is a mandated, has been incorporated into the total pot that is allocated via Fair Funding.

As part of funding reforms, the Business Rates system has been reset. The Council has been used to being above the baseline funding level, which meant that there was minimal risk in relation to Business Rate income, and the opportunity for some gains. The reset will create some risk, depending on the level of Business Rate income that is collected compared to the baseline. As there is a 0% safety net in 2026/27 there is no risk next year. But the risk increases as the system moves back towards a 7.5% safety net. The risk could be around £240k.

Impact of inflation

Each year, budgets are increased to reflect forecasts of contract inflation and pay inflation. Contract inflation is usually linked to specific indicators and published economic forecasts are used to predict what these will be.

Overall inflation is remaining above the Bank of England target of 2%. Forecasts from the Monetary Policy Committee are that it will remain above target until 2027. This may put further pressure on contract budgets as the medium-term inflation assumptions may prove to be insufficient.

As part of the Medium-Term Financial Strategy update, pay inflation forecasts were increased to 3% for 2026/27 and 2027/28. Even with this increase, this may not be sufficient, particularly for 2026/27. Economic data is showing that pay inflation in other parts of the public sector are higher than these levels. The outcome will be subject to the ongoing pay negotiations between the Joint Negotiating Committee employers and the Unions.

There is still some uncertainty on the waste and street cleansing contract for 2025/26 (and therefore future years) as waiting for confirmation of the effect of the pay award to be applied from April 2025.

Capital budgets are set over a 10-year time horizon, and therefore estimates are susceptible to inflation between when they are added to the programme and when the expenditure is ultimately incurred. For more discretionary capital spend, this can have an impact on viability when estimates are updated. The estimates will need to be reviewed as we get closer to the need and opportunity to deliver affected projects.

Some of the Grounds Maintenance forecasts do not get adjusted (e.g. the play area refurbishment allocations), although the extent of some of these can be adjusted to fit the budget available.

There are some revenue budgets that do not get inflated each year, i.e. budgets that do not relate to pay or where known contract inflation can be applied. These are generally low value budgets that pay for ad-hoc items, but it is acknowledged that the spending power of those budgets is being eroded. In the quarterly budget monitoring process, we have not seen any pattern of overspend against these budgets. Although staff training is one of these budget types, we have generally found creative ways to get the most out of these budgets (e.g. use of our apprentice levy, use of other organisations unused levy). Although this will be kept under review, as it vital that the Council values staff training. Some of the Local Government Reorganisation (LGR) reserve budget is also intended to be used for staff training.

The inflation that is applied to fees and charges budgets is done in accordance with the assumptions agreed in the MTFs. In some areas this acts as a clear plan for how the level of fees and charges will be adjusted, although there is still uncertainty over the level of demand for those services. For car parking charges there is an additional level of risk over the total income that will be received. The MTFs assumption acts as a budget forecasting estimate only, and there is a subsequent report to Cabinet to consider the actual changes to parking tariffs. That report will need to consider the wider implications and justification for any tariff changes. Whilst the percentage increase is moderate (2%), the total impact equates to around £50k. Garden waste charging increases come with some risk due to the overall income generated, although the increase agreed for 2026/27 is a relatively small percentage increase. The risk is partly mitigated by a reduction in the amounts paid to Veolia for collection costs. Also other Councils have higher charges, and have not reported a drop-off in demand.

Demand pressures and grant funding

Housing is the main service area where we see demand pressures, which usually result in an increase in the need to use hotel and B&B placements. The excess cost of these placements is currently being covered through specific housing grants, and there has been an increase in specific grants. There is also an increase in the availability of accommodation for those that require greater support. But it remains an area to keep a focus on through quarterly monitoring, including the impact of subsidy loss (where the Housing Benefit that can be reclaimed from the Department of Work and Pensions is less than what has been paid to the provider).

As detailed in the main budget report, the risks in relation to other specific grant funding have also been considered. These risks are declining as there are now fewer specific grants.

Spend estimates

The reduction in pension costs is a significant contributing factor towards the improved financial position of the Council. The actuary has based this on the usual long-term funding time horizon. It also reflects the high levels of past-service contributions the Council has made and improved

investment performance over a sustained period. However, it is worth noting that there is some risk that the next triennial valuation could see an increase in contribution rates. However that would not apply until 2029/30.

Capital spend, capital funding and debt

Capital spend comes with a revenue cost, which ranges from lost treasury income through to external interest charges and Minimum Revenue Provision. There is therefore a need to ensure that capital spend forecasts continue to be realistic, both in terms of cost forecasts for items that are progressing, as well as being prepared to remove those items that are no longer deliverable.

The impact of inflation on capital spend forecasts is considered above. The need to fund capital spend from borrowing comes with an increased revenue cost, compared with being able to fund it from capital receipts. It is therefore necessary to consider the assumptions made in relation to generating new capital receipts. These have been updated as part of this update. They are more focused on smaller disposals (rather than larger site disposals) which helps to reduce the risk.

As it currently stands, the Council has a small amount of historic external debt that it is not economic to repay. In the short-term there is the option to borrow internally against revenue reserves and delay any further external borrowing as long as possible. This is both a more prudent approach, and likely to reduce longer term costs as it is likely that the cost of borrowing will reduce in the medium term (although not to the exceptionally low levels seen from 2008-2022).

Savings requirement

Based on current forecasts there are no unidentified savings required. There was also not a savings target in place when the proposals were put forward. The proposals are based on genuine estimates of what is achievable and have been supported by the Finance team. It is noted that the income from increased Careline marketing is projected to grow by a large amount (£367k by 2030/31). However this is based on a relatively modest growth in customer numbers each year, and reflects the structure that is already in place. Achievement against the targets will be kept under review to see if the forecasts need amending.

Council Reserves and the CIPFA Resilience Index

At the start of 2026/27 we expect our General Fund reserves to be £15.6m, while we will also have £5.75m of previous Business Rate gains and grants held in reserve that will be transferred in to the General Fund. As detailed in the budget report this is substantially above the recommended Minimum General Fund reserve levels. This gap helps to provide further comfort against the risks and concerns that are highlighted in this section 25 report.

The Chartered Institute for Public Finance and Accountancy (CIPFA) produce a Resilience Index for Councils. CIPFA recommend that Chief Finance Officers consider the results from the index in compiling their section 25 reports.

The index is published on the CIPFA website (<https://www.cipfa.org/services/financial-resilience-index>).

The Resilience Index includes some important measures in relation to level of reserves and how quickly they are being used. However, as it is based on data from the previous financial year-end, it obviously is not current data. Any key messages that are highlighted by the Resilience Index, would usually have been being flagged by the Council's Chief Finance Officer long before they show up on the Resilience Index. However, the Index can help as a wake-up call to reiterate the need for action.

The Index is based on comparisons, both with others and over time. This can help with highlighting where the Council may be different to other Councils and not just rely on the fact that it is difficult for everyone.

When compared with our nearest neighbours the two measures which are showing as higher risk are: level of reserves and fees and charges to service expenditure ratio. In both cases they are only slightly below the mid-point risk level when compared with the Council's (statistical) Nearest Neighbours. When compared with all non-metropolitan districts, only the fees and charges indicator is above average in terms of risk.

The reserves indicator shows that the Council has usable reserves that are 170% of net expenditure. Whilst this lower than a high proportion of the comparators, it is not too low in general terms. Indeed, as stated in the main report, there is scope to use some of our usable reserves for investment in the district.

The Council's fees and charges as a proportion of service revenue expenditure are just under 23%. That is against a Nearest Neighbour comparator range of around 15% to 55%. CIPFA take the view that having a higher proportion of costs covered by fees and charges, makes a Council less dependent on other funding sources. There was an exception to this during the Covid pandemic where fees and charges were badly affected, and increased risk. Although some losses were covered through Government compensation. Having lower fees and charges may also give scope to increase them, and a way to generate more income.

Conclusion

Overall, I consider that the budget is proposed based on robust estimates. I have highlighted where I feel that there are elements of higher risk, but I am satisfied that there are mechanisms in place to be able to respond to these if required.

Appendix E - Budget Summary 2026/27 to 2028/29

| All amounts £000 | 2026/27 | 2027/28 | 2028/29 |
|---|----------------|----------------|----------------|
| Net expenditure brought forward | 21,063 | 27,524 | 27,444 |
| Planned delivery of savings previously identified | -734 | -212 | -357 |
| Planned Investments previously approved | 1,638 | 53 | -86 |
| Other previously identified adjustments in future years | -19 | 17 | -19 |
| Savings and Cost Reductions reported in year | -761 | 0 | 28 |
| Investments and Pressures reported in year | 936 | 0 | 0 |
| New savings proposals | -1,839 | -90 | -54 |
| New investment proposals | 5,369 | -73 | -3,876 |
| Net pay increments | 98 | 100 | 50 |
| Pay inflation | 597 | 600 | 400 |
| Pension contribution inflation | 0 | 0 | 0 |
| Forecast Contractual Inflation | 832 | 488 | 325 |
| Forecast Income Inflation | -439 | -180 | -123 |
| 2025/26 Budgets Carried Forward | 783 | -783 | 0 |
| Further savings tbc | 0 | 0 | 0 |
| Total Net Expenditure | 27,524 | 27,444 | 23,732 |
| | | | |
| Council Tax Income | -14,211 | -14,709 | -15,225 |
| Council Tax Collection Fund (Surplus) / Deficit | -251 | 0 | 0 |
| Business Rates | -3,027 | -3,088 | -3,150 |
| General Funding | -3,701 | -3,592 | -3,463 |
| Homelessness, Rough Sleeping and Domestic Abuse Grant | -950 | -960 | -965 |
| Extended Producer Responsibility funding | -1,787 | -1,430 | -1,144 |
| Council Tax Support to Parishes | 39 | 39 | 39 |
| Total Funding | -23,888 | -23,740 | -23,908 |
| | | | |
| Net funding position (use of reserves) | 3,636 | 3,704 | -176 |
| | | | |
| General Fund b/f | 15,643 | 15,643 | 14,053 |
| MHCLG Grants Transfer | -3,636 | -2,114 | 0 |
| General Fund c/f | 15,643 | 14,053 | 14,229 |

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Appendix F: Results from budget consultation survey

Who responded?

Age

| | |
|-------------------|-----|
| 16-24 | 1 |
| 25-34 | 54 |
| 35-44 | 83 |
| 45-54 | 81 |
| 55-64 | 115 |
| 65-74 | 122 |
| 75+ | 85 |
| Prefer not to say | 18 |

Sex

| | |
|-------------------------|-----|
| Male | 248 |
| Female | 271 |
| Prefer not to say | 36 |
| Prefer to self-describe | 4 |

Town

| | |
|-------------------------------------|-----|
| Hitchin and surrounding villages | 252 |
| Letchworth and surrounding villages | 167 |
| Baldock and surrounding villages | 60 |
| Royston and surrounding villages | 80 |

Ethnicity

| | |
|---|-----|
| White | 480 |
| Mixed or multiple ethnic groups | 10 |
| Asian / Asian British | 7 |
| Black / African / Caribbean / Black British | 3 |
| Other ethnic group | 6 |
| Prefer not to say | 53 |

Disability

| | |
|-------------------|-----|
| Yes | 88 |
| No | 433 |
| Prefer not to say | 38 |

Which services you are aware of and which services you and your household have used in the past year?

● I have used this service
 ● I haven't used this service but I am aware
 ● I am not familiar with this service

Waste collection & recycling - Collecting waste from over 58,000 households, 57% of which is recycled.

Street cleaning - Keeping 560 miles of our streets, roads and paths clean and litter-free every day except Christmas Day.

Parks & greenspaces - Maintaining 100 hectares of parks and greenspaces, including our splash pads.

Community safety & environmental crime - Tackling anti-social behaviour, violence against women & girls and environmental...

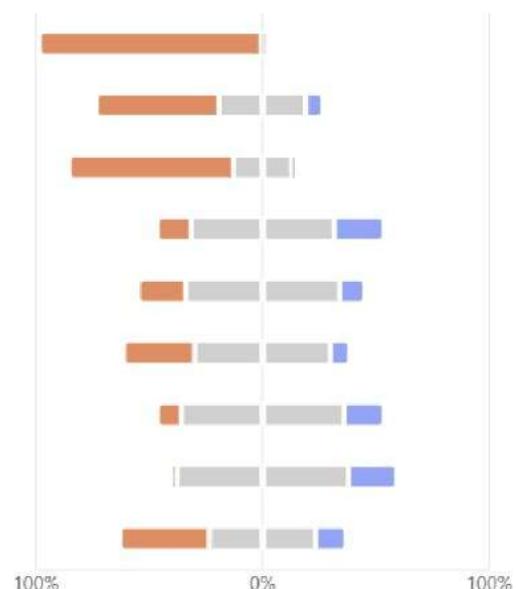
Environment health - Protecting public health, safety (incl food) and our environment through enforcing legislation, investigating...

Planning - Shaping the future of North Herts by managing how land is used and developed.

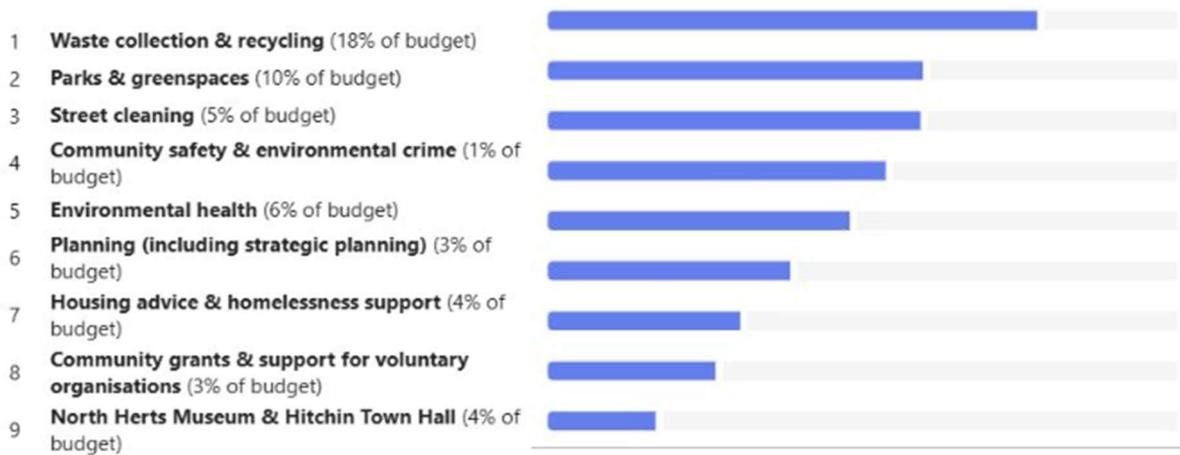
Community grants and support for voluntary organisations - Funding and championing the groups that help our amazing...

Housing advice & homelessness support - Responding to requests for assistance 24 hours a day, 7 days a week.

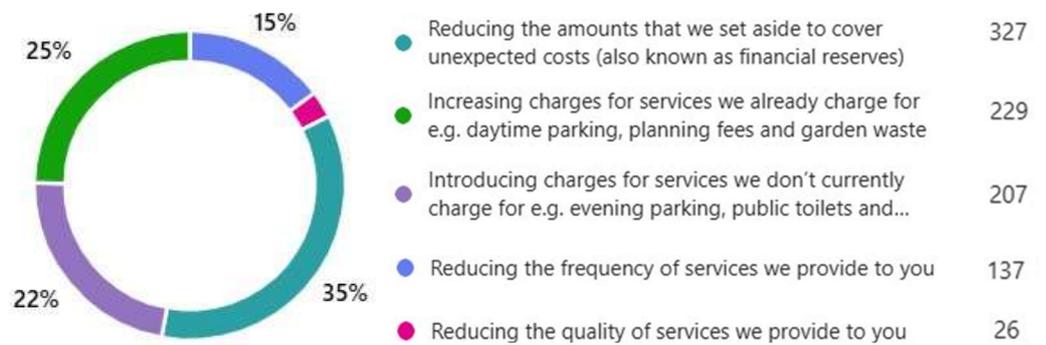
North Herts Museum & Hitchin Town Hall - Providing year-round exhibitions and events, with free entry to our museum.



Rank the services we support you with in terms of their importance to you. 1 = most important and 9 = least important



Which approach would you take to balance our budget?



Appendix G - Additional detail on new capital proposals

| Responsible Directorate | Description of Proposal | Total Project Investment 2026/27 onwards | Total Anticipated Funding from Grants or Other Contributions | Proposed Investment in 2026/27 | Proposed Investment in 2027/28 | Proposed Investment in 2028/29 | Proposed Investment in 2029/30 | Proposed Investment in 2030/31 | Proposed Investment 2031 - 2036 | Anticipated Impact of Proposal |
|------------------------------|---|--|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|--|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| NEW CAPITAL PROPOSALS | | | | | | | | | | |
| Environment | Wilbury Hills cemetery improvements | 120 | 0 | 120 | 0 | 0 | 0 | 0 | 0 | To complete the infrastructure to the far end of the site to link up the existing road and to incorporate further footpaths to segregate new areas with drop down kerbs and incorporated drainage from the road etc. Also, to add ring style soak aways, piping all hard landscaping and soft landscaping to reinstate following the works. |
| Environment | Ivel Springs footpaths | 25 | 0 | 25 | 0 | 0 | 0 | 0 | 0 | Pathworks and interpretation as outlined in the Greenspace Action Plan for the site. |
| Environment | New Burials Management System | 55 | 0 | 55 | 0 | 0 | 0 | 0 | 0 | Burials management system for NHC burials to provide interactive digital mapping, enables online booking, plot sales, financial management and simplifies task and accurate recording as used by Stevenage, Welwyn etc |
| Environment | HSC: Pool Cover Replacement | 58 | 0 | 58 | 0 | 0 | 0 | 0 | 0 | The pool cover at Hitchin Lido is over 20 years old, delapidated, and requires replacement to ensure it remains efficient at reducing energy consumption and costs. |
| Environment | HSC: Pool Hall Seating Replacement | 73 | 0 | 73 | 0 | 0 | 0 | 0 | 0 | The existing tiered seating system, located on poolside, requires full replacement. The existing structure is in poor condition with heavy corrosion and beyond repair. |
| Environment | NHLC: Pool Cover Replacement | 58 | 0 | 58 | 0 | 0 | 0 | 0 | 0 | The pool cover at Letchworth Lido is over 20 years old, delapidated, and requires replacement to ensure it remains efficient at reducing energy consumption and costs. |
| Environment | Royston Leisure Centre Learner Pool | 4752 | 0 | 750 | 4002 | 0 | 0 | 0 | 0 | Build a teaching pool for Royston leisure centre to meet demand for swimming lessons and enable more people to be physically active, also providing opportunities for quieter sessions for children and adults with SEND, neurodivergence and/or other long-term health conditions. The pool will be built to net zero carbon standards, in line with our sustainability priority. |
| Environment | North Herts Leisure Centre Interactive water play | 200 | 0 | 200 | 0 | 0 | 0 | 0 | 0 | Transform the pool into a highly interactive water play area for children of all ages and ability groups. Provide a range of water play features aimed at increasing water confidence and encouraging children and families to participate in physical activity. |
| Enterprise | Car Park interactive/digital Signage | 200 | 0 | 200 | 0 | 0 | 0 | 0 | 0 | To introduce interactive/digital parking signage in Hitchin, which should help visitors know which car parks are full and which have capacity. This has been identified as part of the Churchgate Regeneration project |

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| Responsible Directorate | Description of Proposal | Total Project Investment 2026/27 onwards | Total Anticipated Funding from Grants or Other Contributions | Proposed Investment in 2026/27 | Proposed Investment in 2027/28 | Proposed Investment in 2028/29 | Proposed Investment in 2029/30 | Proposed Investment in 2030/31 | Proposed Investment 2031 - 2036 | Anticipated Impact of Proposal |
|---|--|--|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|---|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| CHANGES TO EXISTING PROPOSALS (PROPOSALS AGREED IN PREVIOUS YEARS) | | | | | | | | | | |
| Environment | Refuse and Recycling bins | 960 | 0 | 150 | 90 | 90 | 90 | 90 | 450 | <p>Wheeled bins are considered to have on average a 10-12 year life. The bin replacement cycle for the purple residual waste bins means we are likely to see increased bin purchases over the coming years.</p> <p>UPDATE: Increase the 2026/27 allocation from £90k to £150k. Additional £20k in 2026/27 to support the implementation of Simpler Recycling for commercial customers. This will include providing smaller bins for the different mix of materials and new bin lid colours. Also an extra £40k to reflect ongoing demand for new domestic waste bins. This might be required in further years, but to wait and assess the 2026/27 impact before adding on an ongoing basis. Some of the increase reflects price inflation of new bin costs.</p> |
| Enterprise | Off Street Car Parks resurfacing and enhancement | 250 | 0 | 43 | 77 | 70 | 60 | 0 | 0 | <p>Condition surveys have identified the need for a proactive programme of resurfacing for the council's off street car parking. Resurfacing, re-lining and enhancing the lighting enables the car parks to be used safely, reducing insurance claims for trips and falls, and allows the continued enforcement of the relevant traffic regulation orders. A. Planned maintenance programme should enable reduction in reactive repairs. B. No programme of repairs will require additional revenue maintenance funds for responsive repairs, and loss of income as Traffic regulation orders will become unenforceable.</p> <p>UPDATE CBP 2026/27: Additional budget of £130k requested to extend scheme of works to 2029/30. £70k requested in 2028/29 for overlay and resurfacing works at The Warren car park in Royston and £60k requested in 2029/30 for the resurfacing of St Faiths Church Car Park on Woolgrove Road in Hitchin.</p> |
| Environment | HSC: Change Village Refurbishment | 225 | 0 | 0 | 225 | 0 | 0 | 0 | 0 | <p>The Change village was last refurbished in 2014. To ensure customer satisfaction is maintained, refurbishment is programmed to take place on a 10-15 year cycle.</p> <p>UPDATE CBP 2026/27: Earmarked investment in 2026/27 deferred to 2027/28. To review during 2026/27 to see if it can be pushed back another year, and/or whether it could be a partial refurbishment.</p> |
| | | 6,976 | - | 1,732 | 4,394 | 160 | 150 | 90 | 450 | |

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COUNCIL
26 February 2026

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: INVESTMENT STRATEGY 2026/27

REPORT OF: DIRECTOR - RESOURCES

EXECUTIVE MEMBER: RESOURCES

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

The Investment Strategy provides the following key information:

- Recommendations on the Prudential and other Treasury indicators that will be monitored and reported on during the year (2026/27)
- As the Council has identified a need to borrow for capital purposes, a borrowing and Minimum Revenue Provision (MRP) policy.
- The scope of treasury investments where the Council will invest any surplus cash.

2. RECOMMENDATIONS

That Council:

- 2.1. Approve the adoption of the Investment Strategy (as attached at Appendix A).
- 2.2. Approve the adoption of the four clauses in relation to the Code of Practice on Treasury Management (as detailed in paragraphs 8.10 to 8.16).

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure the Council's compliance with CIPFA's code of practice on Treasury Management, the Local Government Act 2003, statutory guidance from Government, and the CIPFA Prudential Code. As well as determining and managing the Councils risk appetite in respect of investments.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The primary principle governing the Council's investment criteria is the security and liquidity of its investments. After this the return (or yield) is then considered, which provides an income source for the Council. In general, greater returns can be achieved by taking on greater risk.
- 4.2 The Investment Strategy makes recommendations to reflect the Council Motion passed in December in relation to responsible investment. As the motion was not proscriptive, there could be other ways of reflecting it.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 There is ongoing dialogue with the Authority's Treasury advisors (MUFG). Their specific advice was sought on ways the Council could reflect the Council motion on responsible investment.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision, as the decision is made by Full Council.

7. BACKGROUND

- 7.1 The Investment Strategy for 2025/26 was approved by Council in February 2025. A mid year review of the Treasury Strategy is provided to Council in January 2026. There have been no changes made to the Strategy during the course of 2025/26.

- 7.2 In December 2025, Council passed a motion in relation to responsible investment. It mainly related to pension fund investments. The relevant parts to this Investment Strategy are that:

- Concern about investments that benefit from shareholdings or funds that have underlying shareholdings, in companies that profit from conflict through the manufacturing of weaponry, and military technology and are alleged to be used in atrocities internationally today.
- Concern about investments in corporate entities which according to an International Court of Justice (ICJ) ruling and subsequent United Nations opinion, are associated with human rights violations and international crimes.
- Residents expect councils to invest public funds in ways that are ethical, responsible and transparent.

- Withdrawal of any links - through investments - to supporting war, weapons manufacturing, military technology, or any other business activities that breach international law.
- At the next scheduled review of North Hertfordshire District Council's own Investment Strategy; the review specifically considers how to align with the above investment principles.'

8. RELEVANT CONSIDERATIONS

- 8.1 The proposed Investment Strategy is attached at Appendix A. Council is asked to approve this strategy, which covers borrowing and investment forecasts and limits, including prudential indicators. The Strategy includes details of the Council's capital programme and forecast revenue position. These will be subject to approval by Council in a separate report.
- 8.2 The format of the Investment Strategy is described in the introduction section (pages 2 and 3). The following sections highlight the significant considerations in relation to this version of the Strategy.
- 8.5 Table 10 (on page 15) provides a forecast of the capital receipts that the Council will generate over the next few years. Capital receipts are received from the sale of surplus assets that the Council owns. The preceding paragraph provides a description of the factors that will affect the timing and amount of expected capital receipts. Any significant changes would require a change to the Investment Strategy and would also affect the revenue budget in the medium-term.
- 8.6 As detailed in table 11 (on page 15) the Council has a need to borrow to fund the capital programme. As at the end of 2025/26 the borrowing requirement is forecast to be £18.76m. Estimates are that a further £3.17m of borrowing will be required in 2026/27, an additional £1.08m in 2027/28, and a further £17.02m between 2028-2036. As detailed on page 16, the Council can consider whether to borrow internally or externally. However as detailed on page 17, the Prudential Code requires Councils to initially consider internal borrowing as it is considered to be cheaper and lower risk. Therefore, it is assumed that the Council will continue to borrow internally. Internal borrowing means that we use our cash reserves, rather than getting money in by borrowing from third parties. This is different to using our reserves to directly fund capital. The implication of internal borrowing (versus external borrowing) is that the cost is in lost interest income, rather than incurring external interest charges. This should be lower cost and lower risk.
- 8.7 Where the Council has a need to borrow then it incurs a revenue charge known as a Minimum Revenue Provision (MRP). On page 23 of the Strategy it is detailed that the Council will charge MRP on an equal instalment basis. This reflects that the majority of capital spend is related to service provision and therefore the assets are expected to provide consistent benefits over their life. MRP is calculated by dividing capital spend (on those schemes that the Council needs to fund from a borrowing requirement) and dividing that by the expected useful life of the asset. There is not a MRP charge until the year after the spend is incurred.

8.8 Table 17 on page 27 of the Strategy details where the Council can invest its surplus cash. This sets limits to ensure appropriate diversification. There have been changes to this (from last year) to reflect the Council motion on responsible investment as detailed in paragraph 7.2. There have also been changes for other reasons, as detailed in the table below. The table does not include changes where the same percentage (as last year) has been applied to the overall average investment balance to determine the appropriate limits.

| Investment Type | Change | Reason for change |
|----------------------------------|--|---|
| Banks | Remove reference to part-nationalised banks | The UK Government has now sold off its bank investments |
| Banks | To only invest in Environmental, Social and Governance (ESG) investments | To reflect the Council motion, as there is uncertainty in how banks will use their general investment balances. |
| Local Authorities | To increase the individual counter-party limit to £5m | An increasing number of Local Authorities are only interested in investments at £5m. With the limit on bank investments, the Council should make sure that it can maximise the availability of other investments. |
| Unrated Building Societies | Combined the categories of assets over £300m and over £1bn. | With all limits subject to a £1m minimum, they both ended up having the same limits. |
| Money Market Funds | To only invest in funds with an ESG policy | To reflect the Council motion and seeking to invest in funds that have a responsible approach to investment. |
| Property Fund | Removed from the strategy | These are a long term investment and looking to limit long-term investments due to LGR timelines. |
| Ultra-Short Dated Bond Fund | Removed from the strategy | Not been used so no value in having in the strategy |
| Multi-asset funds | Removed from the strategy | Not been used so no value in having in the strategy. Also could include investments that went against the Council motion. |
| Investments of more than 2 years | Removed from the strategy, previously allowed if specifically approved by the Chief Finance Officer. | These are a long term investment and looking to limit long-term investments due to LGR timelines |

8.9 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.

8.10 Clause 1 relates to creating and maintaining a Policy and practices as a cornerstone for effective treasury management.

- 8.11 Full Council are asked to approve the adoption of the following Treasury Management Policy Statement, which is the same as in previous years:
- This organisation defines its 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”.
 - This organisation regards 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.
 - This organisation acknowledges 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.
- 8.12 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 TMPs 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 (Changed to include Environment, Social and Governance (ESG) considerations)
 - 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
- 8.13 Clause 2 relates to the reporting on treasury activities. These are set out in the Investment Strategy on page 3.
- 8.14 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.

- 8.15 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)).

9. LEGAL IMPLICATIONS

- 9.1 Section 4, Paragraph 4.4.1 (cc) of the Constitution provides that Full Council will approve the treasury management strategy statement.
- 9.2 Part 5.7.40 confirms that the treasury management strategy (as may be incorporated in an integrated investment strategy); will be recommended by Cabinet to Full Council
- 9.3 The Finance, Audit and Risk Committee will 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 Section 151 of the Local Government Act 1972 states that: "every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs." That officer is the Director- Resources.
- 9.5 The proposed Prudential Indicators contained within the Investment Strategy comply with the Local Government Act 2003. The Investment Strategy has been developed to comply with the statutory guidance from the Ministry of Housing, Communities and Local Government and the CIPFA Prudential Code.

10. FINANCIAL IMPLICATIONS

- 10.1 The financial implications of capital spend and treasury investment returns are included in the budget report (also on the agenda of this meeting).

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 Investment risks in relation to treasury management are covered in this report and the Investment Strategy. The TMPs (see 8.13) 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 The changes made to the investment strategy in relation to the Council motion on responsible investment may also have a positive impact in promoting equalities.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. The changes made to the investment strategy in relation to the Council motion on responsible investment may also promote investments which have a positive environmental impact.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no direct human resources implications arising from this report.

16. APPENDICES

- 16.1 Appendix A – Investment Strategy

17. CONTACT OFFICERS

- 17.1 Ian Couper, Service Director- Resources, Ext: 4243, E-mail: ian.couper@north-herts.gov.uk
- 17.2 Dean Fury, Corporate Support Accountant, Ext 4509, dean.fury@north-herts.gov.uk
- 17.3 Natasha Jindal, Interim Legal Manager and Deputy Monitoring Officer, natasha.jindal@north-herts.gov.uk
- 17.4 Reuben Ayavoo, Policy and Community Manager, Ext 4212, reuben.ayavoo@north-herts.gov.uk

18. BACKGROUND PAPERS

- 18.1 None

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Appendix A

Investment Strategy (Integrated Capital and Treasury Strategy)

Part 1- Overview

Introduction

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

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending plans. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses.

The Chartered Institute of Public Finance and Accountancy (CIPFA) define treasury management as:

“The management of the local 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.”

This strategy provides an integrated view of capital spend and income, alongside treasury management. This is because long-term Treasury management is inextricably linked to the funding of the capital programme. There is also a requirement to apply treasury management principles to any capital spend that is not related to service provision.

The format of this strategy is as follows:

Part 2- Capital Spend

- A summary of the Council's current capital assets. For those assets that are not held for service provision, an assessment against the principles of Security, Liquidity and Yield.
- Forecasts of the capital and revenue spend required to maintain those assets.
- Planned spend on new capital assets, with the additional assessment of risk, security, liquidity and yield for those assets that are not being acquired for service provision.
- This part of the strategy therefore gives a complete picture of forecast capital spend.

Part 3- Capital balances, receipts and the Capital Financing Requirement (CFR)

- Forecasts of expected receipts from the sale of surplus capital assets.
- Comparing capital spend forecasts with capital reserve balances and forecast future receipts gives the Capital Financing Requirement, which is the Council's need to borrow.

Part 4- Borrowing Strategy and Minimum Revenue Provision (MRP)

- This leads to the setting of a borrowing strategy which sets out how to borrow, when to borrow and for how long.
- Where the Council has a borrowing requirement, then it is required to set a policy on Minimum Revenue Provision.

Part 5- Investment Strategy

- This is then all combined to determine the levels of cash that the Council will have available for investment. This leads to an investment strategy that determines where to invest any balances, including limits on types of investments.

Part 6- Overall Risk considerations

- To consider the cumulative risks that the Council faces that arise from the totality of this strategy.

Part 7- Glossary of terms

- To explain the various terms used in this strategy.

The strategy sets a number of prudential and treasury indicators. A prudential indicator is one which is required by statutory guidance, whereas a treasury indicator is one that is set locally to provide information on performance.

Reporting requirements

Full Council will receive and approve three reports during the year:

- The Integrated Capital and Treasury strategy (this report)
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management strategy.

Each of these reports will be reviewed by the Finance, Audit and Risk (FAR) Committee and Cabinet. The FAR Committee and Cabinet will also receive reports on the position as at the end of the first (to end of June) and third (to end of December) quarters. The FAR Committee undertakes an oversight role.

These reports will provide relevant updates on performance against the prudential and treasury indicators.

Basis of Estimates

The estimates contained within this strategy are based on the best information that can reasonably be obtained. For forecasts of spend on assets (revenue maintenance, capital maintenance and capital acquisitions) this is based on a combination of previous experience, indicative quotes, condition surveys and professional advice. The estimates of capital receipts are provided by the Council's Estates Team and are prudent estimates based on expected use, type of sale, market conditions and (where applicable) the status of negotiations to date.

The Council has experienced cost increases on capital projects in the past. These have generally arisen from delays in the start of the project and subsequent inflation, rather than incorrect estimates. Budget Holders have been asked to be as realistic as they can be about the timing of projects and ensure that forecast costs are aligned to the expected timing. There will also be

external factors that affect estimates, particularly current economic conditions and the impact of inflation. For capital projects, there is some flexibility to the extent to which they can overspend without further approval (ranging from 5% to 20% dependant on value) and this is considered in setting this overall strategy and in the quarterly monitoring.

Treasury Management Policy and Treasury Management Practices

In line with guidance from the Chartered Institute of Public Finance and Accountancy, the Council sets the following treasury management policy:

1. This Council defines its treasury management activities as: The management of the organisation'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.
2. The Council regards 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, and any financial instruments entered into to manage these risks.
3. The Council acknowledges 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 value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council also has treasury management practices (TMPs) which set out how the Council will carry out, manage and control the achievement of the policy above in practice. These TMPs follow the recommendations contained within the Code of Practice on Treasury Management (published by CIPFA), 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 cover the following areas:

- 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

Treasury Consultant

The Council undertook a tender to provide treasury management advice for a three year period. The contract was awarded to Link Asset Services to provide treasury management advice for the three year period April 2023 –March 2026 with the option to extend for a further two years. Link have since been taken over by MUFG Pension and Market Services (“MUFG”). It is recognised that the responsibility for treasury management decisions remains with the Council at all times and the Council will ensure that undue reliance is not placed upon MUFG. However, there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented.

The performance of the treasury consultant is assessed through regular meetings and the justifications for the advice provided.

Skills and culture

It is important that decision makers are given the information that they need to make those decisions. Given that treasury and risk management can be a complex area; this should be accompanied by the availability of appropriate training. To address the availability of information, all Council, Cabinet and Committee reports include sections on both financial and risk implications. Where a decision is more financial in nature then these considerations will be detailed throughout the report. Table 1 details the key groups in relation to decision making and the training that has been made available. This strategy is required to disclose the steps that have been taken to provide training, and it is up to individual members of those groups to ensure that they take advantage of the opportunities offered.

Table 1

| Group | Reason for training | Training that has been made available |
|---|---|--|
| Full Council (All Councillors) | <p>Required to formally adopt this Strategy.</p> <p>Required to approve any capital purchases over £2.5m.</p> | <p>Training that introduces Local Authority funding and accounting was provided in June 2024 (following the all-out elections in May 2024). All Councillors were invited to attend, with a particular focus on new Members, Cabinet members and Finance, Audit and Risk Committee members.</p> |
| Finance, Audit and Risk (FAR) Committee | <p>To review the Council's policies on Treasury, Capital and the Medium-Term Financial Strategy.</p> <p>To monitor the effective development and operation of risk management.</p> | <p>There is a standing item for future agenda items, which includes training ideas. This allows the targeting of specific training. This has enabled a number of training sessions to take place in advance of the regular FAR meetings.</p> <p>Where relevant (particularly early in the civic year) the presenter of reports provides a more detailed introduction to ensure the key information and context is fully understood.</p> <p>Regular reporting to the Committee on Capital, Risk and Treasury provides the opportunity to ask questions.</p> |
| Chief Finance Officer and Finance Team | <p>Responsibility for the financial management of the Council (under s151 of Local Government Act, 1972), including capital and treasury management. Provide advice to Budget Holders in respect of financial management.</p> <p>Responsible for reviewing and amending the financial implications sections of reports.</p> | <p>Ongoing Continuing Professional Development for all qualified members of the finance team, including focused training for specific areas of responsibility.</p> |
| Leadership Team (LT) | <p>Individual Service Directors will be responsible for putting forward proposals.</p> <p>Proposals will be reviewed by the Senior Management Team prior to taking through the Committee process.</p> <p>Members of SMT are likely to be involved in negotiating commercial deals.</p> | <p>Regular updates on the Council's funding and finances, including significant changes in regulations.</p> <p>Ongoing advice and support from the finance team.</p> |

Part 2- Capital Spend

Current Capital Assets

As at 31st March 2025, a summary of the capital assets owned by the Council is shown in table 2 below.

Table 2

| Asset Type | Asset | Reason for ownership | Value (£000) |
|-----------------------------|--|--|---------------------|
| Investment Properties | Various | Retained to generate income | 31,313 |
| Surplus Land and buildings | Various | Held for future sale or development | 7,904 |
| Offices and Storage | Offices | Staff offices, customer service centre and democratic facilities | 3,711 |
| Offices and Storage | Unit 3 / Depots | Off-site storage, back-up IT and emergency planning | 573 |
| Leisure Facilities | Hitchin Swim Centre / Archers | Service use | 8,727 |
| Leisure Facilities | Letchworth Outdoor Pool | Service use | 3,205 |
| Leisure Facilities | North Herts Leisure Centre | Service use | 13,388 |
| Leisure Facilities | Royston Leisure Centre | Service use | 8,350 |
| Leisure Facilities | Pavilions / Bandstands | Service use | 2,015 |
| Leisure Facilities | Recreation Grounds / Play Areas / Outdoor Gym Equipment / Gardens/Allotments | Service use | 5,876 |
| Leisure Facilities | Decarbonisation Project | Service Use | 6,458 |
| Community Centres and Halls | Various | Community facilities, generally operated by third parties | 12,260 |
| Markets | Hitchin Market | To provide a market | 149 |
| Museums and Arts | Hitchin Town Hall and District Museum | District-wide museum and community facility | 6,844 |
| Museums and Arts | Letchworth and Hitchin museums, Burymead store | Museum storage | 1,681 |
| Cemeteries | Various | Service use | 1,545 |
| Community Safety | Various CCTV cameras | Service use | 183 |
| IT | Various computer equipment and software | To enable the delivery of other services | 177 |
| Parking | Various car parks | Service use | 11,198 |
| Waste Collection | Bins | Service use | 361 |
| Public Conveniences | Various | Subject to leases/ management arrangements | 544 |
| Other | Various | Various | 787 |
| Total | | | 127,249 |

Table 3 shows the capital expenditure that has been incurred during the year, or is forecast to be spent in the remainder of the year:

Table 3

| Asset Type | Asset | Reason for purchase/ expenditure | Value (£000) |
|--------------------|---|--|---------------------|
| CCTV | Various | CCTV Replacement | 41 |
| Cemeteries | Wilbury Hills | Path Enhancement | 30 |
| Council Buildings | Various | Decarbonisation Project | 852 |
| Grants | Various | Private Sector Housing Grants | 26 |
| Grants | Various | S106 Grants (REFCUS) | 333 |
| Grants | Various | Various | 56 |
| Grants | Various | Warmer Homes Scheme | 319 |
| Hitchin Town Hall | Hitchin Town Hall | Air conditioning | 100 |
| IT | Various computer equipment and software | To maintain IT service and provision of equipment | 1,624 |
| Leisure Facilities | Hitchin Swim Centre / Fitness | Enhancements | 300 |
| Leisure Facilities | North Herts Leisure Centre | Enhancements | 390 |
| Leisure Facilities | Recreation Grounds / Play Areas / Gardens / Allotments | Refurbishment of play areas. | 1,293 |
| Leisure Facilities | Royston Leisure Centre | Enhancements | 1,014 |
| Leisure Facilities | Various | Decarbonisation Project | 9,829 |
| Leisure Facilities | Various | Remote testing equipment - Emergency Lights and Water Temperature Monitoring | 13 |
| Museums | Museums | Museum and Commercial Storage | 1,528 |
| Parking | Off Street | Match Funding for Electric Vehicle Charging | 100 |
| Parking | Off Street | Upgrade pay and display machines and resurfacing | 225 |
| REFCUS | Cycle Strategy / Transport Plans / Green Infrastructure | Cycle Strategy / Transport Plans / Green Infrastructure | 713 |
| Various | Various | Capital maintenance of Council buildings/land | 446 |
| Waste | Bins | Service Use | 1,260 |
| Waste | Bury Mead Road Transfer Facility | Service Use | 130 |
| Waste | Vehicle Purchases | Service Use | 5,270 |
| Total | | | 25,892 |

Capitalisation Policy:

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classed as Property, Plant and Equipment.

Expenditure, above the de-minimis level, on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) or is below the de-minimis level, is charged as an expense when it is incurred.

The Authority's de-minimis level is £20,000 for property and £10,000 for vehicles, plant and equipment. Lower limits may be applied where it relates to grant funding

The Council will provide grants that fund works on assets that it does not own. This expenditure can be treated as capital expenditure, even though it does not create an asset that the Council would then own or recognise. This is known as revenue expenditure allowed to be funded by capital under statute (or REFCUS).

For the assets that the Council owns (or plans to purchase in the year) that are **not** for service delivery, the security, liquidity and yield in relation to these have been considered. For these assets it is up to the Council to determine how it balances these, and this will depend on its risk appetite. This analysis is shown in Table 4. In most cases, assets are grouped together by type. Assets that are held for income generation purposes are revalued annually. This valuation is on a fair value basis. Unless detailed below the asset is considered to provide sufficient security.

Definitions:

Security- In traditional treasury terms, this is the possibility that other parties fail to pay amounts due to the Authority. For commercial investments it relates to how susceptible they are to changes in value and market conditions.

Liquidity- This is the possibility that the Authority may not have funds available to meet its commitments to make payments. In general it relates to how easy it is to sell an asset.

Yield- The income return on an investment or asset, such as the interest received or rental income from holding a particular investment or asset.

Table 4

| Asset (or type of asset) | Security | Liquidity | Yield |
|---|---|--|--|
| Ground leases- mainly of commercial premises in Royston, Letchworth and Hitchin (£25.7m by value) | Generally subject to long leases where the land has been built on. The building would become owned by the Council if there was a default on the lease agreement. Therefore, high security. | It is possible that the Council could try and sell to the leaseholder. Otherwise low liquidity in common with commercial premises. | The assets have been owned for a number of years. Valuations are based on the yield generated. |
| Letchworth Town Hall (value £0.8m) | 25 year lease (from 2012) where the tenant has provided significant investment. | Very low liquidity as would require someone to be interested in this type of building. Listed so would limit redevelopment. | Valuations are based on the yield generated. |
| Beverley Close Store, Royston (value £0.2m) | 15 year lease from 2017 | Low liquidity in common with commercial premises. | Valuations are based on the yield generated. Previously used as a Council store and a decision was made to retain for rental income. |
| Residential housing (Harkness Court) (value £0.6m) | The property is on a long lease to Broadwater Hundred. The property would ultimately revert to the Council if the company did not pay the rent due. The demand for housing is high (shown by how quickly the properties were let) and so the security is considered to be high. | High demand should mean the property has high liquidity if the Council and company agreed to sell the property. The liquidity is lowered as currently leased to the company. | Generating a yield from the lease to Broadwater Hundred. |
| Other assets valued at less than £0.1m (£0.5m in total) | Not fully assessed | Not fully assessed | Not fully assessed |

Definitions:

Fair Value: The price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

For each of the assets in table 4, there is also a requirement to carry out a fair value assessment that demonstrates that the underlying assets provide security for the capital invested. There is a further requirement to carry out an assessment of the risk of loss. This assessment generally relates to investments in commercial activities so includes items that may be less relevant to the majority of our assets. In total the risk assessment covers:

- Assessment of the market that competing in, including nature and level of competition, market and customer needs including how these will evolve over time, barriers to entry and exit, and ongoing investment required.

- Use of external advisers and how the quality of these is monitored
- Whether credit ratings are used and how these are monitored
- Any other sources of information that are used

The assessments described above are shown in table 5. In most cases the assets are grouped together by type.

Table 5

| Asset (or type of asset) | Fair value assessment | Assessment of the risk of loss |
|---|--|--|
| Ground leases- mainly of commercial premises in Royston, Letchworth and Hitchin (£25.7m by value) | Valued on a fair value basis. The valuation is based on rental yields. | Subject to competition from other sites within the same industrial areas and other locations. Difficult (uneconomic) for current lessees to exit due to lease terms and investment in the site. Any maintenance is the responsibility of the leaseholder. |
| Letchworth Town Hall (value £0.8m) | Valued on a fair value basis. The valuation is based on rental yields. | The building has some unique features in relation to its prominence and location. However, overall, there currently is an over-supply of office accommodation in Letchworth. Difficult (uneconomic) for current lessees to exit due to lease terms and investment in the building. Any maintenance during the lease term is the responsibility of the leaseholder. |
| Beverley Close Store, Royston (value £0.2m) | Valued on a fair value basis. The valuation is based on rental yields. | Subject to competition from other sites within the same industrial areas and other locations. Currently let to a company with significant property interest nearby. Might be difficult to re-let. |
| Residential housing (Harkness Court) (value £0.6m) | Valued on market value | Due to national (and local) housing shortage, there is high demand. The risk of loss is low, and will generally only be due to short-term voids. |
| Other assets valued at less than £0.1m (£0.5m in total) | Not fully assessed | Not fully assessed |

Under the 'Use of Capital Receipts Direction', the Council can treat certain specified revenue spend as capital. Further details of the direction are shown below. Where this direction is used, the spend is included in the capital forecasts in tables 3, 6 and 7.

Use of Capital Receipts Direction:

The Capital Receipts direction was last used to fund the decommissioning of pavilions and play areas in 2018/19. There are no plans to make further use of the Direction in the period 2026/27– 2030/31. This is because the Council has high revenue reserves and low available capital receipts.

For all assets the future capital cost of maintaining those assets has been considered, and gives the following future capital spend requirements (table 6). For some of the elements of some items (marked with an asterisk) the spend could be included in table 7 but is included here to make the tables shorter.

Table 6

| Asset | Description of future capital expenditure | Forecast Capital Expenditure (£000) | | | | | |
|---|--|-------------------------------------|--------------|--------------|------------|------------|--------------------|
| | | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 to 2035/36 |
| Existing Capital Programme-schemes 2026/27 onwards | | | | | | | |
| Various | Capital maintenance based on condition surveys | 50 | 50 | 50 | 50 | 50 | 250 |
| CCTV | CCTV | 12 | 0 | 0 | 0 | 0 | 0 |
| Computer Software & Equipment | To maintain IT services | 173 | 62 | 1,023 | 358 | 77 | 1,800 |
| Hitchin Swim Centre* | Refurbishment of the Changing Village | 0 | 225 | 0 | 0 | 0 | 0 |
| North Herts Museum & Community Facility | Town Hall Kitchen Enhancement | 25 | 0 | 0 | 0 | 0 | 0 |
| Various | Private sector housing grants (REFCUS) | 261 | 60 | 60 | 60 | 60 | 300 |
| Various Off-Street Car Parks | Resurfacing / Enhancements | 458 | 77 | 70 | 60 | 0 | 0 |
| Various Parks and Playgrounds | Enhancements | 250 | 320 | 180 | 180 | 180 | 900 |
| Waste and Recycling | Bin replacements | 150 | 90 | 90 | 90 | 90 | 450 |
| New Capital Programme | | | | | | | |
| Cemeteries | Wilbury Hills cemetery improvements | 120 | 0 | 0 | 0 | 0 | 0 |
| Royston Leisure Centre | Learner Pool | 750 | 4,002 | 0 | 0 | 0 | 0 |
| Parking | Digital and other signage for car parks in Hitchin, to promote better use of car parks | 200 | 0 | 0 | 0 | 0 | 0 |
| North Herts Leisure Centre | Water play feature | 200 | 0 | 0 | 0 | 0 | 0 |
| Various Parks and Playgrounds | Ivel Springs footpaths | 25 | 0 | 0 | 0 | 0 | 0 |
| Total | | 2,674 | 4,886 | 1,473 | 798 | 457 | 3,700 |

The totals for 2031/32 to 2035/36 are estimates only and could be subject change. These should be treated as early indications only, and formal approval of these amounts is not required.

The revenue maintenance of these assets has also been considered. The Council has chosen to allocate a central budget of £323k in 26/27 and £273k in subsequent years for this purpose.

New Capital Assets

There are also proposals for the following capital expenditure on new capital assets and expenditure on existing assets that is not related to capital maintenance (table 7).

Table 7

| Asset | Reason for capital expenditure | Forecast Capital Expenditure (£000) | | | | | |
|---|---|-------------------------------------|------------|--------------|--------------|-----------|--------------------|
| | | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 to 2035/36 |
| Existing Capital Programme-schemes 2026/27 onwards | | | | | | | |
| CCTV Control Room | Upgrade Control Room | 0 | 0 | 0 | 0 | 45 | 0 |
| Charnwood House | Refurbish and update the building for community use. | 300 | 0 | 0 | 0 | 0 | 0 |
| Computer Software & Equipment | An alternative set of 25 machines that are outside of the Windows Environment for Disaster Recovery | 0 | 0 | 15 | 0 | 0 | 30 |
| NH Museum and Community Facility | Museum Storage Solution / Replace Chiller | 2,600 | 0 | 0 | 0 | 0 | 0 |
| Public Sector Decarbonisation Project phase 2 | Public Sector Decarbonisation Project | 2,001 | 423 | 0 | 0 | 0 | 0 |
| Various off-street parking | Charging, Payments & Management System | 235 | 0 | 0 | 0 | 0 | 0 |
| Various on-street parking | Installation of trial on-street charging | 50 | 0 | 0 | 0 | 0 | 0 |
| Various Parks and Playgrounds | Broadway Gardens Resurfacing | 250 | 0 | 0 | 0 | 0 | 0 |
| Walsworth Common Pavilion | New pavilion | 300 | 0 | 0 | 0 | 0 | 0 |
| Warm Homes | | 478 | 478 | 0 | 0 | 0 | 0 |
| Waste and Recycling | Vehicles and Northern Transfer Station | 0 | 0 | 3,000 | 3,000 | 0 | 5,500 |
| New Capital Programme | | | | | | | |
| Cemeteries | New Burials Management System | 55 | 0 | 0 | 0 | 0 | 0 |
| Hitchin Swim Centre | Pool Hall Seating Replacement / Pool Cover | 131 | 0 | 0 | 0 | 0 | 0 |
| NH Lesiure Centre | Pool Cover | 58 | 0 | 0 | 0 | 0 | 0 |
| Total | | 6,458 | 901 | 3,015 | 3,000 | 45 | 5,530 |

Below is an estimate of the total capital expenditure to be incurred in the years 2026/27 to 2030/31. This is based on tables 6 and 7. This is a Prudential Indicator and the Council is required to set a target for it and monitor against it during the year.

Prudential Indicator 1: Estimate of total capital expenditure to be incurred in years 2025/26 to 2029/30

| Year | £m |
|---------|-------|
| 2026/27 | 9.132 |
| 2027/28 | 5.787 |
| 2028/29 | 4.488 |
| 2029/30 | 3.798 |
| 2030/31 | 0.502 |

Where this proposed expenditure does not relate to service delivery, the security, liquidity and yield in relation to this spend has to be considered. The capital allocations do not include any spend that is not linked to service delivery, but the Council will continue to consider opportunities in relation to other investments where they support regeneration or support Council priorities. If these opportunities arise then they will be brought to Council for consideration, alongside an updated Investment Strategy. The table below (table 8) provides an analysis of security, liquidity and yield in relation to these types of investment.

Table 8

| Asset (or type of asset) | Security | Liquidity | Yield |
|--------------------------|---|--|--|
| Other investments | The primary reason for any other investment would be to enable regeneration and/ or to support the delivery of Council priorities. But given overall Council finances, the security of investments will be given a high weighting in determining whether to take any forward. However there will always be some risk relating to both general market conditions and specific factors relevant to individual properties. | Property is a medium to long-term asset due to the costs of buying and selling, and that property markets can be cyclical in nature. | To reflect the risk of property investment a net surplus of 1% (above revenue costs of capital, administration and acquisition costs) should be targeted as a minimum. Any target surplus will be commensurate with the level of risk. |

For these assets, table 9, also details an assessment of the risk of loss. This covers the same factors that have been detailed previously. Where relevant, assets have been grouped together.

Table 9

| Asset (or type of asset) | Assessment of the risk of loss |
|--------------------------|--|
| Other investments | This will be fully assessed as part of the business case for the acquisition or development of any properties. |

Part 3- Capital balances, receipts and the Capital Financing Requirement (CFR)

Capital Funding

The Council forecasts the following additions to its capital receipts (table 10). All the planned disposals are surplus land that is being sold to generate capital receipts. The disposals will also reduce the risks and costs of holding the land. Due to the potential impact on negotiations over

disposal values, individual values are not detailed. The valuations used are prudent for selling with limited restrictions and assuming that planning permission can be obtained. If the Council requires enhanced conditions in relation to affordable housing provision, then that could result in a reduced capital receipt. An allowance has been incorporated for higher environmental standards for new disposals, but the impact is uncertain as it will be affected by the cost of those enhanced standards (which is expected to fall over time) and any premium that the end purchaser of the property is prepared to pay. If there were changes in the receipts that could be achieved, then it may be necessary to revise the Investment Strategy. That would increase the borrowing requirement, increase borrowing costs and therefore have a greater revenue impact (due to revenue costs of capital). The Council has other limited surplus land that may have a value but is not included in the forecasts below as the amount and/or timing of the receipt is too uncertain.

Table 10

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 |
|--------------------------|---------|---------|---------|---------|---------|---------|
| Balance B/Fwd | 1,273 | 0 | 0 | 0 | 0 | 0 |
| Used in Year | 1,273 | 3,000 | 0 | 1,000 | 0 | 0 |
| Forecast Receipts (£000) | 0 | 3,000 | 0 | 1,000 | Tbc (0) | Tbc (0) |
| Balance C/Fwd | 0 | 0 | 0 | 0 | 0 | 0 |

The above timing and values are an estimate only. Actual timings will depend on market conditions and time taken for planning permission to be granted (where sales values are subject to planning). The Council will seek to get the best value it can from land sales.

As a result of planned expenditure in 2026/27 and future years, the Council forecasts the following use of funding for capital (table 11).

Table 11

| Funding Source | Brought forward (at 31/3/25) | Forecast expenditure and funding sources (£000) | | | | | | |
|-----------------------------------|------------------------------|---|--------------|--------------|--------------|--------------|------------|--------------------|
| | | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 to 2035/36 |
| Capital Expenditure | | 26,416 | 9,132 | 5,787 | 4,488 | 3,798 | 502 | 9,230 |
| Less: Set-aside receipts used | 587 | 587 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Capital receipts used | 685 | 685 | 3,000 | 0 | 1,000 | 0 | 0 | 0 |
| Less: Grant funding used | | 2,745 | 1,524 | 654 | 0 | 0 | 0 | 0 |
| Less: IT Reserve used | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: S106 receipts used | | 361 | 37 | 55 | 0 | 0 | 0 | 0 |
| Less: Funding from revenue | | 3,230 | 1,150 | 4,002 | 0 | 0 | 0 | 0 |
| Less: Other Capital Contributions | | 48 | 250 | 0 | 0 | 0 | 0 | 0 |
| Borrowing requirement | | 18,760 | 3,171 | 1,076 | 3,488 | 3,798 | 502 | 9,230 |

| | | | | | | | | |
|----------------------------------|--|--------|--------|--------|--------|--------|--------|--------|
| Cumulative borrowing requirement | | 18,760 | 21,931 | 23,007 | 26,495 | 30,293 | 30,795 | 40,025 |
|----------------------------------|--|--------|--------|--------|--------|--------|--------|--------|

Definitions:

Capital receipts- money received from the sale of surplus assets.

Set-aside receipts- previously money generated from the sale of surplus assets was not defined as capital receipt. The residual funding that the Council has (which is mainly from the sale of its housing stock to North Herts Homes) is treated as a set-aside receipt. In essence these are treated in the same way as capital receipts.

Revenue funding- Capital can be funded from revenue (but capital funding can not be used for revenue). The availability of reserves has provided scope for some revenue funding of capital.

The borrowing requirement is the balancing item. It is also known as the Capital Financing Requirement (CFR). This is a Prudential Indicator and the Council is required to set a target for it and monitor against it during the year.

Prudential Indicator 2: Capital Financing Requirement

| Year | £m |
|--|------|
| As at 31 st March 2025 (actual) | -0.6 |
| As at 31 st March 2026 (forecast) | 18.8 |
| As at 31 st March 2027 (forecast) | 21.9 |
| As at 31 st March 2028 (forecast) | 23.0 |
| As at 31 st March 2029 (forecast) | 26.5 |
| As at 31 st March 2030 (forecast) | 30.3 |

Where the Council has a Capital Financing Requirement (i.e. the borrowing requirement is positive) then it:

- Must make a charge to revenue for a Minimum Revenue Provision.
- Can choose whether to borrow internally or externally.

Part 4- Borrowing Strategy and Minimum Revenue Provision (MRP)

Borrowing strategy

Definitions:

Internal Borrowing- Even when the Council has no capital reserves, it can borrow internally against its revenue balances and reserves. This uses the cash that is available and is different to funding capital from revenue. The Council is still required to have a Minimum Revenue Provision but does not incur any external interest costs. Interest income from investing the revenue balances and reserves would be lost.

External Borrowing- Borrowing from a third party (e.g. Public Works Loans Board, a Local Authority or a financial institution). Interest costs would be incurred, as well as having to make a Minimum Revenue Provision.

Based on Prudential Indicator 2 above the Council has a Capital Financing Requirement from 2025/26 onwards and therefore does have a need to borrow.

If the Council had a borrowing requirement, then in order to determine whether to borrow internally or externally, it must consider the level of revenue reserves and provisions that it has, and when it expects that these will be spent. Forecasts of the revenue budget give the following estimates (table 12). These totals are also used in determining the cash that it has available for investment.

Table 12

| Revenue balance | Brought forward (at 31/3/25) | Forecast balance at year end | | | | | |
|-------------------------------|------------------------------|------------------------------|---------------|---------------|---------------|---------------|---------------|
| | | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 |
| General Fund ¹ | 16,081 | 15,643 | 15,643 | 14,273 | 14,516 | 14,051 | 13,007 |
| Add back MRP | 0 | 0 | 1,448 | 1,540 | 1,427 | 1,690 | 1,860 |
| Revenue Reserves ² | 13,700 | 7,639 | 6,433 | 4,194 | 4,194 | 4,194 | 4,194 |
| S106 balances | 5,139 | 4,779 | 4,742 | 4,687 | 4,687 | 4,687 | 4,687 |
| Provisions | 915 | 915 | 915 | 915 | 915 | 915 | 915 |
| Outstanding Debt | 325 | 305 | 290 | 275 | 265 | 257 | 250 |
| Total | 36,160 | 29,281 | 29,471 | 25,884 | 26,004 | 25,794 | 24,913 |

1 Based on General Fund forecasts from Appendix E.

2 Revenue Reserve balance as at 31/3/25. Incorporates use of Business Rate reserve and waste vehicle reserve. For simplicity this ignores some of the fluctuations in reserve balances, as these do not have a material impact.

MRP is added back as it is not an outflow of cash and can be used for internal borrowing. The cash outflow happens when the borrowing is repaid. The Revenue budget (as required by accounting rules) includes forecasts of the MRP charge.

The Prudential Code (published by the Chartered Institute of Public Finance and Accountancy) provides a framework for Councils to develop investment plans that are affordable, prudent and sustainable. This details that an expectation that Councils will use cash reserves (i.e. borrow internally) before they borrow externally. The reason for this is that it reduces costs as not paying external interest. However, in the longer term it will introduce financing risk, as there will come a time when the Council will have diminished its cash reserves (except amounts held for cashflow purposes) and will need to borrow externally. This will need to be planned so that borrowing can be achieved at a reasonable rate.

Current forecasts (see tables 11 and 12) are that the Council will have revenue reserves in excess of its borrowing requirement. Therefore all borrowing (except any cashflow borrowing) will be internal over the period of the Investment Strategy.

Table 13

| | Brought forward (at 31/3/25) | Forecast amount of borrowing in year (£000) | | | | | | | Carried forward (at 31/3/36) |
|-----------------------------|------------------------------|---|---------|---------|---------|---------|---------|--------------------|------------------------------|
| | | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 to 2035/36 | |
| Total borrowing requirement | 325 | 18,760 | 3,171 | 1,076 | 3,488 | 3,798 | 502 | 9,230 | |
| Made up of: | | | | | | | | | |
| Internal borrowing | 0 | 18,760 | 3,171 | 1,076 | 3,488 | 3,798 | 502 | 9,230 | 40,025 |
| External borrowing | 325 | (20) | (15) | (15) | (10) | (8) | (7) | | 250 |

The brought forward borrowing total is made up of historic borrowing that it is not cost effective to pay off. This is because the interest that would be payable over the course of the remaining loan has to be paid upfront instead. The reduction is due to these being loans that are repaid in instalments.

Definitions:

Operational Boundary: This is the limit beyond which external debt is not normally expected to exceed. Set as £1m (rounded to the nearest £0.1m) above the forecast external debt.

Authorised Limit: This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable or required in the longer term. This is set at £5m above the operational boundary.

Prudential Indicator 3: External Debt

| Year | Forecast Borrowing £m | Forecast other long-term liabilities ¹ £m | Less: Internal Borrowing £m | Forecast Total External Debt £m | Operational Boundary £m | Authorised Limit £m |
|--|-----------------------|--|-----------------------------|---------------------------------|-------------------------|---------------------|
| As at 31 st March 2025 (actual) | 0.325 | 0.210 | 0 | 0.535 | 2.0 | 7.0 |
| As at 31 st March 2026 (forecast) | 19.065 | 5.782 | (18.760) | 6.087 | 26.0 | 31.0 |
| As at 31 st March 2027 (forecast) | 22.221 | 4.962 | (21.931) | 5.252 | 29.0 | 34.0 |
| As at 31 st March 2028 (forecast) | 23.282 | 4.142 | (23.007) | 4.417 | 29.0 | 34.0 |
| As at 31 st March 2029 (forecast) | 26.760 | 3.321 | (26.495) | 3.586 | 32.0 | 37.0 |
| As at 31 st March 2030 (forecast) | 30.550 | 2.500 | (30.293) | 2.757 | 35.0 | 40.0 |
| As at 31 st March 2031 (forecast) | 31.045 | 1.637 | (30.795) | 1.887 | 34.0 | 39.0 |

1 Comprises the finance lease relating to Letchworth Multi-storey car park and Leased Vehicles.

The external borrowing forecast can be used to give an indication of the borrowing that may be required, which is combined with outstanding existing borrowing (table 14). The Council will also borrow for short-term cash-flow needs if required. The actual borrowing that is taken out will depend on the latest forecasts and the offers that are available at the time that it is required. There will also be a consideration of when any other borrowing becomes due, with the aim of achieving a spread of these dates. This is to try and avoid refinancing risk. The Council is required to set indicators for the maturity structure of its borrowing. Given the low level of borrowing that the Council currently has and is forecast to have, it is considered appropriate to maintain full flexibility as to the exact duration of any borrowing undertaken. This is reflected in the indicators set out as Treasury Indicator 4 below.

Table 14

| Loan Type | Start date | Duration (years) | Maturity date | Amount Borrowed (£) | Balance Outstanding 31/03/26 (£) | Interest Rate (actual or forecast) (%) | Current Annual interest cost (£) |
|--------------|------------|------------------|---------------|---------------------|----------------------------------|--|----------------------------------|
| | 16/09/49 | 80 | Jul 2029 | 380 | 17 | 3.0 | 1 |
| | 12/11/48 | 80 | Jul 2028 | 13,885 | 1,097 | 3.0 | 42 |
| | 02/08/66 | 60 | Jul 2026 | 50,000 | 1,499 | 6.0 | 220 |
| | 18/03/68 | 60 | Jan 2028 | 40,000 | 5,464 | 7.375 | 539 |
| | 03/01/69 | 60 | Jul 2028 | 53,027 | 9,654 | 8.125 | 990 |
| | 06/03/70 | 60 | Jan 2030 | 20,100 | 5,863 | 8.75 | 591 |
| | 24/11/70 | 60 | Jul 2030 | 18,714 | 6,413 | 9.5 | 688 |
| | 26/01/71 | 60 | Jan 2031 | 25,000 | 9,497 | 9.75 | 1,030 |
| | 05/03/71 | 60 | Jan 2031 | 12,500 | 4,564 | 9.25 | 470 |
| | 05/03/71 | 60 | Jan 2031 | 25,000 | 9,132 | 9.25 | 941 |
| | 28/02/47 | 80 | Jan 2027 | 5,832 | 166 | 2.5 | 7 |
| | 18/10/46 | 80 | Jul 2026 | 1,527 | 22 | 2.5 | 1 |
| | 20/02/48 | 80 | Jan 2028 | 14,952 | 952 | 3.0 | 39 |
| | 22/09/50 | 80 | Jul 2030 | 654 | 90 | 3.0 | 3 |
| | 27/08/82 | 60 | Jul 2042 | 250,000 | 250,000 | 11.5 | 28,750 |
| | 16/09/49 | 80 | Sep 2029 | 640 | 70 | 3.0 | 3 |
| | 20/03/53 | 80 | Mar 2033 | 1,020 | 266 | 4.125 | 12 |
| | 23/10/53 | 80 | Sep 2033 | 750 | 199 | 4.0 | 9 |
| | 20/11/53 | 80 | Sep 2033 | 420 | 112 | 4.0 | 5 |
| | 25/04/52 | 80 | Mar 2032 | 480 | 110 | 4.25 | 5 |
| | 30/01/48 | 80 | Sep 2027 | 1,560 | 75 | 3.0 | 3 |
| Total | | | | | 305,262 | | |

Definitions:

Refinancing Risk (or Maturity Risk): The risk that if all borrowing becomes due for repayment at the same time that this will be at a time when the costs for taking out new borrowing (refinancing) are very high.

To manage refinancing risk, the Council sets limits on the maturity structure of its borrowing. However, these indicators are set at a high level to provide sufficient flexibility to respond to opportunities to repay or take out new debt (if it was required), while remaining within the parameters set by the indicators. Due to the low level of existing borrowing, all the limits have a broad range. This is particularly necessary for the 'under 12 months' limit, to allow for cash-flow borrowing (if it was required).

Treasury Indicator 4: Maturity Structure of Fixed Interest Rate Borrowing

| Maturity period | Lower % | Upper % |
|----------------------|---------|---------|
| Under 12 months | 0 | 100 |
| 12 months to 2 years | 0 | 100 |
| 2 years to 5 years | 0 | 100 |
| 5 years to 10 years | 0 | 100 |
| 10 years to 20 years | 0 | 100 |

The Council does not place any restrictions on where it can borrow from. This is because the Council will hold the money and therefore there is not a risk around the security of the funds. In practice any borrowing is likely to come from the Public Works Loan Board, UK banks, UK building societies and other Local Authorities. All borrowing will be denominated in GBP Sterling. The decision on any borrowing will be made by the Chief Finance Officer and reflect the advice of the Council's treasury advisers.

The Council can enter in to borrowing arrangements at both fixed and variable rates. Variable rate borrowing has a greater risk and so therefore Treasury Indicator 5 limits the amount of borrowing that can be at a variable rate. To aid administration and monitoring, the limits are shown as £ values but are based on percentages of the Operational Boundary. Borrowing at fixed rates can be up to 100% (inclusive) of the Boundary, and variable rate borrowing can be up to 30% of the Boundary.

Definitions:

Fixed Rate: The rate of interest is set at the point the borrowing is taken out and remains at the same percentage rate for the full term of the loan.

Variable Rate: The rate of interest varies during the term of the loan and usually tracks prescribed indicator rate (e.g. Bank of England base rate)

Treasury Indicator 5: Fixed and Variable Borrowing Rate Exposure

| Year | Operational Boundary relating to borrowing excluding long term liabilities £m | Limit on Fixed Rate borrowing £m | Limit on Variable Rate borrowing £m |
|---------|---|----------------------------------|-------------------------------------|
| 2025/26 | 20.2 | 20.2 | 6.1 |
| 2026/27 | 24.0 | 24.0 | 7.2 |
| 2027/28 | 24.9 | 24.9 | 7.5 |
| 2028/29 | 28.7 | 28.7 | 8.6 |
| 2029/30 | 32.5 | 32.5 | 9.8 |
| 2030/31 | 32.4 | 32.4 | 9.7 |

There is a requirement for the Council to consider the proportionality of the income that it generates from its non-service (investment) assets and how this compares to any borrowing that is linked to those assets. Current and planned investment assets were detailed in table 3 and table 8. Treasury indicator 6 shows the capital value and expected income from these assets, alongside any borrowing that is attached to those assets and the expected cost of that borrowing.

The totals below are based on existing investment assets and estimates of the income that they are expected to generate. As there is no borrowing linked to investment assets, the expected annual borrowing costs are shown as zero.

Treasury Indicator 6: Income from investment assets and the costs of associated borrowing

| Year | Capital value of investment assets £m | Expected annual income from investment assets £m | Total borrowing linked to investment assets £m | Expected annual borrowing costs for loans linked to investment assets £m |
|---------|--|---|---|---|
| 2026/27 | 31.700 | 1.544 | 0 | 0 |
| 2027/28 | 31.700 | 1.544 | 0 | 0 |
| 2028/29 | 31.700 | 1.547 | 0 | 0 |
| 2029/30 | 31.700 | 1.549 | 0 | 0 |
| 2030/31 | 31.700 | 1.549 | 0 | 0 |

Borrowing in advance of need

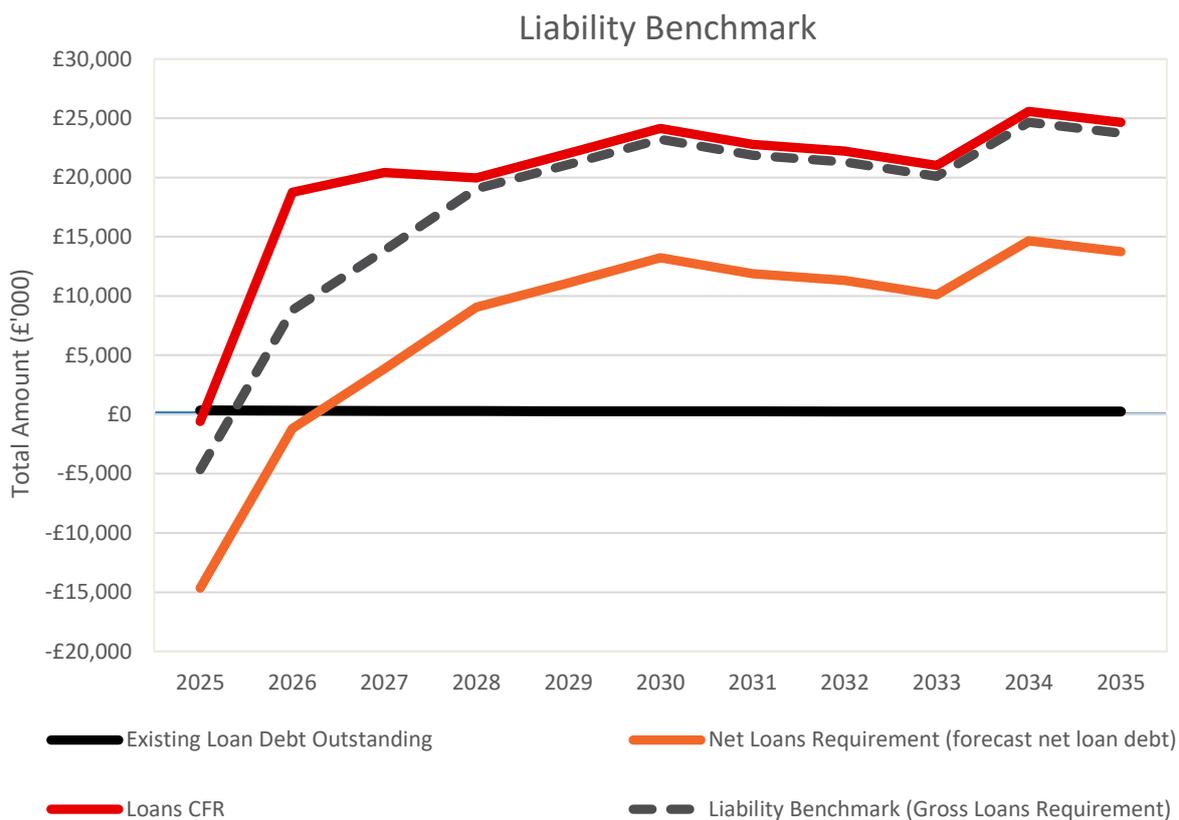
The Council would not borrow money in advance of need or at a low rate to try and reinvest that money to earn a higher interest rate, and profit from the margin between the two rates.

The extended definition of borrowing in advance of need now covers borrowing for capital investments where they are acquired purely to generate profit. The change to the PWLB rules also means that this borrowing cannot be accessed if there is any capital spend that is primarily to generate income, even if that spend was intended to be financed from reserves. The capital programme has been reviewed and there are no investments which have a primary purpose of generating income.

As part of the revised CIPFA Treasury Management Code and Prudential Code, Councils are required to adopt a Liability Benchmark (LB) treasury indicator to support the financing risk management of the capital financing requirement. The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding:** the Authority's existing loans and their repayment over time (black line).
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on forecast capital spend and MRP charges (light blue line).
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.

The purpose of this indicator is to compare the authority's existing loans outstanding (the black line) against its future need for loan debt, or liability benchmark (the dotted line). If the black line is below the orange line (as above), the existing portfolio outstanding is less than the loan debt required, and the authority will need to borrow to meet the shortfall. If the black line is above the orange line, the authority will (based on current plans) have more debt than it needs, and the excess will have to be invested. The chart therefore tells an authority how much it needs to borrow and when. It therefore shows that the Council does need to take out further borrowing.

Minimum Revenue Provision

When the Council has a Capital Financing Requirement (CFR) it is required to make a charge to the General Fund (revenue budget) called a Minimum Revenue Provision (MRP). Subject to guidelines, the Council sets its MRP policy, which is detailed below:

Minimum Revenue Provision:

The Council is required to have a Minimum Revenue Provision (MRP) policy, and when required make charges to revenue in accordance with that policy.

The Council will use the asset life method. The MRP amount will be spread over the estimated life of the assets with no charge levied in the first year, in accordance with the regulations. The Council will apply one of the two approaches below based on the project(s) that the borrowing is used for and the benefits derived from the project(s).

- Equal instalments – The principal repayment made is the same each year.
- Or
- Annuity – the principal repayments increase over the life of the asset. This has the advantage of linking MRP to the benefits arising from capital expenditure, where these benefits are expected to increase over the life of the asset.

The Council has a need to borrow in 2025/26 if the Capital programme is fully spent (as at Q2 forecast there will be a borrowing need) and will therefore need to apply a Minimum Revenue Provision (MRP). The current capital programme is mainly spent on service provision. Therefore, it is considered appropriate to adopt an equal instalment MRP policy.

There is a prudential indicator that compares the net cost of financing (i.e. borrowing costs less income generated from investments) with the net revenue budget of the Council. This will be looked at later in this document after considering investments and their forecast returns. However, the indicator below considers the cost of borrowing as a % of the net revenue budget of the Council.

Treasury Indicator 7: Cost of borrowing (interest and MRP) as a % of the net revenue budget 2025/26 to 2030/31

| Year | Estimated cost of borrowing (£m) | Forecast net revenue budget (£m) | Estimated cost of borrowing as a % of net revenue budget (%) |
|---------|----------------------------------|----------------------------------|--|
| 2025/26 | 0.034 | 23.650 | 0.1 |
| 2026/27 | 1.481 | 27.321 | 5.4 |
| 2027/28 | 1.572 | 26.287 | 6.0 |
| 2028/29 | 1.458 | 21.978 | 6.6 |
| 2029/30 | 1.720 | 22.260 | 7.7 |
| 2030/31 | 1.889 | 22.470 | 8.4 |

Part 5- Investment Strategy

Based on the assumptions above the following available investment balances are assumed. This includes a forecast of revenue reserves, capital reserves, capital financing requirement and external borrowing (table 15).

Table 15

| Balances | Brought forward (at 31/3/25) | Forecast balance at year end (£000) | | | |
|---|------------------------------|-------------------------------------|---------------|--------------|--------------|
| | | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
| Revenue balances (including MRP added back) | 36,160 | 29,281 | 29,471 | 25,884 | 26,004 |
| Capital Receipts | 685 | 0 | 0 | 0 | 0 |
| Capital Grants Unapplied | 881 | 168 | 168 | 168 | 168 |
| Add: Long-term liabilities ¹ | 316 | 5,782 | 4,962 | 4,142 | 3,321 |
| Less: Capital Financing Requirement | -588 | 18,760 | 21,931 | 23,007 | 26,495 |
| Less: Borrowing repayments | 21 | 20 | 15 | 15 | 10 |
| Total forecast of available for investment | 38,609 | 16,451 | 12,655 | 7,172 | 2,988 |

1 The net position of money owed by the Council or to the Council can lead to increased or decreased cash available for investment.

The Council needs to consider the following in determining how long it will invest any surplus cash for:

- The period that any particular cash balance is available for. If a balance is expected to be available over a long period then it is possible to invest it over a long period.
- How much might be required to cover short term variations in cash. For example, it could be forecast that the cash at the start and end of the month will be the same. But if there is a need to pay out half that cash at the start of the month before getting an equivalent amount just before the end, then there is a need to plan.
- The risk of investing for longer periods as it increases the chance that the counterparty could have financial problems and therefore not pay back the principal invested and/ or the interest due.
- The risk of investing for longer periods as it could lead to a lost opportunity. If the investment is at a fixed rate and then there is a general rise in rates available (e.g. due to an unexpected Bank of England base rate rise) then it would not be possible to take advantage of the new improved rates until the investment matures.

Before considering where the Council will invest any surplus cash in treasury investments, it firstly needs to consider any loans that it may want to make for other purposes. A local authority can choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures. These loans can relate to service provision or to promote local economic growth. These loans may not seem prudent when considered purely in relation to security and liquidity. Table 16 details current and planned loans and shows the reasons for these loans, how their value is proportionate, the risk of loss and credit control arrangements that are in place.

Table 16

| Loan | Amount | Reason for Loan | Proportionality of value | Expected Credit Loss model and credit control |
|-------------------------------|---|--|--|--|
| Building Control | Currently £107k, provision for it to increase up to £172k | To support the formation of the company. The Council is also a shareholder in the company, owning 1/8 th of the shares. | Insignificant in the context of overall cash balances. | Regular monitoring of financial forecasts and business plans. The continuation of the company to provide Building Control services is more significant than the value of the loan. |
| Wholly owned Property Company | Up to £50k, current loan £20k | The loan is used for cashflow purposes to enable the company to become established. | As above. | As the loan is just for cashflow purposes it is unsecured. The Council receives regular reports on lettings performance which is the key indicator of company performance. |
| Stevenage Leisure Ltd | £308K | Was to purchase Technogym Equipment, which enables the provision of fitness activities at the Leisure Centres. | As above. | The Covid-19 pandemic affected the financial performance of SLL, and a repayment holiday was agreed. Whilst SLL returned to paying a full management fee during 2023/24, they have not been able to make loan repayments. As at the end of the contract in March 2024 the loan remained unpaid and SLL went in to liquidation in July 2024. The liquidation is still in progress. As at 31 st March 2025 there was a full bad debt provision in place. There are other transactions and accrued amounts (both positive and negative) that need to be resolved through the liquidation process, which is still ongoing. |

When the Council invests its surplus cash, it seeks to find reliable counterparties to ensure that the amount invested (and the interest earned) is returned. The Council has decided that it is prepared to take on a higher level of risk than recommended by its treasury advisers in relation to unrated Building Societies and the duration of its investments. This risk is mitigated by reviewing published information in relation to unrated Building Societies (i.e. "Pillar 3" reports).

The following criteria are used to determine the list of counterparties:

- UK Local Authorities- as they are able to raise additional funds from taxation
- UK Government- Debt Management Office provides highly liquid investments at the lowest risk as backed by the UK Government
- ESG (Environmental, Social and Governance) investments from UK Banks with a Fitch Credit rating of BBB (long-term)/ F3 (short-term) or greater- as they have been subject to UK 'stress tests' and also have a high credit rating
- Rated Building Societies with a Fitch Credit rating of BBB (long-term)/ F3 (short-term) or greater- as they have been subject to UK 'stress tests' and also have a high credit rating

- The Council's own banker (Lloyds) that it uses for transactional purposes. Although if its credit rating falls below BBB then any balances will be kept to a minimum (i.e. for cashflow purposes only). Includes a linked call account, as that maximises liquidity whilst also paying a higher level of interest.
- ESG (Environmental, Social and Governance) investments from non-UK banks with a UK subsidiary that have a Fitch Credit rating of BBB (long-term)/ F3 (short-term) or greater and are subject to the same stress tests as UK banks.
- ESG (Environmental, Social and Governance) investments from non-UK banks where the Country has a AA- rating and the institution has an A+ and above rating.
- Unrated UK Building Societies- as organisations have to pay to obtain a rating; most Building Societies do not get one. They do produce annual reports known as Pillar 3 reports, and these will be used to assess their credit worthiness. Furthermore, the Council will only invest in Building Societies that have assets of at least £300m, which limits the potential exposure.
- Money Market funds that are AAA rated and have an ESG policy.

All investments will be denominated in Sterling. There may not be ESG investments currently available in all the categories detailed above but included in the strategy in case they become available.

The Council will seek to appropriately diversify its investments across a range of types and counterparties. This means that if there were any security or liquidity issues with a particular type of investment or counterparty, the Council would still have access to the majority of its funds. The limits are initially based on a percentage of total funds but are converted to actual values to make the administration of investments more efficient. The values are calculated by applying the percentages to the expected average balance during the year (2026/27)* and then rounded up to the nearest £1m. If these limits are set too low then it limits the investment opportunities available and also increases the administration as there is then a need to find more places to invest available funds.

The limit to be placed with each Local Authority counter-party has been increased to £5m (25%). This reflects that (1) an increasing number of Local Authorities borrowers are only interested in deals at £5m or above, and (2) the limiting of bank investments to ESG only means that the Council will need to maximise other investment options. Other Local Authorities are the best option to achieve increased options whilst also managing risk.

Previously there have been separate categories for investments with Building Societies based on their asset level (above £300m and above £1bn). These have now been combined due to the policy of having a £1m minimum investment value.

All other percentage limits have been kept the same as last year. The limits are shown in table 17 below.

* This is the balance taken from table 15 above, of the average closing balance for 25/26 and 26/27, which is £16.6m.

Table 17

| Investment Type | Max. amount in type of investment (£m) | Maximum amount in group (£m) | Maximum amount with any individual counterparty (£m) | Rationale and details |
|--|---|-------------------------------------|---|--|
| Debt Management Office (UK Government) | No limit | | | Short-term investment with UK Government that is therefore the lowest possible risk |
| UK Local Authorities | No limit | n/a | 5 | £5m limit with any one counterparty, no limit on total with Local Authorities due to tax raising powers |
| UK Banks and UK subsidiaries of foreign banks that are subject to the same stress tests as UK banks (excluding Lloyds current account)- includes Deposits and Certificates of Deposit (ESG investments only) | 9 | 3 | 2 | Rating F3 or above (short-term) or BBB or above (long-term) and part nationalised banks. 10% with any one counterparty, 15% with institutions in the same banking group, 50% with banks in total |
| Non-UK banks- includes deposits and Certificates of deposit (ESG investments only) | | 3 | 2 | AA- or above Country rating and A+ or above institution rating. Maximum of 10% with any one counterparty. Maximum of 15% in non-UK banks. |
| Combined Lloyds Current Account and Call Account | n/a | n/a | 5 | Used for cashflow purposes |
| UK Building Societies (unrated)- with assets over £300m only | 8 | n/a | 1 | Review of Pillar 3 reports and KPMG report on comparative profits. Up to £1m with any one counterparty. Maximum of 50% with UK Building Societies. |
| Rated UK Building Societies | | | 2 | Rating F3 or above (short-term) or BBB or above (long-term). 10% with any one counterparty. |
| Money Market Funds with an ESG policy | 2 | n/a | 1 | AAA rated. Maximum of 10% in MMFs and 5% with any one fund. |

The Council will primarily limit its liquidity risk by only investing money until it thinks it will next need it. On top of this it will also have a general limit on investments that are greater than 1 year (365 days). This limit is based on 25% of total investments but is again reflected as an absolute value of **£5m**, which is based on 25% of the expected average level of balances during the year (rounded up to nearest £1m). Due to Local Government Reorganisation timelines, there will be no investments with a set term of greater than 2 years

Money market funds do not have a set term and funds can be requested to be withdrawn at any time. Investment balances will be kept under review to ensure that they do not exceed the maximum amount set by this or subsequent treasury strategies. However, there is no time limit on the period that funds can be held invested for.

Where the Council makes use of credit ratings these will be assessed immediately prior to placing an investment. The Council then receives alerts whenever ratings change and will monitor these alerts

to see if an investment has fallen below the minimum criteria. For fixed term investments, it generally will not be possible to do anything in relation to a rating change. Although for a significant drop, enquiries will be made as to the exit costs involved. If these are not significant then the Council will end the investment early. For open term investments, the Council will seek to disinvest, although it will consider any exit costs.

There is a link between the interest rates that the Council can expect to achieve on its investments and the Bank of England base rate. Our treasury advisors (MUFG) have provided the following forecasts of base rates over the next 3 years. Using this and the investment limits above, we have estimated an average interest rate that the Council will achieve on its investments in each year.

Table 18

| Year | Forecast of Bank of England Base Rate as at end of the year (%) | Forecast of average interest earned on investments (%) |
|---------|---|--|
| 2026/27 | 3.25 | 3.375 |
| 2027/28 | 3.25 | 3.25 |
| 2028/29 | 3.25 | 3.25 |

The 2028/29 rate is then used for investments in subsequent years.

Combining these average interest rates with expected balances, gives a forecast of the interest that will be earned in each year. Although the Council has retained the option to invest in longer term Property and Multi-asset funds, these type of investments are unlikely to happen so have not been assumed in calculating the forecast interest returns.

Table 19

| | 2026/27 | 2027/28 | 2028/29 |
|---|---------|---------|---------|
| Forecast of average balance available for investment (£m)- short to medium term | 14.6 | 9.9 | 5.1 |
| Forecast of interest earned (£m) | 0.493 | 0.321 | 0.166 |
| Current interest assumed in the revenue budget. | 0.362 | 0.322 | 0.259 |

The Council is required to set a prudential indicator that estimates financing costs (cost of borrowing less income from investments) as a percentage of its net revenue budget.

Prudential Indicator 8: Forecast of Financing Costs as a percentage of net revenue budget

| Year | Cost of borrowing £m | Less: Forecast of interest earned £m | Net Financing costs £m | Net Revenue Budget £m | Financing Costs as a % of Net Revenue Budget £m |
|---------|----------------------|--------------------------------------|------------------------|-----------------------|---|
| 2025/26 | 0.034 | 1.980 | -1.946 | 23.650 | -8.2 |
| 2026/27 | 1.481 | 0.560 | 0.921 | 27.321 | 3.4 |
| 2027/28 | 1.572 | 0.380 | 1.192 | 26.287 | 4.5 |
| 2028/29 | 1.458 | 0.237 | 1.221 | 21.978 | 5.6 |
| 2029/30 | 1.720 | 0.107 | 1.613 | 22.260 | 7.2 |
| 2030/31 | 1.889 | 0.013 | 1.876 | 22.470 | 8.3 |

Part 6- Overall Risk Considerations

The risk exposures for each of the elements of this strategy are generally independent, and therefore can be considered in isolation.

Part 7- Glossary

A number of definitions are included in the strategy when they are first referenced. These are not duplicated here. This part provides a list of other terms used in this report, as well as those used in the statutory guidance.

Borrowing- a written or oral agreement where the Council temporarily receives cash from a third party (e.g. a Bank, the Public Works Loan Board or another Local Authority) and promises to return it according to the terms of the agreement, normally with interest.

Investment: This covers all of the financial assets of the Council as well as other non-financial assets that the Council holds primarily or partially to generate a profit; for example, investment property portfolios. This will include investments that are not managed as part of normal treasury management processes or under treasury management delegations. Furthermore, it also covers loans made by the Council to one of its wholly-owned companies or associates, to a joint venture, or to a third party. The term does not include pension funds or trust fund investments, which are subject to separate regulatory regimes.

Within this strategy, the term investment is used in the following contexts:

- Capital investment- expenditure to acquire or improve a capital asset.
- Investment properties- assets that are held for the purpose of generating an income.
- Cash/ treasury investments- the cash that the Council has, which is made up of revenue reserves, capital reserves and the effects of cashflow timings. These amounts are invested to manage the risks of holding cash and to generate investment income.

Financial investments: These are made up of Cash/ Treasury investments and loans. This term is defined within the statutory guidance (as specified investments, loans and unspecified investments) but has not been directly used in this strategy. Part 5 of the Strategy is focused on these investments.

Specified Investment: These are essentially short-term Cash/ Treasury investments. To be a specified investment, it needs to meet the following criteria:

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.
- The investment is not a long term investment. This means that the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option.
- It is not capital expenditure.
- The investment is considered to be high quality or is with the UK Government, another Local Authority or a Parish/ Community Council.

High Quality investment: These are investments (specified and non-specified) which are assessed on the priority basis of security, liquidity and yield. Where relevant they make use of relevant additional information, such as credit ratings. The investments set out in part 5 are considered by the Council to be 'high quality'.

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.
- The investment is a long term investment. This means that the local authority has contractual right to repayment in greater than 12 months.
- It is not capital expenditure.

- The investment is considered to be high quality or is with the UK Government, another Local Authority or a Parish/ Community Council.

Unspecified investment: In the statutory guidance, these are financial assets that are not specified investments or loans. This creates a circular definition. The Council considers that they meet the following definition:

Loan: a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment. The Council will meet the following conditions when providing such loans:

- Total financial exposure to these type of loans is proportionate;
- An allowed “expected credit loss” model has been used as set out in Accounting Standards
- Appropriate credit control arrangements are in place to recover overdue repayments; and
- The total level of loans by type is in accordance with the limits set out in this Strategy.

COUNCIL
26 February 2026

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: COUNCIL TAX RESOLUTION 2026/27

REPORT OF: DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR RESOURCES

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to obtain approval for the Council Tax requirement and the overall Council Tax rates for the district of North Hertfordshire for 2026/27.

2. RECOMMENDATIONS

- 2.1. That it be noted that at its meeting on 29 January 2026 the Council Tax Setting Committee confirmed the amount 51,529.0 as its Council Tax base for the year 2026/2027 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the Regulations).

- a) 51,529.0 being the amount calculated by the Council, in accordance with Regulation 3 of the Regulations, as its Council Tax base for the year.

b)

| Parish/Town | Council Tax Base | Parish/Town | Council Tax Base |
|-----------------------|------------------|------------------------|------------------|
| Ashwell | 909.00 | Knebworth | 2,074.50 |
| Barkway | 439.90 | Lilley | 183.80 |
| Barley | 341.80 | Offley | 621.20 |
| Bygrave | 133.90 | Pirton | 709.60 |
| Caldecote and Newnham | 60.60 | Preston | 262.10 |
| Clothall | 88.70 | Radwell | 56.70 |
| Codicote | 1,835.00 | Reed | 164.30 |
| Graveley | 180.50 | Royston | 7,035.80 |
| Great Ashby | 2,018.00 | Rushden and Wallington | 209.60 |
| Hinxworth | 163.00 | St Ippolyts | 961.90 |
| Holwell | 157.30 | St Pauls Walden | 577.80 |
| Ickleford | 953.80 | Sandon | 258.60 |
| Kelshall | 80.60 | Therfield | 278.30 |
| Kimpton | 1,089.30 | Weston | 447.70 |
| Kings Walden | 427.50 | Wymondley | 428.50 |

Being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.

c) That it be noted that at this meeting on the 26 February 2026 the Council has calculated the Council Tax requirement for the Council's own purposes for 2026/27 (excluding Parish precepts) as £14,211,183. As detailed in 2.2 (e) below the sum of special items is £1,779,755 and hence the total Council Tax requirement (including Parish precepts) is £15,990,938.

2.2. That the following amounts be now calculated by the Council for 2026/2027 in accordance with Sections 31A, 31B and 34 to 36 of the Local Government and Finance Act 1992 (the Act):-

- | | | |
|----|-------------|---|
| a) | £85,997,958 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2)(a) to (f) of the Act. |
| b) | £70,007,020 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act. |
| c) | £15,990,938 | being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. |
| d) | £310.33 | being the amount at (c) above divided by the amount at 2.1(a) above calculated by the Council in accordance with Section 31B(1) as the basic amount of its Council Tax for the year. |
| e) | £1,779,755 | being the aggregate amount of all special items referred to in Section 34(1) of the Act. |
| f) | £275.79 | being the amount at (d) above less the result given by dividing the amount at (e) above by the amount at 2.1(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates. |

g)

| Parish/Town | Basic £ | Parish Precept £ | Total £ |
|------------------------|--------------------|---------------------------------|--------------------|
| Ashwell | 275.79 | 137.36 | 413.15 |
| Barkway | 275.79 | 104.35 | 380.14 |
| Barley | 275.79 | 107.93 | 383.72 |
| Bygrave | 275.79 | 80.11 | 355.90 |
| Caldecote and Newnham | 275.79 | 39.81 | 315.60 |
| Clothall | 275.79 | 20.32 | 296.11 |
| Codicote | 275.79 | 62.92 | 338.71 |
| Graveley | 275.79 | 55.96 | 331.75 |
| Great Ashby | 275.79 | 24.63 | 300.42 |
| Hinxworth | 275.79 | 70.64 | 346.43 |
| Holwell | 275.79 | 97.03 | 372.82 |
| Ickleford | 275.79 | 70.77 | 346.56 |
| Kelshall | 275.79 | 49.63 | 325.42 |
| Kimpton | 275.79 | 87.58 | 363.37 |
| Kings Walden | 275.79 | 96.99 | 372.78 |
| Knebworth | 275.79 | 93.27 | 369.06 |
| Lilley | 275.79 | 118.19 | 393.98 |
| Offley | 275.79 | 72.40 | 348.19 |
| Pirton | 275.79 | 95.24 | 371.03 |
| Preston | 275.79 | 68.74 | 344.53 |
| Radwell | 275.79 | 27.16 | 302.95 |
| Reed | 275.79 | 52.41 | 328.20 |
| Royston | 275.79 | 84.92 | 360.71 |
| Rushden and Wallington | 275.79 | 21.15 | 296.94 |
| St Ippolyts | 275.79 | 46.61 | 322.40 |
| St Pauls Walden | 275.79 | 91.81 | 367.60 |
| Sandon | 275.79 | 32.87 | 308.66 |
| Therfield | 275.79 | 47.43 | 323.22 |
| Weston | 275.79 | 55.84 | 331.63 |
| Wymondley | 275.79 | 103.50 | 379.29 |

being the amounts given by adding to the amount at 2.2(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2.1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

h)

| Parish/Town | Valuation Bands | | | | | | | |
|------------------------|-----------------|--------|--------|--------|--------|--------|--------|--------|
| | A | B | C | D | E | F | G | H |
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Ashwell | 275.43 | 321.34 | 367.25 | 413.15 | 504.96 | 596.78 | 688.58 | 826.30 |
| Baldock | 183.86 | 214.50 | 245.15 | 275.79 | 337.08 | 398.36 | 459.65 | 551.58 |
| Barkway | 253.43 | 295.66 | 337.91 | 380.14 | 464.62 | 549.10 | 633.57 | 760.28 |
| Barley | 255.81 | 298.45 | 341.09 | 383.72 | 468.99 | 554.27 | 639.53 | 767.44 |
| Bygrave | 237.27 | 276.81 | 316.36 | 355.90 | 434.99 | 514.08 | 593.17 | 711.80 |
| Caldecote and Newnham | 210.40 | 245.46 | 280.54 | 315.60 | 385.74 | 455.87 | 526.00 | 631.20 |
| Clothall | 197.41 | 230.30 | 263.21 | 296.11 | 361.92 | 427.72 | 493.52 | 592.22 |
| Codicote | 225.81 | 263.44 | 301.08 | 338.71 | 413.98 | 489.25 | 564.52 | 677.42 |
| Graveley | 221.17 | 258.02 | 294.89 | 331.75 | 405.48 | 479.20 | 552.92 | 663.50 |
| Great Ashby | 200.28 | 233.66 | 267.04 | 300.42 | 367.18 | 433.95 | 500.70 | 600.84 |
| Hexton | 183.86 | 214.50 | 245.15 | 275.79 | 337.08 | 398.36 | 459.65 | 551.58 |
| Hinxworth | 230.95 | 269.44 | 307.94 | 346.43 | 423.42 | 500.41 | 577.38 | 692.86 |
| Hitchin | 183.86 | 214.50 | 245.15 | 275.79 | 337.08 | 398.36 | 459.65 | 551.58 |
| Holwell | 248.55 | 289.97 | 331.40 | 372.82 | 455.67 | 538.52 | 621.37 | 745.64 |
| Ickleford | 231.04 | 269.54 | 308.06 | 346.56 | 423.58 | 500.59 | 577.60 | 693.12 |
| Kelshall | 216.95 | 253.10 | 289.27 | 325.42 | 397.74 | 470.06 | 542.37 | 650.84 |
| Kimpton | 242.25 | 282.62 | 323.00 | 363.37 | 444.12 | 524.87 | 605.62 | 726.74 |
| Kings Walden | 248.52 | 289.94 | 331.36 | 372.78 | 455.62 | 538.47 | 621.30 | 745.56 |
| Knebworth | 246.04 | 287.04 | 328.06 | 369.06 | 451.08 | 533.09 | 615.10 | 738.12 |
| Langley | 183.86 | 214.50 | 245.15 | 275.79 | 337.08 | 398.36 | 459.65 | 551.58 |
| Letchworth | 183.86 | 214.50 | 245.15 | 275.79 | 337.08 | 398.36 | 459.65 | 551.58 |
| Lilley | 262.65 | 306.43 | 350.21 | 393.98 | 481.53 | 569.09 | 656.63 | 787.96 |
| Nuthampstead | 183.86 | 214.50 | 245.15 | 275.79 | 337.08 | 398.36 | 459.65 | 551.58 |
| Offley | 232.13 | 270.81 | 309.51 | 348.19 | 425.57 | 502.95 | 580.32 | 696.38 |
| Pirton | 247.35 | 288.58 | 329.81 | 371.03 | 453.48 | 535.94 | 618.38 | 742.06 |
| Preston | 229.69 | 267.96 | 306.25 | 344.53 | 421.10 | 497.66 | 574.22 | 689.06 |
| Radwell | 201.97 | 235.62 | 269.29 | 302.95 | 370.28 | 437.60 | 504.92 | 605.90 |
| Reed | 218.80 | 255.26 | 291.74 | 328.20 | 401.14 | 474.07 | 547.00 | 656.40 |
| Royston | 240.47 | 280.55 | 320.63 | 360.71 | 440.87 | 521.03 | 601.18 | 721.42 |
| Rushden and Wallington | 197.96 | 230.95 | 263.95 | 296.94 | 362.93 | 428.92 | 494.90 | 593.88 |
| St Ippolyts | 214.93 | 250.75 | 286.58 | 322.40 | 394.05 | 465.70 | 537.33 | 644.80 |
| St Pauls Walden | 245.07 | 285.91 | 326.76 | 367.60 | 449.29 | 530.98 | 612.67 | 735.20 |
| Sandon | 205.77 | 240.07 | 274.37 | 308.66 | 377.25 | 445.85 | 514.43 | 617.32 |
| Therfield | 215.48 | 251.39 | 287.31 | 323.22 | 395.05 | 466.88 | 538.70 | 646.44 |
| Weston | 221.09 | 257.93 | 294.79 | 331.63 | 405.33 | 479.03 | 552.72 | 663.26 |
| Wymondley | 252.86 | 295.00 | 337.15 | 379.29 | 463.58 | 547.87 | 632.15 | 758.58 |

being the amounts given by multiplying the amounts at 2.2(f) and 2.2(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(l) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 2.3. That it be noted that for 2026/2027 Hertfordshire County Council and the Hertfordshire Police & Crime Commissioner has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown below:-

| Precepting Authority | Valuation Bands | | | | | | | |
|--|-----------------|----------|----------|----------|----------|----------|----------|----------|
| | A £ | B £ | C £ | D £ | E £ | F £ | G £ | H £ |
| Hertfordshire County Council | 1,238.79 | 1,445.26 | 1,651.73 | 1,858.19 | 2,271.12 | 2,684.05 | 3,096.98 | 3,716.38 |
| Hertfordshire Police & Crime Commissioner | 186.67 | 217.78 | 248.89 | 280.00 | 342.22 | 404.44 | 466.67 | 560.00 |

- 2.4. That, having calculated the aggregate in each case of the amounts at 2.2(h) and 2.3 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets out the following provisional amounts as the amounts of Council Tax for 2026/2027 for each of the categories of dwellings shown below:-

List of parishes and tax at different bands (County, Care, Police, District and Parish)

| Parish/Town | Valuation Bands | | | | | | | |
|------------------------|-----------------|----------|----------|----------|----------|----------|----------|----------|
| | A £ | B £ | C £ | D £ | E £ | F £ | G £ | H £ |
| Ashwell | 1,700.89 | 1,984.38 | 2,267.86 | 2,551.34 | 3,118.30 | 3,685.27 | 4,252.23 | 5,102.68 |
| Baldock | 1,609.32 | 1,877.54 | 2,145.77 | 2,413.98 | 2,950.42 | 3,486.85 | 4,023.30 | 4,827.96 |
| Barkway | 1,678.89 | 1,958.70 | 2,238.52 | 2,518.33 | 3,077.96 | 3,637.59 | 4,197.22 | 5,036.66 |
| Barley | 1,681.27 | 1,961.49 | 2,241.70 | 2,521.91 | 3,082.33 | 3,642.76 | 4,203.18 | 5,043.82 |
| Bygrave | 1,662.73 | 1,939.85 | 2,216.97 | 2,494.09 | 3,048.33 | 3,602.57 | 4,156.82 | 4,988.18 |
| Caldecote and Newnham | 1,635.86 | 1,908.50 | 2,181.15 | 2,453.79 | 2,999.08 | 3,544.36 | 4,089.65 | 4,907.58 |
| Clothall | 1,622.87 | 1,893.34 | 2,163.82 | 2,434.30 | 2,975.26 | 3,516.21 | 4,057.17 | 4,868.60 |
| Codicote | 1,651.27 | 1,926.48 | 2,201.69 | 2,476.90 | 3,027.32 | 3,577.74 | 4,128.17 | 4,953.80 |
| Graveley | 1,646.63 | 1,921.06 | 2,195.50 | 2,469.94 | 3,018.82 | 3,567.69 | 4,116.57 | 4,939.88 |
| Great Ashby | 1,625.74 | 1,896.70 | 2,167.65 | 2,438.61 | 2,980.52 | 3,522.44 | 4,064.35 | 4,877.22 |
| Hexton | 1,609.32 | 1,877.54 | 2,145.77 | 2,413.98 | 2,950.42 | 3,486.85 | 4,023.30 | 4,827.96 |
| Hinxworth | 1,656.41 | 1,932.48 | 2,208.55 | 2,484.62 | 3,036.76 | 3,588.90 | 4,141.03 | 4,969.24 |
| Hitchin | 1,609.32 | 1,877.54 | 2,145.77 | 2,413.98 | 2,950.42 | 3,486.85 | 4,023.30 | 4,827.96 |
| Holwell | 1,674.01 | 1,953.01 | 2,232.01 | 2,511.01 | 3,069.01 | 3,627.01 | 4,185.02 | 5,022.02 |
| Ickleford | 1,656.50 | 1,932.58 | 2,208.67 | 2,484.75 | 3,036.92 | 3,589.08 | 4,141.25 | 4,969.50 |
| Kelshall | 1,642.41 | 1,916.14 | 2,189.88 | 2,463.61 | 3,011.08 | 3,558.55 | 4,106.02 | 4,927.22 |
| Kimpton | 1,667.71 | 1,945.66 | 2,223.61 | 2,501.56 | 3,057.46 | 3,613.36 | 4,169.27 | 5,003.12 |
| Kings Walden | 1,673.98 | 1,952.98 | 2,231.97 | 2,510.97 | 3,068.96 | 3,626.96 | 4,184.95 | 5,021.94 |
| Knebworth | 1,671.50 | 1,950.08 | 2,228.67 | 2,507.25 | 3,064.42 | 3,621.58 | 4,178.75 | 5,014.50 |
| Langley | 1,609.32 | 1,877.54 | 2,145.77 | 2,413.98 | 2,950.42 | 3,486.85 | 4,023.30 | 4,827.96 |
| Letchworth | 1,609.32 | 1,877.54 | 2,145.77 | 2,413.98 | 2,950.42 | 3,486.85 | 4,023.30 | 4,827.96 |
| Lilley | 1,688.11 | 1,969.47 | 2,250.82 | 2,532.17 | 3,094.87 | 3,657.58 | 4,220.28 | 5,064.34 |
| Nuthampstead | 1,609.32 | 1,877.54 | 2,145.77 | 2,413.98 | 2,950.42 | 3,486.85 | 4,023.30 | 4,827.96 |
| Offley | 1,657.59 | 1,933.85 | 2,210.12 | 2,486.38 | 3,038.91 | 3,591.44 | 4,143.97 | 4,972.76 |
| Pirton | 1,672.81 | 1,951.62 | 2,230.42 | 2,509.22 | 3,066.82 | 3,624.43 | 4,182.03 | 5,018.44 |
| Preston | 1,655.15 | 1,931.00 | 2,206.86 | 2,482.72 | 3,034.44 | 3,586.15 | 4,137.87 | 4,965.44 |
| Radwell | 1,627.43 | 1,898.66 | 2,169.90 | 2,441.14 | 2,983.62 | 3,526.09 | 4,068.57 | 4,882.28 |
| Reed | 1,644.26 | 1,918.30 | 2,192.35 | 2,466.39 | 3,014.48 | 3,562.56 | 4,110.65 | 4,932.78 |
| Royston | 1,665.93 | 1,943.59 | 2,221.24 | 2,498.90 | 3,054.21 | 3,609.52 | 4,164.83 | 4,997.80 |
| Rushden and Wallington | 1,623.42 | 1,893.99 | 2,164.56 | 2,435.13 | 2,976.27 | 3,517.41 | 4,058.55 | 4,870.26 |
| St Ippolyts | 1,640.39 | 1,913.79 | 2,187.19 | 2,460.59 | 3,007.39 | 3,554.19 | 4,100.98 | 4,921.18 |
| St Pauls Walden | 1,670.53 | 1,948.95 | 2,227.37 | 2,505.79 | 3,062.63 | 3,619.47 | 4,176.32 | 5,011.58 |
| Sandon | 1,631.23 | 1,903.11 | 2,174.98 | 2,446.85 | 2,990.59 | 3,534.34 | 4,078.08 | 4,893.70 |
| Therfield | 1,640.94 | 1,914.43 | 2,187.92 | 2,461.41 | 3,008.39 | 3,555.37 | 4,102.35 | 4,922.82 |
| Weston | 1,646.55 | 1,920.97 | 2,195.40 | 2,469.82 | 3,018.67 | 3,567.52 | 4,116.37 | 4,939.64 |
| Wymondley | 1,678.32 | 1,958.04 | 2,237.76 | 2,517.48 | 3,076.92 | 3,636.36 | 4,195.80 | 5,034.96 |

3. REASONS FOR RECOMMENDATIONS

- 3.1. The Council is required to set the Council Tax and to set the overall level of Council Tax for the following financial year, taking into account the precepts of all major and local precepting authorities.
- 3.2. The level of Council Tax Requirement has been considered necessary to meet the budgeting needs of the Council for 2026/27.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. Options for the appropriate level of Council Tax for North Hertfordshire District Council have been considered with the agenda item Budget 2026/27 (Revenue Budget and Investment Strategy) presented at this meeting.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. Consultation on the 2026/27 budget proposals has taken place with all Members throughout the Corporate Business Planning process.

6. FORWARD PLAN

- 6.1. This report does not contain a recommendation on a key Executive decision and has therefore has not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1. At its meeting on 29 January 2026 the Council Tax Setting Committee calculated the amount 51,529.0 as its Council Tax base for the year 2026/2027 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the Regulations)
- 7.2. At this meeting the Council has been recommended to approve a net budget of £27.524 million and an increase in the relevant basic Council Tax amount of 2.99% for 2026/27.

8. RELEVANT CONSIDERATIONS

- 8.1. The Local Government Finance Act 1992 sets out the calculations required for the Council Tax Requirement and the overall Council Tax levels. These calculations have been applied to the precept requirements of the District Council, County Council, Police and Crime Commissioner and Town and Parish Councils and the outcome is provided for Members' approval in section 2 of this report.
- 8.2. This Council is asked to approve an increase in Council Tax of 2.99% for 2026/27. As this is below the referendum threshold for 2026/27 of 3.0%, a local referendum on the Council Tax level is not required.
- 8.3. The Town and Parish Councils have requested a total precept for 2026/27 of £1,779,755. This is an increase of £256,907, or 16.87%, on the precept demand levied on taxpayers for 2025/26. In addition, this Council will also provide a grant of £38,885 to the Town and Parish Councils to help mitigate the impact of the Council Tax Reduction Scheme. This means that the overall amount of precept-related funding provided to Town and Parish Councils for 2026/27 is £1,818,640, an increase of 16.45% on the equivalent total for 2026/27. Parish and Town Councils are not currently subject to any referendum requirements. Appendix B provides details of amounts, and the change from the prior year, for each Parish and Town Council in the District.

- 8.4. Hertfordshire County Council has provided formal notification of a total requested levy on the District of North Hertfordshire for 2026/27 of £95,750,672.51, which results in a total Band D Council Tax of £1,858.19. This represents a 4.99% increase on the 2025/26 rate. The increase is below the referendum threshold of 5% so a local referendum is not required.
- 8.5. The Police and Crime Commissioner has provided formal notification of the requested levy on the District of North Hertfordshire for 2026/27 of £14,428,120.00, which results in a Band D Council Tax of £280.00. This is an increase of £15.00 (equivalent to 5.66%) on the Band D Council Tax rate for 2025/26. This does not exceed the referendum threshold of £15.00, so a local referendum on the Council Tax level is not required.
- 8.6. The numbers requiring Council approval in the recommendations correspond to what is required by the regulations. Appendix A provides more details of what these numbers mean.

9. LEGAL IMPLICATIONS

- 9.1. The provision for the Authority to levy and collect a Council Tax is provided in section 30 of the Local Government Finance Act 1992 (Aggregating Billing Authority and Preceptors Council Tax Charges).
- 9.2. The 'Referendums Relating to Council Tax Increases (Principles) (England) Report 2026-27' was published by the Government on the 9th February 2026. The Principles for Referendums were made pursuant to section 52ZD(1) of the Local Government Finance Act 1992 as inserted by Schedule 5 to the Localism Act 2011.
- 9.3. For shire district councils like North Herts Council, for 2026/27 the relevant basic amount of Council Tax is deemed to be excessive if it is both; an increase of 3% or more; and is more than £5.00 greater than its relevant basic amount of Council Tax for 2025/26.
- 9.4. For local authorities with responsibility for social care, which includes Hertfordshire County Council, for 2026/27 the relevant basic amount of Council Tax is deemed to be excessive if it is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of Council Tax for 2025-26.
- 9.5. For Police and Crime Commissioner Authorities, for 2026/27 the relevant basic amount of Council Tax is deemed to be excessive if the authority's relevant basic amount of Council Tax for 2026/27 is more than £15 greater than its relevant basic amount of Council Tax for 2025/26.
- 9.6. Paragraph 10.2 of the Council's Constitution gives the Council Tax Setting Committee the responsibility for (a) setting the Council Tax Base in accordance with the regulations; and (b) setting the Council Tax in accordance with the relevant legislation *unless* the decision can be taken by a meeting of Full Council. In accordance with paragraph 4.8.16(h) of the Constitution and the relevant legislation, the decisions must be by way of a recorded vote.

10. FINANCIAL IMPLICATIONS

- 10.1. Council Tax is a key funding stream for the Council, which enables the provision of services to residents. The approval of the Council Tax resolution will authorise the Council Tax billing of the residents of North Hertfordshire for financial year 2026/27. The precept to be collected for the Council's purposes is £14,211,183.

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 risk of non-collection of Council Tax is monitored in the Collection Fund. The tax base calculations have assumed a non-collection rate of 1%.

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. The review and setting of Council Tax is a statutory responsibility of this Council. A balance must be considered and demonstrated by the Council when setting the level of Council Tax and any rise or fall in tax. This said balance is between the ability of the individual residents' to pay the required Council Tax and the Council's need to have sufficient base budget to deliver key services across the District. The recommendation to provide a grant of £38,885 to the District's Town and Parish Councils will mitigate the impact of the Council Tax Reduction Scheme. This action reflects some of the considerations made in reaching this balance.

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. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1. There are no direct human resource implications.

16. APPENDICES

- 16.1. Appendix A: Guide to the 2026/27 Council Tax Resolution.
- 16.2. Appendix B: North Hertfordshire Parish & Town Councils Council Tax Amounts 2026/27.

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18. BACKGROUND PAPERS

18.1. None.

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Appendix A

GUIDE TO THE 2026/2027 COUNCIL TAX RESOLUTION

Recommendation 2.1

These are the Council Tax Base figures for 2026/2027 approved by the Council Tax Setting Committee on 29 January 2026 with details for those Parishes that levy a precept.

Recommendation 2.2

- (a) Is Gross Expenditure on District Council services + Parish Precepts.
- (b) Is Gross Income from District Council services in 2026/27, including fees and charges, Housing Benefit Subsidy Grant, Revenue Support Grant, Homelessness, Rough Sleeping and Domestic Abuse Grant, and the Council's share of Business Rates, plus the projected use of reserves (based on the net funding position for 2026/27).
- (c) Is (a) - (b) [District Council precept including Parish precepts]
- (d) Is (c) divided by the tax base, i.e. the net District + Parish Charge. This assumes that the total Parish Charge is charged across the entire Council Tax base, so is a notional figure only (i.e. the actual precept for a household is not calculated on this basis).
- (e) Is the total of Parish Precepts
- (f) Is (d) - [(e) divided by the tax base] i.e. the net District Council charge. This is the amount that a Band D property would pay for the Council's own purposes in 2025/26.
- (g) Is the net District Council charge with the relevant Parish charges added for each area in which there is a Parish precept. This is the amount that a Band D property would pay in each parished area, incorporating the District and Parish charge.
- (h) Is the inclusive District and Parish (where applicable) charge for each property band in each area of the District. There are set weightings to apply to the Band D amount to get to the amounts for the other bands.

Recommendation 2.3

Is the County and Police precepts for each property band. For the County Council this includes the Social Care precept.

Recommendation 2.4

Is the inclusive District, Parish, County and Police charge for each property band for each area of the District.

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Appendix B - North Hertfordshire Parish & Town Councils Council Tax Amounts 2026/27

| North Hertfordshire Parish & Town Councils | 2026/27 | | | | | 2025/26 | | | |
|---|---------------------|------------------|----------------------------|-----------------|----------------------|-----------------|-------------------------------------|----------------------|---------------------------------------|
| | Total Funding | CTRS Grant | Precept Demand Value | Tax Base | Band D Tax Amount | Tax Base | Percentage Growth in Tax Base | Band D Tax Amount | Percentage Change to Band D Tax |
| | £ | £ | £ | | £ | | % | £ | % |
| Ashwell | 126,412.56 | 1,550.48 | 124,862.08 | 909.0 | 137.36 | 901.7 | 0.8% | 124.89 | 10.0% |
| Baldock | - | - | - | 3,816.1 | - | 3,800.6 | 0.4% | - | - |
| Barkway | 46,500.00 | 595.04 | 45,904.96 | 439.9 | 104.35 | 438.9 | 0.2% | 98.28 | 6.2% |
| Barley | 37,424.08 | 532.08 | 36,892.00 | 341.8 | 107.93 | 338.2 | 1.1% | 99.24 | 8.8% |
| Bygrave | 10,767.91 | 40.91 | 10,727.00 | 133.9 | 80.11 | 129.4 | 3.5% | 71.95 | 11.3% |
| Caldecote and Newnham | 2,500.00 | 87.78 | 2,412.22 | 60.6 | 39.81 | 56.7 | 6.9% | 42.08 | -5.4% |
| Clothall | 2,000.00 | 197.33 | 1,802.67 | 88.7 | 20.32 | 86.9 | 2.1% | 21.59 | -5.9% |
| Codicote | 119,002.83 | 3,551.83 | 115,451.00 | 1,835.0 | 62.92 | 1,711.3 | 7.2% | 64.80 | -2.9% |
| Graveley | 10,656.00 | 555.27 | 10,100.73 | 180.5 | 55.96 | 175.5 | 2.8% | 57.94 | -3.4% |
| Great Ashby | 52,184.11 | 2,489.11 | 49,695.00 | 2,018.0 | 24.63 | 2,012.1 | 0.3% | 24.00 | 2.6% |
| Hexton | 0.00 | 0.00 | 0.00 | 65.3 | 0.00 | 66.8 | -2.2% | 0.00 | - |
| Hinxworth | 11,583.84 | 69.84 | 11,514.00 | 163.0 | 70.64 | 162.6 | 0.2% | 68.75 | 2.7% |
| Hitchin | - | - | - | 12,750.1 | - | 12,613.7 | 1.1% | - | - |
| Holwell | 15,783.42 | 520.42 | 15,263.00 | 157.3 | 97.03 | 160.2 | -1.8% | 92.50 | 4.9% |
| Ickleford | 70,133.92 | 2,633.92 | 67,500.00 | 953.8 | 70.77 | 898.1 | 6.2% | 67.23 | 5.3% |
| Kelshall | 4,129.69 | 129.69 | 4,000.00 | 80.6 | 49.63 | 80.9 | -0.4% | 35.61 | 39.4% |
| Kimpton | 96,913.45 | 1,513.45 | 95,400.00 | 1,089.3 | 87.58 | 1,062.5 | 2.5% | 84.71 | 3.4% |
| Kings Walden | 42,308.92 | 845.28 | 41,463.64 | 427.5 | 96.99 | 425.0 | 0.6% | 90.75 | 6.9% |
| Knebworth | 196,988.23 | 3,490.90 | 193,497.33 | 2,074.5 | 93.27 | 2,018.7 | 2.8% | 95.29 | -2.1% |
| Langley | 0.00 | 0.00 | 0.00 | 87.9 | 0.00 | 89.2 | -1.5% | 0.00 | - |
| Letchworth | - | - | - | 11,591.7 | - | 11,567.3 | 0.2% | - | - |
| Lilley | 21,994.27 | 270.75 | 21,723.52 | 183.8 | 118.19 | 178.0 | 3.3% | 108.97 | 8.5% |
| Nuthampstead | 0.00 | 0.00 | 0.00 | 68.6 | 0.00 | 71.3 | -3.8% | 0.00 | - |
| Offley | 46,930.00 | 1,952.11 | 44,977.89 | 621.2 | 72.40 | 616.3 | 0.8% | 66.09 | 9.5% |
| Pirton | 68,369.91 | 785.91 | 67,584.00 | 709.6 | 95.24 | 702.5 | 1.0% | 95.61 | -0.4% |
| Preston | 18,155.68 | 139.90 | 18,015.78 | 262.1 | 68.74 | 246.1 | 6.5% | 68.10 | 0.9% |
| Radwell | 1,670.08 | 130.08 | 1,540.00 | 56.7 | 27.16 | 58.3 | -2.7% | 26.42 | 2.8% |
| Reed | 8,755.00 | 144.02 | 8,610.98 | 164.3 | 52.41 | 160.6 | 2.3% | 51.54 | 1.7% |
| Royston | 608,967.54 | 11,517.54 | 597,450.00 | 7,035.8 | 84.92 | 6,871.6 | 2.4% | 59.22 | 43.4% |
| Rushden and Wallington | 4,500.00 | 67.54 | 4,432.46 | 209.6 | 21.15 | 212.1 | -1.2% | 20.92 | 1.1% |
| St Ippolyts | 46,000.00 | 1,161.76 | 44,838.24 | 961.9 | 46.61 | 948.5 | 1.4% | 41.98 | 11.0% |
| St Pauls Walden | 54,789.02 | 1,741.13 | 53,047.89 | 577.8 | 91.81 | 582.1 | -0.7% | 86.79 | 5.8% |
| Sandon | 8,793.65 | 293.65 | 8,500.00 | 258.6 | 32.87 | 247.5 | 4.5% | 34.34 | -4.3% |
| Therfield | 13,355.59 | 155.59 | 13,200.00 | 278.3 | 47.43 | 267.5 | 4.0% | 37.38 | 26.9% |
| Weston | 25,654.05 | 654.05 | 25,000.00 | 447.7 | 55.84 | 446.4 | 0.3% | 51.52 | 8.4% |
| Wymondley | 45,416.64 | 1,067.64 | 44,349.00 | 428.5 | 103.50 | 431.2 | -0.6% | 100.53 | 3.0% |
| TOTAL | 1,818,640.39 | 38,885.00 | 1,779,755.39 | 51,529.0 | - | 50,836.3 | 1.4% | - | - |

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**COUNCIL
26 FEBRUARY 2026**

PUBLIC DOCUMENT

TITLE OF REPORT: NOTICE OF MOTIONS

The following motion has been submitted, due notice of which has been given in accordance with Standing Order 4.8.12.

Support for Trans Rights

To be moved by Councillor Sadie Billing and seconded by Councillor David Chalmers:

Council notes that:

The Supreme Court, in the case of *Women Scotland v the Scottish Ministers*, ruled that the terms “man”, “woman” and “sex” in the Equality Act 2010 refer to “biological sex”. This judgement does not remove legal protection from trans people, as gender reassignment remains a protected characteristic under the Equality Act 2010 and the Human Rights Act 1998. The law requiring respect for trans rights has not changed.

However, the judgement, and the subsequent interim (now withdrawn) guidance from the Equality and Human Rights Commission, has caused significant anxiety, uncertainty, and fear for the trans community. A recent Gallup survey found that two thirds of LGBTQ+ respondents had experienced anti LGBTQ+ violence or abuse, with abuse particularly severe for trans people. The LGBTQ+ community is more likely to experience disproportionately poor health outcomes, workplace conflict, homelessness, and barriers to accessing public services.

Council believes that:

1. Everyone should be safe and free to be themselves, without fear of hostility, violence, or discrimination.
2. Nobody’s life chances should be limited or determined because of their sexual orientation or gender identity.
3. Everyone deserves clarity and reassurance on how their rights will be protected.
4. The erosion of trans rights threatens everyone’s rights.

Therefore, Council resolves to:

1. **Affirm our support for trans, non-binary, and gender diverse residents and our commitment to defending their rights and dignity.**
2. **Request the Leader of the Council to write to the Minister for Women and Equalities to:**
 - a. **Express that the position of this Council is to support trans rights.**

- b. Request guidance on how existing legislation will continue to protect the rights of trans people.
 - c. Request clarity on whether the Government will bring forward new legislation in this area.
- 3. Commit to supporting Officers to take meaningful steps to promote safety and inclusion so that North Herts continues to be a welcoming and inclusive place for the LGBTQ+ community.
- 4. Build upon Council policies and practice to ensure that they explicitly affirm support for trans, non binary, and gender diverse people and that language used is inclusive.
- 5. Ensure that LGBTQ+ inclusion and trans awareness form part of ongoing staff and Councillor training, using existing or freely available resources.
- 6. Publicly mark and promote significant dates for the LGBTQ+ community (such as Pride, Trans Day of Visibility, etc.) through Council communications channels, as appropriate.
- 7. Continue to engage with local LGBTQ+ residents, staff, and organisations to inform Council services, community safety approaches, and staff policies (for example the recent funding with Impactful Lives).
- 8. Promote ways to report hate crimes and discrimination, ensuring that local and national support services are clearly signposted on Council platforms.
- 9. Continue to include commitments to equality, inclusion, and non-discrimination in Council supplier and partner expectations, encouraging inclusive practice in all Council linked work.
- 10. Actively encourage applications from LGBTQ+ people for Council jobs by:
 - a. Requesting officers to consider whether any changes to recruitment practices are necessary or appropriate to support inclusion, and to bring forward any recommendations through the appropriate governance route.
 - b. Reviewing recruitment processes to ensure they are inclusive and free from unnecessary barriers.
 - c. Promoting the Council as an inclusive employer via LGBTQ+ networks, events, and community groups.
 - d. Investigating whether the Council can offer the option to display pronouns during the application and onboarding process at no additional cost.

Any actions arising from this motion will be subject to existing legislation, available resources and appropriate governance and decision-making processes.