

**Committee:** Council

**Date:** 25/02/2025

**Title:** Budget 2025/26

**Portfolio Holder:** Cllr Hargreaves, Portfolio Holder for Finance

**Report Author:** Gareth Robinson, Interim Director of Finance, Revenues and Benefits

**Key decision:** Yes

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## Summary

1. This is the budget recommended for 2025/26, as proposed for full council.
2. The budget has been consulted on from 20 December 2024 to 12 January 2025 and responses are attached.

## Recommendations

3. To recommend to Council the following recommendations:
  - i. To note the key risks and assumptions set out at paragraph in the Medium Term Financial Strategy detailed on page 9
  - ii. To approve the Medium Term Financial Strategy 2025/26 to 2029/30 on page 11
  - iii. To note the provisional council taxbase of 40,552.16 and the continued assumption of a maximum increase in the council tax of 2.99% over the lifetime of the Medium Term Financial Plan to 2029/30 on page 16.
  - iv. To recommend the council tax increase of 2.99% council tax for 2025/26. The Band D equivalent (for Uttlesford's share of the bill) would be £182.02, which would be an increase of £5.28 on page 17.
  - v. To approve the Council Tax requirement for 2025/26 of £7.381m on page 17.
  - vi. That Council approves the implementation of a second homes council tax premium of 100% from 1 April 2025 on page 17.
  - vii. To resolve that the council tax premium of 100% shall be charged to properties that have been empty and furnished for one year or more, with effect from 1 April 2025 on page 17.
  - viii. To agree the revenue growth bids as detailed on page 19.
  - ix. To approve the General Fund budget as detailed on page 20.
  - x. To delegate to the Section 151 Officer to approve upto a maximum of £250k in year budget growth to General Fund Housing subject to approval at Cabinet as per page 8.
  - xi. To note the Government's intent to provide forward certainty over the HRA rental increases allowed to be 1% above CPI, which is an increase of 2.7% for 2025/26 on page 29.

- xii. To recommend the 2.7% increase in social housing revenue rents within the Housing Revenue Account. The average increase in HRA weekly rents would be £3.52, leading to an average weekly rent payable by council tenants of £129.61 on page 30.
- xiii. To approve the Housing Revenue Account Budget as detailed on pages 31-33.
- xiv. To delegate to the Section 151 Officer to increase the Capital budget to match the 30 Year HRA Programme once it is approved to enable the delivery of new homes in the HRA.
- xv. To approve Capital Strategy 2025/26 on pages 34-44.
- xvi. To approve the Capital Programme 2025/26 to 2029/30 detailed on pages 44-50
- xvii. To note and have regard to the section 25 report in Appendix A when considering the budget for 2025/26
- xviii. To approve the fees and charges schedule as set out in Appendix C
- xix. To approve the Treasury Management Strategy Statement 2025/26 in Appendix D
- xx. To approve the Minimum Revenue Provision Statement 2025/26 detailed in Appendix E
- xxi. To approve the commercial strategy of 2025/26 detailed in Appendix F
- xxii. To approve the Ethical Investment Policy in Appendix G
- xxiii. To agree the capital growth bids as detailed on page 45
- xxiv. To note the change in the discretionary rates policy as detailed in the accompanying report.
- xxv. To approve the housing service charge increases (General Fund and HRA) in line with inflation plus 1% as per rents.

## **Detail**

4. The 2025/26 budget process has been an unusually challenging one due to the following reasons:
  - A new government is trying to make major changes quickly and sometimes had to reverse position quickly, which meant announcements kept being reversed or clarified.
  - Resources shifting from rural areas to urban ones and areas of deprivation. A classic instance of this is the ending of the rural services delivery grant of £380k.
  - Local government reorganisation was announced late in the financial year, which meant the council has had shift resources away from transformation. The council has put aside £250k of resources per year plus an additional £2 million in reserves.
  - A continuation of one year settlements.

- Interest rates have stayed higher for longer due in part to poor reception of the UK Budget with National Insurance rise but also due to the new US government push on tariffs leading to wider economic uncertainty. The contingency against this risk held corporately is now £217k.
- Housing Benefit Subsidy Gap has increased in year. Therefore the council put aside £100k in contingency against this risk.

5. This is in part led to the changes in the base budget as detailed below:

**Table 1: Change between Draft Budget and Final Budget**

<b>Movements</b>	<b>£'000s</b>
Draft Budget Deficit for 2025/26	271
Housing Benefit Subsidy Gap (difference between the grant received and the amount paid to house residents in temporary accommodation)	100
National Insurance Grant allocation does not cover the national insurance increases as was originally stated. This is the gap	169
Contingency increases to cover the increased risks.	217
Improved Fee and Charge Forecast Growth Estimates	(207)
NNDR Final Estimate lower than October calculation	293
Other Minor Differences	10
<b>Revised Budget Deficit</b>	<b>854</b>

6. There have also been some positive stories:

- The council has confidence in its fiscal position because it has caught up with the Accounts. The 2023/24 set is already available for review, meaning the reserve position is known, making budgeting much easier.
- The HRA Business Plan is coming to Cabinet in March 2025 and there is almost £20m put aside to deliver new homes in the HRA, starting in late 2025/26. There is a delegation in the budget report to allow the Section 151 Officer if Cabinet approves the HRA Business Plan to increase the budget accordingly.
- Both the General Fund and Housing Revenue Account continue to decarbonise the estate. The HRA was particularly successful with the size of its bid for decarbonisation funding.
- Local Plan is now at inspection stage.
- Recruitment drive mean we have the lowest number of agency staff in years.
- The council will have a new modern Finance system that will automate activity and provide better management data.
- The council's reserves are expected to last beyond the life of the Medium Term Financial Plan (5 Years), which is increasingly rare for councils.
- The council is able to afford putting resources aside and invest in the move to a new unitary council.

- Investing in Aspire CRP generates local investment, high quality jobs and translates to increased business rate growth, which will fund local services.
  - Despite higher interest rates for longer, the investment portfolio will move back into a surplus from 2025/26 onwards.
  - The council continues to invest in its services as can be witnessed through the growth bids.
7. The main words of caution relate to the need to continually identify new savings as the current model of Blueprint Uttlesford will not be sufficient on its own when resources are shifting to working on local government reorganisation. Therefore, alternative and additional savings will be put forward throughout the year to ensure the council reserves stay resilient over the life of the Medium Term Financial Plan.
  8. While there is a growth bid table in the report that are recommended whether in full or as a budgetary provision, one area (Housing General Fund) that deals with housing the homelessness and temporary accommodation was not able to meet the budgetary timetable. This was due to an extraordinary amount of change and improvements in the area. Detailed workings have only just been developed and it needs to go through an internal challenge process before it reaches Cabinet.
  9. Therefore, this report requests a delegation to the Section 151 Officer, subject to approval by Cabinet to arrange the funding of a new structure in Housing General Fund, upto £250k only.
  10. Waste will need a detailed review, particularly in light of the delays to vesting day (official start of new council) till 2028.

## **Conclusion**

11. This is a very prudent “belt and braces” budget. Once more details come out in relation to local government reorganisation, investment asset sale details become more certain and the 2024/25 Accounts are produced, this should lead to a better position. Nonetheless, with such an uncertain fiscal environment for Uttlesford District Council, the council cannot afford it to get worse and therefore more fiscally conservative assumptions were chosen than is typical.

## Financial Implications

1. The financial implications are noted within the report.

## Background Papers

2. Not applicable

Communication/Consultation	N/A
Community Safety	N/A
Equalities	All individual savings proposals will receive separate EQIAs as and when the details are proposed. The final detailed EQIA will be included with the recommended Budget to Cabinet in February.
Health and Safety	N/A
Human Rights/Legal Implications	<p>The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council.</p> <p>Cabinet's terms of reference include recommending to Council the annual budget, including the capital and revenue budgets and the level of council tax and the council tax base.</p> <p>Council's terms of reference include approving or adopting the budget. Members are reminded of the duty to set a balanced budget and to maintain a prudent general fund and reserve balances.</p>
Sustainability	N/A
Ward-specific impacts	N/A
Workforce/Workplace	N/A

Appendix A: Budget Consultation (copy made and put into new Council folder)

Appendix B: Council Tax Base

Appendix: C: Fees and Charges

Appendix D: Treasury Management Strategy Statement (TMSS)

Appendix E: Minimum Revenue Provision (MRP)

Appendix F: Commercial Strategy

Appendix G: Ethical Investment Policy