

**Committee:** Cabinet

**Date:** Thursday, 9  
October 2025

**Title:** Medium Term Financial Plan mid-year update

**Portfolio Holder:** Councillor Neil Hargreaves, Portfolio Holder for  
Finance and the Economy

**Report Author:** Adrian Webb Strategic Director of Finance,  
Commercialisation and Corporate Services

**Key decision:** No

---

## Summary

1. This report provides an update on the General Fund part of the Medium Term Financial Plan (MTFP) that was approved at Council in February 2025.

## Recommendations

2. That Cabinet notes
  - a. The updated MTFP position as set out in paragraph 25.
  - b. The Reserves position as set out in paragraph 27.
  - c. The revised Blueprint 2.0 savings requirement as set out in paragraph 30.

## Financial Implications

3. The MTFP forms the basis of the budget and all financial implications are included in the budget presented to Council in February each year.

## Background Papers

4. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

[MTFP section of the budget paper February 2025](#)

## Impact

Communication/Consultation	None
Community Safety	None
Equalities	None
Health and Safety	None

Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

## February 2025 MTFP

5. At the meeting held on 21 February 2025 Full Council approved the following MTFP for the period 2025 to 2030.

SUMMARY	2025/26 £000	2026/27 £'000s	2027/28 £'000s	2028/29 £'000s	2029/30 £'000s
Business Performance & People	343	370	394	419	444
Chief Executive	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
<b>Services Net Expenditure</b>	<b>15,682</b>	<b>17,693</b>	<b>18,384</b>	<b>19,099</b>	<b>19,816</b>
Investment Property	1,319	(248)	(1,161)	(1,298)	(1,234)
Corporate Items	2,542	3,008	3,459	4,096	4,697
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)
<b>Total</b>	<b>854</b>	<b>713</b>	<b>950</b>	<b>2,140</b>	<b>3,651</b>
<b>Cumulative Impact on Reserves</b>	<b>854</b>	<b>1,567</b>	<b>2,517</b>	<b>4,657</b>	<b>8,308</b>

6. The assumptions that underpinned the MTFP are

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

For 2025/26 the main change to the figures used in the February 2025 MTFP has been that the National Joint Council (NJC) pay award for staff has been agreed at 3.2% which is below the circa 5% in the budget. This has had a positive effect on the budget of circa £130,000. In terms of future years, the remainder of the figures used are accurate at the time of writing this report.

## **Treasury and Borrowing**

7. The Council uses Arlingclose for treasury advice. At the point of the February 2025 MTFP the predictions were for the Bank Rate to fall to 3.75% by November 2025.
8. The current view from Arlingclose is that the forecast remains on track as the Bank Rate was cut to 4% in August however, the MPC vote for a cut was only 5-4 in favour. This split in voting is due to concerns of cutting the Bank Rate during a bout of higher inflation.
9. Inflation increased to 3.6% in June and is expected to peak in the early autumn at 4% due to elevated food and regulated prices, and companies passing on elevated employer costs.
10. Gilt yield have been elevated, driven by concerns around UK and US fiscal credibility, general anxiety about bond issuance levels, and uncertainty over the impact of US monetary and trade policy.
11. Whilst current forecasts match those used on the February 2025 MTFP it should be noted that the council is reliant on short term interest rates. Set out on the following page is a schedule of General Fund borrowing in place as at 9 September 2025.
12. The aim of the borrowing strategy is to maintain a 60:40 split in favour of long term borrowing. The current position is a ratio of 62:38

Date	Lender	Amount (£)	Maturity	Rate (%)
01-Nov-24	Furness Building Society	3,000,000	31-Oct-25	4.85
17-Apr-25	Cornwall Council	5,000,000	17-Oct-25	4.65
22-Apr-25	Devon County Council Pension Fund	5,000,000	22-Oct-25	4.65
25-Apr-25	Wealden District Council	5,000,000	27-Oct-25	4.30
28-Apr-25	Blackburn with Darwen Borough Council	3,000,000	28-Oct-25	4.30
07-May-25	Tamworth Borough Council	5,000,000	07-Nov-25	4.30
08-May-25	Middlesbrough Teeside Pension Fund	5,000,000	10-Nov-25	4.20
19-May-25	Gwynedd Council	2,000,000	19-Nov-25	4.20
19-May-25	Broxbourne Borough Council	3,000,000	19-Nov-25	4.20
21-May-25	Gwynedd Council	3,000,000	21-Nov-25	4.20
21-May-25	East Suffolk Council	5,000,000	21-Nov-25	4.20
21-May-25	Mid Devon District Council	2,000,000	21-Nov-25	4.25
27-May-25	North Hertfordshire District Council	2,000,000	27-Nov-25	4.25
09-Jun-25	West Yorkshire Combined Authority	6,000,000	09-Jan-26	4.25
09-Jun-25	South Yorkshire Mayoral Combined Authority	4,000,000	09-Dec-25	4.30
22-Jul-25	Portsmouth City Council	5,000,000	22-Sep-25	4.25
04-Aug-25	West Yorkshire Combined Authority	4,000,000	16-Apr-26	4.20
31-Jul-25	Middlesbrough Teeside Pension Fund	5,000,000	02-Oct-25	4.08
07-Aug-25	Fareham Borough Council	2,000,000	16-Sep-25	3.96
22-Aug-25	Middlesbrough Teeside Pension Fund	5,000,000	27-Oct-25	3.99
26-Aug-25	Royal Borough of Windsor and Maidenhead	3,000,000	26-May-26	4.10
<b>Short Term Borrowing</b>		<b>82,000,000</b>		
22-Sep-22	Public Works Loans Board	29,518,982	22-Sep-71	4.28
29-Sep-22	Public Works Loans Board	50,000,000	27-Sep-30	4.16
29-Apr-24	Public Works Loans Board	6,300,000	29-Apr-29	4.96
29-Apr-24	Public Works Loans Board	6,300,000	29-Apr-30	4.91
29-Apr-24	Public Works Loans Board	6,300,000	29-Oct-29	4.93
29-Apr-24	Public Works Loans Board	6,300,000	29-Oct-30	4.90
12-Dec-24	Public Works Loans Board	27,000,000	11-Dec-29	4.91
<b>Long Term Borrowing</b>		<b>131,718,982</b>		
<b>Total Borrowing</b>		<b>213,718,982</b>		

A 0.25% movement on £82m of short term borrowing would have a £205,000 negative impact on the Council's bottom line.

### Fair Funding Review 2.0 (FFR)

- Like all councils, UDC relies on a variety of external income streams to underpin the budget and MTFP. For the February approved MTFP the following sources of funding were identified.

Subjective Description	2025/26	2026/27	2027/28	2028/29	2029/30
Below Line CFAA Surplus Adjust	(180)	(180)	(180)	(180)	(180)
RSG/NNDR Distribution	(150)	545	569	596	623
Financing - Retained NNDR	(23,190)	(2,529)	(2,701)	(2,881)	(3,067)
New Homes Bonus	(1,102)	0	0	0	0
NNDR Safety Net/Levy	2,533	0	0	0	0
Financing DCLG Section 31	(3,257)	0	0	0	0
Council Tax Surplus/Deficit	(9)	0	0	0	0
Gov Grants-NI	(137)	0	0	0	0
Gov Grants-Funding Guarantee	(2,060)	0	0	0	0
NNDR Tariff	19,114	0	0	0	0
Pool Benefits	(1,121)	0	0	0	0
Extended Producer Responsibility (EPR)	(1,453)	(1,453)	(1,453)	(1,453)	(1,453)
EPR Used on new schemes	200	0	0	0	0
Damping	0	(5,262)	(4,170)	(3,069)	(2,025)
NNDR Surplus Deficit	242	0	0	0	0
From Reserves	(242)	0	0	0	0
<b>Total Funding</b>	<b>(10,813)</b>	<b>(8,879)</b>	<b>(7,935)</b>	<b>(6,987)</b>	<b>(6,102)</b>

14. The Government has for several years muted the possibility of a review of the funding system, which has not been significantly changed in more than a decade. It was announced in the financial settlement that a new funding methodology would be consulted on in 2025/26 ready for implementation in 2026/27. The consultation started in June 2025 and the outcome will be announced as part of the financial settlement announcement to be made in December 2025. Two of the key elements of the consultation are
- a complete reset of the Business Rates in 2026, which removes growth (which attracted additional funding) by building it back into the new base level;
  - the drive to deliver funding to areas with the highest levels of deprivation.
15. As part of the 2025/26 budget and MTFP setting, adjustments were made to try and model the impact of the FFR. Predictions at the time were for the 2026/27 external income stream to be £8.879m a reduction of £1.934m from 2025/26.
16. The Council uses Pixel for its financial modelling and forecasting. Using the current consultation, they have modelled the likely impact for the Council if all of the changes being consulted on are implemented, which is highly likely. The revised external income table is as set out overleaf

£'000	25/26	26/27	27/28	28/29	29/30	30/31
Renewable Disregard	(180)	(172)	(172)	(172)	(172)	(172)
NNDR	(4,800)	(1,906)	(1,932)	(1,958)	(1,985)	(2,155)
Damping	0	0	(621)	(1,535)	0	0
Revenue Support Grant	(150)	(5,978)	(4,682)	(3,404)	(3,481)	(3,561)
Pool Benefits	(1,121)	0	0	0	0	0
NNDR Deficit/(Surplus)	(9)	0	0	0	0	0
New Homes Bonus	(1,102)	0	0	0	0	0
National Insurance Reimbursement	(137)	0	0	0	0	0
Funding Guarantee	(2,060)	0	0	0	0	0
Rural Services Delivery Grant	0	0	0	0	0	0
Services Grant	0	0	0	0	0	0
Extended Producer Responsibility (EPR)	(1,453)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)
EPR allocated to new schemes	200	330	330	330	330	330
<b>Total Funding 18/7/25 FF modelled</b>	<b>(10,813)</b>	<b>(8,826)</b>	<b>(8,177)</b>	<b>(7,839)</b>	<b>(6,408)</b>	<b>(6,658)</b>
Feb 25 Approved MTFP		(8,879)	(7,935)	(6,987)	(6,102)	
<b>Funding (decreased)/increased by</b>		<b>(53)</b>	<b>242</b>	<b>852</b>	<b>306</b>	

The above table shows that the February MTFP forecast was accurate for 2026/27, with the Council only being a further £53,000 worse off. In subsequent years the figures are better than forecast, however caution needs to be applied as the position is only better because of a high level of 'Damping' which is additional support to minimise the impact of the changes. The damping figure may be subject to adjustment.

17. Whilst the position is within tolerance of what was forecast in the February MTFP, it should be noted that the Council is one of the 41 most negatively affected councils in the country. Consequently, the Council is, along with 40 other councils in a similar position, in regular discussion with MHCLG. Precisely where on the list of 41 councils UDC sits is unknown as it is not being disclosed by MHCLG.

18. It should be noted that at the MHCLG meetings detailed above the advice to the 41 councils on how to balance budgets is

- a. Continue to maximise efficiencies
- b. Use Extended Producer Responsibility (EPR) monies (see below)
- c. Use Reserves

It was acknowledged by MHCLG that Reserves can only be used once and the EPR monies are likely to reduce over time.

### **Extended Producer Responsibility (EPR)**

19. An additional part of the external funding is a new revenue stream – Extended Producer Responsibility (EPR). This is a policy principle that holds producers,

such as manufacturers and importers, responsible for the entire lifecycle of their products, including their post-use management, collection, recycling, and disposal. By making producers financially responsible, EPR incentivizes them to design products and packaging for reduced environmental impact, promoting a circular economy through improved reuse, repair, and recycling.

20. The Government announced in September 2024 that the Council would receive £1.453m in 2025/26 from this funding stream. The money is not ringfenced but should be used to improve recycling and balance council budgets. This council has one of the best recycling schemes and therefore only £200,000 was allocated for recycling spend in 2025/26.
21. In early summer the Council received confirmation that that the correct allocation for 2025/26, using data now available, would have been £1.1m but the original figure was being honoured. The current assumption is that the sum of £1.1m will be received in each year and that 30% of that money will need to be spent each year on improving recycling. The remaining 70% of the EPR funding will be allocated to offset the costs of the waste and recycling service, including those on-going costs incurred as a result of the implementation of the EPR scheme.
22. It should be noted, that it is possible that, as manufacturers etc. improve packaging the amount of money collected, and therefore the amount available to distribute will decrease.

#### **Further costs and income identified during the 2025/26 financial year**

23. There will always be the likelihood of additional costs and income streams being identified during the year. To date additional changes that have been built into the MTFP are
  - a. Vehicle fleet fuel – a decision to switch to hydrogenated vegetable oil (HVO), whilst having a positive impact of the Council's emissions has a negative impact financially as HVO is more expensive than diesel – **additional cost per annum of £150,000**
  - b. Chief Operating Officer – a new post was created at Strategic Director level. The cost is being funded from the LGR Reserve in 2025/26 through to 2027/28 but thereafter becomes a base budget cost – **additional cost per annum circa £150,000 including on-costs**
  - c. Community Infrastructure Levy (CIL) – the decision to implement CIL will see an additional administrative cost pressure, which will be met from existing resources, matched with additional income from CIL collected. This income stream will likely not commence until 2028/29 – **additional income of £70,000 per annum**
  - d. Electric car scheme – The contract expires mid-way through the 2026/27 financial year. Whilst a business case is yet to be prepared for the continuation it is considered likely that councillors would not wish to see the scheme cease – **additional cost £40,000 per annum**

- e. Bike hire scheme - The contract expires at the end of the financial year. Whilst a business case is yet to be prepared for the continuation it is considered likely that councillors would not wish to see the scheme cease – **additional cost £20,000 per annum**
- f. Pension strain – On a triennial basis the Council has to ‘top up’ the pension scheme following a formal assessment by the Pensions Actuary. The 2026/27 figure is as yet not known but the 2023/24 figure has been used as a guide – **additional cost in 2026/27 and 2029/30 of £460,000**

## Local Government Reorganisation (LGR)

- 24. The Council has earmarked £2.75m towards the cost of LGR over the coming three years. It should be noted that the costs associated with the implementation of LGR will have to be borne by the current councils and therefore this initial amount will likely need to increase significantly.
- 25. A small amount of Government funding (£512,000) was awarded to the whole of Essex to support work up to the 26 September 2025 bid submission date. Government has said that there will be no further direct financial support.
- 26. As the final decision to continue with LGR for Essex will not be made until March 2026 it is important that the MTFP continues to cover the whole 5 year period up to 2030/31.

## September 2025 MTFP position

- 27. With all of the available information built in to the MTFP model the following is the revised mid-year position

SUMMARY	2025/26 £000	2026/27 £'000s	2027/28 £'000s	2028/29 £'000s	2029/30 £'000s
Business Performance & People	343	370	394	419	444
Chief Executive	521	535	549	564	579
Corporate Services	1,563	1,932	1,512	1,708	2,216
Digital Innovation & Commercialisation	3,666	3,774	3,883	3,996	4,111
Environmental Services & Climate Change	3,256	4,892	5,016	5,142	5,272
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	1,192	1,227
<b>Services Net Expenditure</b>	<b>15,682</b>	<b>18,234</b>	<b>18,465</b>	<b>19,265</b>	<b>20,447</b>
Investment Property	1,319	(248)	(1,161)	(1,298)	(1,234)
Corporate Items	2,542	3,008	3,459	4,096	4,697
External Funding	(10,813)	(8,826)	(8,177)	(7,839)	(6,408)
Blueprint Uttlesford	(900)	(1,395)	(2,649)	(4,649)	(7,149)
Council Tax Income	(7,381)	(7,694)	(8,020)	(8,357)	(8,709)
<b>Total</b>	<b>449</b>	<b>3,079</b>	<b>1,917</b>	<b>1,218</b>	<b>1,644</b>
<b>Cumulative Impact on Reserves</b>	<b>449</b>	<b>3,528</b>	<b>5,445</b>	<b>6,663</b>	<b>8,307</b>



28. The model has been developed so as to ensure that the 'cumulative impact on reserves' remains consistent with that approved in February 2025.

## Reserves

29. Whilst the impact on reserves has remained consistent it is important to note, a set out in paragraph 18 that Government expects councils to balance budgets by using reserves. Given the additional, as yet total unknown, draw on reserves for LGR costs it is important to understand the level of available reserves across the years.

Reserve £'000	End of 2024/25	(To)/from Reserve	End of 2025/26	(To)/from Reserve	End of 2026/27	(To)/from Reserve	End of 2027/28	(To)/from Reserve	End of 2028/29	(To)/from Reserve	End of 2029/30
Working Balance	(2,000)	0	(2,065)	0	(2,065)	0	(2,065)	0	(2,065)	0	(2,065)
SI06 Grants	(962)	0	(962)	0	(962)	0	(962)	0	(962)	0	(962)
Capital slippage	0	0	0	0	0	0	0	0	0	0	0
<b>Mandatory Reserves</b>	<b>(2,962)</b>	<b>0</b>	<b>(3,027)</b>	<b>0</b>	<b>(3,027)</b>	<b>0</b>	<b>(3,027)</b>	<b>0</b>	<b>(3,027)</b>	<b>0</b>	<b>(3,027)</b>
Licensing	(120)	(4)	(124)	(4)	(128)	(4)	(132)	(4)	(136)	(4)	(140)
Leisure/PFI	(901)	105	(796)	105	(691)	105	(586)	105	(481)	105	(376)
Planning	(726)	512	(214)	0	(214)	0	(214)	0	(214)	0	(214)
Climate Change	(265)	163	(102)	0	(102)	0	(102)	0	(102)	0	(102)
Economic Development	(90)	65	(25)	0	(25)	0	(25)	0	(25)	0	(25)
Neighbourhood Planning	(55)	15	(40)	15	(25)	15	(10)	3	(7)	0	(7)
Sustainable Communities	(572)	0	(572)	0	(572)	0	(572)	0	(572)	0	(572)
Voluntary Sector	(68)	0	(68)	0	(68)	0	(68)	0	(68)	0	(68)
Homelessness	(338)	113	(225)	113	(112)	0	(112)	0	(112)	0	(112)
Health and Wellbeing	(245)	23	(222)	0	(222)	0	(222)	0	(222)	0	(222)
Other	(663)	81	(582)	(1)	(583)	(1)	(584)	(1)	(585)	(1)	(586)
<b>Service Reserves</b>	<b>(4,043)</b>	<b>1,073</b>	<b>(2,970)</b>	<b>228</b>	<b>(2,742)</b>	<b>115</b>	<b>(2,627)</b>	<b>103</b>	<b>(2,524)</b>	<b>100</b>	<b>(2,424)</b>
Business Rates	(2,382)	242	(2,140)	0	(2,140)	0	(2,140)	0	(2,140)	0	(2,140)
Transformation	(1,000)	245	(755)	245	(510)	510	0	0	0	0	0
LGR	(2,750)	250	(2,500)	250	(2,250)	2,250	0	0	0	0	0
Commercial assets	(5,522)	(500)	(6,022)	(500)	(6,522)	(500)	(7,022)	(500)	(7,522)	(500)	(8,022)
MTFS	(6,984)	449	(6,535)	3,079	(3,456)	1,917	(1,539)	1,218	(321)	1,644	1,323
<b>Useable Reserves</b>	<b>(18,638)</b>	<b>686</b>	<b>(17,952)</b>	<b>3,074</b>	<b>(14,878)</b>	<b>4,177</b>	<b>(10,701)</b>	<b>718</b>	<b>(9,983)</b>	<b>1,144</b>	<b>(8,839)</b>
<b>Total Reserves</b>	<b>(25,643)</b>	<b>1,759</b>	<b>(23,949)</b>	<b>3,302</b>	<b>(20,647)</b>	<b>4,292</b>	<b>(16,355)</b>	<b>821</b>	<b>(15,534)</b>	<b>1,244</b>	<b>(14,290)</b>

30. Whilst the position as the end of 2024/25, which is subject to audit, appears healthy at £25.643m the drawdowns required to balance the budget over the following 5 years reduces the reserve balance to £14.29m. Of more concern is the breakdown of that balance

Mandatory Reserves - £3.027m

Commercial Reserve - £8.022m

Other Reserves - £3.241m

Given that the Mandatory Reserves have specific purposes and cannot be re-allocated or, in the case of the Working Balance, be at a lower level and the Commercial Reserve is a calculated on future demand from the commercial portfolio, the only amount that could be used for other purposes is £3.241m.

31. At the end of 2027/28 (the likely end date for Uttlesford District Council) the forecast reserves balance is on £16.355m of which only £6.306m could be re-allocated for other purposes, such as LGR.

## Blueprint 2.0

32. A revised MTFP inevitably means the ongoing savings requirement for Blueprint changes. The current targets are as below

	26/27 savings required for identifying in 25/26 £'000	27/28 savings required for identifying in 26/27 £'000	28/29 savings required for identifying in 27/28 £'000	29/30 savings required for identifying in 28/29 £'000	30/31 savings required for identifying in 29/30 £'000
February 2025 Target	495	2672	609	636	1520
Revised September 2025 Target	900	495	1,254	2,000	2,500

## Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
The figures used in the MTFP model prove to be inaccurate	4	2	All major items, known at the time of this report, have been included. 2026/27 budget setting will identify any further adjustments that are required.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.