

North Herts Council

Medium Term Financial Strategy  
2026-30

### **Purpose of the Strategy**

This strategy sits alongside the Council Plan. It sets out our financial forecasts over the next five years and how we will manage the funding that we think we will have available, to deliver as much as we can, in line with our priorities.

Our Council Plan covers the period until the next set of Council elections, so is from 2024-28. It is good practice for a financial strategy to take a longer-term focus, usually at least 5 years. The Government has announced a plan for Local Government Reorganisation (LGR), which would see this Council cease to exist from 1<sup>st</sup> April 2028. We would be replaced by a Unitary Council (combining District and County Council services) over a wider (yet to be determined) geographical area. This means that more focus is put on the period up to 31<sup>st</sup> March 2027 but maintaining a longer-term view over 2 years beyond then (up until the end of 2029/30) to assess any impacts that our finances would have on our successor Council. It also provides coverage in case of any delay to the LGR timelines.

For the period of overlap with the Council Plan, the intention is that the two documents are aligned.

### **Delivering our Vision and Priorities**

Our vision and priorities are set out in detail in our Council Plan.

Our vision is “working with you for a fairer, greener North Herts.  
To support that our priorities are Thriving Communities, Accessible Services, Responsible Growth and Sustainability.

Most of the money that we spend is on delivering statutory services (about two thirds of our net spend). We will always look to deliver these services in line with our priorities. Even as our funding has continued to reduce, we have tried to maintain our ability to offer discretionary services that are linked to our priorities. Our forecasts include scenarios where we will need to further reduce our costs in the future. This would mean that difficult decisions will need to be taken. If faced with that choice, we will make those decisions in line with our priorities, and taking into account what residents told us in the budget survey.

Our Council Plan includes our ambitions for North Herts. Some of the ideas may be dependent on identifying funding or developing a sustainable business case.

## Future funding

We have delayed this strategy to try and base it on increased certainty over our future funding. But at the time of writing this, we do not yet have that certainty.

Over the summer, Government consulted on a new funding formula for Local Government. This is known as Fair Funding 2.0.

Some of the aims of the Fair Funding review are:

- Multi-year settlements to support planning for the future (initially 3 years from 2026/27 to 2028/29).
- Fewer funding streams, especially those that require a bidding process.
- Better targeting of money where it is needed, including a focus on deprivation and prevention.
- Reflecting the relative costs of delivering services in different areas.
- Adjusting the funding needed by the ability to raise Council Tax.

The overall process for setting Government funding (which includes the Business Rates that can be retained) is set out below:



The consultation document did not provide any indicative allocations but provided information that meant that experts in the field of Local Government finance could estimate the impact. Those experts were also able to have discussions with officials at the Ministry for Housing, Communities and Local Government to provide verification. We commissioned information from LG Futures to support our response to the consultation. Through their work supporting all Hertfordshire Councils on LGR, we also now have access to forecasts from another company, Pixel. Initial indications (from those that had seen the results from both) were that there was a significant difference between the LG Futures and Pixel models. But looking at the results for North Herts, the differences are not that significant. The LG Futures model allows us to easily see the impact of changing assumptions which were specifically stated as being subject to consultation. By far the most significant one of these is whether social care grants are treated as part of the general funding pot to be allocated or kept outside to be allocated on a more specific social care formula. Making it part of the overall funding pot means that we get a very small share of it. But as it is such a large amount of grant, that very small share is significant.

This table shows the relative difference in funding that the Social Care assumption could make:

<b>Estimated Government Funding (including retained Business Rate baseline) £m</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
With Social Care in baseline	6.51	7.00	7.46
Without Social Care in baseline	5.64	5.26	4.86
Difference	(0.87)	(1.74)	(2.60)

The Fair Funding Review does not affect the Council Tax we can raise. The expectation is that the cap will be retained at up to 3% without a local referendum. Our Council Tax income is also affected by growth in properties in the district, the impact of our Council Tax reduction scheme (CTRS) and our collection rate. Based on the latest data our Council Tax base (which includes property growth and CTRS impacts) is slightly up on our previous forecasts. We would retain our collection rate (how much of the Council Tax we are owed ultimately gets paid) at 99%.

As part of Simpler Recycling, Government require that all Councils collect food waste on a weekly basis from April 2026. Whilst we already collect food waste weekly, it is still a new burden, and we have previously expected that we would receive additional funding for the ongoing cost. Our forecasts will now assume that this be contained within the Fair Funding outcomes.

For 2025/26 we have guaranteed income of £1.435 million in relation to Extended Producer Responsibility (EPR). EPR is where producers have to pay for the cost of collection and disposal of packaging material. The funding is then passed on to Councils. This means that the cost of packaging materials should be borne by the end customers of those goods (through slightly higher prices) rather than the general Council taxpayer. The latest forecast for the amount we will receive in 2025/26 is about £300k more than the guaranteed amount, although half of that increase relates to being recompensed for the costs of taking part in a flexible plastic collection trial. The EPR funding is not within the scope of the Fair Funding formula. The aim of EPR is to encourage reductions in packaging waste so over time the payments we receive should slowly decrease. Reductions in packaging waste that needs to be collected will not reduce our costs as collection costs are priced based on number of households, not volumes collected. It is possible that net costs could go up as some of the recyclable material that we collect generate an income, which is linked to volumes. We will need to forecast how much our EPR payments will be in future years. We will base this on a 20% reduction each year.

We are expecting a policy statement on Fair Funding soon. It is unlikely to give us any actual funding amounts. It may provide more information that would allow the Local Government funding experts to further refine their models. The provisional Local Government finance settlement will be announced in mid-December. At that point we will know what our funding will be for the next 3 years.

## Our previous funding forecasts

Our current year (2025/26) budget includes the following funding forecasts for future years:

<b>Funding by source by year, amounts in £m</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
Council Tax	14.09	14.58	15.10	15.63
Government Grant and retained Business Rates	4.42	3.93	3.42	2.89
Extended Producer Responsibility	1.44	1.44	1.44	1.44
Council Tax Support to Parishes	(0.04)	(0.04)	(0.04)	(0.04)
<b>Net Total</b>	<b>19.91</b>	<b>19.91</b>	<b>19.91</b>	<b>19.91</b>
Add: Temporary Accommodation element of Homeless Prevention Grant *	0.37	0.37	0.37	0.37
<b>Revised Total</b>	<b>20.28</b>	<b>20.28</b>	<b>20.28</b>	<b>20.28</b>

\* This grant is added in as expected that it will form part of base funding in the Fair Funding formula, so means the total will be comparable to Fair Funding estimates.

## Revising our funding forecasts

The table below assumes the following:

- Council Tax income to be based on the latest tax base with a 0.99% collection rate, with 0.5% annual tax base growth and 2.99% rate increases. The tax base growth is a net figure as some of the growth will be used to fund the additional costs of the new properties (e.g. waste collection).
- EPR at the 2025/26 guaranteed level with a 20% decrease per year.
- Any previously announced New Burdens funding will be rolled in to Fair Funding (including Simpler Recycling).
- We will continue to budget for Business Rates at the baseline level, i.e. do not assume any growth (noting that growth will be less likely as the baseline level will be reset).
- Provide a range for Fair Funding based on whether Social Care grants are included or excluded.
- Amounts to grow by inflation at 2% for 2029/30.
- For now, assume that Council Tax support to parishes continues, although a choice could be taken to provide notice that this will cease.

<b>Funding by source by year, amounts in £m</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
Council Tax	14.15	14.65	15.16	15.69
Fair Funding impact (including Temporary Accommodation element of Homeless Prevention Grant)	5.64 to 6.51	5.26 to 7.00	4.86 to 7.46	4.96 to 7.61
Extended Producer Responsibility	1.15	0.92	0.74	0.59
Council Support to Parishes	(0.04)	(0.04)	(0.04)	(0.04)
<b>Total</b>	<b>20.90 to 21.77</b>	<b>20.79 to 22.53</b>	<b>20.72 to 23.32</b>	<b>21.20 to 23.85</b>

## Our General Fund reserves

Our latest forecast (Quarter 1 Revenue Monitoring report) is that our General Fund balance at 31<sup>st</sup> March 2026 will be £14.8 million. That involves using £1.27 million of our General Fund during 2025/26 to support our revenue spend, alongside £2.86 million of other reserves. That reflects a combination of spend that has been carried forward from previous years, as well as an underlying budget gap. The underlying budget gap is from wanting greater certainty over our future funding before committing to significant budget reductions.

As detailed in the year end revenue monitor for 2024/25, the gain on Business Rates from the release of provisions at the end of 2024/25 is expected to be received in 2026/27. The release of provisions helped the Council achieve a surplus over previous estimates for the year of £2.3million. In addition, the pooling gain

from the Council being part of a Business Rates Pool in 2024/25 meant that the Council was able to retain £1.5million more of this surplus than if the Council had been outside the Pool. The pooling gain reduced the transfer required to the General Fund to cover the cost of the business rates levy from the business rates grant held in earmarked reserve, the balance of which can be used to help balance the budget.

We are required to make sure that we have a certain level of reserves when we set our budget. This is to provide protection against known and unknown risks. This includes us being able to react to changes in demand and any emergencies that may arise. Our allowance of known risks is based on estimating the monetary impact of an event happening and applying a percentage to this, based on the likelihood of it happening (high, medium or low). Our allowance for unknown risks is based on 5% of net expenditure and 3% of budgeted income (excluding Housing Benefit). For 2025/26 this gave a minimum balance of £2.6m. It is assumed that there will need to be some growth in this minimum level to reflect inflation, so a minimum of £3m will be assumed. Our reserves are well above this minimum recommended level, and even more so when the extra Business Rates gains are added in.

### Revenue and Capital spend

Revenue is what we spend on day-to-day activities. It includes staffing and payments to suppliers to deliver services. It also includes income from fees and charges where the user pays for some or all of the cost of the service. This strategy is mainly focused on revenue spend.

Capital is what we spend on the buying, creating and maintaining our assets. Assets are things that can be used for more than one year, and include land, buildings and vehicles.

Most of our funding is revenue and can be used for either revenue or capital spend.

Where we sell surplus assets we receive a capital receipt and that funding can only be used to fund new capital spend. We are not expecting any large capital receipts and are expecting that we will need to reduce our forecasts (compared with last year's budget) as we go through the detailed budget setting process. We also sometimes get capital grants, that can only be used for capital spend.

There are revenue costs that are linked to capital spend. We have moved to a position where we have a need to borrow to fund our capital programme, as we have used up all our capital reserves. This is a normal position for Councils to be in, and there are provisions that allow us to borrow to fund capital spend. We cannot borrow money to fund revenue spend. When we set our Treasury Strategy as part of the 2026/27 budget we will need to determine if we are going to use internal or external borrowing. It is likely that we will continue with our current approach of borrowing internally. This means that we use the cash that we hold to fund capital spend. The costs of capital spend then come from the lost interest that we would have earned from investing that cash and the need to charge a Minimum Revenue Provision (MRP). In essence, the MRP spreads the cost of a capital asset over its expected useful life. For the purposes of this Medium-Term Financial Strategy, we assume that there will be no significant changes in treasury or MRP costs compared to those included in the 2025/26 budget forecasts. This is partly based on there being no defined proposals for significant increases in capital spend. This will be reviewed as part of the detailed work in setting the 2026/27 budget.

### Our revenue budget forecasts for 2026/27 onwards

The revenue budget that was set by Council in February 2025 included the forecasts below for net spend in 2026/27 onwards. This excludes the savings that were marked as tbc and therefore had not been identified. It includes the addition of the Community Safety Officer post that was agreed at the budget meeting.

Amounts in £m	2026/27	2027/28	2028/29	2029/30
Forecast spend	22.40	22.71	22.70	22.77

As part of setting the 2026/27 this will be fully reviewed. But as part of updating this strategy the following assumptions are considered/ updated.

## Temporary Accommodation element of Homeless Prevention Grant

The Temporary Accommodation element of the Homeless Prevention Grant has been a specific grant, and therefore netted off against the expenditure in that service area. As detailed above the intention is that this grant will be rolled in to general funding. So the service budget will need to be increased to reflect the loss of direct grant funding. This is a pressure of £370k each year.

## Budget monitoring updates

Since the budget was set in February 2026, we have had budget monitoring reports for Q3 2024/25, end of year 2024/25 and Q1 2025/26. These reports identified the following ongoing budget impacts:

Amounts in £m	Estimated ongoing impact (excluding carry-forwards)
Q3 2024/25 report	0.076
End of year 2024/25 report	(0.361)
Q1 2025/26 report	0.314
<b>Total impact</b>	<b>0.029</b>

## Inflation and cost of living impacts

In August the Bank of England Monetary Policy Committee cut the UK interest rate to 4% (from 4.25%). Whilst the current rate of inflation is above the 2% target, the Committee's report forecasts that inflation will drop to the 2% target during 2027. It is then forecast to stay at that level.

## Pay inflation and pay competitiveness

The pay claim for 2025/26 was agreed at 3.2%. The NJC Trade Unions have not yet submitted a pay claim for 2026/27. Our current forecasts are based on 2% pay inflation from 2026/27 onwards. It is proposed that this assumption is changed to 3% for 2026/27 and 2027/28. This is to reflect that:

- General inflation will remain above the 2% target over that period.
- Increases in the National Living Wage are likely to create pressure on our pay levels. This will have the greatest impact on those at the bottom of the pay scales, but we have to be mindful on maintaining pay differentials.
- There have been periods of below inflation pay rises in Local Government, which the Unions will seek to try and address.

We have started work on assessing our pay competitiveness against our Councils. This uses an LGA pay benchmarking tool, but it has been difficult to ensure that we are getting like for like comparisons. Jobs between different Councils will never be exactly the same, but it is important to try and get the best matches. It is hoped that a recent improvement to the tool will allow us to make more progress. Any decision on pay increases that fall outside the NJC process, would need to consider affordability and any constraints from the LGR process. For the purposes of this strategy, an additional pay increase will not be assumed. We will still continue to work on promoting our non-pay benefits.

## Contracted services inflation

Our contracts have a mix of inflation increases built into them. Some of our larger contracts use a basket of inflation indicators. Others will just be linked to general inflation. It is proposed that 3.8% inflation is assumed for 2026/27 (current CPI, August 2025 value), then 3% for 2027/28 and then 2% thereafter. For those contracts that have more specific inflationary measures, it is assumed that over time these will be strongly aligned to general inflation.

## Increases in fees and charges, and impact on demand/ ability to pay

It has previously been decided that parking charges should be modelled on assuming a 2% increase each year. That is not a target increase, and actual increases will need to consider managing demand, cost of provision, encouraging modal shift away from private car use and supporting the vitality of town centres. This assumption of a 2% increase will be retained. The work on annual uplifts has now been brought forward so that they will be applied from April each year.

Garden waste went back to being an annual charge from April 2025 onwards. This was set at £55 for 2025/26. For this purpose of this strategy, it is assumed that it will increase in line with inflation (i.e. 3.8% for 2026/27, 3% for 2027/28 and then 2% thereafter) but rounded to the nearest pound. The decision on the charge will be taken by Cabinet. It is assumed we will continue with having a concessionary discount for those that are less able to pay.

We have seen a drop in the number of trade waste and recycling customers, but projected income is still in line with budget. Therefore, it is currently assumed that the overall market can bear an increase in costs in line with inflation. This may be from selling additional recycling services. This will be reviewed prior to April each year by reviewing market conditions, and actual increases may be higher or lower.

Where fees and charges are set by regulation (e.g. planning fees) then the Council will set charges in line with those regulations. The assumption is that any ancillary charges will be increased in line with increases in general fees and charges.

All other fees and charges provide a relatively low amount of income. The target is that these fees and charges should recover the full cost of provision. Costs of provision are generally likely to increase with pay inflation. Therefore, the assumption will be that prices should increase in line with pay inflation estimates.

Our current assumption is that increases at these levels would not affect demand. For most of our services we seek payment in advance of receiving the service, so we are also not expecting an increase in levels of overdue debt.

### **Eligibility for Council Tax Reduction Scheme**

The Council Tax Reduction Scheme (CTRS) determines who is eligible for a discount on their Council Tax bill. For pensioners there is a mandatory scheme set by Government. For working age residents, we can determine how any discounts are determined.

We moved to a banded scheme for working-age CTRS eligibility in April 2023. During the first year (2023/24) this resulted in an increase in the total value of support that was being provided. Since then the value of support has stabilised. The cost of CTRS is reflected through changes in the tax base as it reduces the number of properties eligible to pay Council Tax. It is assumed that there will not be any further impact on the tax base from CTRS. Following some work by Marie Curie, we plan to look at helping those in poverty with a terminal illness. Our current expectation is that this can be covered through our existing discretionary support. All these assumptions will be kept under review as CTRS eligibility is uncertain.

### **Pension costs**

The latest triennial valuation (for March 2022) was completed before the 2022/23 budget was set. That valuation set our pension contribution rates for the three years up until 2025/26. Current forecasts for 2026/27 onwards are also based on that valuation. We expect to get our funding results by December, which will set our contribution rates for the next three years (2026/27 to 2028/29). We will update the forecasts when we have these. Indications have been that we could see a decrease in these costs.

### **Planning income**



The adoption of the Council's Local Plan means that there will be large new developments in the District. The precise timing of these developments is not known, and may be affected by the impacts of continuing high interest rates.

As these sites go through the planning process, they will generate significant planning income. Some of the capacity to deliver these has already been included in previous staffing growth bids. There will also be additional internal and external resource required. Where possible, the cost of short term external resources, and to a limited extent the internal resources, will be met through Planning Performance Agreements. However, these are voluntary agreements and cannot be required. The forecast cost of longer-term internal resources is forecast to be less than the additional income generated.

We will attempt to develop a prudent estimate of additional planning income over the next 4 years. This will reflect that the income is only earned when the application is determined, and not when we initially receive the fee income. Where there are over-achievements in early years, these will be put into a central reserve to enable the smoothing of any shortfalls in later years. When prudent, any balance in the reserve will be released back to the General Fund. The reserve will not be used to directly fund additional planning expenditure. There will be a need for additional resource in the medium-term, but this will be covered through the normal budget process.

### **Capacity to deliver our priorities**

Our Council Plan sets out our vision and priorities for 2024-28. The Council Plan will continue to be supported by our Council Delivery Plan.

The projects in the Council Delivery Plan for 2025/26 have been subject to prioritisation, and there are fewer of them. However there are still risks around delivery, particularly in relation to finances and Officer capacity. This is part of the reason why the Council Delivery Plan is reviewed on a quarterly basis by Overview and Scrutiny and Cabinet.

The table below details those projects that are in the current Council Delivery Plan (as reported to Cabinet in September 2025) and any further projects specifically referenced in the Council Plan. The table shows the financial implications of those projects in 2026/27 onwards:

## APPENDIX A

Project	Resources
Churchgate area regeneration	The current spend to get to a viable scheme is being funded from the income generated by the current Churchgate leases and additional approved budget. Project Management is from the Enterprise Team, with specific support from a part-time project manager. Ultimately it is expected that a significant capital budget will be required, but not yet at a stage where this can be quantified.
Waste and street cleansing contract	Expected to be completed in 2025/26.
Public Sector Decarbonisation Scheme- Leisure Centres	Revenue and capital budgets have been agreed and are monitored regularly. Project management from the Leisure and Active Communities Manager with some additional external support. Expected to be substantially completed in 2025/26.
Decarbonisation of Council Buildings Phase 2	Capital budget approved. The impact on ongoing running costs will be refined throughout the project. Project Management from Climate Change and Sustainability Project Manager.
Engaging the community on our finances and how we spend our money	Focus of the project is on making decisions in relation to our budget. There are no direct financial implications. Project Management from Director- Resources.
Local Plan Review	Assumed that this will be delivered from existing resources, including use of specific reserves. Project Management from the Strategic Planning Team.
Digital Transformation	Staffing resource is coming from Customer Services and IT. The projects may deliver some net savings, alongside process improvements for customers and staff. As the amount is uncertain these are not budgeted for at this stage.
Pay on exit parking	Expected to be completed in 2025/26.
Engaging the community on our finances and how we spend our money	Expecting to deliver from existing staff resources and using existing Council communication tools. Being led by Communications and Finance teams.
King George V Skate Park	Expected to be completed in 2025/26.
Oughtonhead Weir	Expected to be completed in 2025/26.
Town Centre Strategies	Assumed that this will be delivered from existing resources, including use of specific reserves. Project Management from Strategic Planning Projects Team..
Residential/ Public EV charging	Expected to be completed in 2025/26.
Achieving net zero Carbon emissions	Our leisure centres make up around 45% of our scope 1-3 emissions. The Public Sector Decarbonisation Scheme therefore supports significant progress towards net zero. Within the new waste contract, all vehicles under 7.5 tonnes will be electric. We have budget provision for using HVO fuel in the larger waste vehicles. The phase 2 decarbonisation budget includes the Town Hall and Museum, North Herts Learner Pool and District Council Offices. There are not currently any other specific capital budgets allocated for carbon improvements. There is also no budget allocated for off-setting costs.
Local Government Reorganisation	This has been very resource intensive in supporting the development of the options proposal document, alongside the consultant support. It is expected that this will continue and likely to need additional resource in key support areas (e.g. IT and HR). The initial funding from Government has all been used. There will need to be additional budget allocated as part of the 2026/27 budget process, although this will be time-limited.

Projects are generally managed by relevant Officers, in addition to their core role. This creates the potential for delays.

There is not currently any resource allocated for any new projects that are not listed above.

### Our future spend forecasts and resultant budget gap

Bringing together the above assumptions gives the following spend forecasts over the next 4 years. This is then compared with the estimated range of funding for each year to give a forecast funding gap.

<b>Amounts in £m</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
Forecast spend from 2025/26 budget	22.40	22.71	22.70	22.77
Temporary Accommodation Grant	0.37	0.37	0.37	0.37
Budget monitoring impacts	0.03	0.03	0.03	0.03
Change in pay inflation	0.40	0.80	0.80	0.80
Change in contract inflation	0.30	0.60	0.60	0.60
Change in fees and charges inflation	(0.20)	(0.40)	(0.40)	(0.40)
<b>Revised forecast spend</b>	<b>23.30</b>	<b>24.11</b>	<b>24.10</b>	<b>24.17</b>
Forecast funding range	20.90 to 21.77	20.79 to 22.53	20.72 to 23.32	21.20 to 23.85
<b>Forecast budget gap</b>	<b>1.53 to 2.40</b>	<b>1.58 to 3.32</b>	<b>0.78 to 3.38</b>	<b>0.32 to 2.97</b>

### Addressing our funding gap

The table above shows that our financial position will be highly dependent on the outcome of the Fair Funding review. In 2028/29 the budget gap could be as low as around £0.8million, but could be as high as around £3.4million. Note that these are only estimates and the outcome of the Fair Funding review could be outside of the range that has been presented. The funding from Extended Producer Responsibility is only an estimate. On the expenditure side this is currently only a high level assessment, which will be refined as we go through the budget process.

It is difficult to commit to a package of savings to address the higher funding gap, when the lower funding gap is so much smaller. As a result of the level of savings we have delivered previously, most of the efficiency savings have been taken and remaining savings are likely to require changes to service levels.

**What do we mean by savings?**

We refer to the likely need for savings to balance our budget. Savings could mean any of the following:

- Being able to deliver our existing services at a lower cost. The use of technology and automation may enable to do this in some areas. But generally, the savings that we have delivered across a number of years have been through efficiencies, meaning that there are fewer opportunities left.
- Being able to generate additional income from services that we are able to charge for, less any costs in providing that additional level of service.
- Being able to generate income from commercial activities. The opportunities to do this are limited by economic conditions and government policy. We also need to make sure that these activities are in line with our priorities.
- As capital expenditure comes with a revenue cost, reviewing our capital programme to ensure it reflects priorities and is deliverable.
- Reducing the level of services that we provide, or no longer providing services that we are not required to provide. Whilst we would always want to avoid this, we have to consider the overall sustainability of our Council.

Over June and July, we asked residents to help us shape our future budget decision-making by sharing their thoughts on the services they value and their future priorities via our first-ever budget consultation.

The aim of the consultation was to gauge residents' views and use the findings to aid our decision-making rather than make any concrete decisions on future services. The consultation focused on those services which are paid for through our general funding rather than those that are fully covered by fees and charges.

559 residents responded who told us their top five services in terms of importance to them were: 1) Waste collection & recycling; 2) Parks and greenspaces; 3) Street cleaning; 4) Community safety and environmental crime; and 5) Environment health. In terms of their thoughts on balancing our future budgets, they told us that they would rather we find ways new ways to fund our existing services rather than reduce the frequency or quality of the services we provide. We will use the results from this survey when we consider savings options.

We have a high level of reserves, which in the short-term can be used to help balance the budget whilst we develop and deliver savings proposals. This is not a medium-term solution, as we have a legal requirement to set a balanced medium-term budget. We also should not see Local Government Reorganisation (LGR) as a barrier to this as it is due to take place within that medium-term time horizon. We should have an implementable plan to deliver a balanced budget. Where savings are required, some of those may need to be delivered after LGR, but they are a viable option for a new Unitary Council to adopt.

Our level of reserves means that we have some financial capacity to:

- Deliver required savings in a way that seeks to manage the impact on our residents.
- Provide additional short-term resource to support the LGR process- both internally and contributions to work across Hertfordshire.
- Ensure that key projects are progressed, especially where there is an advantage to that happening in advance of LGR.

The above is dependent on having a plan that achieves a balanced budget. Ongoing costs and any potential redundancy costs (including where they will fall on the new Unitary Authority) must be fully considered, and avoided as much as possible.