Budget for 2025/26

February 2025

Contents

Appendices

Introduction

In line with all local government institutions, Uttlesford District Council (UDC) is required to set a balanced budget and project forward the implications of spending and savings decisions. UDC chooses to view these forward projects on a 5 year time horizon, with the first year reflecting largely concrete outcomes from budget allocations with the fifth year possessing far less certainty.

Nonetheless, this long term horizon helps the council to evaluate and tackle pressures before they become too great, especially as big transformational savings are very challenging and take years to implement.

The council has two funds: the General Fund, which is funded by council tax and business rates; and the Housing Revenue Account, containing its social housing, which is funded by housing rents primarily. These statutorily kept funds are not allowed to subsidise each other and their fiscal sustainability must be assessed individually and collectively.

The council is continually required to evaluate its ability to operate on a fiscally sustainable manner. The council has built up significant reserves to ride out more difficult times, such as the ones the council faces, through a massive reduction in funding. However, this document will detail and explain not only the challenges, risks and opportunities the council faces and how it evaluates, mitigates and takes advantage of what is available to it.

The budget starts off with a frank appraisal of the economic outlook of the UK economy, the impact on local government, the local government funding settlement and the specific way that affects Uttlesford District Council. It then details the updated implications of local government reorganisation and how the council intends to manage the uncertainty and the need to merge by 2028. The reasoning behind the assumptions and how the pressures are covered off.

The Medium Term Financial Plan demonstrates the overall long term budgetary position and the impact upon Reserves. The impact of investment properties are separated out as they are a major factor in Uttlesford and more can be found in the Commercial Strategy (Appendix F). Corporate Items contains the capital financing costs and alongside Investment Properties details the budgetary impacts of how capital decisions affect revenue.

External Funding is where the impact of changes in the Local Government funding formula are shown. This is a particularly large impact on the Medium Term Financial Plan. Council Tax and Business Rates are the two local forms of taxation and these funding sources alongside Grant income offset the net cost of the revenue budget. It is important to review these alongside policy changes to government decisions on the funding settlement, which determines how much business rates Uttlesford District Council (UDC) can retain. There is also an accompanying paper on business rate discretionary policy to consider in budget 2025/26.

The paper then goes onto detail changes to individual budget headings in the services, where most changes that directly affect local residents are discussed. The savings programme and the change in the overall fiscal gap are discussed again and the message is re-emphasized about the importance of continual savings delivery.

At this stage, the paper moves onto the second fund, the Housing Revenue Account, which details all the changes to the fund focused on social housing.

The Capital Strategy details the council's approach to capital investment and how it plans to finance it. It is important to always consider the revenue implications in order to ensure the budget is not only prudent in its assumptions and biases but that the capital plans are affordable as the medium term financial outlook needs to be a sustainable one. The Capital Programme details follow afterwards.

The budget ends with an assessment of the robustness of its estimates and the adequacy of reserves. This is a statutory requirement upon the legally appointed Section 151 Officer.

There are also 7 accompanying appendices, each of which is statutory or in the case of the Ethical Investment Policy are there to reflect changes in council policy.

General Fund MTFP and Budget

Each year, the council assesses the lay of the land and updates its Medium Financial Strategy (MTFS), which is the overall approach that the council will take in responding to the challenges, risks and opportunities it takes place. The Medium Term Financial Plan (MTFP) is the detailed breakdown of the specific actions that the council undertakes to deliver on that strategy.

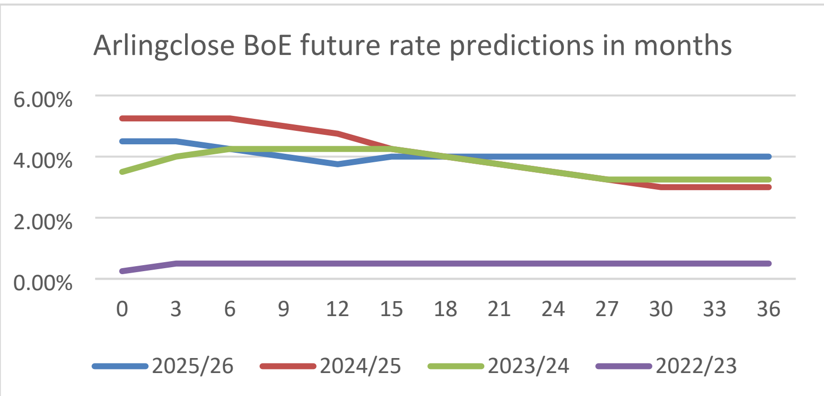
Local Government Fiscal Outlook & Challenges

The overall expectation of the economy is for weak growth, with the Government's budget received poorly by the markets in relation to tax changes. This means resources are very tight across the public sector and growth where it exists is heavily frontloaded into 2025/26 and 2026/27. Even Health is concerned by the tight settlement.

Increasingly, there are discussions on future tax rises, as the Chancellor's fiscal space has shrunk to keep within her fiscal rules. This might not necessarily lead to more money for the public sector but might lead to even weaker growth. As local government is reliant on council tax and business rate income to fund core services, matters.

Previously, uncertainty was the story of local government due to one year funding settlements and a lack of long term direction. This still remains, although with local government reorganisation confirmed, this aspect has reduced. However, the bigger story is the wider economic picture meaning resources are incredibly tight – could it get even worse. As such the council is taking a 'belt and braces' approach in its finances.

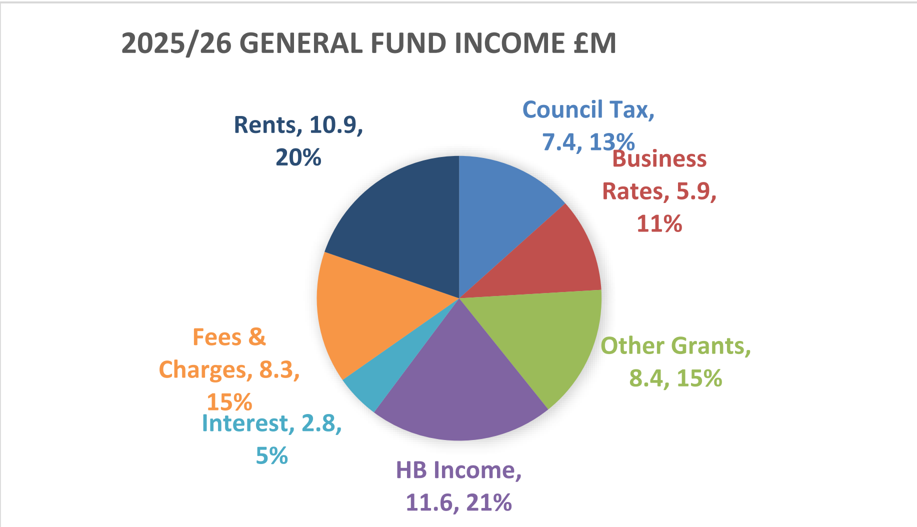
The Bank of England base rate was cut from 4.75% to 4.5% but the BoE decision makers have different views on the future trajectory of interest rates. Unfortunately, interest rates for borrowing in the local government market has actually increased over the previous 3 months and non-PWLB rates could peak at 6.5% by year end. This is why Uttlesford District Council (UDC) recently locked in £30m for 5 years at 4.91% on Equal Instalment Basis, as it provides greater certainty. The council is reliant on short term interest rates. A 1% movement on £100m is a £1m impact on the council's bottom line.



With the Ministry of Housing, Communities and Local Government (MHCLG), being unprotected over the next 5 years, local government faces major fiscal pressures. Moreover, changes to Government funding disadvantage rural district councils over urban and areas of deprivation. For instance, abolition of the rural services delivery grant and seen UDC's funding reduce by almost £400k per annum from 2025/26.

Offsetting the reduction in funding in year 1 is the new Extended Producer Responsibility Grant of £1.453m, which is intended to drive higher recycling rates and lower levels of waste production through encouraging businesses to redesign products and packaging. £200k is put aside against potential costs to deliver on the change. The assumption is the grant will continue but there will be corresponding expenditure, which explains the growth in the budget in Environmental Services & Climate Change in 2026/27.

While the council has £55m income, much of it (Housing Benefits, Rents and Interest) is almost directly offsetting expenditure on Housing Benefit Expenditure and Investments. It is council tax, fees and charges and business rates over which the council has some degree of control. As funding drops (Grants), with a business rate reset to come and expenditure cuts become increasingly difficult, it becomes incredibly important to generate business rate growth, maintain 2.99% council tax increases and maximizing chargeable income (commercial or otherwise).



Local Government Reorganisation

The impact of local government reorganisation is hard to overstate and hard to quantify. Nonetheless, resources need to be put aside. Shadow unitary elections will be in May 2027 but until vesting day in 2028, it may be impossible to merge many services. However, agreeing a local council tax support scheme is required before then. Services may decide to share management or staff with merger partners prior to vesting day. Resource alignment will be prioritized over transformation. Achieving economies of scale through joint procurement of contracts and systems will be increasingly important.

This is why the council moved £250k of resources aimed at transformation to local government reorganisation. It retains the 2-year Head of Transformation post, that was recently successfully hired to and be refocuses this on project managing the change and the review of the existing Uttlesford Blueprint Programme. This is important to recognize that these are funded by reserve.

The £250k local government reorganisation budget will be placed under the control of the Chief Executive and will only be subject to approval for planned spend by the Section 151 Officer. The council will also create a new reserve called Local Government Reorganisation of £2m to allow the S. 151 to drawdown resources to meet requirements identified by the CEO. Regular updates will be provided via quarterly monitoring processes. Cabinet will be kept informed informally on a more regular basis. With costs coming through regularly, it is not possible to have all approved spend via Cabinet.

Despite the merger, Uttlesford will still need savings to remain viable. Not only will the council prune and review internal projects if resources can be redeployed, but it will likely need to reduce or stop activities to keep resources available to fund core services. Some savings plans will be reduced or revised once merger partners are identified. Alternative less complex savings strategies will need to be identified to offset any savings that are not realistic to deliver during the merger.

Without new savings or better funding, the reserves will reduce over the life of the MTFP.

Reserve Forward Projections

Summary	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Reserve B/fwd	**(23,311)**	**(21,347)**	**(20,183)**	**(19,047)**	**(17,247)**
To Reserves	(707)	(507)	(507)	(507)	(507)
From Reserves	1,817	982	622	110	107
Deficit/(Surplus)	854	689	1,021	2,197	3,694
Reserve C/fwd	**(21,347)**	**(20,183)**	**(19,047)**	**(17,247)**	**(13,953)**
If no savings made	**(20,852)**	**(16,521)**	**(11,608)**	**(5,395)**	**2,715**

Budget estimates beyond the first 3 annual budgets are more provisional than in prior years due to the likely merger taking place in 2028/29. However, full and credible plans for the full five-year MTFP period need to be in place although by necessity they will be more fluid. The lower tier (i.e. district) budgets will likely need to generate economy of scale savings to offset the breaking up of the upper tier responsibilities (i.e. social care) that are currently held by Essex County Council.

Assumptions in the Council Budget

The council has used Pixel, local government finance experts, to aid with projecting funding levels. However, they have very heavily caveated the expected grant funding levels within the report. The council has incorporated the expected damping figures in the budget but with the Government still expecting the business rates reset to take place in 2026/27 with a new funding formula, this is highly provisional.

As noted previously, the draft budget assumes an annual Council tax increase of 2.99%. In Year 1 (2025/26), the council has made use of local knowledge to update local retained business rate figures and associated section 31 Grants. In future years, it has relied on Pixel estimates.

Treasury forecasts are provided by Arlingclose and the council adjusts for its existing debt and expected loans to Aspire (CRP) Limited to estimate future interest costs. It is worth noting that until the sale of Aspire (CRP) Limited is confirmed, the council will continue to incorporate the impact of retention within the council's Medium Term Financial Plan.

It will also assume a delay in the timing of the Blueprint Uttlesford savings, assuming that an equivalent saving would be found but a year later. The council will continue to consider other investment property sales as and when they meet the criteria identified within the Commercial Strategy.

The table below notes the assumptions in the Medium Term Financial Plan where specific details are unknown. Despite the likely merger, the council will continue with the assumptions but will seek to align assumptions with merger partners in the future.

MTFP Assumptions

Summary	2025/26	2026/27 onwards
Pay Increases	£700k GF, £120k HRA (approximately 5%)	2.50%
Non-Pay Increases (consumables, contract charges etc.)	2.50%	2.50%
Fees & Charges	As per actual charging levels and activity level	2.50%
Housing Rents	2.70%	2.50%
Housing Benefit Subsidy Gap growth	£100k	£200k per year

As inflation has proved harder to bring down to the Government 2% target level, rather than having variable estimations for each year, the council has chosen to use 2.5% for Pay and Non-Pay items after 2025/26. This reflects Uttlesford's conscious tradition of prudent budgeting.

The council has put aside approximately £820k between the General Fund and HRA or 5% of pay costs against the strong likelihood of a higher than typical pay award. This is in addition to the change in the Employer National Insurance Contributions (NICs).

Fee and Charges for 2025/26 are detailed in the appendix B but for future years, it is assumed to match inflation. The council will look to review where it can generate additional income from fees that it does not charge but others do not. This is work is not straight forward and the work will start out post accounts production.

The Housing Benefit Subsidy gap (the amount paid out by the council compared to the amount refunded by Government) is growing by approximately £200k per year. This reflects the challenge across local government in relation to temporary accommodation and the requirement to house the homeless when the rents paid by the council to private sector landlords is less than the housing allowance levels.

The Preventing Homelessness Grant was originally redesigned to cover off this gap but even in Uttlesford, the subsidy gap has grown to £454k. The pressures are growing inexorably and an additional £100k was put aside in the contingency against this risk.

Medium Term Financial Plan (2025/26 through 2029/30)

The table below set outs the five-year projection for Uttlesford based on the assumptions known at this stage. The council expects to run deficits through the life of the Medium Term Financial Plan, even after Blueprint Uttlesford. However, this is driven by a significant reduction in external funding that is in line with Government announcements but not formally confirmed.

Should the council complete on its decision to sell a commercial asset there will be a vastly different MTFP would move the bottom line from deficit to surplus for years 2025/26 through 2028/29. A revised version will be presented to Cabinet at that time. It is worth noting the council has simplified the budgeting for depreciation, reserves and internal recharges so that they are all sitting in the local budgets where appropriate.

MTFP 5-year Projection	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Business Performance & People	343	370	394	419	444
Chief Executive Services	521	535	549	564	579
Corporate Services	1,563	1,603	1,643	1,684	1,727
Digital Innovation & Commercialisation	3,666	3,774	3,883	3,996	4,111
Environmental Services & Climate Change	3,256	4,680	4,804	4,930	5,060
Resources	3,257	3,545	3,835	4,128	4,422
Housing, Health & Communities	1,973	1,997	2,057	2,116	2,176
Planning	1,103	1,189	1,219	1,262	1,297
Services Net Expenditure	**15,682**	**17,693**	**18,384**	**19,099**	**19,816**
Investment Property	1,319	(248)	(1,161)	(1,298)	(1,234)
Corporate Items	2,542	3,008	3,459	4,096	4,697
Transformation	-	-	-	-	-
Local Government Reorganisation	-	-	-	-	-
External Funding	(10,813)	(8,879)	(7,935)	(6,987)	(6,103)
Blueprint Uttlesford	(495)	(3,167)	(3,777)	(4,413)	(4,816)
Reserves		-	-	-	-
Council Tax Income	(7,381)	(7,694)	(8,020)	(8,357)	(8,709)
Total	**854**	**713**	**950**	**2,140**	**3,651**
Cumulative Impact on Reserves		**1,567**	**2,517**	**4,657**	**8,308**

5-Year Medium Term Financial Target

The revised gap in 2029/30 is £8.467m. This reflects an additional year added to the MTFP each year and the dramatic drop in funding that is predicted as funding is redirected away from rural districts to urban and deprived areas.

Previous Gap	7,351
Savings to Date	(2,535)
New Savings Requirement	3,651
Revised Gap	8,467

This revised gap (higher by £1 million) from the Draft Budget is why tight financial management will still be required and difficult decisions on delivering savings and/or stopping activities will still need to be made.

Investment Properties

Investment Properties	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Interest on loans to Aspire	(2,416)	(2,399)	(3,974)	(3,974)	(3,974)	(3,974)
Discount on Early Loan Repayment	-	(9,855)	(10,044)	(11,024)	(11,226)	(11,226)
Rents	(9,838)	10,926	11,055	11,055	11,055	11,055
Borrowing costs	11,017	280	287	295	302	309
Management Fees	280	(1,028)	(1,028)	(1,028)	(1,028)	(1,028)
MRP	2,768	2,895	2,955	3,015	3,074	3,130
To/(From) Reserves	132	500	500	500	500	500
Total	1,943	1,319	(249)	(1,161)	(1,297)	(1,234)

As reported in previous years, the asset portfolio made a net substantial contribution from 2017/18 to 2023/24 to the General Fund revenue budget until interest rates increased to their present levels.

Interest payable by Aspire (CRP) Limited for the loans to develop at Chesterford Research Park is projected to grow in 2026/27 with the ending of the interest free period for the build out of Building 800 and the solar farm.

The Discount is the benefit of repaying the private Phoenix loan early and receiving a £10m benefit charged to the ledger over 10 years. While the loan discount is £1m the net benefit to the authority over the life of the MTFP averages approximately £0.7m to the positive. There is approximately £0.3m net increase in the cost of borrowing as the private sector loan at 2.86% is significantly lower than interest rates at which the replacement loans were secured.

Rental increases are in line with the investment portfolio and the spreading of the interest free period over the course of the leases.

Borrowing costs are presumed to be stable from 2026/27 onwards, subject to the council retaining Aspire (CRP) Limited, as is assumed in the MTFP but which is currently going through a sale process. Management fees are in line with estimated inflation.

Minimum Revenue Provision (MRP) is a statutory local government charge. Investment properties would run a pre-MRP surplus of £1.576m in 2025/26. However, as the charge reduces the underlying need to borrow, these resources are not lost to the authority.

Reserve top ups in 2024/25 of £1m are offset by £868k of drawdowns to offset the interest free period and to continue the historic pattern of increasing reserves per year.

In 2025/26, the council will reduce its reserve contributions by £500k to reflect that the reserve was reaching an appropriate level to manage the level of risk attached to its commercial portfolio. It will review contributions to reserves in future years.

Corporate Items

Corporate Items	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Interest Payable	319	403	403	403	403	403
Capital Charges	(2,710)	517	523	529	536	542
MRP	1,090	1,436	1,645	1,590	1,721	1,815
Interest Receivable	(446)	(365)	(365)	(365)	(365)	(365)
Contingency	-	468	718	968	1,218	1,468
Demand/New Activity	-	0	0	250	500	750
Added Years	85	85	85	85	85	85
Total	**(1,662)**	**2,544**	**3,009**	**3,460**	**4,098**	**4,698**

The growth in interest payable reflects the current lack of new capital bids bar the Council's financial system replacement.

Capital charges historically reflected local government technical accounting capital reversals of capital charges to the General Fund. The other side was shown in the service expenditure budgets. Now both sides are shown together, leading to cleaner budgeting practices.

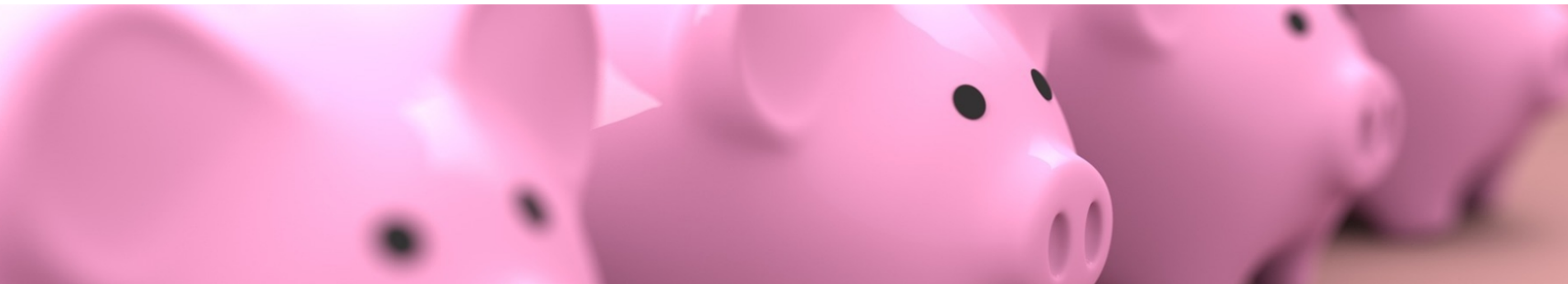
Minimum Revenue Provision (MRP) growth reflects the new finance system costs, which is charged over 5 years and other existing MRP charges (including PFI charges).

Contingency reflects the aforementioned £467k as detailed in the table below. However, in future years, the contingency is reduced to £250k. A more scientific approach will be taken once the council's mergers partners are agreed and a shared approach is agreed.

Contingency Breakdown

Element	Reasoning	£000
Housing Benefit Subsidy Gap	The Council's Housing Subsidy Gap (income received versus costs the council pays to house homeless people in temporary accommodation) is growing. There is a 50% probability that the growth will be £200k per year, thus resulting in a contingency of £100k. This is due to the Local Housing Allowance not keeping up with housing inflation and partly due to numbers growth.	100
Interest Rate Risk	The council has £214m of General Fund borrowing. Interest rates are staying higher for longer than expected. The council is putting aside a £267k against a 25% chance of a 0.5% higher interest rate risk. It already has reserves against these risks but the particular situation warrants additional caution.	267
Other	This is a £100k general contingency reflecting the level of uncertainty on a wide variety of government funding announcements and normal contractual risks.	100

Demand and new activity is a budget line that reflects an expectation that there will be new requirements upon the council. At £250k per year after 2026/27, it is low and potentially may need to increase. However, the council will not undertake new activities until the merger has been agreed except where statutorily required.



External Funding

The table below sets out the external funding for over the MTFP period:

Resources	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Renewable Disregard	(172)	(180)	(180)	(180)	(180)	(180)
NNDR	(4,914)	(4,800)	(2,529)	(2,701)	(2,881)	(3,067)
Damping	0	0	(5,262)	(4,170)	(3,069)	(2,025)
Revenue Support Grant	(115)	(150)	545	569	596	623
Pool Benefits	(1,073)	(1,121)	0	0	0	0
NNDR Deficit/(Surplus)	(1,752)	(9)	0	0	0	0
New Homes Bonus	(560)	(1,102)	0	0	0	0
National Insurance Reimbursement	0	(137)	0	0	0	0
Funding Guarantee	(2,548)	(2,060)	0	0	0	0
Rural Services Delivery Grant	(380)	0	0	0	0	0
Services Grant	(11)	0	0	0	0	0
Extended Producer Responsibility	0	(1,453)	(1,453)	(1,453)	(1,453)	(1,453)
EPR (to Reserves)	0	200	0	0	0	0
Total	**(11,525)**	**(10,812)**	**(8,879)**	**(7,935)**	**(6,987)**	**(6,102)**

There has been a reduction in expected business rates between the draft budget and the final budget. Swings are a natural quirk of the system for councils with small entitlements that generate large amounts of business rate growth. Ultimately, the long run trend in new business growth and occupation in space is very positive. The renewable disregard is another one of the elements of business rates. It allows local areas to keeping a share of the business rate growth generated from hosting renewable energy projects. It is not a separate grant given by Government.

Business rates (NNDR), Revenue Support Grant (RSG) and Damping should be viewed together because they form part of the Settlement Funding Assessment (SFA) for the council. The revenue support grant is expected to go negative in 2026/27 even though presentationally, it might be adjusted elsewhere. The damping line reflects repeated statements across different political administrations that funding could only reduce so much in one given year and this is a smoothing factor.

One of the hidden losses in rebasing business rates is that pooled benefits are also lost. These might grow in the future but they would be at a minimal level for several years. Therefore, Pixel assumed no levy for future years, hence no benefits to share either.

The rural services delivery grant and services grant will be abolished. However, there is growth in the New Homes Bonus before it is abolished the following year. Reimbursement for changes to National Insurance was announced, however the council is prudently not intending to assume it is ongoing and it is £170k lower than required.

There would have been a £1.5m drop in funding in 2025/26 but the Government announced that there would be no conditions attached to the new Extended Producer Responsibility Grant. The council is putting £200k aside against one off costs.

Council Tax Income

Summary	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £
B/fwd Band D		40,858.85	41,358.85	41,858.85	42,358.85
Estimated Growth		500.00	500.00	500.00	500.00
Band D equivalents	40,858.85	41,358.85	41,858.85	42,358.85	42,858.85
Collection Rate	98.60%	98.60%	98.60%	98.60%	98.60%
Band D Revised	40,286.83	40,779.83	41,272.83	41,765.83	42,258.83
Plus MOD	265.33	265.33	265.33	265.33	265.33
Council Tax Base	**40,552.16**	**41,045.16**	**41,538.16**	**42,031.16**	**42,524.16**
Band D (£)	**182.02**	**187.46**	**193.07**	**198.84**	**204.79**
Council Tax Income	**(7,381,304)**	**(7,694,325)**	**(8,019,772)**	**(8,357,476)**	**(8,708,522)**

Council Tax Growth is expected to be 500 Band D equivalents per year over the life of the MTFP. Collection rates are assumed to be 98.6%. The collection fund loss is £104k for Uttlesford. As noted previously, the Band D equivalents are projected to grow by 2.99% per year. This leads to a growth of £1.653m in income over a 5 year period starting 2024/25 (£7.055m).

The council taxbase is an estimate of the average number of households contributing to the council tax requirement over the coming year. This calculation takes into account those in receipt of discounts and exemptions, including under the Local Council Tax Support (LCTS) scheme. The impact of LCTS is shown below:

	2025/26	2024/25	% change
Band D equivalent properties before LCTS discounts	42,505.96	41,894.95	1.46%
Band D equivalent properties under LCTS scheme	(1,953.80)	(1,973.18)	0.98%
Net taxbase	**40,552.16**	**39,921.77**	**1.58%**
Band D council tax (£)	182.02	176.74	2.99%
Council tax yield (£)	**7,381,304**	**7,055,774**	**4.61%**

In accordance with Cabinet's guidance, an increase of £5.28 (2.99%) has been assumed for the purpose of preparing this report, giving a UDC band D council tax figure for 2025/26 of £182.02. Multiplied by the taxbase, this produces a council tax yield of

£7,381,304 which balances against the council tax requirement as required by statute.

The Council is required to set council tax for other property bands by reference to the band D amount, as set out in the following table:

Council Tax Band	Proportion of Band D Charge	UDC Council Tax 25/26	UDC Council Tax 24/25	Increase
		£	£	£
A	6/9	121.35	117.83	3.52
B	7/9	141.57	137.46	4.11
C	8/9	161.80	157.10	4.70
D	9/9	182.02	176.74	5.28
E	11/9	222.47	216.02	6.45
F	13/9	262.92	255.29	7.63
G	15/9	303.37	294.57	8.80
H	18/9	364.04	353.48	10.56

Council Tax Premium

Making best use of existing homes is a key action in the Council's Housing Strategy. To maximise home occupation within the district, the council approved proposals in February 2024 to give notice of its intention to charge a council tax premium on second homes from 1 April 2025. The impact of a 100% premium on second homes under the Levelling-up and Regeneration Act 2023 is assumed in the budget.

The impact is expected to be relatively small (£36k for Uttlesford and a further £400k for all preceptors) as there are currently 180 properties that have been identified as second homes within the Uttlesford District and these along with their expected additional Council Tax income are analysed by Band D equivalents in the table below:

Band	Number	Current Band D Equivalent		Current Council Tax 2024/25		Proposed Council Tax 2025/26
		UDC	**Preceptors**	**UDC**	**Preceptors**	**UDC**
A	22	£117.83	£1,432.64	£2,592	£31,518	£2,670
B	13	£137.46	£1,671.41	£1,787	£21,728	£1,840
C	45	£157.10	£1,910.19	£7,069	£85,958	£7,281
D	30	£176.74	£2,148.96	£5,302	£64,469	£5,461
E	25	£216.02	£2,626.51	£5,400	£65,663	£5,562
F	22	£255.29	£3,104.05	£5,616	£68,289	£5,784
G	18	£294.57	£3,581.60	£5,302	£64,469	£5,461
H	5	£353.48	£4,297.92	£1,767	£21,490	£1,820
	180			**£34,837**	**£423,584**	**£35,879**

Blueprint Uttlesford Delivery Plan

Blueprint Uttlesford Delivery Plan	Delivered to Date £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Total Target	2,535	2,790	754	465	807	-
Prudence Factor c/fwd to following year	-	(2,295)	(377)	(232)	(404)	-
Carried forward from previous year	-	-	2,295	377	232	404
Revised Target	**2,535**	**495**	**2,672**	**609**	**636**	**404**
Cumulative Years 2 to 5	-	495	3,167	3,777	4,413	4,816
Cumulative	**2,535**	**3,030**	**5,702**	**6,312**	**6,948**	**7,351**

Blueprint has already had £2.535m of successful savings built into the base budget including the average £0.7m net savings on the private Phoenix loan

To be prudent, the council is assuming a partial delayed delivery of all future savings. Nonetheless, it is not writing them out with the delayed delivery being carried forward to the following year. Moreover, the council will also need to bolster Blueprint with additional savings lines where needed, due to the local government reorganisation.

That the fiscal gap keeps increasing does not reflect negatively on the programme. Instead, it reflects an additional year of pressures and the need to keep investing in the transformation and modernisation of the organisation. Where the gap was bigger than expected this is a comment on the scale of reduction in resources as a result in the change of Government funding priorities.

The council will be reviewing the savings strategies over the coming months due to the need to deliver on local government reorganisation. This may mean replacement savings or relying reserves in the short term but not delivering cost reductions or income increases is not sustainable long term.

The budget contains growth bids, which are largely to ensure we are statutorily compliant or are intended to reduce agency spend. The Growth bids are either recommended:

- in full (F) or
- a budgetary provision (P) is made often where more information is sought or we are waiting to determine our merger partner, so we not add cost unnecessarily.

All hires will be 18 months unless there is no possibility of hiring due to LGRR.

Growth Bids

Department	Justification	F/P	GF £'000s	HRA £'000s
Business Performance & People	New Learning Management System costing £15k per annum to deliver the learning and development offer and support the workforce plan. Awaiting merger decision.	P	15	-
Business Performance & People	The Head of Transformation would support Local Government Reorganisation, Blueprint Uttlesford and run a de facto Programme Management Office. (PM). It is funded by reserve for 2 years	F	96	-
Chief Executive Service	This is to put in place an effective Legal structure in Legal that prevents the continual need to hire agency. Awaiting final approval.	P	142	38
Chief Executive Service	There is a growth bid to increase the hours of one PA to support the Director of Environmental Services and Climate Change.	F	4	-
Corporate Services	This is the cost of the 3 housing repairs customer service support that will transfer from UNSL	F	-	124
Digital Innovation & Commercialisation	The council has experienced a growth in cyber attacks. This is a bid for an extra officer.	F	54	-
Digital Innovation & Commercialisation	There is a bid for a data analyst to support the use of modern IT to transform delivery, better understand residents' needs and to support the design of AI usage in the council.	P	54	-
Digital Innovation & Commercialisation	There is a bid to obtain a new FOI and Complaints system that meets the recently introduced statutory requirements. Awaiting LGR outcome before the system is procured.	P	21	-
Digital Innovation & Commercialisation	This regularises the usage of a staff member who works exclusively in Information Governance dealing with the increasing volumes of FOIs and recognising the importance of Data Protection.	P	14	-
Resources	CIPFA identified gaps in resourcing to meet basic statutory requirements, particularly in the HRA and Capital and resourcing in creditors. FTE changes are full time save one 18 month creditor post.	F	80	20
Resources	The director post for Housing, Communities and Health was upgraded to strengthen Housing.	F	7	25
Housing, Health & Communities	This is the cost of the Property Services and Tenant inclusion structures. Much of Property services was previously in the UNSL contract and the Director role will be evaluated in light of LGRR.	F	16	240
Planning	Recruit a new Trainee Planner to ensure a robust supply of qualified planning staff.	F	39	-
Planning	Employ a second Senior Conservation Officer to prevent the use of agency or external contracts in handling statutory heritage consultations on planning applications.	F	50	-
Planning	To fund the Principal Ecologist post. Currently, it is funded from grant and the need is permanent.	F	65	-
Total			**657**	**447**

General Fund Budget 2025/26

The General Fund budget for 2025/26 is based on the final local government finance settlement which was published by the government on 3 February 2025 and direction from the Cabinet on their priorities and council tax increases.

The proposed budget shows a council tax requirement of £7,381,304, which is equivalent to £182.02 for a band D property, representing a £5.28 (2.99%) increase on the 2024/25 amount.

The Council is required by statute to set a balanced budget in advance of each financial year. The forecast budget is expected to be £854,000 above available funding and the use of reserves will be required to balance the budget. This should be seen in the context of the current budgeted deficit for 2024/25 of £1million, demonstrating that the Council has already made significant steps to reduce the annual General Fund deficit through the Blueprint Uttlesford transformation programme.

A summary of the 2025/26 General Fund budget is detailed in the table below:

General Fund Budget	2024/25 £000	Adjustments £000	2025/26 £000
Business Performance & People	1,194	(851)	343
Chief Executive	353	168	521
Corporate Services	1,591	(28)	1,563
Digital Innovation & Commercialisation	3,051	615	3,666
Environmental Services & Climate Change	2,864	392	3,256
Resources	2,827	430	3,257
Housing, Health & Communities	2,399	(426)	1,973
Planning	1,249	(146)	1,103
Net Expenditure	**15,528**	**154**	**15,682**
Investment Property	1,944	(625)	1,319
Corporate Items	650	1,892	2,542
Transformation Costs	400	(400)	-
External Funding	(11,525)	712	(10,813)
Blueprint Uttlesford	-	(495)	(495)
Reserves	(232)	232	-
Council Tax Income	(7,056)	(325)	(7,381)
Total	**(291)**	**1,145**	**854**

Each of the directorate budgets and the adjustments made between 2024/25 and 2025/26 are explained in the various sections below.

Business Performance & People (£851k reduction in budget)

Summary	2024/25 £000	Adjustments £000	2025/26 £000
Employees	952	60	1,012
Premises	219	-	219
Supplies & Services	1,966	(574)	1,392
Capital Charges	826	(826)	-
Recharges	(87)	17	(70)
Gross Expenditure	**3,876**	**(1,323)**	**2,553**
Fees & Charges	(1,362)	(102)	(1,464)
Rents	(31)	-	(31)
Grants & Taxation	(1,005)	555	(450)
Reserves	(284)	19	(265)
Gross Income	**(2,682)**	**472**	**(2,210)**
Net Expenditure	**1,194**	**(851)**	**343**

- There are 2 growth bids for Human Resources for £25k to support the workforce plan and a new learning management system.
- There is a £95k 2 year bid for a senior manager to strengthen project management in the organisation. It is funded from reserves.
- The UKSPF funding was ending in 2024/25, causing both expenditure and income budgets to be reduced by £535k. However, since then the allocation was announced however, there will no net impact on the bottom line.
- The work to stimulate business growth following the pandemic is expected to end in 2024/25, with both expenditure and reserves budgets being reduced by £118k.
- There is additional car parking income of £102k expected in 2025/26 that relates to income growth that has taken place above and beyond previous forecasts. There are no car park charge planned increases in 2025/26.
- There is a technical adjustment for REFCUS (Revenue Expenditure Funded by Capital under statute) capital charges of £826k previously budgeted corporately now included in services. An example is Disabled Facilities Grants. This movement has no impact on the bottom line.

Chief Executive (£168k increase in budget)

Summary	2024/25 £000	Adjustments £000	2025/26 £000
Employees	764	81	845
Premises	50	(28)	22
Supplies & Services	304	(105)	199
Recharges	(95)	(53)	(148)
Gross Expenditure	**1,023**	**(105)**	**918**
Fees & Charges	(189)	(168)	(357)
Grants & Taxation	(481)	441	(40)
Gross Income	**(670)**	**273**	**(397)**
Net Expenditure	**353**	**168**	**521**

- There is a £189k growth bid (£142k net of HRA recharges) to ensure a robust and efficient legal service. There is an according agency budget reduction in Resources to part fund this growth.
- Budgets have been adjusted to reflect that only county elections are due to take place in 2025/26.

Corporate Services (£28k reduction in budget)

Summary	2024/25 £000	Adjustments £000	2025/26 £000
Employees	1,327	153	1,480
Premises	56	(6)	50
Supplies & Services	396	14	410
Third Party	9	-	9
Recharges	(147)	(193)	(340)
Gross Expenditure	**1,641**	**(32)**	**1,609**
Fees & Charges	(39)	4	(35)
Grants & Taxation	(12)	-	(12)
Reserves	1	-	1
Gross Income	**(50)**	**4**	**(46)**
Net Expenditure	**1,591**	**(28)**	**1,562**

- There is a growth bid for additional housing repairs staff of £123k that transfer across from UNSL to support work in the HRA. The costs will be fully recharged, therefore there are no net costs to the General Fund.
- There is an increase of £13k of member allowances expected in 2025/26.

Digital Innovation & Commercialisation (£615k increase in budget)

Summary	2024/25 £000	Adjustments £000	2025/26 £000
Employees	1,523	230	1,753
Premises	1,207	(60)	1,147
Transport	5	1	6
Supplies & Services	1,740	413	2,153
Recharges	(767)	42	(725)
Gross Expenditure	**3,710**	**627**	**4,335**
Fees & Charges	(43)	(4)	(47)
Rents	(614)	(7)	(621)
Gross Income	**(657)**	**(11)**	**(668)**
Net Expenditure	**3,051**	**615**	**3,666**

- The budget growth includes 2 separate growth bids for new officer posts to support data analytics (£54k) and cyber security (£54k).
- There is a £21k for a dedicated FOI and complaints system that meets statutory requirements.
- There is unavoidable contractual expenditure growth of £212k for IT support added to the base budget.
- There is a growth bid for additional staff resources of £14k for information governance to ensure resilience and improvement in information governance and data protection and to ensure that FOI performance continues to improve.
- Postages and printing costs are higher than previously anticipated resulting in an increase of £36k ongoing costs. The council will need to examine whether these costs could be reduced if the council was able to operate more digitally.
- Items previously treated erroneously as capital are now included in the base budget (£110k).

Environmental Services & Climate Change (£392k increase in budget)

Summary	2024/25 £000	Adjustments £000	2025/26 £000
Employees	3,996	120	4,116
Premises	26	8	34
Transport	467	84	551
Supplies & Services	2,141	177	2,318
Gross Expenditure	**6,630**	**389**	**7,019**
Fees & Charges	(1,677)	(208)	(1,885)
Rents	(70)	-	(70)
Grants & Taxation	(1,631)	(14)	(1,645)
Reserves	(388)	225	(163)
Gross Income	**(3,766)**	**3**	**(3,763)**
Net Expenditure	**2,864**	**392**	**3,256**

- Growth in pay increments and the impact of national insurance has an impact of £120k.
- Fuel costs are higher than anticipated resulting in an additional budgetary requirement of £81k.
- Vehicle maintenance costs are higher than anticipated resulting in an increase of £188k.
- There will be a forensic review of waste in the new year especially in light of the new responsibilities to identify if there are any efficiencies.
- The climate change project is due to end in 2025/26. The budget is adjusted to reflect the reduced levels of expenditure (£15k employees, £210k supplies and services) with a matching reserve movement resulting in a net nil impact to the base budget.
- Inflationary fee and charges increases of £35k are expected above the 2024/25 position. £13k inflationary income growth from Essex County Council for waste management.
- £90k for minor items, such as bins that were previously treated as capital are now included in the base budget.

Resources (£430k increase in budget)

Summary	2024/25 £000	Adjustments £000	2025/26 £000
Employees	3,742	460	4,202
Premises	184	(96)	88
Transport	154	(54)	100
Supplies & Services	1,032	(82)	950
HB Exp	11,686	395	12,081
Third Party	47	-	47
Recharges	(1,529)	(5)	(1,534)
Gross Expenditure	**15,316**	**618**	**15,934**
Fees & Charges	(297)	(48)	(345)
HB Inc	(11,378)	(249)	(11,627)
Grants & Taxation	(679)	(26)	(705)
Reserves	(135)	135	-
Gross Income	**(12,489)**	**(188)**	**(12,677)**
Net Expenditure	**2,827**	**430**	**3,257**

- The budget includes a provision of £700k for 2025/26 pay award (approximately 5%), offset by £387k underspend in 2024/25 due to a lower than expected 2024/25 pay award.
- Financial Services has a growth bid for additional staff (£80k after HRA recharges) to meet its statutory requirements.
- There is the upgrade of the Director post for Housing, Communities & Health to a strategic director role. It costs £147k but is mostly recharged to the HRA.
- There is an unavoidable increase of £71k in Insurance Premiums. This relates to properties £29k, transport £24k and other liability premiums of £18k.
- The Housing Benefit Gap continues to grow. Current forecasts suggest an expected increase of £395k expenditure partially reimbursed by £249k in income.
- There is a Council tax exceptional circumstances fund initiative costing £135k in expenditure and funded by reserve has been removed. There is no net impact. There is an additional benefits allowance fees and charge income of £40k and NNDR cost of collection allowance of £8k expected above 2024/25.

Housing, Health & Communities (£426k reduction in budget)

Summary	2024/25 £000	Adjustments £000	2025/26 £000
Employees	2,435	401	2,836
Premises	39	(12)	27
Transport	1	-	1
Supplies & Services	1,174	86	1,260
Third Party	136	(129)	7
Capital Charges	439	(439)	-
Recharges	185	21	163
Gross Expenditure	**4,408**	**(114)**	**4,294**
Fees & Charges	(1,102)	(98)	(1,200)
Rents	(295)	10	(285)
Grants & Taxation	(310)	(215)	(525)
Reserves	(302)	9	(311)
Gross Income	**(2,009)**	**(312)**	**(2,321)**
Net Expenditure	**2,399**	**(426)**	**1,973**

- There is a growth bid for new posts costing with a net impact of £16k on the General Fund.
- Temporary accommodation demand is expected to increase and an ongoing £50k of additional expenditure is included in 2025/26 along with additional reimbursement income.
- The Homelessness Prevention Grant was under recorded in budgetary terms by £159k. The budget has been adjusted to reflect grant at current levels along with a net increase in staff budget to ensure grant conditions are met.
- There are increased costs of £56k related to imported food that is offset by additional fees income.
- There is a technical adjustment for reversal of REFCUS Revenue Expenditure Funded by Capital Under Statute) of £429k previously budgeted corporately now included in services, reducing the budget.

Planning (£146k reduction in budget)

Summary	2024/25 £000	Adjustments £000	2025/26 £000
Employees	2,895	431	3,326
Premises	4	2	5
Supplies & Services	1,048	(167)	881
Third Party	144	6	150
Recharges	141	(3)	138
Gross Expenditure	**4,232**	**269**	**4,501**
Fees & Charges	(2,221)	(543)	(2,764)
Grants & Taxation	-	(109)	(109)
Reserves	(762)	237	(525)
Gross Income	**(2,983)**	**(415)**	**(3,398)**
Net Expenditure	**1,249**	**(146)**	**1,103**

- There is a growth bid for additional staff resources of £154k, supported by increased statutory fee income of £162k. Growth is expected to support ongoing heritage and ecology work and training and retention of qualified planning staff to reduce reliance on external agency suppliers, which is why the supplies and services budget reduces so significantly.
- The building control roofing and conservatories project is expected to continue in 2025/26 generating income of £200k. Expenditure of £100k has been included to reflect additional resources to deliver the project.
- Planning income is forecast to be £95k higher than anticipated and this is reflected in the base budget.

Housing Revenue Account Medium Term Financial Plan

The HRA budget makes proposals of a rental increase of 2.7%, which is 1% above the September 2024 Consumer Price Index (CPI), as well as service charge increases in line with estimated costs. Rents have been consulted on via the Tenant and Leaseholder Panel and reviewed by the Housing Board.

A summary of the HRA medium term financial plan is shown in the table below:

HRA MTFP Plan	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Service income	(19,681)	(20,036)	(20,519)	(21,013)	(21,521)	(22,041)
Rents, rates and other property charges	185	224	230	237	244	251
Maintenance and repairs service expenditure	5,778	5,623	5,680	6,001	6,333	6,674
Management and homelessness expenditure	1,218	1,329	1,362	1,396	1,431	1,467
HRA Transformation & Contingency	750	306	106	108	111	114
Other operating income and expenditure	8,867	9,860	10,202	10,336	10,473	10,610
Capital financing	2,961	2,944	2,939	2,935	2,929	2,925
Transfers to/(from) earmarked reserves	(78)	(250)	-	-	-	-
Deficit/(Surplus)	-	-	-	-	-	-

- The HRA is forecast to utilise £250,000 of reserves in 2025/26 to fund transformation. This is included in the ‘transfers to/(from) earmarked reserves’ line in the table above.
- The HRA MTFP is balanced over its lifetime but ultimately, it is about choices. Whether capital financing increases or the repairs service cost increases, it is all about how best to maintain and increase the stock.
- When the HRA Business Plan is presented, the council will be able to make recommendations on the level of borrowing affordable by the HRA and the expenditure required to maintain and improve the quality of the housing assets.
- Over the MTFP, the position of the service income and the rents, rates and other property charges lines, should improve as voids are tackled. However, until the new contractor is embedded, it not considered prudent to project the voids coming back into use and a reduction of the council tax empty homes charge.

- A contingency is maintained over the life of the MTFP to ensure that there is the ability to fund urgent items of expenditure, especially where there is an increasingly tight regulatory environment.

Rental Levels & Service Charges

Average rents in the HRA will grow by £3.52 per week or 2.7% from £126.09 to £129.61. However, that is an average rent and individual rental figures depend on the number of beds and when the tenancy began.

# Beds	2024/25	2025/26
0	88.93	91.33
1	103.26	106.04
2	119.54	122.77
3	133.49	137.09
4	146.63	150.59
5	138.89	142.64

Service charges have been increased by inflation plus 1% in line with rents.

Reserves

A summary of the HRA reserves position is detailed below:

HRA Reserves Position	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Reserve B/fwd	**(1,390)**	**(1,312)**	**(1,062)**	**(1,062)**	**(1,062)**	**(1,062)**
To Reserves	(674)	-	-	-	-	-
From Reserves	752	250	-	-	-	-
Reserve C/fwd	**(1,312)**	**(1,062)**	**(1,062)**	**(1,062)**	**(1,062)**	**(1,062)**

HRA Budget Changes 2024/25 to 2025/26

HRA Budget	2024/25 £000	Adjustments £000	2025/26 £000
Service income	(19,681)	(355)	(20,036)
Rents, rates and other property charges	185	39	224
Maintenance and repairs service expenditure	5,778	(155)	5,623
Management and homelessness expenditure	1,218	111	1,329
HRA Transformation & Contingency	750	(444)	306
Other operating income and expenditure	8,867	993	9,860
Capital financing	2,961	(17)	2,944
Transfers to/(from) earmarked reserves	(78)	(172)	(250)
Total	-	-	-

Service income (increase of £355k)

- The Cabinet is recommended to accept the maximum level of rental increases of 1% above CPI, which is an increase of 2.7%. This only leads to a £355k increase in income, which is about £170k less than would be expected. This is due to a high level of voids.
- With the replacement of the UNSL contract taking place in 2025/26, it is realistic to expect it to take a significant amount of time to get the level of voids reduced.

Rents, rates and other property charges (increase of £39k)

- The growth is driven by the aforementioned void rates as the HRA needs to refund the General Fund for council tax.

Maintenance and repairs service expenditure (increase of £155k)

- This is more of a technical adjustment as the reduction in the UNSL contract reflects that the staffing for the contract management element is now reflected elsewhere in the budget.

Maintenance and homelessness expenditure (increase of £111k)

- This service cost has grown due to the need to ensure that the HRA staffing is adequate to support the Housing Revenue Account. There is a growth bid in this budget.

HRA Transformation & Contingency (reduction of £444k)

- The Council will still need to undertake significant transformation in 2025/26, inparticular reference to the need to modernise the service, meet compliance requirements and also to put new controls in place over the replacement for the UNSL contract. However, much of these budgets have been regularised and ‘mainlined’ into core activity and therefore the budgetary requirement is significantly less than in 2024/25.

- There is £100k of contingency contained within this figure. This is a high level (5%) estimate of the impact of the 2025/26 pay award increase on the HRA.

Other Operating Income and Expenditure (increase of £993k)

- After a complete overhaul of the internal recharges of the council, it became evident that the HRA was not fully absorbing the cost of the corporate overheads. However, the increase also reflects that some posts that were formerly interim and paid out of Transformation are now in the General Fund and are recharged to the Housing Revenue Account. Ultimately, these costs are almost entirely salary recharges.
- The £30k reduction on Bad Debts reflects the expectation that the additional officer focusing on rental debtors should reduce the level of bad debts.
- The £61k increase in depreciation is just an estimate of the increase in the value of the properties and the related depreciation recharge.
- HRA Other refers to the government announcement about refunding the cost of the NI increase.

Capital Financing (reduction of £17k)

- This reflects the reduced capacity to fund capital in the HRA.

Transfers to/(from) earmarked reserves (increase of £172k)

- The drawdown of £250k from reserves is intended to ensure there is adequate resource to further modernise the service and put in place the financial and operational controls over the new repairs and maintenance contracts.

Housing Revenue Account Budget 2025/26 to 2029/30

A summary of the HRA budget for 2025/26 is shown in the table below:

Summary HRA Budget	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Service income						
Dwelling rents	(18,067)	(18,452)	(18,914)	(19,386)	(19,871)	(20,368)
Garage rents	(254)	(253)	(253)	(253)	(253)	(253)
Other rents	(32)	(2)	(2)	(2)	(2)	(2)
Charges for services & facilities	(1,328)	(1,329)	(1,350)	(1,372)	(1,395)	(1,418)
Sub-total - Service income	(19,681)	(20,036)	(20,519)	(21,013)	(21,521)	(22,041)
Rents, rates and other property charges	**185**	**224**	**230**	**237**	**244**	**251**
Maintenance and repairs service expenditure						
Common service flats	488	488	500	513	526	539
Estate maintenance	5	5	5	5	5	5
Housing sewage	21	21	22	22	23	23
Newport Depot	3	3	3	3	3	3
Property services	1,043	1,032	1,058	1,084	1,111	1,139
Housing repairs (Norse)	4,218	4,074	4,092	4,374	4,665	4,965
Sub-total - Maintenance and repairs service expenditure	5,778	5,623	5,680	6,001	6,333	6,674
Management and homelessness expenditure						
Housing services	781	891	913	936	960	984
Sheltered housing services	437	438	449	460	471	483
Sub-total - Management and homelessness expenditure	**1,218**	**1,329**	**1,362**	**1,396**	**1,431**	**1,467**
HRA Transformation & Contingency	**750**	**306**	**106**	**108**	**111**	**114**
Sub-total - Service expenditure	7,931	7,482	7,378	7,742	8,119	8,506
Other operating income and expenditure						
Bad debts	100	70	70	70	70	70
Depreciation	4,241	4,302	4,363	4,424	4,485	4,546
Borrowing costs	2,639	2,639	2,639	2,639	2,639	2,639
Treasury investment income	(126)	(126)	(126)	(126)	(126)	(126)
Corporate pension costs (added years and deficit repair)	18	18	18	18	19	19
Insurance	-	263	270	277	284	291
Share of corporate and democratic core costs	454	815	836	857	878	900
Other recharges from General Fund	1,557	1,913	2,166	2,211	2,258	2,305
Right to buy administration allowance	(16)	(16)	(16)	(16)	(16)	(16)
HRA Other	-	(18)	(18)	(18)	(18)	(18)
Subtotal - Other operating income and expenditure	8,867	9,860	10,202	10,336	10,473	10,610
Subtotal - Operating (surplus)/deficit	(2,883)	(2,694)	(2,939)	(2,935)	(2,929)	(2,925)
Capital financing	**2,961**	**2,944**	**2,939**	**2,935**	**2,929**	**2,925**
Transfers to/(from) earmarked reserves						
Revenue reserves	(78)	(250)	-	-	-	-
Earmarked for capital purposes	-	-	-	-	-	-
Sub-total - Transfers to/(from) earmarked reserves	(78)	(250)	-	-	-	-
(Surplus)/deficit	-	-	-	-	-	-

Capital Strategy

The Capital Strategy provides a high level overview of the council's plan to achieve its goals, set out in the Corporate Strategy, via capital investment through the use of capital expenditure, capital financing and treasury management.

Decisions made this year on Capital and Treasury Management will have financial consequences for the Council for a number of years into the future. Such decisions are therefore subject to both a national regulatory framework and to a local policy framework, summarised in this report.

The council's four priorities are:

- Protecting and enhancing our environment
- Encouraging economic growth
- Building strong communities
- Putting residents first

Uttlesford has successfully invested in commercial properties to offset funding cuts in a difficult environment to protect frontline services. It has also invested in Chesterford Research Park and will consider other opportunities in the future to generate business rate growth and employment opportunities for residents. More details can be found in the Commercial Strategy.

Where cost efficient it will invest in new technologies and the existing operational estate to increase operational efficiencies, maintain the existing buildings in a fit state or generate returns from renting out council assets.

The council has green ambitions. The council is ahead of the curve on reducing food waste and will continue to invest in new vehicles. Also, it has targeted decarbonisation funds to reduce the council's carbon footprint.

The council is committed to building new homes and regenerating existing estates and the new Housing Revenue Account (HRA) 30 Year Business Plan details the resources available for the future. As detailed options become available they will be added to the Capital Programme.

Council Priorities

Protecting and enhancing our environment

We will protect and improve our environment by reducing our carbon footprint, promoting *biodiversity, managing waste and recycling, and supporting green initiatives.*

There are a number of current workstreams that UDC are currently trying to deliver as part of the ongoing work on Climate Action:

- Decarbonising council operations including buildings, fleet and housing which is partly funded by the Social Housing Decarbonisation Fund. The council is currently retrofitting of 267 properties to increase energy efficiency and reduce energy costs to residents. This includes insulating homes, upgrading windows, installing air source heat pumps and solar PV where possible.
- There is a similar project taking place to improve the council's general fund operational assets.
- UDC received a grant of over £500k in 2022 from DEFRA to fund the continuation of localised environmental projects such as the Saffron Walden Clean Air Project.

Encouraging economic growth

We will support and promote a vibrant and diverse economy by attracting investment, facilitating business growth, enhancing skills and employability, and improving connectivity and infrastructure.

It has recently produced its Draft Local Plan that is being reviewed by the Planning Inspectorate. The council will be producing an Infrastructure Funding Statement (IFS) that details how it spends section 106 monies on improving the local infrastructure. The council will also be consulting in 2025 on introducing Community Infrastructure Levy (CIL) charging regime locally. This will provide more resources for funding infrastructure improvements.

Chesterford Research Park, which is 50% owned by the Council's wholly owned company, Aspire (CRP) has driven high value economic growth in the district and has a focus on natural sciences, which is a UK economic strength.

Building strong communities

We will build strong and resilient communities by engaging with our residents, delivering new housing and tackling social isolation.

The Council will be looking to produce its first 30 Year HRA Business Plan in 2025/26. This will provide the financial justification for borrowing to deliver new housing assets and identify the resources required to fund the improvement of existing council properties.

Putting residents first

We will deliver excellent services for the benefit of our residents by ensuring budgetary *stability and value for money, embracing new technology and developing our workforce.*

The council's capital programme invests in the council's general fund portfolio, both for health and safety and greening the estate but will once the decision over the merger partners, identify resources for Artificial Intelligence investment. In the meanwhile, it continues to invest in its digital services.

There is a new financial system being implemented with the clear intent of automating all activity and providing better management information to budget holders.

Council's Approach to Funding Investment

Council analyses all investments in terms of whether the investment stacks up financially assuming if the council would borrow for said asset. Only then does it consider funding sources. However, it always seeks grant funding sources wherever possible to reduce the impact on borrowing:

- Investment Properties are financed exclusively by borrowing. Similarly, the wholly owned company, Aspire (CRP) is treated as a commercial investment.
- Asset Management evaluation depends on whether it is health and safety, which would need to be funded regardless or whether it is an investment to improve the commercial value of the asset, which should be evaluated by an investment appraisal.
- Housing Revenue Account investments are evaluated by whether they affordable within the 30 Year HRA business plan and whether the investment can be paid back within an appropriate time horizon.
- All other assets unless they are health and safety, grant funded or necessary for the ongoing business, are assumed to be funded by borrowing.

Regulatory Framework

This Capital Strategy sets out how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, together with how associated risks are managed and the implications for the future financial sustainability of the Council.

Decisions made in respect of capital and treasury management can have financial consequences for the Council for many years into the future. As such, there are strict legislative requirements governing how capital expenditure is accounted for and financed, which are explained in further detail throughout this report.

In setting this Capital Strategy, the Council is required to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (2021 Edition) (the 'Prudential Code'). There are a number of prudential indicators that are set before the start of each financial year, and monitored throughout the year. These are highlighted within this Capital Strategy.

As set out in the Medium Term Financial Strategy, the Council is currently investigating opportunities to divest a proportion of its commercial investment portfolio, as part of its medium term deficit management plan. However, no agreement to sell have been made. Should one or more asset sales be realised, this will result in a reduction in the Council's long term need to borrow, along with a requirement to invest any excess cash received in the short term (while the Council waits for fixed term borrowing to mature).

Capital Expenditure and Financing

Capital expenditure is any expenditure on the purchase or improvement of assets, such as property or vehicles, which will be used for more than one year. This includes spending on assets owned by other bodies, and loans and grants to other bodies or individuals enabling them to buy or improve their own assets (for example Disabled Facilities Grants). With the exception of external grant funded expenditure, a de minimis level of £10,000 is applied, with any assets costing less than this charged to a revenue account in the year the spend is incurred.

Before any capital expenditure can be incurred, a budget must be agreed within the Council's Capital Programme. This sets out the Council's planned capital expenditure over the next five years, and is reviewed and approved by Council on a rolling annual basis. A detailed breakdown is provided in the next section.

Estimates of Capital Expenditure

Estimates of Capital Expenditure	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
General Fund	5,420	4,867	1,123	1,148	833	803
Commercial Investments	13,795	-	-	-	-	-
Housing Revenue Account	5,578	9,489	18,134	7,645	7,757	7,750
Total	**24,793**	**14,356**	**19,257**	**8,793**	**8,590**	**8,553**

All capital expenditure in turn must be either funded or borrowed, the table below details how this will be funded:

Capital Financing Sources	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
External Funding	3,477	4,869	2,335	235	235	235
Internal Resources	5,606	5,957	16,384	7,995	8,107	8,100
Debt	15,710	3,530	538	563	248	218
Total	**24,793**	**14,356**	**19,257**	**8,793**	**8,590**	**8,553**

Debt is only considered a temporary source of finance, since loans and leases must be repaid in time. This is therefore replaced by other financing sources over time, usually by way of a charge to revenue resources known as the minimum revenue provision (MRP). This is calculated in line with the Council's Minimum Revenue Provision Statement. Alternatively, eligible capital resources (such as capital receipts) can be used to reduce the Council's debt and the need to make future MRP charges.

Statutory requirements relating to MRP do not apply to HRA assets. However, there is still a requirement to ensure that borrowing is at an affordable level to support future financial sustainability, and this is covered by the production of a 30 Year Business Plan. Further information is set out in the HRA budget.

The total annual minimum revenue charge is detailed below:

Annual Minimum Revenue Provision Charge	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
Annual Charge	3,859	4,330	4,601	4,605	4,794	4,945

The capital financing requirement (CFR) is the underlying need to borrow of the authority. The actual of debt borrowed should be less than this because one can temporarily use existing usable reserves, which is often referred to as internal borrowing. The Council's estimated CFR for the next 5 years will be as follows:

Capital Financing Requirement Estimates	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
General Fund	17.9	17.9	17.2	16.7	16.0	15.2
Commercial Investments	261.0	264.3	261.4	258.3	255.2	252.1
HRA	79.3	79.3	79.3	79.3	79.3	79.3
Total	**358.2**	**361.5**	**357.9**	**354.3**	**350.5**	**346.6**

Asset Management

The Council has an **asset management strategy** in place to ensure that it can maximise the value of its capital assets. When an asset is no longer required, it may be sold so that the proceeds (capital receipts) can be used to finance new assets or repay debt. Where capital loans are repaid to the Council, these also constitute capital receipts.

Previously, the council had a list of planned capital receipt forecasts. However, due to the restrictions on Right to Buy, there are no expected planned asset sales from 2025/26 onwards. Nonetheless, there may be some individuals increasing their share of the Right to Buy Properties. The sale of the Aspire CRP or other investment property sales would appear here. However, these are currently not assumed in the budget.

Treasury Management & Borrowing Strategies

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.

The council forward projects the Capital Financing Requirement and the Debt Position. However, the Council's main borrowing objectives are to achieve a low but certain cost of finance, and to retain flexibility should plans change in future. These objectives often conflict.

Therefore, the council seeks to strike a balance between short term usually cheaper loans and long term fixed rate loans where the future cost is known but higher. This is why recently, the council locked in £31m over 5 years to have more predictable interest rates while retaining some short term debt allowing the council to let expensive short debt expire quickly upon sales.

The Council has a long term need to borrow in respect of capital expenditure which has not yet been financed. However, in terms of revenue accounts, income is often received in advance of expenditure. Any surplus revenue cash (reserves) is offset against capital cash shortfalls to reduce the Council's need to borrow externally – as noted earlier this is referred to as internal borrowing.

Existing Investment & Debt Portfolio Position

Investment and Debt Portfolio	31 December 2024	
	Actual £m	Average Rate %
External Borrowing:		
Public Works Loans Board HRA	78.4	3.37
Public Works Loans Board General Fund	134.9	4.72
Local Authorities	76	4.96
Total External Borrowing	**289.3**	**4.42**
Other Long term Liabilities:		
Private Finance Initiative	3.8	8.29
Total gross external debt	**293.1**	**4.47**
Treasury Investments:		
Government (incl.local authorities)	8.0	4.66
Money Market funds	3.7	4.77
Total Treasury Investments	**11.7**	**4.69**
Net Debt	**281.4**	**4.46**

Prudential Indicators – Authorised Limit and Operational Boundary

The Council is required to set an authorised limit for external debt, which represents the maximum amount it is permitted to hold at any given time. In addition, a lower operational boundary should be set based upon current spending and financing plans, which acts as an early warning should it be breached.

The limits set for the next five years are as follows:-

Limits	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000	£000
Authorised Limit - borrowing	415.0	420.0	420.0	420.0	420.0	420.0
Authorised Limit - PFI and leases	5.0	5.0	5.0	5.0	5.0	5.0
Authorised Limit - total external debt	**43.0**	**43.0**	**13.0**	**13.0**	**13.0**	**13.0**
Operational boundary – borrowing	395.0	400.0	400.0	400.0	400.0	400.0
Operational boundary – PFI and leases	5.0	5.0	5.0	5.0	5.0	5.0
Operational boundary – total external debt	**400.0**	**405.0**	**405.0**	**405.0**	**405.0**	**405.0**

From 1 April 2024, local authorities are required to adopt International Financial Reporting Standard (IFRS) 16, which changes the way councils account for certain leases. Councils will recognise leased assets on their balance sheet, even where these have previously been classified as operating leases. There will be a corresponding lease liability in respect of the value of minimum payments to be made under the lease.

Work has been completed to assess the impact of IFRS 16 on the Balance sheet and it is not anticipated to have a major net impact on the Council's finances.

Prudential Indicator – Gross Debt and the Capital Financing Requirement

The Prudential Code requires the Council's gross debt remains below its CFR, except in the short term. This provides assurance that the Council is not borrowing in excess of its needs or for speculative purposes.

The table below demonstrates that the Council expects to comply with this requirement:

Prudential Indicator	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Debt incl. (PFI and leases)*	313.2	318.5	310.9	309.3	305.5	301.6
CFR	358.2	361.5	357.9	354.3	350.5	346.6

* Includes Private Finance Initiative (PRFI) and lease liabilities

Treasury Investment Strategy

Treasury investments are those which arise from receiving cash before it needs to be paid out again. Investments made for service reasons, or primarily for financial return (such as commercial properties) do not form part of the Council's treasury management activities.

In making treasury investments, the Council is required to have regard to CIPFA's Treasury Management in the Public Services: Code of Practice (the 'TM Code'). This requires the

Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.

The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The Council also aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

As at 31 December 2024, the Council held £11.7 million of treasury investments at an average rate of 4.69%. Planned investment balances for the next three years are as follows:

Planned Investment Balances	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Near-term investments	10	10	10	10	10	10
Longer-term investments	-	-	-	-	-	-

Risk and Governance

The effective management and control of risk are primary objectives of the Council's treasury management activities. The Treasury Management Strategy (TMSS) sets out various indicators and limits to constrain the risk of unexpected losses, and details the extent to which financial derivatives may be used to manage treasury risks.

Decisions on treasury management investment and borrowing are made daily and are delegated to the Section 151 Officer and finance staff, who must act in line with the TMSS and UDC's Treasury Management Practices. Reports on actual treasury management activity are presented to Cabinet, in line with the requirements of the TM Code.

Commercial Investments

The Council holds a number of investments primarily for the purpose of generating income to support wider Council services. These are acquired and are managed in accordance with the Commercial Strategy, which is approved by Council annually.

In line with the Commercial Strategy, a total allocation of approximately £268 million has been made for building up this portfolio, which consists of the following:-

- Investment properties owned directly by the Council (seven in total, including commercial space at the Council depot site in Little Canfield)
- Loans to a Council subsidiary, Aspire (CRP) Ltd, which enabled it to acquire a 50% stake in Chesterford Research Park.

Risks and Governance

Since the main objective of commercial investments is financial return, the Council is prepared to accept a higher level of risk than with treasury investments. The principal risks are tenant defaults and unanticipated voids and amounts are set aside in the Commercial Asset Reserve to cover temporary income shortfalls. Further details of the risks and mitigations in relation to this portfolio are set out in the Commercial Strategy.

Decisions on commercial investments are made by the Section 151 Officer in line with the criteria and limits approved by Council in the Commercial Strategy.

Other Liabilities

Decisions on incurring new discretional liabilities are taken by service managers in consultation with the Section 151 Officer. The risk of liabilities crystallising and having a financial impact is monitored and reported quarterly to Cabinet, where needed.

Revenue Budget Implications

Although capital expenditure is not charged directly to revenue, interest payable on loans and MRP are charged to revenue, offsetting any investment income received. These costs have been taken into account in setting the Council's Medium Term Financial Strategy.

Prudential Indicator – Financing Costs to Net Revenue Stream

The Prudential Code requires the Council to estimate the proportion of its General Fund financing costs to its net revenue stream (taxation and non-specific government grant income) over the next three years, as an indicator of the affordability of borrowing and the Council's exposure to risk. This is set out in the following table:

Prudential Indicator	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
Proportion of financing cost to net revenue stream	82%	92%	106%	111%	117%	123%

There was and remains a significant increase to this indicator, as a result of rising interest rates and a resultant increased cost of borrowing.

There is another large increase in the indicator forecast in 2026/27. This reflects local government reform. This is related not to any planned change in the Council's Capital Strategy, but rather due to a significant drop in the forecast net revenue stream following local government funding reform. Further information on this is set out in the Medium Term Financial Plan. The timing and effect of any funding reform remains highly uncertain, and the impact on the prudential indicators will be closely monitored as and when announcements are made, so that any required action can be taken.

Prudential Indicator – Net Income from Commercial Investments to Net Revenue Stream

The Prudential Code also requires the Council to estimate the proportion of its commercial investment income to its net revenue stream, as an indicator of the exposure to risk to any potential loss of commercial investment income. This is set out below:

Prudential Indicator	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
Proportion of net income from commercial investments to net revenue stream	66%	72%	93%	103%	109%	114%

Again, the increase forecast for 2026/27 is related to anticipated local government funding reform, rather than a change to the Council’s Commercial Strategy.

Risk and Sustainability

The two prudential indicators above are calculated in line with the strict definitions set out in the Prudential Code. Whilst these show a relatively high degree of inherent risk exposure, they do not consider the specific measures taken by the Council to mitigate these risks. The Council holds a significant commercial assets reserve (forecast to stand at £6.0 million as at 31 March 2025), which would cover short term shortfalls in commercial property income. In the longer term, the Council retains the option to sell some or all of its commercial properties should market conditions dictate, which would reduce both borrowing and MRP costs (although also result in an associated loss of income). Further information on the risks and mitigating strategies associated with the commercial property portfolio are included within the Commercial Strategy.

Due to the very long term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years could extend for up to 50 years into the future. Overall, the Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable.

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Its three most senior officers are qualified accountants and he Council also provides appropriate professional development opportunities to study towards professional accountancy qualifications and specific job related training.

Where Council officers do not have the requisite knowledge or skills to take important decisions alone, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose as its treasury management adviser, and other experts may be engaged depending on need. This approach is more cost effective than employing highly specialised staff directly,and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

General Fund Capital Programme 2025/26 to 2029/30

The summary of the General Fund Capital Programme is set out in the table below. It contains the new Capital bids and the updated asset management plan.

General Fund Capital Programme	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
Resources	129	390	-	-	-	-
Business Performance & People	1,005	-	-	-	-	-
Digital Innovation & Commercialisation	930	1,941	578	563	288	258
Environmental Services & Climate Change	1,176	2,290	-	-	-	-
Housing, Health & Communities	1,675	235	235	235	235	235
Investments	14,750	5,010	-	-	-	-
Pipeline Investments (not financed)	-	10,000	16,000	10,000	10,000	10,000
Total	**19,695**	**19,866**	**16,813**	**10,798**	**10,523**	**10,493**

Financing of General Fund Capital Programme

The table below sets out how the General Fund Capital Programme will be funded. The council assumes that it will need to borrow £27.323m from 2024/25 to 2029/30. This will increase the council's capital financing requirement (underlying need to borrow) accordingly. If the council identifies other funding options such as capital receipts or external grants, the section 151 Officer is able to replace them within year.

It is worth noting that the pipeline items are included but as they are speculative in nature and without concrete plans, they are here for reference only.

Financing of General Fund Capital Programme	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
Direct Revenue Funding	490	126	-	-	-	-
Borrowing	16,791	8,845	578	563	288	258
Grant Funding/Contributions	2,414	895	235	235	235	235
Pipeline Investments (not funded)	-	10,000	16,000	10,000	10,000	10,000
Total	**19,695**	**19,866**	**16,813**	**10,798**	**10,523**	**10,493**

New Capital Bids

As noted earlier there are little new capital bids. However, a couple of programmes have been updated for better data. The asset management programme has a more accurate data due to surveys completed. The Vehicle Replacement Programme has been moved forward a year and adjusted for inflation. However, in light of local government reorganized and the need to free up resources, some capital schemes may not take place.

New Capital Bids	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
Culture AI	-	13	13	13	13	13
Hotdesking equip	-	30	-	-	-	-
	-	**43**	**13**	**13**	**13**	**13**

Detailed Capital Programme Budgets 2025/26 to 2029/30 by Directorate

The following tables are a breakdown of the capital programme budgets:

Business Performance & People

	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
Car parking machine replacement	39	-	-	-	-	-
Superfast broadband	107	-	-	-	-	-
UK Shared Prosperity Fund (UKSPF)	200	-	-	-	-	-
Rural England Prosperity Fund (REPF)	659	-	-	-	-	-
	1,005	-	-	-	-	-

A plan for UKSPF will be put forward presently, however, the funding has already been allocated. Other schemes are expected to finish in 2024/25 but there is a residual budget of £100k in superfast broadband.

Digital Innovation & Commercialisation

	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
Day centre cyclical improvements	30	20	10	10	10	10
Museum boiler	18	-	-	-	-	-
Guildhall exterior works	50	-	-	-	-	-
Museum buildings (Castle)	30	30	30	30	30	30
Electric car chargers	40	15	15	15	15	15
Asset Management Plan	487	907	470	420	180	150
London Road - fire alarm upgrade	100	-	-	-	-	-
Minor items IT	20	-	-	-	-	-
PCI compliance	20	-	-	-	-	-
PSN CoCo	45	-	-	-	-	-
Cyber security	33	-	-	-	-	-
Grounds maintenance and vehicle systems	43	-	-	-	-	-
Scanner replacement and postal software	9	-	-	-	-	-
Move to servers Azure/AWS	35	-	-	-	-	-
Saffron Walden CCTV	-	100	-	-	-	-
Corporate laptop/device replacement	-	40	40	75	40	40
Corporate mobile phone replacement	-	35	-	-	-	-
Public Sector Decarbonisation Scheme	-	751	-	-	-	-
Culture AI	-	13	13	13	13	13
Hotdesking equip	-	30	-	-	-	-
	960	**1,941**	**578**	**563**	**288**	**258**

The main story in this area is an updated asset management profile, with inflation adjusted pricing, all of which is funded by borrowing.

Environmental Services & Climate Change

	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
Household bins	70	-	-	-	-	-
Trade waste bins	10	-	-	-	-	-
Kitchen caddies	25	-	-	-	-	-
Garden waste bins	20	-	-	-	-	-
Vehicle replacement programme	1,051	2,290	-	-	-	-
	1,176	**2,290**	**-**	**-**	**-**	**-**

As part of the review of waste, a long term detailed profile for planned vehicles will be produced. However, this is partially dependent on the choice of merger partners and their operating model and assets in-house.

Housing, Health & Communities

	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
LAHF - Cap Grt L&B	1,018	-	-	-	-	-
Air quality monitoring (Saffron Walden Project)	239	-	-	-	-	-
Private sector renewal grants (UHRA)	35	-	-	-	-	-
Disabled Facilities Grants	298	235	235	235	235	235
Mortimer's Gate	74	-	-	-	-	-
	1,675	**235**	**235**	**235**	**235**	**235**

As ever, the council is opportunistic when it comes to seeking Grants and therefore, even though there is little spend in future years currently identified, this is unlikely to be the case in the future.

Investments

	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
Investments	14,750	5,010	-	-	-	-
Pipeline Investments	-	10,000	16,000	10,000	10,000	10,000
	14,750	**15,010**	**16,000**	**10,000**	**10,000**	**10,000**

Aspire CRP has requested £9m in addition to £5.75m, due to construction being delivered faster than expected. This has led to a £1.018m overspend but is more a comment on resources being brought forward from future years. The pipeline investment reflects the likely cash calls on the council from Aspire if it is not sold. As the council is currently trying to sell it, they have not yet been included in the future CFR outlook.

Resources

	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
ERP Replacement	129	390	-	-	-	-
	129	**390**	-	-	-	-

Housing Revenue Account Capital Programme 2025/26 to 2029/30

The summary of the HRA Capital Programme is set out in the table below. The HRA Capital Programme already includes pipeline budgets of £18.588m. It is intended to bring them forward a year once the 30 Year HRA Business Plan is agreed and appropriate capital schemes are recommended to Cabinet.

With the arrival of 30 Year HRA Business Plan, there is the potential for re-profiling of existing capital projects.

HRA Capital Programme	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
Existing stock maintenance	4,203	2,742	5,496	5,595	5,707	5,700
Social Housing Decarbonisation Fund	-	5,100	-	-	-	-
Thaxted Road	55	-	-	-	-	-
Takeley	-	740	740	-	-	-
Woodlands, Great Dunmow	93	-	-	-	-	-
Garden sites	158	117	-	-	-	-
Walden Place	114	-	-	-	-	-
Pipeline - unidentified new build	-	-	3,128	1,000	1,000	1000
Pipeline - unidentified development	-	-	9,460	1,000	1,000	1000
LAHF 3	905	-	-	-	-	-
Total	**5,528**	**8,699**	**18,824**	**7,595**	**7,707**	**7,700**

End of Joint Venture (UNSL) contract means an expected tailing off of expenditure to ensure no ongoing commitment in future years.

Takely is expected to be delayed into late 2025/26 due to delays in the Planning application.

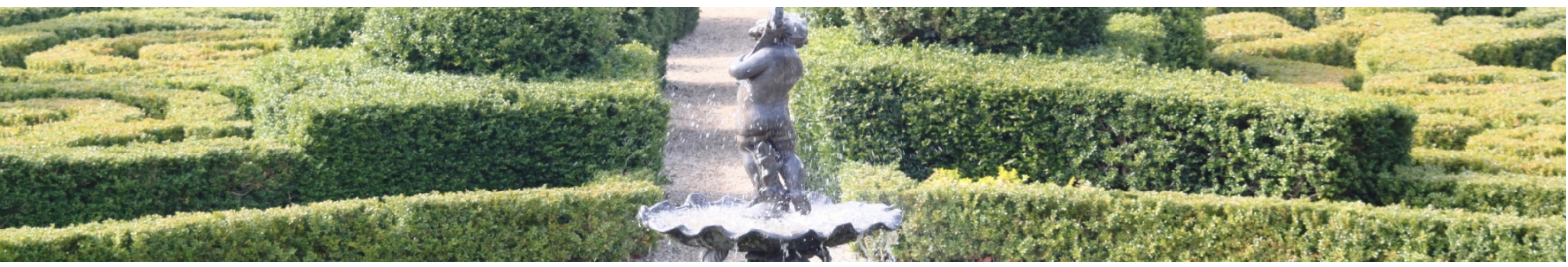
As can be seen above, there is an uptick in HRA Capital Expenditure due to the Social Housing Decarbonisation Fund.

The big story however is the fiscal capacity from 2026/27 onwards for capital expenditure on new build activity in the HRA on the pipeline side. With the first HRA Business Plan planned to be coming to Cabinet in March 2025, there are delegated authority given to the Section 151 Officer to increase the HRA Capital budget envelope to match the overarching HRA Business Plan figures.

Financing of HRA Capital Programme

As set out in the table below, it can be seen the reliance on Right to Buy Receipts has reduced in £3.8m due to the Government's revised approach to this historic policy. Essentially, past 2024/25, the council makes no new assumptions regarding this source of funding.

Financing of HRA Capital Programme	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
	£000	£000	£000	£000	£000	£000
Grants & external contributions	1,063	3,917	2,100	-	-	-
Direct revenue contributions	262	2,642	8,559	3,159	3,190	3,190
Earmarked reserves	-	-	-	-	-	-
Major repairs reserve	4,203	2,140	4,365	4,436	4,517	4,510
Capital receipts	-	-	3,800	-	-	-
Borrowing	-	-	-	-	-	-
Total	**5,528**	**8,699**	**18,824**	**7,595**	**7,707**	**7,700**



Robustness of Estimates and Adequacy of Reserves 2025/26

Introduction

Section 25 of the Local Government Act 2003 requires that, when the Council is setting its annual budget and council tax requirement, the Section 151 Officer must report on the robustness of estimates made, and the adequacy of the financial reserves. The Council is required by statute to have regard to this report when setting the annual budget.

In preparing this budget, the Section 151 Officer has considered the financial management and control frameworks that are in place, the budget assumptions used, the financial risks facing the Council, and the level and type of Council reserves. Taking the above into account, it is the opinion of the Section 151 Officer that the budget estimates are robust and the level of reserves adequate and satisfactory, as required by the Local Government Act 2003.

Financial Management and Control Frameworks

The Section 151 Officer has responsibility for ensuring that an effective system of internal control is maintained to provide an assessment of the current position across the whole council, and for identifying areas for improvement where appropriate. Areas for improvement are reported to the Audit and Standards Committee on a regular basis.

Robustness of Estimates

In setting the budget for 2025/26, it was necessary to make a number of key assumptions and estimates about future events, for example future inflation rates and the outcome of future local government finance settlements. The most significant assumptions made are set out within the Medium Term Financial Strategy.

In order to arrive at realistic estimates, a comprehensive process of scrutiny, review and challenge of budgets by managers, finance officers and the Corporate Management Team has taken place. This included checking that contractual commitments are provided for, salary budgets reflect the approved establishment and current staff in post, and income budgets are based on an assessment of price and demand.

Where significant estimates are based upon external factors outside UDC’s control, external inputs and/or consultants have been used where possible to have the greatest possible confidence over the estimates applied. For example, borrowing costs estimates are based upon interest rate forecasts prepared by the council’s Treasury Advisors Despite the above safeguards no budget can ever be completely free from risk. The most significant risks for 2025/26 are set out in the following table below:

Risk	Probability of Variance Arising	Potential impact	Overall Risk
Staff Costs Budgets are based upon an assumption of 5% growth. Should the actual settlement (negotiated nationally) differ from this, this could have a significant impact on the Council's budget.	High	High adverse/ high favorable	High
Waste and recycling services This area is particularly susceptible to market volatility. Fuel costs and disposal costs are highly variable, as is the income derived from recycling credits.	High	High adverse/ high favorable	High
Business rates appeals Provision has been made in the budget for some degree of successful business rates appeals, based upon external advice. If the volume or value of appeals differs from the assumptions made this could have significant impact on the Council's business rate income in future years.	High	High adverse/ high favorable	High
Housing maintenance and capital improvement expenditure The Uttlesford Norse Services Ltd (UNSL) contract ends in March 2025. This is UDC's largest contract, and there will be a significant level of work involved in exiting the contract and setting up new arrangements. There is a risk that the costs to deliver a basic quality of service will be greater than expected or that the transition will not be as smooth, leading to additional costs.	High	High adverse/ high favorable	High
Council dwelling depreciation The budgeted depreciation charge for council dwellings is based on inflating the 2023/24 depreciation figures. The dwelling stock will be subject to a review at 1 April 2025 - should the value be different, this could significantly affect the HRA bottom line positively or negatively.	High	High adverse/ high favorable	High
Housing benefit subsidy Housing benefit subsidy gap is growing faster than expected. There is a contingency in Corporate Items but there is no certainty that this is sufficient.	High	High adverse	High
Sale of commercial asset or assets The budget for 2025/26 does not assume the sale of any of the commercial assets - however this is being actively pursued as part of the Council's medium term deficit management plan. Should a sale incur during the year, this would result in a net benefit to the Council from a reduction in MRP charges and borrowing costs, offset by a loss of investment income.	High	High favorable	High

Sales, fees and charges Many of the Council's sales, fees and charges are highly sensitive to external factors such as economic conditions, changes in behaviour, and changes to government regulation or legislation. Services with a higher risk of variable income levels include border inspection, food imports, licencing, planning, building control and waste services.	Medium	Medium adverse / medium favourable	Medium
General cost inflation Inflationary increases have been applied to the budget where contractual provision exists or service areas demonstrating a strong likelihood of unavoidable inflation.	Medium	High adverse	Medium
Borrowing costs Around one third of the Council's borrowing is on the short-term local authority market and will fall due for refinancing during 2025/26. If interest rates are higher or lower than assumed at the point of refinancing, the Council's cost of borrowing could go up or down. The council has reduced its short term borrowing and therefore, this risk has reduced. There is also the risk of the council selling commercial assets, significantly de risking this position.	Medium	High adverse / high favourable	Medium
Planning appeals Lack of an adopted local plan increases the risk around planning appeals, which can be costly to defend and result in costs being awarded against the Council.	Low	High adverse	Medium
Housing rents income There is an inherent risk of non-collection of housing rents, which increases at times of economic pressure. Should collection rates fall below those assumed when setting the budget, this could have a significant impact on the financial performance of the Housing Revenue Accountant. There is also a risk that void levels may differ from the assumptions made, for example if it takes longer than anticipated to return void properties to use.	Low	High adverse	Medium

Adequacy of Reserves

The Council holds a minimum level of reserves in both the General Fund and HRA, called the Working Balance, to allow for unexpected impacts in line with the risk assessment above. This is set at 2% of gross variable income and costs. The working balances for 2025/26 have been set as follows:

Working Balance Calculation 2025/26	General Fund £000	HRA £000
Gross Budgeted Variable Expenditure	57,626	20,430
Contribution to Working Balance (2%)	1,153	409
Gross Budgeted Variable Income	55,168	20,180
Contribution to Working Balance (2%)	1,103	404
Total Working Balance Requirement	2,256	812

The Council will increase the General Fund budget in 2025/26 to follow the above approach. In addition, other reserves have been set aside for general and specific purposes as set out in the General Fund and the HRA budget sections above. It is therefore confirmed that the Council holds adequate reserves to support the proposed budget for 2025/26, with sufficient amounts to cover any risks which can reasonably be expected to crystallise during the year.

General Reserves as can be seen in the below table are over £20m and are expected to reduce to £13m over the life of the MTFP. However, this reflects some very negative funding statements by the Government, which may not come to fruition as most other councils in the country would have put through Section 114 notices before then. Therefore, while the MTFP assumes a major decline in reserve levels, this may not take place.

Conclusion

It is the opinion of the Section 151 Officer that the budget estimates are robust and the level of reserves adequate, as required by the Local Government Act 2003.

Whilst there is a budget deficit each year throughout the Medium Term Financial Plan period (2025/26 to 2029/30), the Council does have a healthy level of usable reserves. Although the Council has sufficient reserves to fund this plan over the next five years, it is dependent on savings and it remains important that the Council maintains focus on the delivery of the savings required by this plan (primarily through the Blueprint Uttlesford programme but increasingly from other sources. Alternative plans for quick wins will be put forward throughout 2025/26 to ensure that reserve levels remain resilient.

General Fund Reserves	2024/25	To/ From Reserves	2025/26	To/ From Reserves	2026/27	To/ From Reserves	2027/28	To/ From Reserves	2028/29	To/ From Reserves	2029/30
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Working balance	**(2,065)**	-	**(2,065)**	-	**(2,065)**	-	**(2,065)**	-	**(2,065)**	-	**(2,065)**
Capital slippage	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**
Business rates	**(2,222)**	242	**(1,980)**	-	**(1,980)**	-	**(1,980)**	-	**(1,980)**	-	**(1,980)**
Licensing	**(86)**	(4)	**(90)**	(4)	**(94)**	(4)	**(98)**	(4)	**(102)**	(4)	**(106)**
Leisure/Private Finance Initiative	**(906)**	105	**(801)**	105	**(696)**	105	**(591)**	105	**(486)**	105	**(381)**
Transformation	**(600)**	245	**(355)**	245	**(110)**	245	**135**	-	**135**	-	**135**
Commercial assets	**(5,024)**	(500)	**(5,524)**	(500)	**(6,024)**	(500)	**(6,524)**	(500)	**(7,024)**	(500)	**(7,524)**
Local Government Reorganisation	**(2,750)**	250	**(2,500)**	250	**(2,250)**	250	**(2,000)**	-	**(2,000)**	-	**(2,000)**
Medium Term Financial Strategy	**(7,405)**	1,154	**(6,251)**	941	**(5,310)**	526	**(4,784)**	2,197	**(2,587)**	3,694	**1,107**
Planning	**(672)**	512	**(160)**	-	**(160)**	-	**(160)**	-	**(160)**	-	**(160)**
Climate change	**(161)**	163	**2**	-	**2**	-	**2**	-	**2**	-	**2**
Economic development	**(115)**	65	**(50)**	-	**(50)**	-	**(50)**	-	**(50)**	-	**(50)**
Planning - Neighbourhood Planning	**(67)**	15	**(52)**	15	**(37)**	15	**(22)**	3	**(19)**	-	**(19)**
Sustainable communities	**(471)**	-	**(471)**	-	**(471)**	-	**(471)**	-	**(471)**	-	**(471)**
Voluntary sector	**(33)**	-	**(33)**	-	**(33)**	-	**(33)**	-	**(33)**	-	**(33)**
Homelessness	**(233)**	113	**(120)**	113	**(7)**	-	**(7)**	-	**(7)**	-	**(7)**
Health and wellbeing	**(213)**	23	**(190)**	-	**(190)**	-	**(190)**	-	**(190)**	-	**(190)**
Other	**(288)**	81	**(207)**	(1)	**(208)**	(1)	**(209)**	(1)	**(210)**	(1)	**(211)**
Deficit/(Surplus)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**
Reserve C/fwd	**(23,311)**	**2,464**	**(20,847)**	**1,164**	**(19,683)**	**636**	**(19,047)**	**1,800**	**(17,247)**	**3,294**	**(13,953)**

HRA Reserves	2024/25	To/ From Reserves	2025/26	To/ From Reserves	2026/27	To/ From Reserves	2027/28	To/ From Reserves	2028/29	To/ From Reserves	2029/30
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Working Balance	**(642)**	-	**(642)**		**(642)**	-	**(642)**	-	**(642)**	-	**(642)**
Revenue reserves	**(693)**	-	**(693)**	-	**(693)**	-	**(693)**	-	**(693)**	-	**(693)**
Transformation	**(250)**	250	**-**		**-**	-	**-**	-	**-**	-	**-**
Potential projects	**(10)**	-	**(10)**		**(10)**	-	**(10)**	-	**(10)**	-	**(10)**
HRA capital slippage	**(706)**	-	**(706)**	-	**(706)**	-	**(706)**	-	**(706)**	-	**(706)**
Reserve C/fwd	**(2,301)**	**250**	**(2,051)**	**-**	**(2,051)**	**-**	**(2,051)**	**-**	**(2,051)**	**-**	**(2,051)**