

Item No	Referred from:	Finance, Audit and Risk Committee
6G	Date:	7 January 2026
	Title of item:	Revenue and Capital Budgets for 2026/27 Onwards
To be considered alongside agenda item:		Agenda Item 16

The report considered by Finance, Audit and Risk Committee at the meeting held on 7 January 2026 can be viewed here: [Agenda for Finance, Audit and Risk Committee on Wednesday, 7th January, 2026, 7.30 pm | North Herts Council](#)

RECOMMENDATION TO CABINET: That Finance, Audit and Risk Committee comment on the recommendations to Cabinet which are:

- (1) That Cabinet notes the Council's expected funding for 2026/27.
- (2) That Cabinet confirms (in line with the Medium-Term Financial Strategy) that budget forecasts should be based on increasing Council Tax by 2.99% (the maximum amount allowable without a local referendum). Noting that Government have assumed Council Tax will increase by the maximum allowed in calculating Core Spending Power.
- (3) That Cabinet agree which proposals (revenue and capital) should be taken forward as part of the budget-setting process for 2026/27

REASON FOR RECOMMENDATION: To ensure that all relevant factors are considered in arriving at a proposed budget and level of Council Tax for 2026/27, to be considered by Full Council on 26 February 2026.

Audio recording – 1hour 52 minutes 52 seconds

The Director – Resources presented the report entitled 'Revenue and Capital Budgets For 2026/27 Onwards' and highlighted that:

- At the setting of the Medium Term Financial Strategy (MTFS), there was still a high level of uncertainty regarding future funding.
- There were no targets set for savings in 2026/27 in the MTFS, but Members were made aware that there may be a need to make big savings and that potentially the reserves would be used to fill the funding gap.
- The Council conducted a Budget Survey, with the aims of this and the results provided at Section 8 of the report.
- The Funding Policy Statement had now been received from government, which outlined how Fair Funding 2 would work, and provided a range of amounts.
- On 4 November 2025, the estimated payments for Extended Producer Responsibility were provided and these were proposed to increase from previously.
- On 7 December 2025, the provisional settlement was provided by government, which was a complicated document and work was ongoing to ensure that grants were accounted for properly.
- The amount outlined in the provisional settlement was higher than expected.
- The amounts for the second and third year were estimates and the actual amounts could vary.

- The pension fund was performing well and therefore the amount the Council paid in could be reduced, which would mean that an annual saving of £1.28million could be achieved.
- Budget Workshops were held in November, and the proposals that were considered, with some changes since, were outlined in Appendix B and C of the report.
- There would be a slight increase in the amount included in the Cabinet papers to ensure capital expenditure was available to cover the purchase of new bins.
- There was money set aside to support the Local Government Reorganisation (LGR) process.
- Taking on the proposed investments, and savings, as well as the funding provision and changes to pensions, it was likely that a balanced budget could be achieved by 2028/29 without any significant savings.
- All assumptions were based on the increase of Council Tax by 2.99%.

The following Members asked questions:

- Councillor Ruth Brown
- Councillor Paul Ward

In response to questions, the Director – Resources advised that:

- The Fair Funding Review looked at what funding was required and then removed the amount which could be raised from Council Tax, with an assumption that over the period Council Tax would increase by the maximum allowed.
- The Council would expect around £2.4million in General Fund Reserves to support the budget, most of which was an allocation for LGR costs.
- Previously where marketing spends had been increased for Careline, this had seen an increase in income. It was therefore a reasonable assumption to make, and the estimated returns were realistic.
- The funding for an additional post in IT was to replace funding previously brought forward and would then be a cost on an annual ongoing basis.
- The Churchgate Project Manager role funding was for this year but going forward it was expected that there would be a capital budget in place.

Councillor Vijaiya Poopalasingham proposed and Councillor Sarah Lucas seconded and, following a vote, it was:

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