

# Budget for 2026/27



February 2026



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## **Appendices**

Appendix A: Budget Consultation

Appendix B: Council Tax Base – For Full Council Meeting only

Appendix C: Fees and Charges

Appendix D: Treasury Management Strategy Statement (TMSS)

Appendix E: Minimum Revenue Provision (MRP)

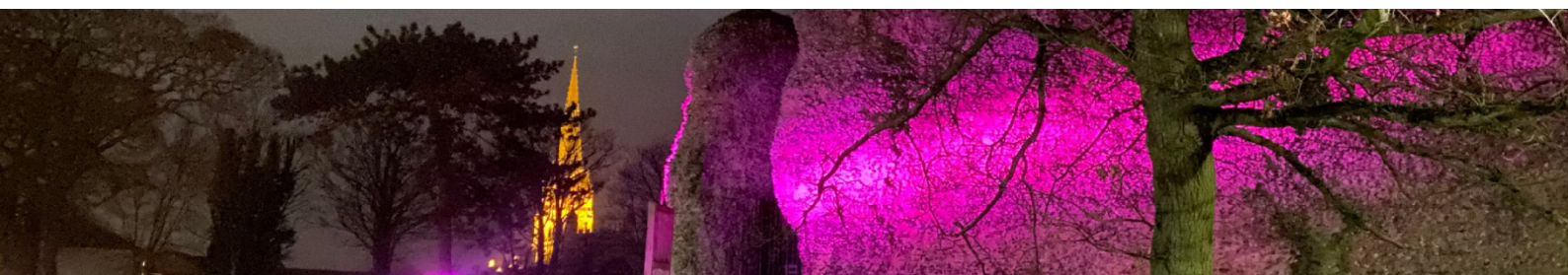
Appendix F: Commercial Strategy

Appendix G: Ethical Investment Policy

Appendix H: Growth Bids

Appendix I: Savings

Appendix J: Budget EqHIA



## Introduction

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1. On 9 February 2026 the Government announced the outcome of the consultation on the Draft Financial Settlement and thereby confirmed the Final Financial Settlement for the period 2026/27 - 2028/29. As a result of the consultation, the Government changed the formula for calculating an aspect of Business Rates which has resulted in a further reduction in funding for the Council of £1.015 million per annum. The Government has mitigated the impact of the reduction in 2026/27 by way of a matching 'Adjustment Support Grant'. At the present time the indications are that this is a one-year only grant and for the purposes of this budget that assumption applies. Due to the late announcement of this matter the financial implications have been allocated to a mix of reserves and increased Blueprint 2.0 savings targets. This allocation split may need to be reviewed in the coming months.
2. 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.
3. Nonetheless, this long term horizon helps the council to evaluate any financial issues before they become too great and too close to deal with, especially as big transformational savings are very challenging and can take years to implement.
4. The council has two funds: the General Fund, which is funded by council tax, business rates, fees and charges and government grants; 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.
5. The council undertook a consultation on the draft 2026/27 budget from 18 December 2025 until mid-January 2026. The results of the consultation are at Appendix A.
6. The council is continually required to evaluate its ability to operate on a fiscally sustainable manner. The council has built up sufficient reserves to ride out more difficult times, such as the ones the council is facing. i.e. a massive reduction in funding (via the government's Fair Funding Review, FFR) and being merged into Local Government Reorganisation (LGR). However, this document will set out that usable reserves are all but depleted by the end of the MTFP period and, subject to LGR, significant further savings need to be identified in the last years of the current MTFP.
7. The budget starts off with an appraisal of the economic outlook of the UK economy, the impact on local government, the local government funding settlement and the specific way that FFR affects Uttlesford District Council (UDC). It then details the updated implications

of LGR and how the council intends to manage the uncertainty and the need to merge on 1 April 2028. The reasoning behind the assumptions and how the pressures are explained.

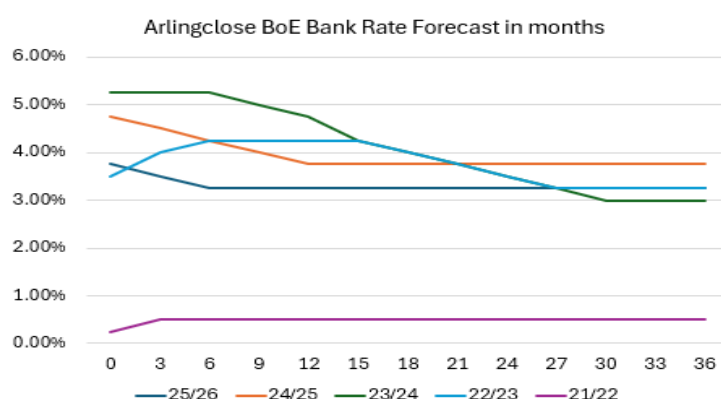
8. The Medium Term Financial Plan demonstrates the overall 5-year budgetary position and the impact upon Reserves. The impact of investment properties are separated out as they are a major factor in Uttlesford and more can be found in the Commercial Strategy (Appendix F). Corporate Items contains the capital financing costs and alongside Investment Properties details the budgetary impacts of how capital decisions affect revenue.
9. External Funding is where the impact of changes in the Local Government funding formula are shown. This has 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 fees and charges and 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 of its business rates UDC can retain.
10. 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 via Blueprint Uttlesford 2.0.
11. 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. Notably, this will include the strategic move from a contract delivery vehicle for repairs and maintenance and capital works to an in-house deliver model (IHDM).
12. 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.
13. 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.
14. There are also 10 accompanying appendices, each of which is statutory or in the case of the Ethical Investment Policy is there to support future investment acquisitions and disposals.

## General Fund MTFS/MTFP and Budget

15. Each year, the council assesses the 'lay of the land' financially and updates its Medium Term Financial Strategy (MTFS), which is the overall approach that the council will take in responding to the challenges, risks and opportunities it faces. 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

16. The overall expectation of the economy is for weak growth, with the Government's budget received poorly by the markets in relation to seemingly false pre-budget tax rise announcements and reducing business rates reliefs (particularly in the hospitality and pub sectors). This has led to the government u-turning on business rates for pubs and this may spread wider. This creates uncertainty within the economy and not insignificant difficulty for administering local authorities, such as UDC, not to mention the ongoing financial restraints being felt to deliver important public services.
17. In terms of the economy, in December 2025 the Bank of England (BoE) base rate was cut from 4.0% to 3.75% but this was a narrow majority decision as the BoE decision makers have different views on the future trajectory of interest rates. The council is exposed to short-term interest rates to the tune of £106m. Every 0.25% movement in interest rates on £100m is a £250k impact on the council's bottom line over the period of a year.
18. The below table from Arlingclose shows their Bank of England base interest rate forecasts over the last 4 years for the future 3 years. The dark blue line is their latest forecast, showing an expected fall from the current base rate of 3.75% to 3.25% within the first half of 2026. Due to the uncertainty around the economy and inflation, interest rates could continue to fall after that point or remain the same or even have to increase, so Arlingclose are forecasting the middle ground, expecting them to remain at 3.25% level for the following 2.5 years.



19. For many years, uncertainty has been the ongoing story of local government, due to one year funding settlements and a lack of long term direction. This aspect of uncertainty has been lessened, at least, with the local government financial settlement being a 3-year one. But coupled with this is the results of FFR, which greatly divert government funding from rural districts to more deprived councils, and LGR, which gives councils such as UDC only 2 more years before needing to merge with some of its neighbours (as yet undetermined) and take on a share of county council responsibilities such as social care, highways and education.
20. Changes to Government funding via FFR disadvantage rural district councils over urban and areas of deprivation. This has particularly hit UDC badly as this has led to a reduction in funding of 4% when compared to 2024/25 and 5% when compared to 2025/26, as per the graphic from the Rural Services Network (RSN) which was based on the draft settlement, below.

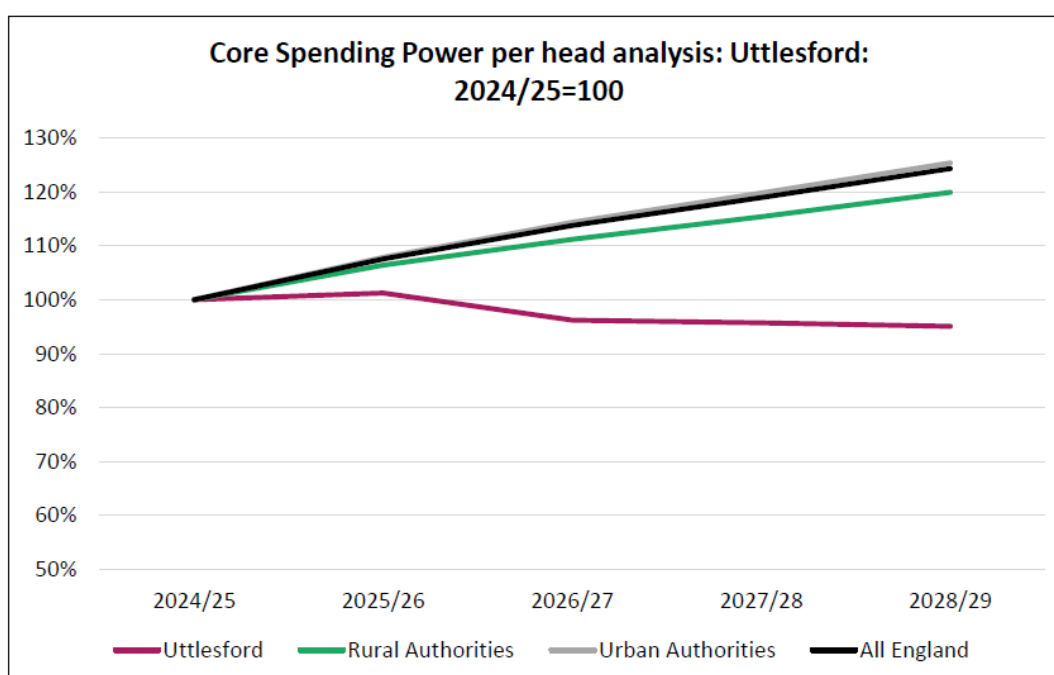
The figures below show how your council's funding per head would be impacted by the provisional settlement.

**Core Spending Power per head analysis: Uttlesford**

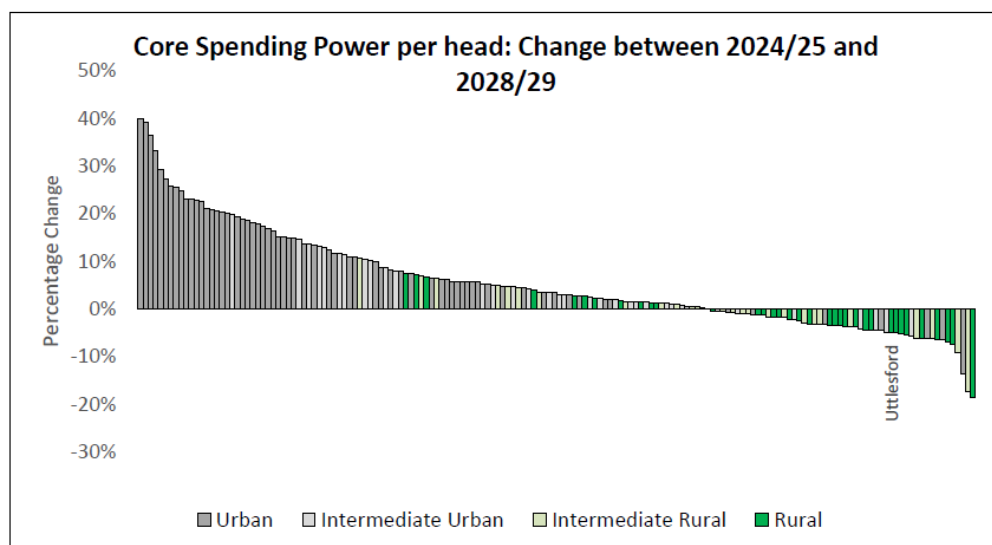
|                      | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|----------------------|---------|---------|---------|---------|---------|
| Core Spending Power  | 18.167  | 18.571  | 17.818  | 17.881  | 17.910  |
| Projected Population | 95,854  | 96,781  | 97,691  | 98,552  | 99,402  |
| Per head             | 189.53  | 191.89  | 182.39  | 181.43  | 180.18  |

**Indexed: 2024/25**

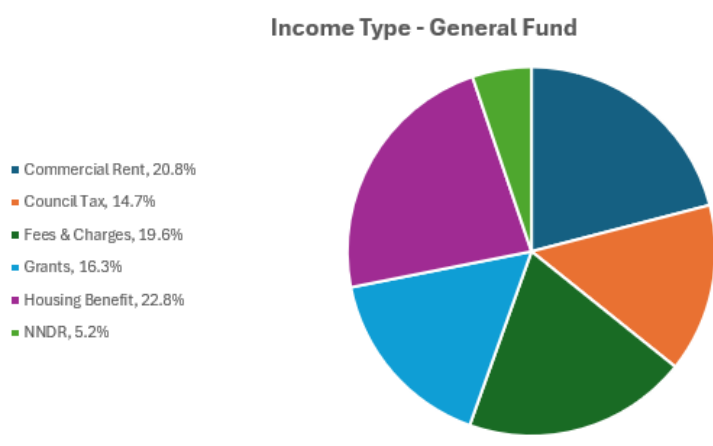
|                   |      |      |      |      |      |
|-------------------|------|------|------|------|------|
| Uttlesford        | 100% | 101% | 96%  | 96%  | 95%  |
| Rural Authorities | 100% | 106% | 111% | 115% | 120% |
| Urban Authorities | 100% | 108% | 114% | 120% | 125% |
| All England       | 100% | 108% | 114% | 119% | 124% |



21. The following graphic from the (RSN), which again was based on the draft settlement, shows UDC is in the top 20 percentile of councils worst affected by FFR.



22. It is worth noting that the impact of the above announcements would have had a far greater impact on the 2026/27 budget and MTFP without our regular engagement with the government and our local government financial modelers, Pixel, when setting last year's MTFP and throughout the last financial year. So, although the settlement has been bad financial news for Uttlesford, the council has been well financially prepared for it. The one area that has had a significant impact on the council budget is the late change (announced 9 February 2026) to the Business Rates funding formula which has reduced the overall external funding received by a further £1.015 million.
23. Aside from government funding, it is council tax, fees and charges and business rates over which the council has some degree of control (although not full control). As funding drops (government grants), and as expenditure cuts become increasingly difficult, it becomes incredibly important to generate business rate growth, maintain 2.99% council tax increases and maximise chargeable income (commercial or service-related). RSN says it will continue to fight the case for fair funding for member councils, of which UDC is one.





## Local Government Reorganisation

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24. The impact of local government reorganisation is hard to overstate and hard to quantify. Nonetheless, resources have been 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 prioritised over transformation. Achieving economies of scale through joint procurement of contracts and systems will be increasingly important.
25. This is why the council moved £250k of resources aimed at transformation to local government reorganisation for each of the financial years 2025/26, 2026/27 and 2027/28. It has also retained the 2-year Head of Transformation post, refocused it on project management across the council, including preparation for LGR and the oversight of the Blueprint Uttlesford 2.0 savings plan. It is important to recognise that these are funded from reserves.
26. The £750k 3-year LGR budget was placed under the control of the Chief Executive and subject to approval for planned spend by the Section 151 Officer. In addition, the council created a new reserve for LGR of £2m to allow the Section 151 Officer to drawdown resources to meet requirements identified by the CEO.
27. Despite the upcoming merger, Uttlesford will still need savings to remain viable. Therefore, Blueprint Uttlesford 2.0, a revised Blueprint programme, was launched during 2025/26 and has identified a number of potential savings up until vesting date. All of those identified for 2026/27 have been delivered and deducted from budgets, with those identified for latter years to be confirmed before deducting from those years' budgets.
28. However, Blueprint 2.0 does not reduce all forecast budget gaps. These will need to be plugged from the council's reserves, as suggested by the government during FFR communications. These have been kept within the reserve usage levels approved by Council in February 2025 (£8.308 million).
29. Without further savings or increased funding, the reserves will reduce over the life of the MTFP in the following way.

## General Fund Reserve Forward Projections

| Summary                                       | 2026/27<br>£000 | 2027/28<br>£000 | 2028/29<br>£000 | 2029/30<br>£000 | 2030/31<br>£000 |
|-----------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Reserve B/fwd</b>                          | <b>(23,402)</b> | <b>(21,418)</b> | <b>(19,456)</b> | <b>(19,071)</b> | <b>(17,205)</b> |
| <b>To Reserves</b>                            | (500)           | (500)           | (500)           | (500)           | (500)           |
| <b>From Reserves</b>                          | 854             | 663             | 275             | 275             | 275             |
| <b>Deficit/(Surplus)</b>                      | 1,630           | 1,799           | 610             | 2,091           | (0)             |
| <b>Reserve C/fwd</b>                          | <b>(21,418)</b> | <b>(19,456)</b> | <b>(19,071)</b> | <b>(17,205)</b> | <b>(17,430)</b> |
| <b>Blueprint Uttlesford 2.0 (Accumulated)</b> | 0               | 811             | 2,762           | 5,407           | 8,265           |
| <b>Reserves if no Blueprint savings made</b>  | <b>(21,418)</b> | <b>(18,645)</b> | <b>(16,309)</b> | <b>(11,798)</b> | <b>(9,165)</b>  |

30. Budget estimates beyond the first 2 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 five-year MTFP period need to be in place for a new unitary council to build into their first MTFP from 1 April 2028. 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 and education) that are currently held by Essex County Council.

## Assumptions in the Council Budget

31. As noted previously, the budget assumes an annual Council Tax increase of 2.99%. In Year 1 (2026/27), the council 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.
32. 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.
33. 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                                                           | 2026/27                                          | 2027/28 onwards |
|-------------------------------------------------------------------|--------------------------------------------------|-----------------|
| <b>Pay Increases</b>                                              | £710k GF, £129k HRA (4%)                         | 2.50%           |
| <b>Non-Pay Increases<br/>(consumables, contract charges etc.)</b> | 3.8%                                             | 2.50%           |
| <b>Fees &amp; Charges</b>                                         | As per actual charging levels and activity level | 2.50%           |
| <b>Housing Rents</b>                                              | 4.8%                                             | 2.50%           |
| <b>Housing Benefit Subsidy Gap growth</b>                         | £200k                                            | £200k per year  |

34. Inflation was high during 2025/26 and CPI was 3.8% in September 2025, forming the basis for the inflationary increase in non pay expenditure and fees and charges for the 2026/27 budgets. 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 2026/27. This reflects Uttlesford's conscious tradition of prudent budgeting.
35. The council has put aside approximately £839k between the General Fund and HRA or 4% of pay costs against the strong likelihood of a higher than typical pay award in 2026/27.
36. Fees and Charges changes for 2026/27 are summarised and new amounts detailed in Appendix C but for future years, it is assumed to match inflation. The exception is the Garden Waste subscription fees which the proposal is to increase by a further £5 in 2027/28 (approx. 7.1%). The council looks annually to review where it can generate additional income from fees that it does not charge but others do.
37. 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.
38. The Homelessness Prevention Grant was originally designed to cover off this gap but from 2026/27 onwards only 30% can be spent on salaries meaning resourcing this work is very difficult, so an additional £200k has been put aside in the contingency against this risk.

## Medium Term Financial Plan (2026/27 through 2030/31)

| MTFP 5-year Projection                                        | 2026/27<br>£000 | 2027/28<br>£000 | 2028/29<br>£000 | 2029/30<br>£000 | 2030/31<br>£000 |
|---------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Business Performance &amp; People</b>                      | 840             | 846             | 852             | 859             | 866             |
| <b>Chief Executive Services</b>                               | 462             | 467             | 473             | 478             | 484             |
| <b>Corporate Services</b>                                     | 1,542           | 1,553           | 1,564           | 1,575           | 1,587           |
| <b>Digital Innovation &amp; Commercialisation</b>             | 4,194           | 4,266           | 4,340           | 4,415           | 4,493           |
| <b>Environmental Services &amp; Climate Change</b>            | 2,396           | 2,150           | 1,987           | 1,992           | 1,998           |
| <b>Resources</b>                                              | 3,032           | 3,773           | 4,532           | 5,310           | 6,107           |
| <b>Housing, Health &amp; Communities</b>                      | 2,362           | 2,316           | 2,303           | 2,321           | 2,340           |
| <b>Planning</b>                                               | (364)           | (398)           | (464)           | (456)           | (447)           |
| <b>Services Net Expenditure</b>                               | <b>14,464</b>   | <b>14,973</b>   | <b>15,587</b>   | <b>16,494</b>   | <b>17,428</b>   |
| <b>Investment Property</b>                                    | (722)           | (1,539)         | (1,647)         | (1,518)         | (1,497)         |
| <b>Corporate Items (excl LGR &amp; Reserve movements)</b>     | 5,396           | 5,438           | 5,536           | 5,653           | 5,484           |
| <b>Local Government Reorganisation</b>                        | 250             | 250             | 0               | 0               | 0               |
| <b>Blueprint Uttlesford – savings unapplied</b>               | 0               | (811)           | (2,762)         | (5,407)         | (8,265)         |
| <b>(From)/To Reserves</b>                                     | (354)           | (163)           | 225             | 225             | 225             |
| <b>External Funding</b>                                       | (9,643)         | (8,311)         | (7,939)         | (4,604)         | (4,243)         |
| <b>Council Tax Income</b>                                     | (7,761)         | (8,038)         | (8,390)         | (8,752)         | (9,132)         |
| <b>Total Budget Gap (From MTFP Reserve)</b>                   | <b>1,630</b>    | <b>1,799</b>    | <b>610</b>      | <b>2,091</b>    | <b>(0)</b>      |
|                                                               |                 |                 |                 |                 |                 |
| <b>Cumulative Impact on MTFP Reserve (incl £854k 2025/26)</b> | <b>2,484</b>    | <b>4,283</b>    | <b>4,893</b>    | <b>6,984</b>    | <b>6,984</b>    |

39. The table above sets out the five-year projection for Uttlesford based on the Final Local Government Finance Settlement announced on 9 February 2026 and other assumptions calculated at this stage.
40. As can be seen in the table, with the savings identified by Blueprint 2.0 (but yet to be allocated to services) the Council still expects to run deficits throughout the duration of the MTFP. This is driven by a significant reduction in external funding that is in line with Government announcements. However, this is actually a better position than was reported

in the February 2025 MTFP and the October mid-year MTFP update. This is due to Blueprint savings identified and applied to services for 2026/27 plus a temporarily more favorable outcome from the Government's FFR transitional arrangements for the first 3 years. i.e. a drop in the funding floor of 5% of the Council's 2025/26 Core Spending Power (CSP), instead of previously indicated drop of 7%, so deficits are smaller for the first 3 years. However, after the third year, the FFR takes full effect and very large deficits arise again. Blueprint 2.0 hasn't identified sufficient savings for the final two years as yet. This will be after Essex's Local Government Reorganisation goes live, so will be an issue for the new unitary council to consider prior to its vesting date. It should be noted that additional growth bids have come in since December's Cabinet update. These have increased the budget gap since December, although some savings and reductions to previous growth bids have mitigated this impact.

41. It should be noted that should the council sell a commercial asset there will be a vastly different MTFP which would, completion date dependent, move the bottom line from deficit to surplus for years 2026/27 through 2028/29. Should this situation arise, a revised version will be presented to Cabinet at that time.

### 5-Year Medium Term Financial Target

42. The revised gap in 2030/31 is £6.984m. This reflects the additional year that is added to the MTFP each year, and the impact of FFR in reducing NNDR from 2026/27. This impact is softened by transitional protection in years 1 to 3 and the Adjustment Support Grant in year 1.

| Blueprint 2.0 throughout the MTFP              | £'000s       |
|------------------------------------------------|--------------|
| Previous 5-Year Gap (now 4 years)              | 8,308        |
| New Budget Pressures                           | 7,664        |
| Blueprint Savings applied to Date              | (2,257)      |
| Further Blueprint Savings identified to Date   | (1,969)      |
| Blueprint Savings yet to be identified to Date | (3,438)      |
| <b>Updated 4-Year Gap</b>                      | <b>8,308</b> |
| New 5 <sup>th</sup> Year Budget Pressures      | 2,858        |
| Blueprint Savings identified to Date           | (82)         |
| Blueprint Savings yet to be identified to Date | (2,776)      |
| <b>Revised Gap</b>                             | <b>8,308</b> |

43. This revised gap is lower by £1.3m from the Draft Budget because of the early Blueprint 2.0 savings delivered and the fact that the MTFP Reserve will be fully spent by year 4 resulting in larger targets for the Blueprint 2.0 programme.

## Investment Properties

| Investment Properties                        | 2026/27<br>£'000s | 2027/28<br>£'000s | 2028/29<br>£'000s | 2029/30<br>£'000s | 2030/31<br>£'000s |
|----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Interest on loans to Aspire                  | (4,115)           | (4,115)           | (4,115)           | (4,115)           | (4,115)           |
| Discount on Early Loan Repayment (no change) | (1,028)           | (1,028)           | (1,028)           | (1,028)           | (1,028)           |
| Rents                                        | (9,995)           | (10,953)          | (11,243)          | (11,278)          | (11,403)          |
| Borrowing costs                              | 10,496            | 10,496            | 10,496            | 10,496            | 10,496            |
| Management Fees                              | 291               | 298               | 306               | 313               | 321               |
| MRP                                          | 3,129             | 3,263             | 3,436             | 3,593             | 3,731             |
| To/(From) Reserves                           | 500               | 500               | 500               | 500               | 500               |
| <b>Total Net Contribution</b>                | <b>(722)</b>      | <b>(1,539)</b>    | <b>(1,648)</b>    | <b>(1,519)</b>    | <b>(1,498)</b>    |

44. The asset portfolio is forecasting a net substantial contribution to the General Fund revenue budget throughout the MTFP despite interest rates remaining relatively high.
45. It has been identified that interest payable by Aspire (CRP) Limited for the loans to develop at Chesterford Research Park is projected to grow throughout the MTFP period as set out in the Blueprint 2.0 Programme. This will move from Blueprint 2.0 to the Investment Properties budgets when this is more certain.
46. The Discount is the benefit of repaying the private Phoenix loan early in 2024/25 and receiving a £10m benefit charged to the ledger over 10 years. The net benefit to the authority over the life of the MTFP averages approximately £0.7m to the positive per annum.
47. Rental increases are in line with the investment portfolio and the spreading of the interest free periods on various loans to Aspire (CRP) Limited over the course of the leases.
48. Borrowing costs are in line with the capital and investment programmes (commercial strategy as set out in Appendix F), subject to the council retaining Aspire (CRP) Limited, as is assumed in the MTFP, although it is currently up for sale.
49. Management fees are in line with estimated inflation.
50. Minimum Revenue Provision (MRP) is a local government charge (the council strategy is included at Appendix E). This would not be a charge in the private sector and investment properties would run a surplus of £3.826m in 2026/27 if it was not

included. However, it is also important to recognise that although this increases throughout the MTFP, it reduces the underlying need to borrow, so these resources are not lost to the authority.

51. In 2026/27, the council will continue its Commercial Reserve contribution of £500k per year to ensure the reserve maintains an appropriate level to manage the level of risk attached to its commercial portfolio and cover rent/interest free periods. It will review contributions to reserves in future years.

## Corporate Items

| Corporate Items                            | 2026/27      | 2027/28      | 2028/29      | 2029/30      | 2030/31      |
|--------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                            | £000         | £000         | £000         | £000         | £000         |
| <b>Long Term Debt Interest</b>             | 403          | 403          | 403          | 403          | 403          |
| <b>Interest Receivable</b>                 | (329)        | (329)        | (329)        | (329)        | (329)        |
| <b>MRP</b>                                 | 1,397        | 1,430        | 1,666        | 1,783        | 1,828        |
| <b>Added Years Pensions</b>                | 85           | 85           | 85           | 85           | 85           |
| <b>Contingency</b>                         | 1,484        | 1,684        | 1,684        | 1,684        | 1,470        |
| <b>Blueprint 2.0 Allocated to Services</b> | 2,252        | 2,252        | 2,252        | 2,252        | 2,252        |
| <b>Total</b>                               | <b>5,292</b> | <b>5,525</b> | <b>5,761</b> | <b>5,878</b> | <b>5,709</b> |

52. Long-term interest payable is stable because they are long-term loans. If it was short term debt, the interest would show as in decline as real borrowing need is reducing, however the annual interest would start from a much higher value.
53. The interest receivable is the interest UDC earns on its Treasury Investments. This is split between the General Fund and the Housing Revenue Account. Above is the General Fund's share. The council must maintain £10m in Treasury Investments to support its borrowing regime to meet the Markets in Financial Instruments Directive (MiFID) requirement.
54. The MRP is the allowance made to ensure there is sufficient revenue budget to repay debt on its assets. This includes the new finance system costs, which is charged over 5 years and other existing MRP charges. This diminishes as financing for these items is paid off, but is inevitably replaced by new asset debt.
55. Added Years Pension payments are ongoing contributions from the council to the pension fund to cover employees who were permitted to retire early. This is an old scheme and these contributions reduce as these pensioners pass away.
56. Contingency reflects the need for the Council to have a budget available for high risk and unexpected expenditure areas. This includes Homelessness, Capital Financing, unexpected growth and emergency expenditure.
57. The Blueprint 2.0 unallocated line represents the identified Blueprint savings yet to be deducted from service budgets, while the arrangements are being finalised.

## Contingency Breakdown

| Element                                     | Reasoning                                                                                                                                                                                                             | £000         |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>Unanticipated Growths</b>                | Service pressures can arise against local government budgets at any time. E.g. the EPR grant could be reduced or related expenditure could emerge. This gives some capacity to reallocate budgets should these occur. | 500          |
| <b>Blueprint 2.0 Risk</b>                   | There is a risk that savings are not delivered by the Blueprint programme. This mitigates the council's budget against this risk.                                                                                     | 500          |
| <b>Interest Rate Risk</b>                   | The council has £214m of General Fund borrowing. Interest rates are reducing only slowly. The council is putting aside a £267k against a 25% chance of a 0.5% higher interest rate risk.                              | 267          |
| <b>Local Government Reorganisation Risk</b> | It is difficult to budget for LGR. The council has an annual budget but these are by no means spec'd out and unexpected costs could easily arise, whence this sum of money would be called upon.                      | 250          |
| <b>Emergency Expenditure</b>                | This mitigates the council should an emergency occur, before insurance or other financial safety nets could be called upon.                                                                                           | 218          |
| <b>Total</b>                                |                                                                                                                                                                                                                       | <b>1,735</b> |

58. The total contingency represents 9.9% of the council's funding, which may seem high, but Blueprint 2.0 and in particular LGR are large risky projects. Contingency would be about 5.7% without these, which is the normal level for a local authority.



## External Funding

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

| Resources                         | 2025/26<br>£000 | 2026/27<br>£000                      | 2027/28<br>£000 | 2028/29<br>£000 | 2029/30<br>£000 | 2030/3<br>£000 |
|-----------------------------------|-----------------|--------------------------------------|-----------------|-----------------|-----------------|----------------|
| Renewable Disregard               | (180)           | (172)                                | (172)           | (172)           | (172)           | (172)          |
| Retained NNDR                     | (4,800)         | (1,742)                              | (1,825)         | (1,866)         | (1,866)         | (1,866)        |
| Damping (Transitional Protection) | 0               | (549)                                | (2,087)         | (3,667)         | 0               | 0              |
| Revenue Support Grant             | (150)           | (6,165)                              | (4,227)         | (2,234)         | (2,566)         | (2,205)        |
| Adjustment Support Grant          | 0               | (1,015)                              | 0               | 0               | 0               | 0              |
| Pool Benefits                     | (1,121)         | All now rolled into RSG              |                 |                 |                 |                |
| NNDR Deficit/(Surplus)            | (9)             |                                      |                 |                 |                 |                |
| New Homes Bonus                   | (1,102)         |                                      |                 |                 |                 |                |
| National Insurance Reimbursement  | (137)           |                                      |                 |                 |                 |                |
| Funding Guarantee                 | (2,060)         |                                      |                 |                 |                 |                |
| Rural Services Delivery Grant     | 0               |                                      |                 |                 |                 |                |
| Services Grant                    | 0               | Grant now fully allocated to service |                 |                 |                 |                |
| Extended Producer Responsibility  | (1,453)         |                                      |                 |                 |                 |                |
| EPR (to Reserves)                 | 200             |                                      |                 |                 |                 |                |
| <b>Total</b>                      | <b>(10,812)</b> | <b>(9,643)</b>                       | <b>(8,311)</b>  | <b>(7,939)</b>  | <b>(4,604)</b>  | <b>(4,243)</b> |

60. The above figures have been modeled after the 18 December release of the Fair Funding Review and the Final Financial Settlement. The one area that has had a significant impact on the council budget is the late change (announced 9 February 2026) to the Business Rates funding formula which has reduced the overall external funding received by a further £1.015 million.

61. However, alongside the late announcement of a further £1.015 million reduction a large drop in funding is forecast for years 4 and 5, when it is expected the council will lose its funding floor. This will challenge the council's sustainability considerably from that point on. Note: Years 3, 4 and 5 will be after the Local Government Reorganisation for Essex takes place and will impact the new unitary Council that Uttlesford becomes part of.

62. The Department for Environment, Food and Rural Affairs (DEFRA) has stipulated that from 2026/27 the Extended Producer Responsibility (EPR) Grant must be allocated to the Refuse and Recycling service to demonstrate it is being utilised for those activities, so is not shown as central funding. The £1.175m allocation to Uttlesford for 2026/27 is £278k less than the 2025/26 grant and is forecast to continue throughout the MTFP. However, the Government has not confirmed this full amount will be maintained, so is a risk for years beyond 2026/27.

63. Business Rates (NNDR) and Revenue Support Grant (RSG) should be viewed as a whole because both form part of the Settlement Funding Assessment (SFA) for the Council. Retained NNDR is down significantly due to the FFR. Some Transitional Protection has been offered by the government to lessen the impact of this for the

first 3 years, then it is removed. RSG has now replaced smaller specific grants and covers some of the lost NNDR funding. The collection fund deficit for NNDR as at 1 April 2026 is forecast to be £404k for Uttlesford.

64. Essex County Council, as a member of the Essex Business Rates Pool, has confirmed its intention to revoke the Pool from 2026/27. Any member is permitted to leave the pool without prejudice up until 28 days after the Provisional Settlement is released. Without the County Council this effectively ends the BR Pool as from 31 March 2026. This did not affect the council's budget as the removal of the financial benefit from the pool had already been accounted for in earlier MTFP's in anticipation.
65. The Renewable Disregard is one of the elements of Business Rates where the Council has exemption to retain 100% of the rates from businesses within its borders generating renewable energy. This is expected to continue.

## Council Tax Income

| Summary                   | 2026/27<br>£       | 2027/28<br>£       | 2028/29<br>£       | 2029/30<br>£       | 2030/31<br>£       |
|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>B/fwd Band D</b>       |                    | 41,721.17          | 41,956.29          | 42,524.29          | 43,074.29          |
| <b>Estimated Growth</b>   |                    | 235.00             | 568.00             | 550.00             | 570.00             |
| <b>Band D equivalents</b> | 41,721.17          | 41,956.29          | 42,524.29          | 43,074.29          | 43,644.29          |
| <b>Collection Rate</b>    | 98.60%             | 98.60%             | 98.60%             | 98.60%             | 98.60%             |
| <b>Band D Revised</b>     | 41,137.07          | 41,368.91          | 41,928.95          | 42,471.25          | 43,033.27          |
| <b>Plus MOD</b>           | 265.33             | 265.33             | 265.33             | 265.33             | 265.33             |
| <b>Council Tax Base</b>   | 41,402.4           | 41,634.24          | 42,194.28          | 42,736.58          | 43,298.60          |
|                           |                    |                    |                    |                    |                    |
| <b>Band D (£)</b>         | 187.46             | 193.07             | 198.84             | 204.79             | 210.91             |
|                           |                    |                    |                    |                    |                    |
| <b>Council Tax Income</b> | <b>(7,761,294)</b> | <b>(8,038,219)</b> | <b>(8,389,922)</b> | <b>(8,751,836)</b> | <b>(9,132,050)</b> |

66. Council Tax Growth is expected to be over 500 Band D equivalents per year over the life of the MTFP after a low growth year going into 2027/28. Collection rates are assumed to be 98.6%. The collection fund surplus for council tax as at 1 April 2026 is forecast to be £230k for Uttlesford. As noted previously, the Band D charge increase is modelled to be 2.99% per year. This leads to a growth of £1.751m in income over a 5 year period (taking into account the growth as well as 2.99% per year) after 2025/26 (£7.381m).
67. The council tax base 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 overleaf:

|                                                           | 2025/26          | 2026/27          | % change     |
|-----------------------------------------------------------|------------------|------------------|--------------|
| <b>Band D equivalent properties before LCTS discounts</b> | 42,505.96        | 43,364.75        | +2.0%        |
| <b>Band D equivalent properties under LCTS scheme</b>     | (1,953.80)       | (1,962.35)       | +0.4%        |
| <b>Net taxbase</b>                                        | <b>40,552.16</b> | <b>41,402.40</b> | <b>+2.1%</b> |
| <b>Band D council tax (£)</b>                             | 182.02           | 187.46           | +2.99%       |
| <b>Council tax yield (£)</b>                              | <b>7,381,304</b> | <b>7,761,294</b> | <b>5.1%</b>  |

68. In accordance with Cabinet's guidance, an increase of £5.44 (2.99%) has been assumed for the purpose of preparing this report, giving a UDC band D council tax figure for 2026/27 of £187.46. Multiplied by the taxbase, this produces a council tax yield of £7,761,294 which balances against the council tax requirement as required by statute.

69. 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 2025/26 | UDC Council Tax 2026/27 | Increase |
|------------------|-----------------------------|-------------------------|-------------------------|----------|
|                  |                             | £                       | £                       | £        |
| <b>A</b>         | 6/9                         | 121.35                  | 124.97                  | 3.62     |
| <b>B</b>         | 7/9                         | 141.57                  | 145.80                  | 4.23     |
| <b>C</b>         | 8/9                         | 161.80                  | 166.63                  | 4.83     |
| <b>D</b>         | 9/9                         | 182.02                  | 187.46                  | 5.44     |
| <b>E</b>         | 11/9                        | 222.47                  | 229.12                  | 6.65     |
| <b>F</b>         | 13/9                        | 262.92                  | 270.78                  | 7.86     |
| <b>G</b>         | 15/9                        | 303.37                  | 312.43                  | 9.06     |
| <b>H</b>         | 18/9                        | 364.04                  | 374.92                  | 10.88    |

## Council Tax Premium

70. 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 council tax base and budget.

71. The impact is expected to be relatively small (£19k for Uttlesford and a further c.£225k for all preceptors) as there are currently 94 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 overleaf:

| Band | Number    | Current Band D Equivalent 2025/26 |              | Current Council Tax 2025/26 |                | Proposed Council Tax 2026/27 |
|------|-----------|-----------------------------------|--------------|-----------------------------|----------------|------------------------------|
|      |           | UDC £                             | Preceptors £ | UDC £                       | Preceptors £   | UDC £                        |
| A    | 6         | 121.35                            | 1,370.29     | 728                         | 8,222          | 750                          |
| B    | 5         | 141.57                            | 1,598.67     | 708                         | 7,993          | 729                          |
| C    | 26        | 161.80                            | 1,827.05     | 4,207                       | 47,503         | 4,332                        |
| D    | 16        | 182.02                            | 2,055.43     | 2,912                       | 32,887         | 2,999                        |
| E    | 20        | 222.47                            | 2,512.19     | 4,449                       | 50,244         | 4,582                        |
| F    | 11        | 262.92                            | 2,968.95     | 2,892                       | 32,658         | 2,979                        |
| G    | 9         | 303.37                            | 3,425.72     | 2,730                       | 30,831         | 2,812                        |
| H    | 1         | 364.04                            | 4,110.86     | 364                         | 4,111          | 375                          |
|      | <b>94</b> |                                   |              | <b>18,991</b>               | <b>214,450</b> | <b>19,558</b>                |

## Blueprint 2.0 Delivery Plan

| Blueprint Uttlesford  | Delivery Plan | Delivered to Date | 2026/27      | 2027/28    | 2028/29    | 2029/30      | 2030/31      |
|-----------------------|---------------|-------------------|--------------|------------|------------|--------------|--------------|
|                       |               |                   |              |            |            |              |              |
|                       |               |                   |              |            |            |              |              |
|                       |               | £'000s            | £'000s       | £'000s     | £'000s     | £'000s       | £'000s       |
| Total Target          |               | 2,535             | 1,762        | 811        | 301        | 2,907        | 3,209        |
| Carried forward from  |               |                   |              |            |            |              |              |
| previous year         |               | 0                 | 495          | 0          | 0          | 0            | 0            |
| <b>Revised Target</b> |               | <b>2,535</b>      | <b>2,257</b> | <b>811</b> | <b>301</b> | <b>2,907</b> | <b>3,209</b> |

|                                   |          |            |              |              |              |
|-----------------------------------|----------|------------|--------------|--------------|--------------|
| Further Benefits Identified       | 2,257    | 811        | 51           | 1,107        | 82           |
| Yet to be Identified              | 0        | 0          | 1,900        | 1,538        | 2,776        |
| Savings applied to services       | (2,257)  | 0          | 0            | 0            | 0            |
| <b>Benefits yet to be Applied</b> | <b>0</b> | <b>811</b> | <b>1,951</b> | <b>2,645</b> | <b>2,858</b> |
| Cumulative Effect                 | 0        | 811        | 2,762        | 5,407        | 8,265        |

72. Blueprint 1.0 had already delivered £2.535m of successful savings built into the 2024/25 base budget. Blueprint 2.0 has a further target of £10.024m across this MTFP period of which £2.257m has been applied to the 2026/27 budget. £2.051m further possible savings

have been identified which leaves £6.214m still to be identified leading into 2028/29. This will need to form part of LGR discussions with merger partners once known but the benefits that have been identified will stand UDC in good stead for these conversations.

73. The following table summarises the Blueprint savings identified.

| Blueprint Uttlesford Savings Identified | 26/27 savings required for identifying in 25/26 | 27/28 savings required for identifying in 26/27 | 28/29 savings required for identifying in 27/28 | 29/30 savings required for identifying in 28/29 | 30/31 savings required for identifying in 29/30 |
|-----------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
|                                         | £'000                                           | £'000                                           | £'000                                           | £'000                                           | £'000                                           |
| <b>February 2025 Target</b>             | <b>495</b>                                      | <b>2,672</b>                                    | <b>609</b>                                      | <b>636</b>                                      | <b>1,520</b>                                    |
| <b>Revised February 2026 Target</b>     | <b>2,257</b>                                    | <b>811</b>                                      | <b>301</b>                                      | <b>2,907</b>                                    | <b>3,209</b>                                    |
| Car Parking at 23%                      | (345)                                           |                                                 |                                                 | (225)                                           |                                                 |
| 2.5% vacancy factor                     | (444)                                           | (11)                                            | (11)                                            | (12)                                            | (12)                                            |
| Walpole additional                      | (16)                                            |                                                 |                                                 |                                                 |                                                 |
| Aspire additional loans                 |                                                 | (100)                                           | (40)                                            | (800)                                           |                                                 |
| CIL Income                              |                                                 |                                                 |                                                 | (70)                                            | (70)                                            |
| 5% savings                              | (1,260)                                         | (700)                                           |                                                 |                                                 |                                                 |
| Payrise 1.8% lower                      | (131)                                           |                                                 |                                                 |                                                 |                                                 |
| Garden waste                            | (60)*                                           |                                                 |                                                 |                                                 |                                                 |
|                                         | <b>(2,257)</b>                                  | <b>(811)</b>                                    | <b>(51)</b>                                     | <b>(1,107)</b>                                  | <b>(82)</b>                                     |

\*New proposal to add £5 per subscriber in 2027/28 also, worth c.£60k.

## Growth Bids

74. This budget contains growth bids, which are unavoidable budget pressures, or Administration priorities, that have come to light during the current financial year and will need to be funded next year. They are listed and explained in Appendix H.

## General Fund Budget 2026/27

75. The General Fund budget for 2026/27 is based on the Final Finance Settlement which was published by the government on 9 February 2026 and direction from the Cabinet on their priorities and council tax increases.
76. The proposed budget shows a council tax requirement of £7,761,294, which is equivalent to £187.46 for a band D property, representing a £5.44 (2.99%) increase on the 2025/26 amount.
77. The Council is required by statute to set a balanced budget in advance of each financial year. The forecast budget is expected to be £1.551m above available funding and the use of reserves will be required to balance the budget. This should be seen in the context of the government advising councils to utilise reserves in the leadup to LGR and the agreement by council in February 2025 to use no more than £8.308m of reserves by the end of 2029/30. The budgeted 2026/27 use of reserves is part of this 5 year MTFP to use £6.130m of reserves, and only £6.984m when the 2025/26 financial year is included.
78. A summary of the 2026/27 General Fund budget is shown in the table below, and compared with the current financial year:

| General Fund Budget Comparison                                                 | 2025/26<br>£000 | Adjustments<br>£000 | 2026/27<br>£'000s |
|--------------------------------------------------------------------------------|-----------------|---------------------|-------------------|
| <b>Business Performance &amp; People</b>                                       | 1,219           | (379)               | 840               |
| Chief Executive                                                                | 942             | (480)               | 462               |
| Corporate Services                                                             | 1,620           | (78)                | 1,542             |
| Digital Innovation & Commercialisation                                         | 3,828           | 366                 | 4,194             |
| Environmental Services & Climate Change                                        | 3,325           | (929)               | 2,396             |
| Resources                                                                      | 2,655           | 377                 | 3,032             |
| Housing, Health & Communities                                                  | 2,110           | 252                 | 2,362             |
| Planning                                                                       | 386             | (750)               | (364)             |
| <b>Net Expenditure</b>                                                         | <b>16,085</b>   | <b>(1,621)</b>      | <b>14,464</b>     |
| Investment Property                                                            | 1,319           | (2,041)             | (722)             |
| Corporate Items                                                                | 2,139           | 3,153               | 5,292             |
| External Funding                                                               | (10,813)        | 1,170               | (9,643)           |
| Council Tax                                                                    | (7,381)         | (380)               | (7,761)           |
| <b>Budget shortfall</b>                                                        | <b>1,349</b>    | <b>281</b>          | <b>1,630</b>      |
| <b>Blueprint 2.0 - savings unallocated<br/>(allocated savings in services)</b> | <b>(495)</b>    | <b>495</b>          | <b>0</b>          |
| <b>In-year Drawdown Of Reserves to balance Budget</b>                          | <b>854</b>      | <b>776</b>          | <b>1,630</b>      |
| <b>Cumulative Drawdown of Reserves</b>                                         | <b>854</b>      | <b>1,630</b>        | <b>2,484</b>      |

79. Each of the directorate budgets and the adjustments made between 2025/26 and 2026/27 are explained in the various sections overleaf.

## Business Performance & People (£379k decrease in budget)

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| Business Performance & People | Budget       |              | Budget     |
|-------------------------------|--------------|--------------|------------|
|                               | 2025/26      | Movement     | 2026/27    |
|                               | £000         | £000         | £000       |
| Pay                           | 843          | (41)         | 802        |
| Non-Pay                       | 1,026        | (348)        | 678        |
| Income                        | (650)        | 11           | (639)      |
| <b>Net Expenditure Budget</b> | <b>1,219</b> | <b>(379)</b> | <b>840</b> |

### Comment

Savings proposals (£50k): These are explained in Appendix I, ref no's 1 and 3. PFI has been revalued and annual contributions reduced significantly.

## Chief Executive (£106k decrease in budget)

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| Chief Executive               | Budget     |              | Budget     |
|-------------------------------|------------|--------------|------------|
|                               | 2025/26    | Movement     | 2026/27    |
|                               | £000       | £000         | £000       |
| Pay                           | 869        | (110)        | 759        |
| Non-Pay                       | 73         | 5            | 78         |
| <b>Net Expenditure Budget</b> | <b>942</b> | <b>(106)</b> | <b>837</b> |

### Comment

Savings proposals (£67k): These are explained in Appendix I, ref no's 7 and 8.

## Corporate Items (£2,452k increase in budget)

| Corporate Items               | Budget       |              | Budget       |
|-------------------------------|--------------|--------------|--------------|
|                               | 2025/26      | Movement     | 2026/27      |
|                               | £000         | £000         | £000         |
| Pay                           | 85           | 0            | 85           |
| Non-Pay                       | 3,096        | 438          | 3,534        |
| Income                        | (1,994)      | 2,013        | 20           |
| <b>Net Expenditure Budget</b> | <b>1,187</b> | <b>2,452</b> | <b>3,639</b> |

### Comment

Increase in contingency as detailed at paragraph 56.  
This reflects the reduced call on reserves and reflects the Blueprint target for 2026/27 identified and applied to services as savings.

## Corporate Services (£78k decrease in budget)

| Corporate Services            | Budget       |             | Budget       |
|-------------------------------|--------------|-------------|--------------|
|                               | 2025/26      | Movement    | 2026/27      |
|                               | £000         | £000        | £000         |
| Pay                           | 1,528        | (63)        | 1,465        |
| Non-Pay                       | 133          | (6)         | 127          |
| Income                        | (42)         | (9)         | (50)         |
| <b>Net Expenditure Budget</b> | <b>1,620</b> | <b>(78)</b> | <b>1,542</b> |

### Comment

Savings Proposals (£66k): These are explained in Appendix I, ref no's 10 and 12.



## Digital Innovation & Commercialisation (£365k increase in budget)

| Digital Innovation & Commercialisation | Budget       |            | Budget       |
|----------------------------------------|--------------|------------|--------------|
|                                        | 2025/26      | Movement   |              |
|                                        | £000         | £000       |              |
| Pay                                    | 1,802        | 10         | 1,812        |
| Non-Pay                                | 2,772        | 413        | 3,185        |
| Income                                 | (746)        | (58)       | (804)        |
| <b>Net Expenditure Budget</b>          | <b>3,828</b> | <b>365</b> | <b>4,194</b> |

### Comment

Growth proposals (£331k): These are explained in Appendix H, reference numbers 1 to 12.  
Plus Office repairs budget (£140k) moved here from Environmental.  
 Additional office rental income expected.

## Environmental Services & Climate Change (£930k decrease in budget)

| Environmental Services & Climate Change | Budget       |              | Budget       |
|-----------------------------------------|--------------|--------------|--------------|
|                                         | 2025/26      | Movement     |              |
|                                         | £000         | £000         |              |
| Pay                                     | 4,226        | 262          | 4,488        |
| Non-Pay                                 | 2,792        | 236          | 3,028        |
| Income                                  | (3,692)      | (1,428)      | (5,120)      |
| <b>Net Expenditure Budget</b>           | <b>3,325</b> | <b>(930)</b> | <b>2,396</b> |

### Comment

Growth proposals (£213k): These are explained in Appendix H, reference numbers 22 and 28.  
 Also reserve funding of a street cleansing post, £65k.  
 EPR growths to cover expenditure explained in Appendix H, reference no's 23 to 27.  
 The EPR grant of £1.175m is now applied to the service rather than centrally.  
Plus additional reserve funding of growth. See Appendix H, reference numbers 22 and 23.

## Resources (£377k increase in budget)

| Resources                         | Budget<br>2025/26<br>£000 | Movement<br>£000 | Budget<br>2026/27<br>£000 |
|-----------------------------------|---------------------------|------------------|---------------------------|
| Pay                               | 3,734                     | 147              | 3,880                     |
| Non-Pay                           | 11,601                    | 630              | 12,231                    |
| Income                            | (12,680)                  | (399)            | (13,079)                  |
| <b>Net Expenditure<br/>Budget</b> | <b>2,655</b>              | <b>377</b>       | <b>3,032</b>              |

### Comment

Forecast pay award of 4% (£710k) less vacancy factor of 2.5% (£444k), less £131k savings on 2025/26 pay award.

Forecast increase in HB payments.

Forecast increase in HB Subsidy income. £231k less than HB payments!

## Housing, Health & Communities (£252k increase in budget)

| Housing, Health<br>& Communities  | Budget<br>2025/26<br>£000 | Movement<br>£000 | Budget<br>2026/27<br>£000 |
|-----------------------------------|---------------------------|------------------|---------------------------|
| Pay                               | 2,927                     | (238)            | 2,689                     |
| Non-Pay                           | 1,837                     | 244              | 2,080                     |
| Income                            | (2,654)                   | 246              | (2,408)                   |
| <b>Net Expenditure<br/>Budget</b> | <b>2,110</b>              | <b>252</b>       | <b>2,362</b>              |

### Comment

Agency costs will reduce. Earmarked Reserve funding ending after 2025/26.

Homelessness Prevention budget now reassigned to non-Pay re new grant regulations.

Homelessness Prevention budget now reassigned to non-Pay re new grant regulations.

Earmarked Reserve funding of staffing ending after 2025/26.

## Planning (£750k decrease in budget)

| Planning                      | Budget     |              | Budget       |
|-------------------------------|------------|--------------|--------------|
|                               | 2025/26    | Movement     | 2026/27      |
|                               | £000       | £000         | £000         |
| Pay                           | 3,547      | (156)        | 3,391        |
| Non-Pay                       | 1,796      | (356)        | 1,440        |
| Income                        | (4,957)    | (238)        | (5,195)      |
| <b>Net Expenditure Budget</b> | <b>386</b> | <b>(750)</b> | <b>(364)</b> |

### Comment

Reduced reliance on agency staff for the local plan.  
 Reduced reliance on legal and consultancy for the local plan.  
 £465k increased Development Control Income (Appendix I, Ref 45)  
 and £345k Car Parking income up 23%.  
 Less £575k reduction in reserve funding of local plan.

## Financing (£2,041k decrease in budget)

| Financing and Investment Income & Expenditure | Budget       |                | Budget       |
|-----------------------------------------------|--------------|----------------|--------------|
|                                               | 2025/26      | Movement       | 2026/27      |
|                                               | £000         | £000           | £000         |
| Non-Pay                                       | 14,853       | (175)          | 14,678       |
| Income                                        | (13,534)     | (1,866)        | (15,400)     |
| <b>Net Expenditure Budget</b>                 | <b>1,319</b> | <b>(2,041)</b> | <b>(722)</b> |

### Comment

Interest Payable is down £491k due to falling interest rates partially offset by increase in MRP.  
 Interest receivable will increase by £1.75m from 2026/27 due to Loans to Aspire ending their interest free period.  
 Rental Income is expected to increase by £140k as new properties become available to commercial tenants and rent rises for current tenants.

## Taxation & Non-specific Grant Income (£813k increase in budget)

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| Taxation & Non-specific Grant Income | Budget          |                  | Budget          |
|--------------------------------------|-----------------|------------------|-----------------|
|                                      | 2025/26<br>£000 | Movement<br>£000 | 2026/27<br>£000 |
| Non-Pay                              | (42)            | 42               | 0               |
| Income                               | (18,152)        | 772              | (17,381)        |
| <b>Net Expenditure Budget</b>        | <b>(18,194)</b> | <b>813</b>       | <b>(17,381)</b> |

### Comment

Increase in grant income of £1,987k, reduction in NNDR of £3,130k, and increase in council tax of £371k.

## Housing Revenue Account Medium Term Financial Plan

80. The HRA budget makes proposals of rental and service charge increases of 4.8%, which is 1% above the September 2025 Consumer Price Index (CPI). Rents have been consulted on via the Tenant and Leaseholder Panel and reviewed by the Housing Board.

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

| HRA MTFP                                       | 2026/27<br>£000 | 2027/28<br>£000 | 2028/29<br>£000 | 2029/30<br>£000 | 2030/31<br>£000 |
|------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Service income</b>                          | (20,292)        | (20,997)        | (21,522)        | (22,060)        | (22,611)        |
| <b>Rents, rates and other property charges</b> | 264             | 271             | 277             | 284             | 291             |
| <b>Maintenance and repairs service</b>         | 6,896           | 7,068           | 7,245           | 7,426           | 7,612           |
| <b>Management and homelessness expenditure</b> | 1,580           | 1,620           | 1,660           | 1,701           | 1,744           |
| <b>HRA Transformation and Contingency</b>      | 127             | 130             | 133             | 137             | 140             |
| <b>Other operating income and expenditure</b>  | 9,991           | 10,262          | 10,445          | 10,632          | 10,824          |
| <b>Capital financing</b>                       | 1,434           | 1,646           | 1,761           | 1,878           | 1,999           |
| <b>Transfers to/(from) earmarked reserves</b>  | 0               | 0               | 0               | 0               | 0               |
| <b>Deficit/(Surplus)</b>                       | 0               | 0               | 0               | 0               | 0               |

- The HRA MTFP is planned to balance over its lifetime. This means it only spends to the value of the income it generates. However, this is a balancing act. Whether capital financing increases or the repairs service cost increases, it is all about how best to maintain and increase the council's housing stock.
- When the HRA Business Plan is presented, the council will be able to decide on recommendations on the level of borrowing affordable by the HRA alongside the expenditure required to maintain and improve the quality of the housing assets.
- Over the MTFP period, the position of the service income and the rents, rates and other property charges lines, should improve as voids are reduced. However, until the new IHDM is embedded, it is not considered prudent to project an improvement in the speed of voids coming back into use and a reduction of the council tax empty homes charge, which are forecast to reduce from 2027/28 onwards.
- A contingency is maintained over the life of the MTFP to ensure that there is the ability to fund urgent items of expenditure, especially the legacy of the past two contracts (UNSL and Axis) and the increasingly tight regulatory environment.



## Rental Levels & Service Charges

82. Average rents in the HRA will grow by £6.22 per week or 4.8% from £129.61 to £135.83. However, that is an average rent and individual rental figures depend on the number of beds and when the tenancy began.

| # Beds   | 2025/26 Actual | 2026/27 Budget |
|----------|----------------|----------------|
| <b>0</b> | 92.53          | 96.97          |
| <b>1</b> | 108.23         | 113.42         |
| <b>2</b> | 128.29         | 134.44         |
| <b>3</b> | 139.58         | 146.28         |
| <b>4</b> | 157.58         | 165.15         |
| <b>5</b> | 142.64         | 149.49         |

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

## Reserves

84. A summary of the HRA reserves position is detailed below:

| HRA Reserves Position | 2025/26<br>£000 | 2026/27<br>£000 | 2027/28<br>£000 | 2028/29<br>£000 | 2029/30<br>£000 | 2030/31<br>£000 |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Reserve B/fwd</b>  | <b>(4,819)</b>  | <b>(3,819)</b>  | <b>(3,819)</b>  | <b>(3,819)</b>  | <b>(3,819)</b>  | <b>(3,819)</b>  |
| <b>To Reserves</b>    | -               | -               | -               | -               | -               | -               |
| <b>From Reserves</b>  | 1,000           | -               | -               | -               | -               | -               |
| <b>Reserve C/fwd</b>  | <b>(3,819)</b>  | <b>(3,819)</b>  | <b>(3,819)</b>  | <b>(3,819)</b>  | <b>(3,819)</b>  | <b>(3,819)</b>  |

85. The HRA will have used all of its Transformation Reserve by 31 March 2026. It will then operate within its operating resources for the remainder of the MTFP. The HRA reserves will then consist of an Investment Reserve of £1.957m and an HRA Working Balance Reserve of £1.862m.

## HRA Budget Changes 2025/26 to 2026/27

86. The following table and bullets set out the movements and reasons

| HRA Budget Changes                          | 2025/26<br>£000 | Movement<br>£000 | 2026/27<br>£000 |
|---------------------------------------------|-----------------|------------------|-----------------|
| Service income                              | (20,036)        | (256)            | (20,292)        |
| Rents, rates and other property charges     | 224             | 40               | 264             |
| Maintenance and repairs service expenditure | 5,623           | 1,273            | 6,896           |
| Management and homelessness expenditure     | 1,329           | 251              | 1,580           |
| HRA Transformation and Contingency          | 306             | (179)            | 127             |
| Other operating income and expenditure      | 9,860           | 131              | 9,991           |
| Capital financing                           | 2,944           | (1,510)          | 1,434           |
| Transfers to/(from) earmarked reserves      | (250)           | 250              | 0               |
| <b>Total</b>                                | <b>0</b>        | <b>0</b>         | <b>0</b>        |

### Service income (increase of £256k)

- The Cabinet is recommended to accept the maximum level of rental increases of 1% above CPI, which is an increase of 4.8%.
- This includes an assumption of 3% voids in 2026/27 and 2% thereafter as the IHDM comes to grips with the housing stock and brings more of the vacant units back into operation.
- There is no assumption at in the budget for Parkside & Alexia House rental income until the council's plans for them are confirmed.

### Rents, rates and other property charges (increase of £40k)

- 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 £1,273k)

- This allows for a number of agency workers to implement the new IHDM, deal with the UNSL and Axis legacies, and address the new social housing regulations.

### Management and homelessness expenditure (increase of £251k)

- This is due to creating 3 new posts - Insight and Feedback Officer, Repairs Damp and Mould Officer, and Complaints Officer, as well as agency staff increasing costs.

### HRA Transformation & Contingency (decrease of £179k)

- £250k of the contingency budget funded from the transformation reserve in 2025/26 has been removed.
- There is, however, a new staffing contingency of £80k to support the new posts in Housing & IHDM.



### **Other Operating Income and Expenditure (increase of £131k)**

- Borrowing costs will increase by £250k due to 2026/27 additional loans for capital expenditure.
- The spend on HRA capital assets will increase depreciation by £98k.
- This is offset by a credit of £207k for recharges to capital not actioned in 2025/26.

### **Capital Financing (decrease of £1,510k)**

- This reflects the need to spend on embedding the maintenance and repairs service and leaves a lower balance available to fund capital from revenue.

### **Transfers to/(from) earmarked reserves (increase of £250k)**

- The £250k of the contingency budget funded from the transformation reserve in 2025/26 has been removed from 2026/27 onwards as the transformation reserve has now all been spent.

## Housing Revenue Account Budget 2026/27 to 2030/31

87. A summary of the HRA 5-year budget is shown in the table below:

| Summary HRA Budget                                             | 2026/27<br>£000 | 2027/28<br>£000 | 2028/29<br>£000 | 2029/30<br>£000 | 2030/31<br>£000 |
|----------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Service income</b>                                          |                 |                 |                 |                 |                 |
| Dwelling rents                                                 | (18,635)        | (19,298)        | (19,781)        | (20,275)        | (20,782)        |
| Garage rents                                                   | (252)           | (258)           | (265)           | (271)           | (278)           |
| Other rents                                                    | (2)             | (2)             | (2)             | (2)             | (2)             |
| Charges for services & facilities                              | (1,403)         | (1,438)         | (1,474)         | (1,511)         | (1,549)         |
| <b>Sub-total - Service income</b>                              | <b>(20,292)</b> | <b>(20,997)</b> | <b>(21,522)</b> | <b>(22,060)</b> | <b>(22,611)</b> |
| <b>Rents, rates and other property charges</b>                 | <b>264</b>      | <b>271</b>      | <b>277</b>      | <b>284</b>      | <b>291</b>      |
| <b>Maintenance and repairs service expenditure</b>             |                 |                 |                 |                 |                 |
| Common service flats                                           | 532             | 545             | 559             | 573             | 587             |
| Estate maintenance                                             | 5               | 5               | 5               | 5               | 6               |
| Housing sewage                                                 | 22              | 23              | 23              | 24              | 24              |
| Newport Depot                                                  | 42              | 43              | 44              | 45              | 46              |
| Property services                                              | 2,203           | 2,258           | 2,315           | 2,372           | 2,432           |
| Housing repairs                                                | 4,092           | 4,194           | 4,299           | 4,407           | 4,517           |
| <b>Sub-total - Maintenance and repairs service expenditure</b> | <b>6,896</b>    | <b>7,068</b>    | <b>7,245</b>    | <b>7,426</b>    | <b>7,612</b>    |
| <b>Management and homelessness expenditure</b>                 |                 |                 |                 |                 |                 |
| Housing services                                               | 1,124           | 1,152           | 1,181           | 1,210           | 1,241           |
| Sheltered housing services                                     | 456             | 467             | 479             | 491             | 503             |
| <b>Sub-total - Management and homelessness expenditure</b>     | <b>1,580</b>    | <b>1,620</b>    | <b>1,660</b>    | <b>1,701</b>    | <b>1,744</b>    |
| <b>HRA Transformation &amp; Contingency</b>                    | <b>127</b>      | <b>130</b>      | <b>133</b>      | <b>137</b>      | <b>140</b>      |
| <b>Sub-total - Service expenditure</b>                         | <b>8,867</b>    | <b>9,089</b>    | <b>9,316</b>    | <b>9,549</b>    | <b>9,788</b>    |
| <b>Other operating income and expenditure</b>                  |                 |                 |                 |                 |                 |
| Bad debts                                                      | 70              | 70              | 70              | 70              | 70              |
| Depreciation                                                   | 4,400           | 4,510           | 4,623           | 4,738           | 4,857           |
| Borrowing costs                                                | 2,889           | 2,982           | 2,982           | 2,982           | 2,982           |
| Treasury investment income                                     | (117)           | (117)           | (117)           | (117)           | (117)           |
| Corporate pension costs (added years and deficit repair)       | 18              | 18              | 18              | 18              | 18              |
| Insurance                                                      | 263             | 270             | 276             | 283             | 290             |
| Share of corporate and democratic core costs                   | 1,012           | 1,037           | 1,063           | 1,090           | 1,117           |
| Other recharges from General Fund                              | 1,679           | 1,721           | 1,764           | 1,808           | 1,853           |
| Right to buy administration allowance                          | (16)            | (16)            | (17)            | (17)            | (18)            |
| HRA Other                                                      | 0               | 0               | 0               | 0               | 0               |
| Recharge of salaries to capital                                | (207)           | (212)           | (217)           | (223)           | (228)           |
| <b>Subtotal - Other operating income and expenditure</b>       | <b>9,991</b>    | <b>10,262</b>   | <b>10,445</b>   | <b>10,632</b>   | <b>10,824</b>   |
| <b>Subtotal - Operating (surplus)/deficit</b>                  | <b>(1,434)</b>  | <b>(1,646)</b>  | <b>(1,761)</b>  | <b>(1,878)</b>  | <b>(1,999)</b>  |
| <b>Capital financing</b>                                       | <b>1,434</b>    | <b>1,646</b>    | <b>1,761</b>    | <b>1,878</b>    | <b>1,999</b>    |
| <b>Transfers to/(from) earmarked reserves</b>                  |                 |                 |                 |                 |                 |
| Revenue reserves                                               | 0               | 0               | 0               | 0               | 0               |
| Earmarked for capital purposes                                 |                 |                 |                 |                 |                 |
| <b>Sub-total - Transfers to/(from) earmarked reserves</b>      |                 |                 |                 |                 |                 |
| <b>(Surplus)/deficit</b>                                       | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>(0)</b>      | <b>(0)</b>      |

## Capital Strategy

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88. 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.
89. 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.
90. The council's four priorities are:
- Protecting and enhancing our environment
  - Encouraging economic growth
  - Building strong communities
  - Putting residents first
91. Uttlesford has successfully invested in commercial properties to offset funding cuts in a difficult environment to protect frontline services. More details can be found in the Commercial Strategy.
92. 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.
93. The council has green ambitions. The council is ahead of the curve on reducing food waste and continues to invest in new vehicles, some operating from biofuels. Also, it has targeted decarbonisation funds and raised its own to reduce the council's carbon footprint in council offices and social housing.
94. The council is committed to building new homes and regenerating existing estates and the new Housing Revenue Account (HRA) 30 Year Business Plan will detail the resources available for the future.

## 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.*

95. There are a number of current workstreams that UDC is delivering as part of the ongoing work on Climate Action.
96. The Council is decarbonising its operations including buildings, fleet and housing, which is partly funded by the Social Housing Decarbonisation Fund and the Public Sector Decarbonisation Scheme. The council is currently retrofitting around 200 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.
97. There is a similar project taking place to improve the Council's general fund operational assets, particularly the decarbonisation of the London Road offices through replacing the gas boilers with Air Source Heat Pumps.
98. A week-long Uttlesford Big Green Festival will take place in June, celebrating community climate projects across the district and inspiring the residents to take further action.

### **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.*

99. Chesterford Research Park, which is 50% owned by the Council's wholly owned company Aspire (CRP) Limited, has driven high value economic growth in the district and has a focus on life sciences, which is a UK economic strength.
100. The Council will continue to deliver priorities through its Economic Development Plan, which for 2026/27 has a particular focus on rural hospitality businesses.

### **Building strong communities**

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

101. The Council will publish a Housing Delivery Strategy in 2026, setting out a pipeline of additional council homes. This will include regeneration projects on council-owned land, redundant sites and other parts of the estate such as garage sites and allotment sites with high vacancy levels.
102. The Council has concluded its examination in public on the emerging Local Plan and formal adoption is anticipated in the Spring. An Infrastructure Funding Statement (IFS) that details how it spends section 106 monies on improving the local infrastructure was published in December 2025. The council has also consulted on introducing Community Infrastructure Levy (CIL). This will provide more resources for funding infrastructure improvements, and the proposals are due to be submitted to the

Planning Inspectorate for formal consideration in March, after which it is anticipated there will be a short 'examination in public' followed by adoption in early 2026/27. Following this, the Council can start to levy monies on new development.

### **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.*

103. The Council continues to invest in its digital services, including for 2026/27 a new financial system which will automate activity and provide better management information to budget holders.
104. Enhanced development of robotics and AI will be considered once the Council's unitary partners are known.
105. The Council continues to maintain budgetary stability through its commercial investment portfolio and an established savings programme.

### **Council's Approach to Funding Investment**

106. 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) Limited 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 are 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**

107. 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.

108. 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.
109. 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.
110. 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

111. 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.
112. 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 | 2026/27 Budget | 2027/28 Budget | 2028/29 Budget | 2029/30 Budget | 2030/31 Budget |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                  | £000           | £000           | £000           | £000           | £000           |
| <b>General Fund</b>              | 16,110         | 25,402         | 16,872         | 9,235          | 6,332          |
| <b>Housing Revenue Account</b>   | 17,820         | 7,386          | 6,851          | 6,845          | 8,864          |
| <b>Total</b>                     | <b>33,930</b>  | <b>32,788</b>  | <b>23,723</b>  | <b>16,080</b>  | <b>15,196</b>  |

113. All capital expenditure in turn must be either council-funded, grant-funded or funded from borrowing, the table below details how this will be funded:

| Capital Financing Sources | 2026/27<br>Budget | 2027/28<br>Budget | 2028/29<br>Budget | 2029/30<br>Budget | 2030/31<br>Budget |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                           | £000              | £000              | £000              | £000              | £000              |
| <b>External Funding</b>   | 2,927             | 292               | 292               | 292               | 292               |
| <b>Internal Resources</b> | 10,340            | 7,476             | 6,941             | 6,935             | 6,954             |
| <b>Debt</b>               | 20,663            | 25,020            | 16,490            | 8,853             | 7,950             |
| <b>Total</b>              | <b>33,930</b>     | <b>32,788</b>     | <b>23,723</b>     | <b>16,080</b>     | <b>15,196</b>     |

114. 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.
115. 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.

116. The total annual minimum revenue charge is detailed below:

| Annual Minimum Revenue Provision Charge | 2026/27<br>Budget | 2027/28<br>Budget | 2028/29<br>Budget | 2029/30<br>Budget | 2030/31<br>Budget |
|-----------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                         | £000              | £000              | £000              | £000              | £000              |
| <b>Annual Charge</b>                    | 4,527             | 4,693             | 5,102             | 5,377             | 5,559             |

117. The capital financing requirement (CFR) is the underlying need to borrow of the authority. The actual amount 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 | 2026/27<br>Budget | 2027/28<br>Budget | 2028/29<br>Budget | 2029/30<br>Budget | 2030/31<br>Budget |
|-----------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|-----------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|

|                               | £000         | £000         | £000         | £000         | £000         |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>General Fund</b>           | 21.3         | 21.9         | 21.3         | 20.3         | 18.9         |
| <b>Commercial Investments</b> | 282.3        | 302.0        | 314.0        | 318.5        | 320.3        |
| <b>HRA</b>                    | 83.4         | 83.4         | 83.4         | 83.4         | 83.4         |
| <b>Total</b>                  | <b>387.0</b> | <b>407.3</b> | <b>418.7</b> | <b>422.2</b> | <b>422.6</b> |

## Asset Management

118. 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.
119. 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 2026/27 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, with no current offers of interest to the council, these are currently not assumed in the budget.

## Treasury Management & Borrowing Strategies

120. Treasury management (Appendix D – Treasury Management Strategy Statement) 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.
121. 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.
122. The Council has a long term need to borrow in respect of capital expenditure which does not have alternative financing. On the other hand, income is often received in advance of expenditure. e.g. local taxation and government grants. Any surplus revenue cash (reserves) is utilised to offset 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 2025 |                |
|---------------------------------------|------------------|----------------|
|                                       | Actual £m        | Average Rate % |
| <b>External Borrowing:</b>            |                  |                |
| Public Works Loans Board HRA          | 78.4             | 3.47           |
| Public Works Loans Board General Fund | 128.6            | 4.48           |
| Local Authorities                     | 87.5             | 4.37           |
| <b>Total External Borrowing</b>       | <b>294.5</b>     | <b>4.18</b>    |
| <b>Other Long term Liabilities:</b>   |                  |                |
| Private Finance Initiative            | 4.8              | 8.29           |
| <b>Total gross external debt</b>      | <b>299.3</b>     | <b>4.24</b>    |
| <b>Treasury Investments:</b>          |                  |                |
| Government (incl.local authorities)   | 8.0              | 4.38           |
| Money Market funds                    | 3.2              | 3.90           |
| <b>Total Treasury Investments</b>     | <b>11.2</b>      | <b>4.24</b>    |
| <b>Net Debt</b>                       | <b>288.2</b>     | <b>4.24</b>    |

## Prudential Indicators – Authorised Limit and Operational Boundary

123. 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.
124. The limits set for the next five years are as follows:-

| Limits                                       | 2026/27      | 2027/28      | 2028/29      | 2029/30      | 2030/31      |
|----------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                              | £000         | £000         | £000         | £000         | £000         |
| <b>Authorised Limit - borrowing</b>          | 420.0        | 420.0        | 420.0        | 420.0        | 420.0        |
| <b>Authorised Limit - PFI and leases</b>     | 5.0          | 5.0          | 5.0          | 5.0          | 5.0          |
| Authorised Limit - total external debt       | <b>425.0</b> | <b>425.0</b> | <b>425.0</b> | <b>425.0</b> | <b>425.0</b> |
| <b>Operational boundary – borrowing</b>      | 400.0        | 400.0        | 400.0        | 400.0        | 400.0        |
| <b>Operational boundary – PFI and leases</b> | 5.0          | 5.0          | 5.0          | 5.0          | 5.0          |
| Operational boundary – total external debt   | <b>405.0</b> | <b>405.0</b> | <b>405.0</b> | <b>405.0</b> | <b>405.0</b> |

## Prudential Indicator – Gross Debt and the Capital Financing Requirement

125. 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.

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

| Prudential Indicator                | 2026/27<br>£m | 2027/28<br>£m | 2028/29<br>£m | 2029/30<br>£m | 2030/31<br>£m |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Debt incl. (PFI and leases)*</b> | 320.0         | 345.0         | 361.5         | 370.3         | 378.3         |
| <b>CFR</b>                          | 387.0         | 407.3         | 418.7         | 422.2         | 422.6         |

\* Includes Private Finance Initiative (PFI) and lease liabilities

### Treasury Investment Strategy

127. 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.

128. 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.

129. 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.

130. As at 31 December 2025, the Council held £11.2 million of treasury investments at an average rate of 4.24%. Planned investment balances for the next five years are as follows:

| Planned Investment Balances    | 2026/27<br>£m | 2027/28<br>£m | 2028/29<br>£m | 2029/30<br>£m | 2030/31<br>£m |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Near-term investments</b>   | 10            | 10            | 10            | 10            | 10            |
| <b>Longer-term investments</b> | -             | -             | -             | -             | -             |

### Risk and Governance

131. 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.

132. 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**

133. 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.
134. In line with the Commercial Strategy, a total allocation of approximately £276 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) Limited, which enabled it to acquire a 50% stake in Chesterford Research Park.

### **Risks and Governance**

135. 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.
136. 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**

137. Decisions on incurring new discretionary 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**

138. 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**

139. 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                                      | 2026/27 Budget | 2027/28 Budget | 2028/29 Budget | 2029/30 Budget | 2030/31 Budget |
|-----------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Proportion of financing cost to net revenue stream</b> | 75%            | 73%            | 70%            | 66%            | 63%            |

140. There was and remains a significant increase to this indicator, as a result of rising interest rates and a resultant increased cost of borrowing.
141. 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**

142. 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                                                              | 2026/27 Budget | 2027/28 Budget | 2028/29 Budget | 2029/30 Budget | 2030/31 Budget |
|-----------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Proportion of net income from commercial investments to net revenue stream</b> | 99%            | 102%           | 100%           | 95%            | 91%            |

143. 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**

144. 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 2026), 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.

145. 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**

146. 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 the Council also provides appropriate professional development opportunities to study towards professional accountancy qualifications and specific job related training.
147. 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 2026/27 to 2030/31

148. 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                     | 2026/27 Budget | 2027/28 Budget | 2028/29 Budget | 2029/30 Budget | 2030/31 Budget |
|----------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                                    | £000           | £000           | £000           | £000           | £000           |
| <b>Digital Innovation &amp; Commercialisation</b>  | 1,353          | 635            | 350            | 295            | 245            |
| <b>Environmental Services &amp; Climate Change</b> | 2,132          | 1,767          | 1,022          | 940            | 587            |
| <b>Planning</b>                                    | 0              | 0              | 0              | 0              | 0              |
| <b>Housing, Health &amp; Communities</b>           | 25             | 0              | 0              | 0              | 0              |
| <b>Resources</b>                                   | 0              | 0              | 0              | 0              | 0              |
| <b>Investments</b>                                 | 12,600         | 23,000         | 15,500         | 8,000          | 5,500          |
| <b>Business Performance &amp; People</b>           | 0              | 0              | 0              | 0              | 0              |
| <b>Total</b>                                       | <b>16,110</b>  | <b>25,402</b>  | <b>16,872</b>  | <b>9,235</b>   | <b>6,332</b>   |

### Financing of General Fund Capital Programme

149. The table below sets out how the General Fund Capital Programme will be funded. The council assumes that it will need to borrow £60.993m from 2026/27 to 2030/31. 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.

| Financing of General Fund Capital Programme | 2026/27 Budget | 2027/28 Budget | 2028/29 Budget | 2029/30 Budget | 2030/31 Budget |
|---------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                             | £0             | £0             | £0             | £0             | £0             |
| <b>Revenue Contribution</b>                 |                |                |                |                |                |
| <b>Borrowing</b>                            | 15,7           | 25,0           | 16,4           | 8,8            | 5,9            |
| <b>Capital Receipts</b>                     |                |                |                |                |                |
| <b>Grants &amp; Contributions</b>           | 3              | 2              | 2              | 2              | 2              |
| <b>Total</b>                                | <b>16,1</b>    | <b>25,4</b>    | <b>16,8</b>    | <b>9,2</b>     | <b>6,3</b>     |

### New Capital Bids

150. Below are the new capital projects planned for 2026/27. The London Road Decarbonisation project is the £691k element that is being funded by the Council rather than grant. The vehicle replacement programme is the next tranche of waste vehicle replacements, £1.685m. The Aspire (CRP) Limited projects are a mix of those that have been approved by the investment board (Building 900) and projected spend in accordance with the Park Business Plan. Together

these total £12.600m. The remaining projects are relatively low value totaling £849k. Rolling replacement projects are not listed as they take place every year and total £145k.

| New Capital Bids                                   | 2026/27 Budget |
|----------------------------------------------------|----------------|
|                                                    | £000           |
| London Road Decarbonisation                        | 691            |
| Museum First Floor Fire Escape                     | 30             |
| Fairycroft Car Park Cladding                       | 121            |
| London Road Skylights                              | 164            |
| Fairycroft Car Park Renewal of Stair Nosing        | 22             |
| Lower Street Car Park Tree Felling & Surface Works | 80             |
| Canfield Fire Alarm System Augmentation in Voids   | 60             |
| Civica cash receipting system renewal              | 20             |
| AI                                                 | 20             |
| Vehicle Replacement Programme                      | 1,825          |
| Disabled Facilities Grants                         | 292            |
| Private Sector Grants                              | 15             |
| Housing Grants                                     | 25             |
| Aspire - Building 900 Refurbishment                | 1,100          |
| Aspire - Building 1100/1200 (New Build)            | 10,000         |
| Aspire - Lease End Units Refurbishment             | 1,500          |
| <b>Total</b>                                       | <b>15,965</b>  |

## Detailed Capital Programme Budgets 2026/27 to 2030/31 by Directorate

151. The following tables are a breakdown of the capital programme budgets, by directorate, for the next 5 years.

### Business Performance & People

|             | 2026/27<br>Budget | 2027/28<br>Budget | 2028/29<br>Budget | 2029/30<br>Budget | 2030/31<br>Budget |
|-------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|             | £000              | £000              | £000              | £000              | £000              |
| <b>None</b> | -                 | -                 | -                 | -                 | -                 |

## Digital Innovation & Commercialisation

|                                                    | 2026/27<br>Budget<br>£'000s | 2027/28<br>Budget<br>£'000s | 2028/29<br>Budget<br>£'000s | 2029/30<br>Budget<br>£'000s | 2030/31<br>Budget<br>£'000 |
|----------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| <b>ROLLING PROGRAMME</b>                           |                             |                             |                             |                             |                            |
| Day centre cyclical improvements                   | 10                          | 10                          | 10                          | 10                          | 10                         |
| Saffron Walden Castle                              | 30                          | 30                          | 30                          | 30                          | 30                         |
| Electric car chargers                              | 15                          | 15                          | 15                          | 15                          | 15                         |
| ICT minor items                                    | 20                          | 20                          | 20                          | 20                          | 20                         |
| PCI Compliance                                     | 20                          | 20                          | 20                          | 20                          | 20                         |
| PSN/CAF                                            | 30                          | 30                          | 30                          | 30                          | 30                         |
| Cyber Security                                     | 20                          | 20                          | 20                          | 20                          | 20                         |
| <b>SPECIFIC PROJECTS</b>                           |                             |                             |                             |                             |                            |
| London Road Front Felt                             | 0                           | 10                          | 0                           | 0                           | 0                          |
| Council Chamber Dome                               | 0                           | 10                          | 0                           | 0                           | 0                          |
| Museum Rising Damp                                 | 0                           | 10                          | 0                           | 0                           | 0                          |
| Asset Management Plan                              | 0                           | 218                         | 180                         | 150                         | 100                        |
| Museum First Floor Fire Escape                     | 36                          | 0                           | 0                           | 0                           | 0                          |
| Car park lighting                                  | 40                          | 0                           | 0                           | 0                           | 0                          |
| Faircroft Car Park Cladding                        | 121                         | 0                           | 0                           | 0                           | 0                          |
| London Road Skylights                              | 164                         | 0                           | 0                           | 0                           | 0                          |
| Faircroft Car Park Renewal of Stair Nosing         | 22                          | 0                           | 0                           | 0                           | 0                          |
| Lower Street Car Park Tree Felling & Surface Works | 80                          | 0                           | 0                           | 0                           | 0                          |
| Canfield Fire Alarm System Augmentation in Voids   | 60                          | 0                           | 0                           | 0                           | 0                          |
| Car Parks Boundary Wall Works                      | 0                           | 43                          | 0                           | 0                           | 0                          |
| Saffron DC Windows                                 | 0                           | 33                          | 0                           | 0                           | 0                          |
| Museum Heat Emitters                               | 0                           | 22                          | 0                           | 0                           | 0                          |
| Common Car Park & Caton Car Park Drainage          | 0                           | 93                          | 0                           | 0                           | 0                          |
| Canfield Canopy                                    | 0                           | 11                          | 0                           | 0                           | 0                          |
| Corporate laptop/ device replacement               | 0                           | 40                          | 0                           | 0                           | 0                          |
| Corporate mobile phone replacement                 | 0                           | 0                           | 25                          | 0                           | 0                          |
| London Road Decarbonisation                        | 691                         | 0                           | 0                           | 0                           | 0                          |
| Civica Cash Receipting                             | 20                          | 0                           | 0                           | 0                           | 0                          |
| <b>Total</b>                                       | <b>1,379</b>                | <b>635</b>                  | <b>350</b>                  | <b>295</b>                  | <b>245</b>                 |

152. The main items in the above table are the London Road Decarbonisation project, explained under the capital bids, and the Asset Management Plan, which sets aside sizeable amounts for the upkeep of the council's assets, which the plan will specify before each financial year.



## Environmental Services & Climate Change

|                               | 2026/27<br>Budget<br>£'000s | 2027/28<br>Budget<br>£'000s | 2028/29<br>Budget<br>£'000s | 2029/30<br>Budget<br>£'000s | 2030/31<br>Budget<br>£'000 |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| Vehicle Replacement Programme | 1,685                       | 1,460                       | 715                         | 633                         | 280                        |
| Disabled Facilities Grants    | 292                         | 292                         | 292                         | 292                         | 292                        |
| Private Sector Grants         | 15                          | 15                          | 15                          | 15                          | 15                         |
| <b>Total</b>                  | <b>1,992</b>                | <b>1,767</b>                | <b>1,022</b>                | <b>940</b>                  | <b>587</b>                 |

153. The main items in the above table are the waste vehicle replacement project, explained under the capital bids, and the grant funded spend supplying qualifying properties with disabled facilities.

## Housing, Health & Communities

|                | 2026/27<br>Budget<br>£000 | 2027/28<br>Budget<br>£000 | 2028/29<br>Budget<br>£000 | 2029/30<br>Budget<br>£000 | 2030/31<br>Budget<br>£000 |
|----------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Housing Grants | 25                        | 0                         | 0                         | 0                         | 0                         |
|                | <b>25</b>                 | <b>0</b>                  | <b>0</b>                  | <b>0</b>                  | <b>0</b>                  |

154. 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

| Aspire CRP Ltd                | 2026/27<br>Budget<br>£000 | 2027/28<br>Budget<br>£000 | 2028/29<br>Budget<br>£000 | 2029/30<br>Budget<br>£000 | 2030/31<br>Budget<br>£000 |
|-------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Building 900 Refurbishment    | 1,100                     | 0                         | 0                         | 0                         | 0                         |
| Building 500 New Build        | 0                         | 0                         | 2,500                     | 5,000                     | 2,500                     |
| Building 1100/1200 New Build  | 10,000                    | 20,000                    | 10,000                    | 0                         | 0                         |
| Lease End Units Refurbishment | 1,500                     | 3,000                     | 3,000                     | 3,000                     | 3,000                     |
|                               | <b>12,600</b>             | <b>23,000</b>             | <b>15,500</b>             | <b>8,000</b>              | <b>5,500</b>              |

155. The above expenditure reflects the phasing of capital spend forecast the Commercial Strategy over the next 5 years as approved by the Investment Board in October 2025. See Appendix F and the Ethical Investment Policy Appendix G.

## Resources

|             | 2026/27<br>Budget<br>£000 | 2027/28<br>Budget<br>£000 | 2028/29<br>Budget<br>£000 | 2029/30<br>Budget<br>£000 | 2030/31<br>Budget<br>£000 |
|-------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>None</b> | -                         | -                         | -                         | -                         | -                         |

## Housing Revenue Account Capital Programme 2026/27 to 2030/31

156. The summary of the HRA Capital Programme is set out in the table below.

| HRA Capital Programme Expenditure          | 2026/27<br>(Excluding<br>Slippage)<br>£000 | 2027/28<br>£000 | 2028/29<br>£000 | 2029/30<br>£000 | 2030/31<br>£000 |
|--------------------------------------------|--------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Existing Stock Maintenance</b>          | 4,672                                      | 4,756           | 4,851           | 4,845           | 6,864           |
| <b>Social Housing Decarbonisation Fund</b> | 0                                          | 0               | 0               | 0               | 0               |
| <b>Takeley Development</b>                 | 510                                        | 0               | 0               | 0               | 0               |
| <b>East of St. Edmunds</b>                 | 2,250                                      | 630             | 0               | 0               | 0               |
| <b>Stock Acquisition</b>                   | 200                                        | 0               | 0               | 0               | 0               |
| <b>Pipeline Acquisition</b>                | 3,128                                      | 1,000           | 1,000           | 1,000           | 1,000           |
| <b>Pipeline Development</b>                | 7,060                                      | 1,000           | 1,000           | 1,000           | 1,000           |
| <b>Total</b>                               | <b>17,820</b>                              | <b>7,386</b>    | <b>6,851</b>    | <b>6,845</b>    | <b>8,864</b>    |

157. The Stock Capital Investment will be guided by the recommendations of the Stock Condition Survey conducted during 2025/26. Takeley now has its planning permission and work is underway so will conclude during 2026/27. The Pipeline Development and Acquisition capital budgets represent money being made available for the council's ambitions to add significantly to its social housing stock from next financial year, though the plans have not yet been clearly defined.

### Financing of HRA Capital Programme

158. As set out in the table below, it can be seen the council plans to use internal and other resources before turning to borrowing to fund its HRA capital programme.

| HRA Capital Programme Financing                  | 2026/27<br>(Excluding<br>Slippage)<br>£000 | 2027/28<br>£000 | 2028/29<br>£000 | 2029/30<br>£000 | 2030/31<br>£000 |
|--------------------------------------------------|--------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Social Housing Decarbonisation Fund Grant</b> | 0                                          | 0               | 0               | 0               | 0               |
| <b>Other Grants and Contributions</b>            | 2,100                                      | 0               | 0               | 0               | 0               |
| <b>Direct Revenue Contributions</b>              | 1,434                                      | 1,646           | 1,761           | 1,878           | 2,000           |
| <b>Major Repairs Reserve</b>                     | 3,238                                      | 4,400           | 4,400           | 4,600           | 4,864           |
| <b>Other Reserves</b>                            | 0                                          | 0               | 0               | 0               | 0               |
| <b>Right to Buy Receipts</b>                     | 5,578                                      | 1,340           | 690             | 367             | 0               |
| <b>S106 Receipts</b>                             | 510                                        | 0               | 0               | 0               | 0               |
| <b>Borrowing</b>                                 | 4,960                                      | 0               | 0               | 0               | 2,000           |
| <b>Total</b>                                     | <b>17,820</b>                              | <b>7,386</b>    | <b>6,851</b>    | <b>6,845</b>    | <b>8,864</b>    |

# Robustness of Estimates and Adequacy of Reserves

## 2026/27 – Section 25 Report

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### Introduction

159. 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 reports 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.
160. In pre 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

161. 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 would be reported to the Audit and Standards Committee on a regular basis.

### Robustness of Estimates

162. In setting the budget for 2026/27, it was necessary to make a number of key assumptions and estimates about future events, for example future inflation rates, the outcome of future local government finance settlements and the impact of local government reorganisation. The most significant assumptions made are set out within the Medium Term Financial Plan.
163. 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 ensuring that contractual commitments are provided for, salary budgets reflect the approved establishment and staff in post, and income budgets are based on an assessment of price and demand.
164. 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 2026/27 are set out in the following table:

| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                        | Probability of Variance Arising | Potential impact                | Overall Risk |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|--------------|
| <b>Staff Costs</b><br>Budgets are based upon an assumption of 4% growth. Should the actual settlement (negotiated nationally) differ from this, this could have a significant impact on the Council's budget.                                                                                                                                                                                                                               | High                            | High adverse/<br>high favorable | High         |
| <b>Waste and recycling services</b><br>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/<br>high favorable | High         |
| <b>Waste and recycling services</b><br>Extended Producer Responsibility (EPR) funding is included in the MTFP at 2026/27 grant level. Whilst assurance has been given to the ongoing grant, should the industry make progress in addressing the packaging of goods, the grant pot and therefore allocation may reduce                                                                                                                       | High                            | High adverse                    | High         |
| <b>Business rates appeals</b><br>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/<br>high favorable | High         |
| <b>Housing maintenance and capital improvement expenditure</b><br>Notice has been given on the Axis contract. 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/<br>high favorable | High         |
| <b>Housing benefit subsidy</b><br>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         |
| <b>Sale of commercial asset or assets</b><br>The budget for 2026/27 does not assume the sale of any of the commercial assets - however should a sale occur 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         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                 |                                 |              |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |        |                                    |        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------------------------------------|--------|
| <b>Sales, fees and charges</b><br>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 |
| <b>General cost inflation</b><br>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 |
| <b>Borrowing costs</b><br>Around one third of the Council's borrowing is on the short-term local authority market and will fall due for refinancing during 2026/27. 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 in recent years and therefore, this risk has reduced. There is also the possibility of the council selling commercial assets, significantly de risking this position. | Medium | High adverse / high favourable     | Medium |
| <b>Housing rents income</b><br>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

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165. 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 5% of gross variable income and costs. The working balances for 2026/27 have been set as follows:

| Working Balance Calculation 2025/26         | General Fund<br>£'000 | HRA<br>£'000 |
|---------------------------------------------|-----------------------|--------------|
| Gross Budgeted Variable Expenditure         | 31,333                | 7,482        |
| <i>Contribution to Working Balance (5%)</i> | 1,567                 | 374          |
| Gross Budgeted Variable Income              | 24,745                | 20,036       |
| <i>Contribution to Working Balance (5%)</i> | 1,237                 | 1,002        |
| Total Working Balance Requirement           | 2,804                 | 1,376        |

166. The Council will increase the General Fund budget in 2026/27 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 2026/27, with sufficient amounts to cover any risks which can reasonably be expected to crystallise during the year.
167. Usable Reserves as can be seen in the tables on the following pages are currently over £18m and are expected to reduce to just under £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.

### Conclusion

168. It is the opinion of the Section 151 Officer that the budget estimates are robust.
169. The level of reserves is adequate, as required by the Local Government Act 2003, to enable the council to achieve LGR from 1 April 2028. The forecast reserves at that point in time are shown overleaf:

|                       | Balance as at<br>31 March 2028<br>£'000 | Notes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mandatory Reserves    | 2,962                                   | These are not available for general use                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Service Reserves      | 2,070                                   | Specific reserves to support the operation of the service                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Usable Reserves       | 14,424                                  | <p>This is made up of</p> <p><b>Transformation Reserve - £561,000</b> (Although currently showing a balance this will be fully allocated in the lead up to LGR)</p> <p><b>LGR Reserve - £2,000,000</b> (Although currently showing a balance this will be fully allocated in the lead up to LGR)</p> <p><b>Commercial Asset Reserve - £7,022,000</b> (Only for use in respect of the Commercial Asset Portfolio)</p> <p><b>Business Rates Reserve - £2,140,000</b> (Only for use for Business Rates adjustments)</p> <p><b>MTFS Reserve - £2,701,000</b> (The Reserve to support the MTFS. This is forecast to run out by 2029/30. Early use of this reserve will impact sustainability in later years)</p> |
| <b>Total Reserves</b> | <b>19,456</b>                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

170. Should LGR be delayed or cancelled, the future ability of the council to operate on a going concern basis would be in doubt as the available reserves, which are currently underpinning the budget, will have been exhausted. Significant scaling back of council services would be required to enable the council to operate within its available resources.



| General Fund Reserves £'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  | (To)/from Reserve | End of 2030/31  |
|-----------------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
| Working Balance             | (2,000)         | 0                 | (2,000)         | 0                 | (2,000)         | 0                 | (2,000)         | 0                 | (2,000)         | 0                 | (2,000)         | 0                 | (2,000)         |
| S106 Grants                 | (962)           | 0                 | (962)           | 0                 | (962)           | 0                 | (962)           | 0                 | (962)           | 0                 | (962)           | 0                 | (962)           |
| Capital slippage            | 0               | 0                 | 0               | 0                 | 0               | 0                 | 0               | 0                 | 0               | 0                 | 0               | 0                 | 0               |
| <b>Mandatory Reserves</b>   | <b>(2,962)</b>  | <b>0</b>          | <b>(2,962)</b>  | <b>0</b>          | <b>(2,962)</b>  | <b>0</b>          | <b>(2,962)</b>  | <b>0</b>          | <b>(2,962)</b>  | <b>0</b>          | <b>(2,962)</b>  | <b>0</b>          | <b>(2,962)</b>  |
| Licensing                   | (120)           | (4)               | (124)           | 18                | (106)           | 18                | (88)            | 18                | (70)            | 18                | (52)            | 18                | (34)            |
| Leisure/PFI                 | (901)           | 105               | (796)           | 92                | (704)           | 92                | (612)           | 92                | (520)           | 92                | (428)           | 92                | (336)           |
| Planning                    | (726)           | 512               | (214)           | 0                 | (214)           | 0                 | (214)           | 0                 | (214)           | 0                 | (214)           | 0                 | (214)           |
| Climate Change              | (265)           | 163               | (102)           | 102               | 0               | 0                 | 0               | 0                 | 0               | 0                 | 0               | 0                 | 0               |
| Economic Development        | (90)            | 65                | (25)            | 0                 | (25)            | 0                 | (25)            | 0                 | (25)            | 0                 | (25)            | 0                 | (25)            |
| Neighbourhood Planning      | (55)            | 15                | (40)            | 15                | (25)            | 15                | (10)            | 0                 | (10)            | 0                 | (10)            | 0                 | (10)            |
| Sustainable Communities     | (572)           | 0                 | (572)           | 0                 | (572)           | 0                 | (572)           | 0                 | (572)           | 0                 | (572)           | 0                 | (572)           |
| Voluntary Sector            | (68)            | 0                 | (68)            | 0                 | (68)            | 0                 | (68)            | 0                 | (68)            | 0                 | (68)            | 0                 | (68)            |
| Homelessness                | (338)           | 113               | (225)           | 106               | (119)           | 106               | (13)            | 0                 | (13)            | 0                 | (13)            | 0                 | (13)            |
| Waste                       | (200)           | 77                | (123)           | 106               | (17)            | 17                | 0               | 0                 | 0               | 0                 | 0               | 0                 | 0               |
| Health and Wellbeing        | (245)           | 23                | (222)           | 4                 | (218)           | 4                 | (214)           | 4                 | (210)           | 4                 | (206)           | 4                 | (202)           |
| Other                       | (463)           | 81                | (382)           | 64                | (318)           | 64                | (254)           | 64                | (190)           | 64                | (126)           | 64                | (62)            |
| <b>Service Reserves</b>     | <b>(4,043)</b>  | <b>1,150</b>      | <b>(2,893)</b>  | <b>507</b>        | <b>(2,386)</b>  | <b>316</b>        | <b>(2,070)</b>  | <b>178</b>        | <b>(1,892)</b>  | <b>178</b>        | <b>(1,714)</b>  | <b>178</b>        | <b>(1,536)</b>  |
| Business Rates              | (2,382)         | 242               | (2,140)         | 0                 | (2,140)         | 0                 | (2,140)         | 0                 | (2,140)         | 0                 | (2,140)         | 0                 | (2,140)         |
| Transformation              | (1,000)         | 245               | (755)           | 97                | (658)           | 97                | (561)           | 97                | (464)           | 97                | (367)           | 97                | (270)           |
| LGR                         | (2,750)         | 250               | (2,500)         | 250               | (2,250)         | 250               | (2,000)         | 0                 | (2,000)         | 0                 | (2,000)         | 0                 | (2,000)         |
| Commercial assets           | (5,522)         | (500)             | (6,022)         | (500)             | (6,522)         | (500)             | (7,022)         | (500)             | (7,522)         | (500)             | (8,022)         | (500)             | (8,522)         |
| MTFS (after Blueprint)      | (6,984)         | 854               | (6,130)         | 1,630             | (4,500)         | 1,799             | (2,701)         | 610               | (2,091)         | 2,091             | (0)             | (0)               | (0)             |
| <b>Useable Reserves</b>     | <b>(18,638)</b> | <b>1,091</b>      | <b>(17,547)</b> | <b>1,477</b>      | <b>(16,070)</b> | <b>1,646</b>      | <b>(14,424)</b> | <b>207</b>        | <b>(14,217)</b> | <b>1,688</b>      | <b>(12,529)</b> | <b>(403)</b>      | <b>(12,932)</b> |

| HRA Reserves           | 2025/26        | (To)/from Reserve | 2026/27        | (To)/from Reserve | 2027/28        | (To)/from Reserve | 2028/29        | (To)/from Reserve | 2029/30        | (To)/from Reserve | 2030/31        |
|------------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|
| Position               | £000           | £000              | £000           | £000              | £000           | £000              | £000           | £000              | £000           | £000              | £000           |
| <b>Working Balance</b> | (1,862)        | 0                 | (1,862)        | 0                 | (1,862)        | 0                 | (1,862)        | 0                 | (1,862)        | 0                 | (1,862)        |
| <b>Transformation</b>  | (1,000)        | 1,000             | 0              | 0                 | 0              | 0                 | 0              | 0                 | 0              | 0                 | 0              |
| <b>Investment</b>      | (1,957)        | 0                 | (1,957)        | 0                 | (1,957)        | 0                 | (1,957)        | 0                 | (1,957)        | 0                 | (1,957)        |
| <b>Reserve c/fwd</b>   | <b>(4,819)</b> |                   | <b>(3,819)</b> | <b>0</b>          | <b>(3,819)</b> | <b>0</b>          | <b>(3,819)</b> | <b>0</b>          | <b>(3,819)</b> | <b>0</b>          | <b>(3,819)</b> |