

HARLOW COUNCIL

Medium Term Financial Plan

2025/26 to 2027/28



Harlow
Council
Working together for Harlow

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1.1 Executive Summary

Harlow's Medium Term Financial Plan (MTFP) is a strategic document that is aligned with and supports the delivery of the Corporate Plan over a 3-year period. The MTFP sets out how council's six missions will be achieved by setting out the framework within which resources are available to the council over the medium term and the financial challenges facing the council in terms of future funding gaps.

1.2 Aims and Purpose of the Medium-Term Financial Plan

The purpose of the Medium-Term Financial Plan (MTFP) is to provide the strategic framework and a forward-looking approach for financial resilience, to achieve long term sustainability. It is central to the delivery of the six missions in the Corporate Plan in an affordable and sustainable way. It aids robust and methodical planning as it forecasts the council's financial position, taking into account known pressures, major issues affecting the council's finances, including international, national, sub-regional and the district's economic influences as well as local priorities and factors.

It helps the council to respond, in a considered manner, to pressures and changes as a result of internal and external influences. The MTFP recognises the key role that financial resources play in the delivery of outcomes and in enabling the effective planning, management and delivery of services that contribute to the priorities under each mission in the Corporate Plan. The MTFP concentrates on the principles that will provide a strong direction for the medium term.

An overarching MTFP is not only good practice but is required to provide the strategic financial framework for the authority at a time of considerable pressure and change, be this delivering key priorities and ongoing

efficiency gains, closer budget scrutiny, the management of financial pressures or political change.

The key overriding aim of the MTFP is therefore:

To provide a financial framework within which financial stability can be achieved and sustained in the medium term to deliver the council's key strategic outcomes, priorities, and sustainable services.

The 6 key objectives of the MTFP are to:

- Provide financial parameters within which budget and service planning should take place;
- Ensure the council sets a balanced and sustainable budget without ongoing reliance on reserves;
- Focus and re-focus the allocation of resources so that, over time, priority areas receive additional resources ensuring services are defined on the basis of a clear alignment between priority and affordability;
- Ensure the council manages and monitors its financial resources effectively so that spending commitments do not exceed resources available in each service area;
- Plan the level of fees, charges and taxation in line with levels that the council regard as being necessary, acceptable and affordable to meet the council's aims, objectives, policies and priorities whilst meeting the need to reduce the council's reliance on central government funding; and
- Ensure that the council's long term financial stability and viability remain sound.

PART 1 – INTRODUCTION & CONTEXT

The MTFP sets out the council's strategic approach for using and managing its financial resources and provides a robust framework within which decisions can be made. It also supports all other council strategies. In particular, it acts as the framework linking the council's more detailed service plans, asset management plans and capital plans for the longer term to help ensure that they can be resourced and are therefore deliverable.

One of the main objectives of the MTFP is to plan for the delivery of services within an uncertain external environment and to ensure the achievement of value for money. The MTFP needs to set out a stable and sustainable financial plan over the medium term to allow the council to shape the way the district responds to economic challenges whilst continuing to provide high-quality services.

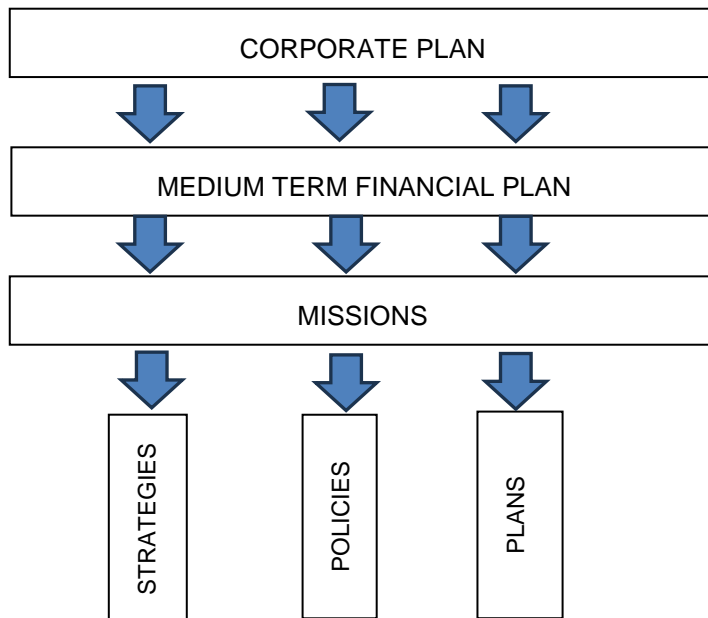
By agreeing a 3-year MTFP the council is identifying the financial pressures and opportunities that lie ahead at an early stage and is therefore able to make informed decisions as there is time to fully consider different options, engage with stakeholders, carry out risk assessments and develop contingency plans to manage future uncertainties.



1.3 Strategic Context

Corporate Plan

The council's Corporate Plan, introduced in 2024, clearly sets out our missions for Harlow and how we will achieve, measure and fund them from 2024 to 2028. The plan is based on a wide range of datasets and was created in collaboration with elected political leaders, residents and staff from across the council. This has been done to make sure our plan is clear, evidence-based and focused on what matters most.



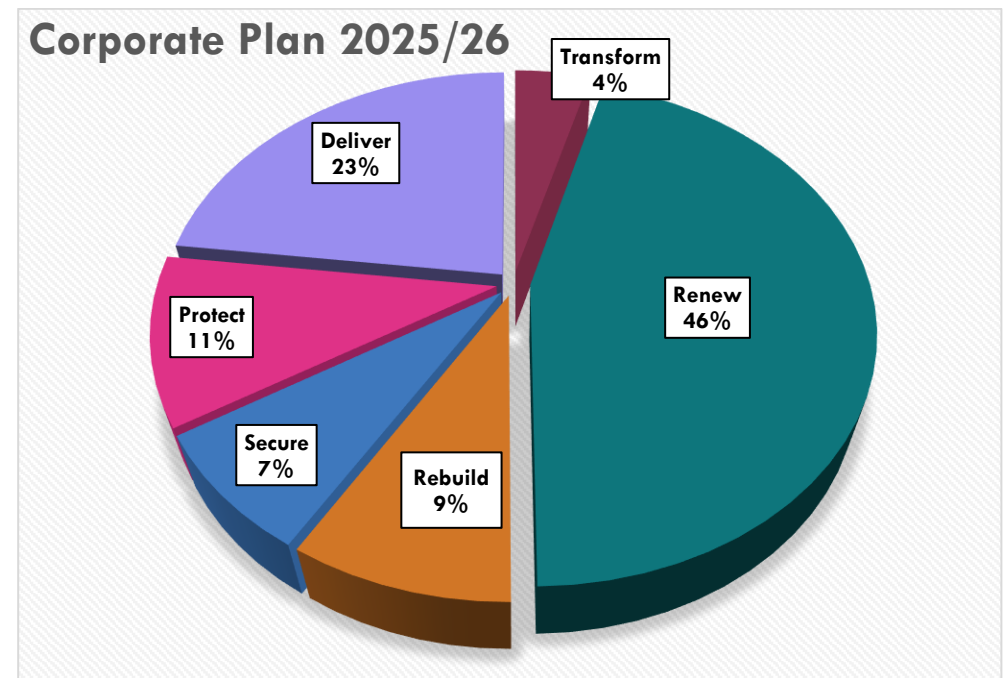
[Corporate plan 2024 to 2028 | Harlow Council](#)

Our Corporate Plan is wholly informed by the Medium-Term Financial Plan to make sure our plan is financially achievable and deliverable.

The Corporate Plan missions are:

- Mission 1: Transform Harlow's Housing
- Mission 2: Renew our Neighbourhoods
- Mission 3: Rebuild our Town
- Mission 4: Secure Investment for Harlow's Future
- Mission 5: Protect our Communities
- Mission 6: Deliver High-Performing Council Services

The chart shows how the 2025/26 budget aligns with the Corporate Plan.



PART 1 – INTRODUCTION & CONTEXT

TRANSFORM HARLOW'S HOUSING

We are responsible for a wide range of housing services for residents, from homelessness to allocating council houses, but we also work with private housing providers to help make sure as many residents as possible can access the accommodation they need. The council's commitments to reaching net zero by 2040 includes working with all residents on energy efficiency measures, and as such the council will promote improvements to all homes in Harlow to make this happen. As part of our Housing service, we are responsible for the repairs and maintenance of our own housing stock.

RENEW OUR NEIGHBOURHOODS

Our Environment and Public Protection teams work together to restore pride in Harlow by tackling the issues in our streets and parks, homes and workplaces. This includes providing waste and recycling service to the town, managing the town park and other green spaces, and overseeing our climate change strategy. Our Culture and Community teams work to provide services to all who live in Harlow, linking up community groups and providing the Youth Council, and running Harlow Museum, Pets Corner and the Playhouse theatre.

REBUILD OUR TOWN

Our Asset and Facilities and Regeneration teams are responsible for our commitment to rebuild our town including council house building programme and town centre redevelopment. Our Planning and Garden Town teams also manages the development of Harlow through policies like the Local Plan, which allocates land for housing and jobs and provides protection for our natural environment.

SECURE INVESTMENT FOR HARLOW'S FUTURE

Our Regeneration team works to secure investment in Harlow alongside local businesses and education providers to attract jobs and make sure

residents have access to employment and learning opportunities. Economic Development within the town is supported cross council with plans for Building Harlow's Future taking centre stage in the council's transformation programme.

PROTECT OUR COMMUNITIES

The Public Protection teams provide community safety around the town, responding to cases of antisocial behaviour, and work alongside partners such as Essex Police as part of the Safer Harlow Partnership. The Culture and Community teams lead our participation in the Harlow Health and Wellbeing Partnership Board which provides leadership and funding for health and wellbeing in the town.

DELIVER HIGH-PERFORMING COUNCIL SERVICES

The council is committed to improving council services and we are responsible for an annual residents' survey, which is a key tool for identifying resident priorities.

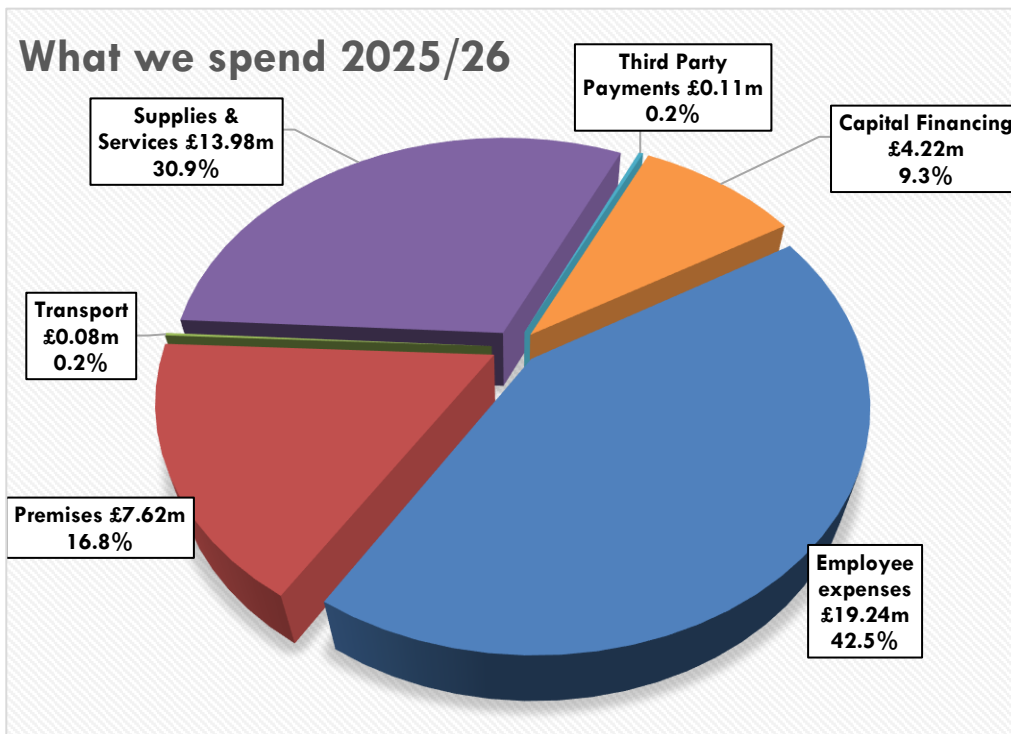
We provide customer services and communications and are responsible for dealing with residents' enquiries and making sure they are kept informed. Our Finance and Legal and Democratic Services teams support the council in meeting our legal and financial responsibilities, including running elections, awarding contracts and setting our annual budget, paying those that do business with the council and collecting Council Tax. Our Corporate Services and Improvement teams are responsible for making sure the council remains accountable for its priorities and the council's transformation programme.

Building Harlow's Future

Building Harlow's Future is a transformational programme to modernise the council into a more efficient and effective local authority and in turn, deliver better outcomes and services for local residents.

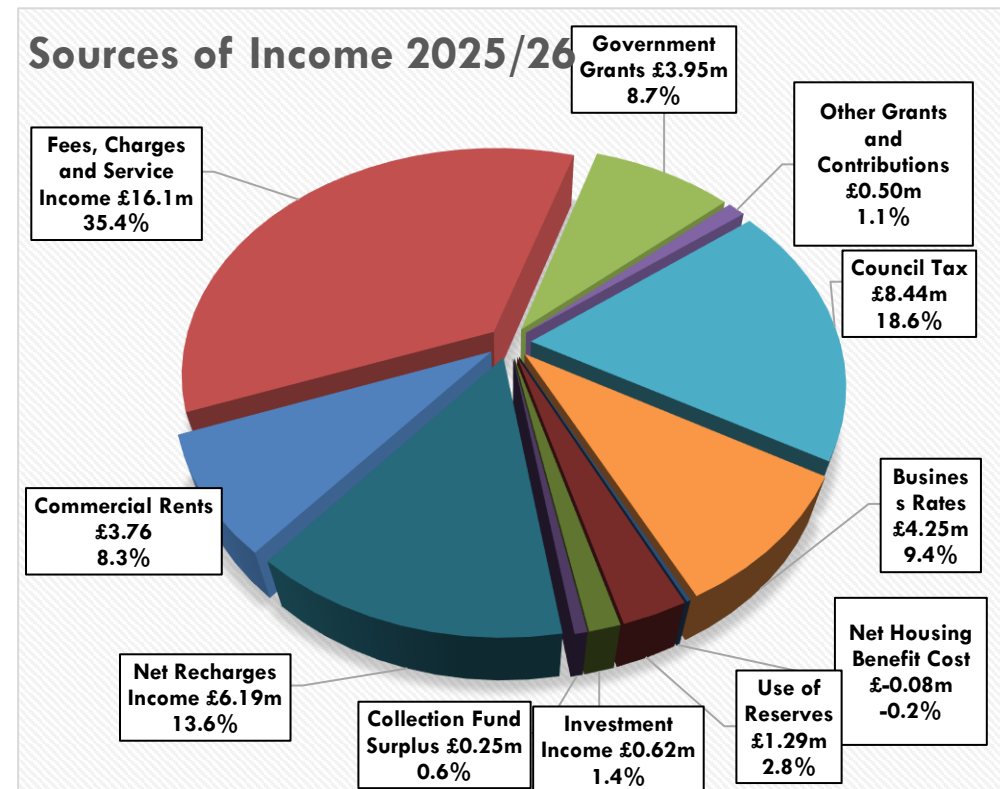
1.4 Local Financial Context

General Fund revenue expenditure is incurred on the day-to-day services the council provides other than those provided through the Housing Revenue Account (HRA). The analysis of how the council spends its money within the General Fund for 2025/26 can be categorised below, which predominantly shows that employee expenses is the main cost of the council.



General fund expenditure incurred by the council falls into two main categories: **Statutory services** - which the council is legally obliged to provide or commission, such as refuse collection or **Discretionary services** - which the council is empowered but not legally obliged to provide or commission.

The council also has a wide range of income sources including commercial rent, fees and charges, grants, business rates and council tax for the General Fund. The breakdown for 2025/26 is shown in the chart below.



1.5 National and External Context

The MTFP is set within the context of national economic and public expenditure plans and taking in to account the national legislation setting out the council's ability to borrow and to raise income from council tax and other sources along with central government funding allocations.

Local Government Finance Settlement

On 18 December 2024, the Secretary of State for Housing, Communities and Local Government (MHCLG), Rt. Hon. Angela Rayner MP, released a written statement to Parliament on the Local Government Finance Settlement 2025/26. The 2025/26 local government finance settlement is for one year only and is based on the 2024 Autumn Budget & Spending Review amounts and the 28 November Policy Statement. The main headlines are:

The 2025/26 Provisional Local Government Financial Settlement (PLGFS) was announced on 16 December 2024. A consultation on the 2025/26 PLGFS closed on 15 January 2025 and the outcome will be used to inform the Final Local Government Financial Settlement (FLGFS). The 2025/26 local government finance settlement is for one year only.

The Final Local Government Settlement was announced on 4 February 2025 and confirmed key headlines. The national implications of these announcements along with the PLGFS are detailed below and have been included within the updated MTFP and budget position set out in part 3.

The changes relevant to this council are as follows:

Council Tax – The Council Tax referendum limit of up to 2.99% will represent the trigger for all authorities, except Districts (higher of £5 or up to 2.99%); Parishes (no limit); Police Authorities and police and crime commissioners (up to £14); all fire and rescue authorities (up to £5); and

non-PCC elements of council tax for Mayoral Combined Authorities (no limit). In addition, and as also indicated in the policy statement, there will be an adult social care (ASC) precept of 2% available in 2025/26.

Settlement Funding Assessment – The September Consumer Prices Index (CPI) figure of 1.7% has been applied to increase the local government funding amount within the business rates retention scheme and Revenue Support Grant.

Business Rates Retention – The BRR system has remained stable since its launch in 2013/14. For individual authorities and pools, unless part of a pilot, the safety net level has remained at 92.5% of baseline need, the levy ratio has remained at 1:1 (with a maximum levy of 50%), and all three headline amounts (Baseline Need, Business Rates Baseline and Top Up/Tariff amounts) have increased in line with inflation (or an adjusted version of it).

It should be noted that the amount authorities will actually receive will not be the amount shown in the Settlement. The Settlement shows the “target” amount for the authority, at its 2013/14 baseline, and the multiplier cap compensation which would apply on that amount. The amount authorities will actually receive is determined by the business rates they collect and associated s31 grants, the relevant top up or tariff, and a multiplier cap adjustment on the top up or tariff.

The Autumn Budget confirmed, that the small business rates multiplier for 2025/26 will remain frozen at 49.9p and there will be an increase to the standard rate multiplier of 1.7% (from 54.6p to 55.5p). This approach to applying inflation requires authorities to be compensated for the inflation increase lost to the small business rates multiplier element of their taxbase (as well as on both multipliers in respect of prior years).

This will mean the 1.7% inflation increase will be part included in the main business rates retention system (baseline need, business rates baseline

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and therefore tariff / top up amounts) and partly through the under indexing compensation grant. The proportions of this for each authority are based on the split between standard and small rateable value (and will therefore be different for all authorities).

Revenue Support Grant (RSG) - The 2025/26 RSG amounts have been determined using 2024/25 amounts, plus 1.7% CPI inflation initially. There have also been a number of smaller grants rolled into this:

- Electoral Integrity Programme £4.6m
- Tenant Satisfaction £3.9m
- Transparency Code £3.6m; and
- Home to School Transport Extended Rights £54m.

The Government will continue to eliminate 'negative RSG'.

Local Government Funding Reform – The government published the consultation paper – Local Authority Funding Reform: Objectives and Principles.

National Insurance – The government are to provide £515 million to English councils to offset the increase to employer NICs. A methodology note has been published, but individual authority allocations will not be published until the final settlement.

Other – announcements with limited direct impact on the council.

Specific Grants

Increased Funding: Social Care Grant – The grant has increased by £880m to £5,924m; this increase is £200m more than previously announced in the Policy Statement. The council does not receive an allocation.

New: Recovery Fund – This new grant of £600m was announced as part of the Policy Statement.

New: Children's Social Care Prevention Grant – This new grant of £250m was announced as part of the Policy Statement. The council does not receive an allocation.

No Change: Improved Better Care Fund / Discharge Fund – The total funding for these two grants remains at £2,640m, but they are now being shown under a single line. The council does not receive an allocation.

No Change: ASC Market Sustainability and Improvement Fund – The grant has remained at £1,050m. The council does not receive an allocation.

No change: New Homes Bonus - The 2025/26 allocations have been announced at £290m (£291m in 2024/25).

Reduced : Funding Guarantee – This is now being shown as “Funding Floor” and, as would be expected (with a less generous protection), the resources required have reduced from £269m in 2024/25 to £121m for 2025/26.

Discontinued : Services Grant – This grant has been discontinued (£87m in 2024/25).

Discontinued : Rural Services Delivery Grant – This grant has been discontinued (£110m in 2024/25). The council does not receive an allocation.

Funding Post 2025/26

The provisional Local Government Finance Settlement was published on 18 December 2024. This is for one year only, with a three-year settlement anticipated from 2026/27. The mechanism underpinning the settlement for 2026/27 is subject to significant changes in terms of a business rate reset and Fair Funding Review. These are discussed in further detail below.

Fair Funding Review

A consultation on a Fair Funding Review was launched alongside the Provisional Local Government Finance Settlement in December

2024. This is anticipated to have a significant impact on the council. The key aspects of the consultation, which closes on the 15 January, include:

New Assessment of Need and Resources: The government plans to fundamentally change the way councils are funded by introducing a new assessment of need and resources. This aims to ensure that funding allocations are more accurately aligned with the current needs of local authorities.

Building on Previous Frameworks: The reforms will build on the framework set out in the previous government's abandoned review of Relative Needs and Resources, originally known as the Fair Funding Review. This includes using updated data and methodologies to better reflect the financial requirements of councils.

Implementation Timeline: The new funding model is expected to be implemented from the 2026/27 financial year. This allows time for thorough consultation and refinement of the proposed changes.

Consultation Process: The consultation seeks input from local authorities and other stakeholders on the proposed changes. This feedback will be crucial in shaping the final approach to the new funding model.

Additional consultation on the technical approach to the implementation is expected in early 2025. A detailed plan for reform will follow, in advance of the provisional 2026/27 settlement.

The overall impact on the council of the reassessment of need and resources is not yet known and subject to further consultation. The government have indicated the need to create greater linkage to assessed levels of deprivation which may suggest a movement of resources away from authorities in economically stronger areas. Any changes will also need to be assessed in the context of wider potential proposals for Local Government reorganisation. Further information will be provided to Members as proposals develop.

Business Rates Reset

A consultation on a business rates reset was also launched alongside the Provisional Local Government Finance Settlement in December 2024. This is again anticipated to have a significant impact on the council. The key aspects of the consultation include:

Reallocation of Growth: The consultation explores how accumulated business rates growth will be reallocated using revised and up-to-date relative needs formulas. This aims to ensure a fair distribution of resources based on current needs.

Exemptions: Certain areas, such as Freeports, Enterprise Zones, and Investment Zones, will be exempt from the reset. This is to maintain their special status and support ongoing economic development in these regions.

Consultation Process: The consultation will gather views on the objectives and principles of the reset, with further technical consultations planned for early 2025. This phased approach allows for detailed feedback and adjustments before final implementation.

Evidence-Based Policy: The reset will focus on using the best available economic and statistical techniques, along with the latest reliable data, to inform policy decisions. This ensures that the reset is grounded in robust evidence.

Impact on Local Authorities: The consultation seeks to understand the potential impacts on local authorities, including how the reset might affect their financial planning and service delivery. This feedback will help shape the final approach to the reset.

These elements aim to create a more equitable and transparent system for distributing business rates revenue, ensuring that resources are allocated based on current needs and circumstances.

Additional consultation on the technical approach to a reset is expected in early 2025, ahead of a detailed plan for reform in advance of the provisional 2026/27 settlement.

The impact of the business rates reset will need to be viewed alongside the wider impact of proposed changes to the Fair Funding system. Proposed changes to both will need to be considered together to understand the impact of the resources available to the council.

Further detail will be provided in due course.

Extended Provider Responsibility (EPR) funding

The Extended Producer Responsibility Obligations (Packaging and Packaging Waste) Regulations 2024 (EPR) has been introduced to support the transition to a circular economy through increasing the amount of packaging that is recycled and to support the delivery of effective and efficient local authority waste management services, which meet these aims. The council is awaiting further details on this additional funding stream, but provisional estimates have been shared with respective local authorities at the end of November and indicate a £1.215 million income to Harlow.

While there are ostensibly no significant new burdens to local authorities associated with this income, the full payment from the scheme will be contingent on satisfactory performance.

For 2025/26 only, the provisional payments set out in letters to councils are a guaranteed minimum. This is a one-time guarantee by central government that the actual payment will not be lower (but could potentially be higher), compared to provisional allocations.

It will be up to the Scheme Administrator, once appointed, to determine the exact way the effectiveness (performance) measurement regime will work, but the letter identifies kerbside recycling rates, household waste recycling

centre recycling rates and waste sorting effectiveness as three priority metrics.

Authorities are expected to be grouped and those within their group which fall in the lowest 10% by performance could see an Improvement Action Process initiated –this process can potentially carry a financial penalty of up to 20% of the following year's allocation according to draft regulations needed to introduce the scheme.

National Pay Review

There have been ongoing discussions in relation to the national pay spine and national living wage which will continue to put added pressure on the council's finances and contribute towards the increasing budget gaps for the General Fund.

On 22 October 2024, agreement was reached by the National Joint Council (NJC) on the 2024/25 pay award for local government services. Two of the three unions, Unison and GMB, agreed the pay deal after deciding not to pursue industrial action. For the fourth consecutive year Unite refused to have its details included on the NJC pay agreement circular.

- With effect from 1 April 2024, an increase of £1,290 (pro rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive.
- With effect from 1 April 2024, for pay points 44 and above an increase of 2.50 per cent on all pay points above the maximum of the pay spine but graded below deputy chief officer.
- With effect from 1 April 2024, an increase of 2.50 per cent on all allowances.

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- Agreement that there will be joint discussions on how the NJC can capture gender, ethnicity and disability pay gap information that will be of most benefit to the sector

The NJC trade union side have already submitted their pay claim for 2025/26 to the Local Government Association which details an increase of at least £3,000 on all spinal column points.

In addition they ask for:

- A clear plan to reach a minimum pay rate of £15 an hour.
- One extra day of annual leave for all staff
- A reduction in the working week by two hours, with no loss of pay.

The full pay claim can be read here: [NJC Pay Claim 2025-26](#). Employers will be briefed on the joint union pay claim and we expect pay negotiations to commence in April 2025. Further updates will follow in due course.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Pay Points 1	2%	2.75%	1.75%	£1,925	Deleted	Deleted
Pay Points 2-43	2%	2.75%	1.75%	£1,925	£1,925	£1,990
Pay points 44+	2%	2.75%	1.75%	£1,925	3.88%	2.50%

The new Living Wage rate has been announced by the Living Wage Foundation. The rate increased to £12.60 an hour from 24 October 2024. The previous rate was £12.00. The council is accredited by the foundation as a Living Wage Employer and has a total of 22 employees and/or workers who will benefit from this increase. The real Living Wage is based on the cost of living and is voluntarily paid by accredited Living Wage employers. The rate is higher than the government's national living wage and the minimum wage.

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Future Economic Outlook

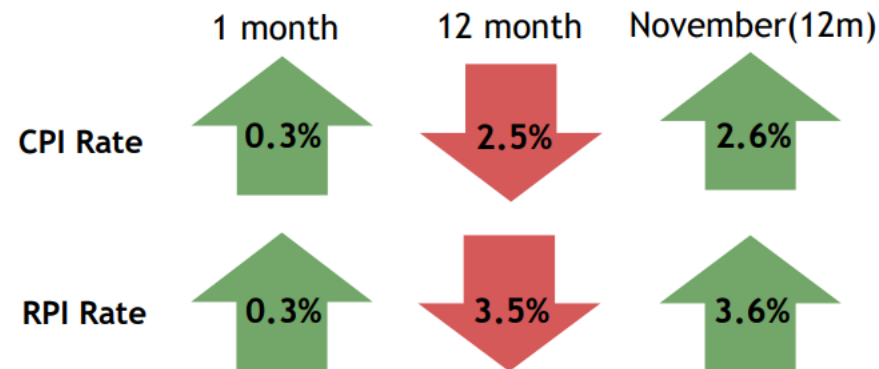
CPI rose by 2.5% in the 12 months to December 2024, down from 2.6% in November 2024. On a monthly basis, CPI rose by 0.3% in December 2024, down from 0.4% in December 2023.

The largest downward contribution in the monthly change for the CPI annual rate was driven by hotels and restaurants, alcohol and tobacco and clothing, partly offset by an upward effect from communication and transport.

The annual core CPI rate was 3.2% in December 2024, down from 3.5% in November. The annual rate for CPI goods rose from 0.4% to 0.7%, while the annual rate for CPI services fell to 4.4% from 5.0%.

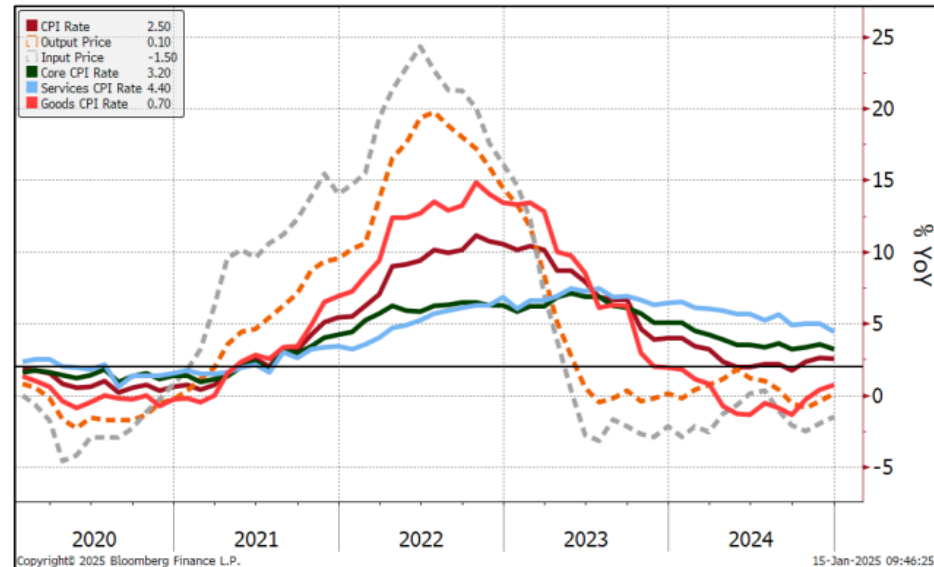
After a torrid time for gilts, this is a welcome set of economic data for the UK government and Bank of England. The decline in the headline number was partly driven by airfares, which can be volatile month to month, but there were also some encouraging details that suggest a slightly softer inflationary environment. Alongside restaurants/hotels, the clothing, and recreation and culture components also declined. This prompted declines in the annual rates for core and services CPI, to 3.2% and 4.4% respectively. While the focus remains on the upside risks to inflation arising from the Budget, the data perhaps suggests that business pricing power is weakening, which may ease some policymakers' concerns around domestic inflation persistence.

Locally the inflationary pressures have led to increase on contractual costs of the council which include revenue and capital impacts and are included within the MTFP assumptions. As we start to see inflationary pressures decline, this should help elevate future budget pressures.



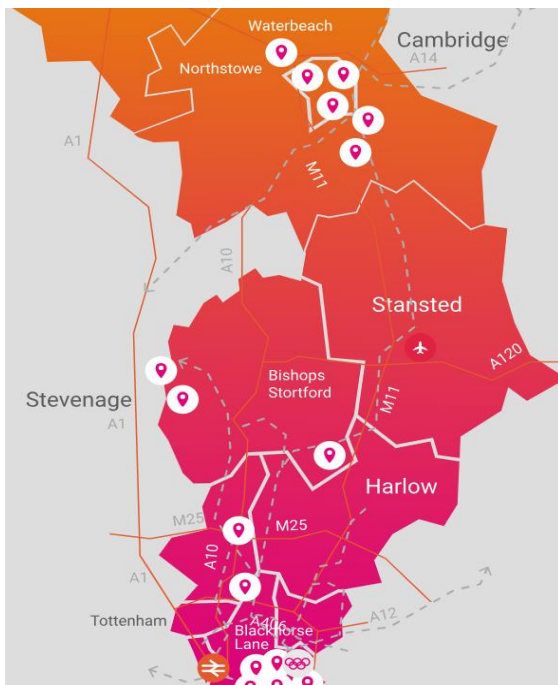
Arrow denotes comparison to previous month

UK Inflation Rates



2.1 About Harlow

The Harlow District was formed on 1 April 1974 from the former Harlow Urban District and is now composed of 11 wards with 33 councillors. Harlow's population is 93,300 (ONS Census, 2021) - an increase of 13.9% from 2011. This is the fifth highest increase in the East of England and more than double England's average increase (6.6%). Harlow already has the second highest social housing stock in Essex. There are around 37,900 homes in the town and whilst the council's regeneration proposals are set to deliver hundreds of new homes over the plan period, our growing population will lead to greater demand for good quality housing.



Harlow occupies an area of 3,054 ha and is located at the centre of the UK Innovation Corridor. This strategic location makes Harlow a key location for ICT, aerospace and life science industries, with 2024 seeing Harlow named as the number one tech-hub in the UK. Improved infrastructure continues to be needed to secure future investment in the town and the much-needed new Princess Alexandra Hospital is not now planned to commence construction no earlier than 2030.

Nearly a quarter of Harlow's land is designated as Green Wedge and the town is home to Harlow Town Park, one of the largest urban parks in the country, as well as a network of woods, ponds and marshes. Despite this,

Harlow has one of lowest proportions of population accessing green spaces in Essex according to the 2023 Essex resident survey.

A vibrant town centre is fundamental to Harlow's future prosperity. Tens of millions of pounds of public and private sector has been secured to make this a reality as well as the creation of the Harlow Regeneration Partnership. We have secured over £40million in funding through the Towns Fund and Levelling Up Fund which will transform Playhouse Square and College Square into a vibrant arts and culture quarter. Work to create a new transport hub in Terminus Street and a revived Broad Walk and Market Square has commenced and will continue during 2025/26. The Harlow Regeneration Partnership, set up with one of the UK's leading developers, has seen activity on a number of sites in Harlow.

Harlow is in the East of England on a key axis 30 miles north of Central London and 35 miles south of Cambridge and is supported by high-capacity transport links giving it excellent connectivity to the rest of the UK and beyond. It is served by two motorway junctions on the M11, providing access to London and Cambridge and the M25 leading to the UK's wider motorway network. Two railway stations serve Harlow, both of which travel to London Liverpool Street station (30 mins), Oxford Circus (45 mins) and Cambridge Station (40 mins) with six trains to London per hour.

London Stansted Airport, a central transport hub serving 28 million passengers each year and employing over 10,000 people, is located 10 miles north of Harlow and is just one stop (or 19 minutes) away via an express train. London Stansted has aggressive growth plans to grow passenger numbers to 43 million per annum, along with an increase of 10,000 additional employees, by 2030 (London Stansted Airport). Owners MAG will also invest £600 million in terminal extension project to improve passenger experience and better advertise the region. London City Airport is 24 miles south, and Luton Airport is 29 miles west of Harlow.

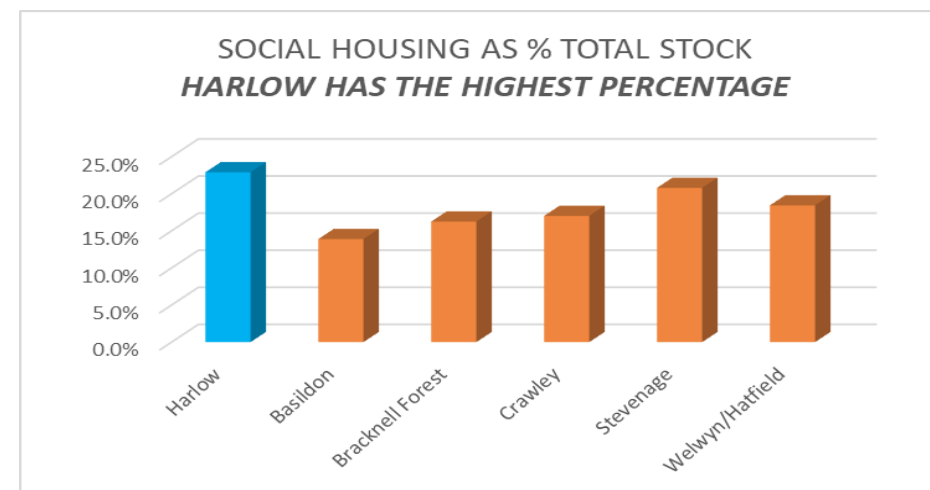
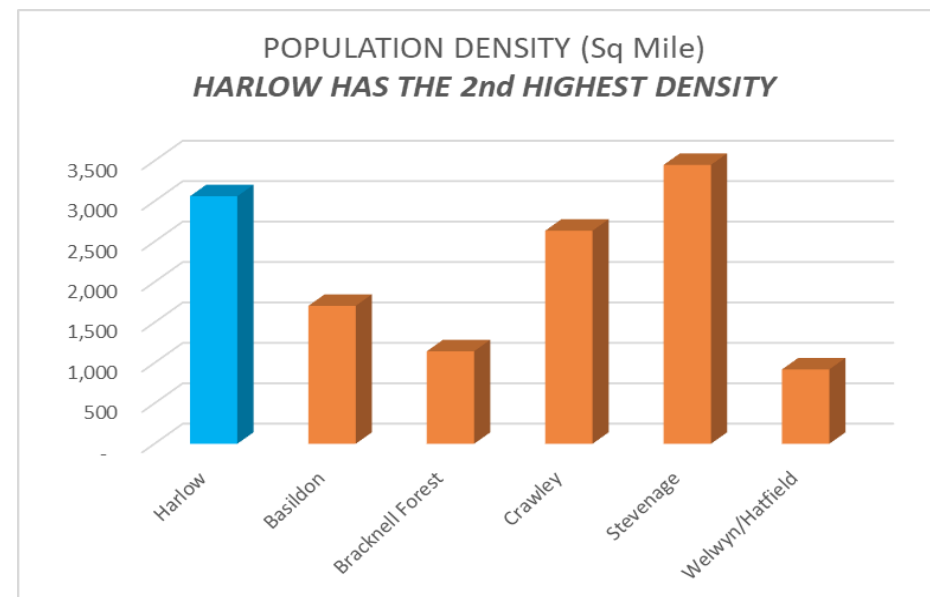
PART 3 – THE FINANCIAL CHALLENGE

2.2 Peer Group Benchmarking

Harlow was one of the New Towns established around London, designated under the New Towns Act 1946. This group of towns constitutes our Peer Group and is used for comparative and performance benchmarking purposes. The comparative data from 2024 highlights the appropriateness and relevance of the council's corporate priorities. Our density and confined area have implications for the scope to build new homes and attract businesses.

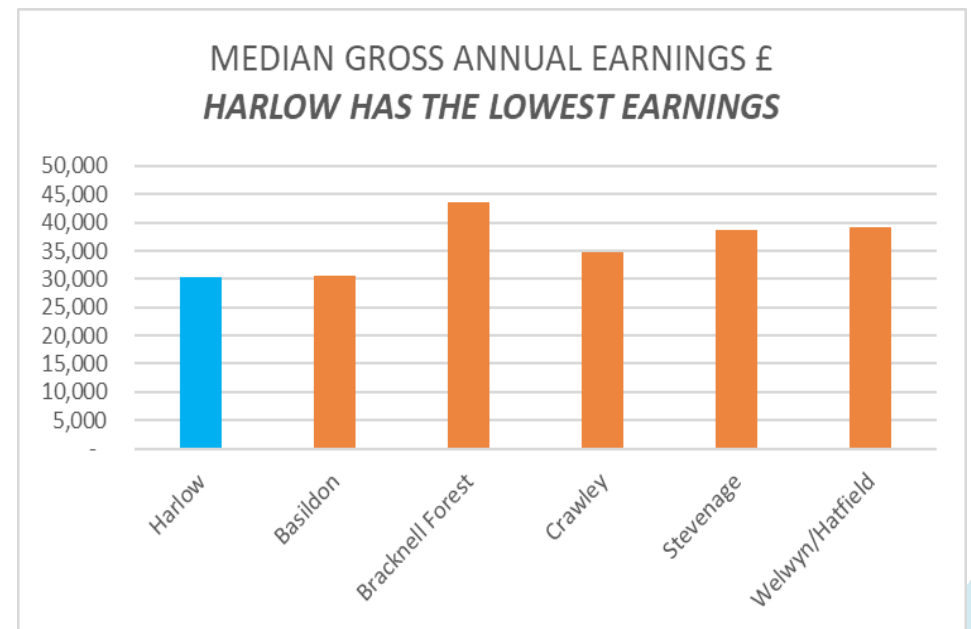
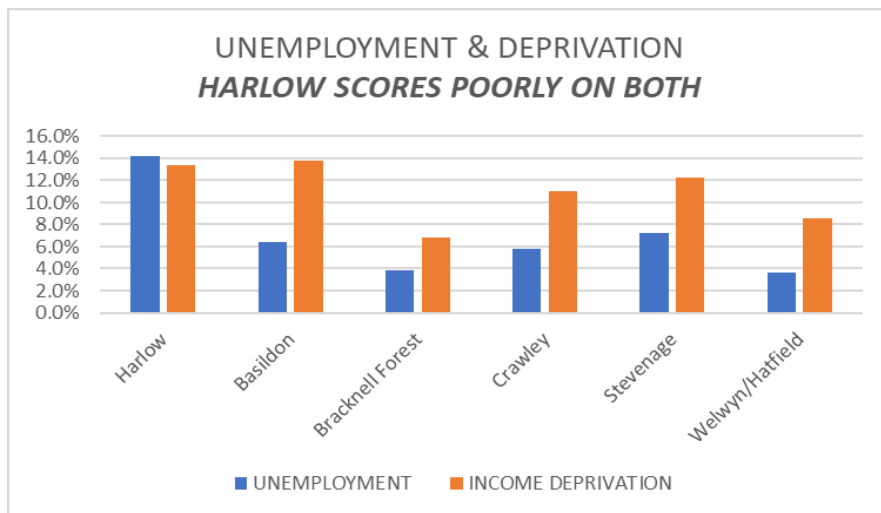
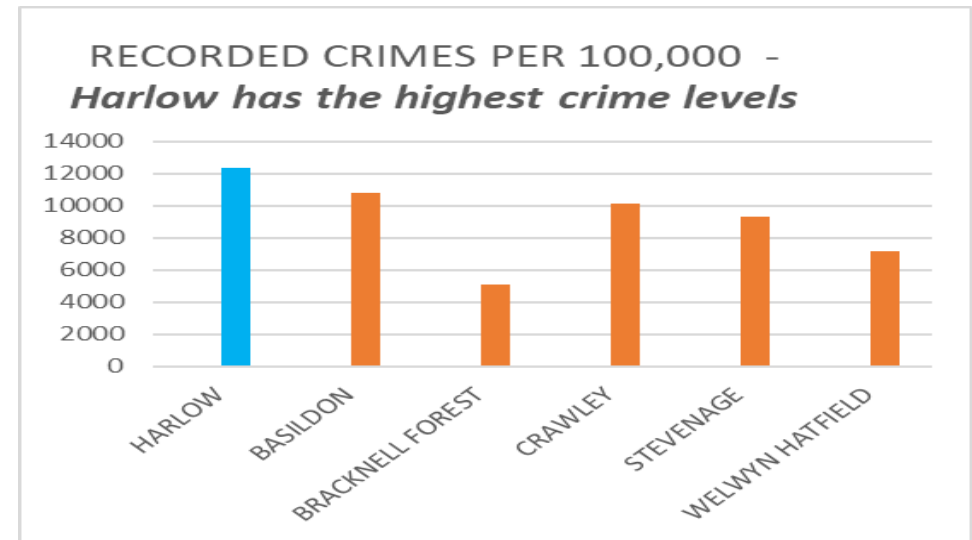
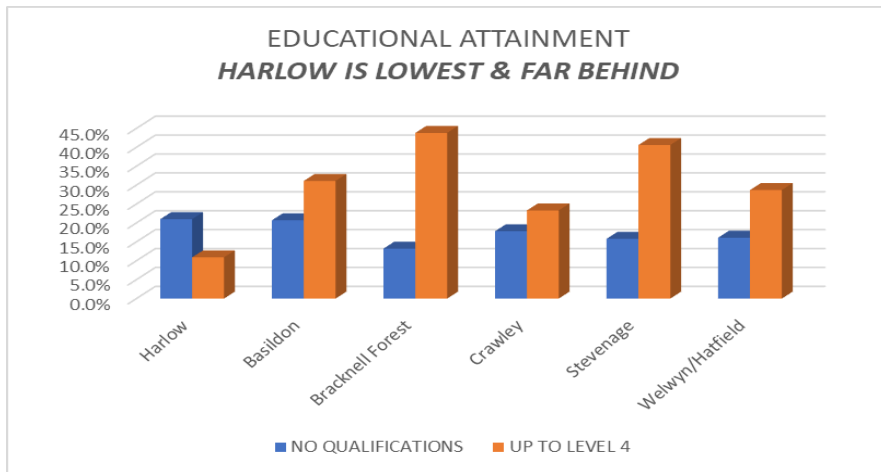
	HARLOW	BASILDON	BRACKNELL FOREST	CRAWLEY	STEVENAGE	WELWYN HATFIELD	AVERAGE (WHERE APPLICABLE)
POPULATION (CENSUS 2021)	93,374	187,659	125,174	118,580	89,320	119,538	122,274
AREA SQ. MILE	11.79	42.64	42.24	17.36	10.03	50.01	29.0
DENSITY (SQ MILE)	7,920	4,401	2,963	6,831	8,905	2,390	5,568
HOUSING (2021)							
Total Dwellings	39,708	79,782	53,187	47,067	37,844	48,855	51,074
Social Housing & Housing Asso.Dwellings	9,095	11,086	8,646	8,013	7,874	9,012	8,954
Social Housing & Housing Asso. %	22.9%	13.9%	16.3%	17.0%	20.8%	18.4%	18.2%
% Band D properties	12.2%	18.6%	19.0%	19.2%	8.7%	24.9%	17.1%
AVERAGE HOUSE PRICES £	345,674	408,083	449,785	352,387	347,788	541,156	407,479
MEDIAN HOUSE AFFORDABILITY RATIO	11.0	10.3	9.8	9.8	9.9	12.1	10.5
SOCIAL & HEALTH							
REPORTED CRIMES PER 100,000	12,327	10,809	5,073	10,113	9,282	7,153	9,126
HEALTH INDEX (100=Average)	90.5	100.9	109.1	98.5	91.7	101.2	98.7
DISABILITY ALLOWANCE CLAIMANTS	2.0%	2.5%	1.7%	1.8%	2.9%	1.7%	2.1%
EDUCATION, ECONOMIC & SOCIAL							
NO QUALIFICATIONS	21.0%	20.7%	13.2%	17.8%	15.8%	16.1%	17.4%
% UP TO LEVEL 4 QUALIFICATIONS	10.9%	31.1%	43.8%	23.3%	40.6%	28.7%	29.7%
MEDIAN GROSS EARNINGS FT EMPLOY.	30,210	30,647	43,544	34,643	38,643	39,047	36,122
UNEMPLOYMENT RATE (16-64)	14.2%	6.4%	3.8%	5.8%	7.2%	3.6%	6.8%
INCOME DEPRIVATION (IMD) %	13.4%	13.8%	6.8%	11.0%	12.2%	8.6%	11.0%

Source: LG Inform



PART 3 – THE FINANCIAL CHALLENGE

The town's lower levels of educational attainment has an impact on its economic growth. Local skills in the workforce are a major consideration for companies seeking to relocate. Harlow has lost several such companies and has seen these replaced by low-skill, low salary warehouses, occupying scarce sites.



2.3 Harlow’s Plan’s

The council is pressing ahead with its ambition projects, working alongside strategic partnerships such as the Harlow Regeneration Partnership (HRP) and the Harlow and Gilston Garden Town (HGGT) to attract additional investment for Harlow. The council is also in the process of developing a robust commercialisation plan to generate additional income through sponsorship opportunities and help fund our cherished discretionary services. The HRP joint venture partnership with Hill Group is becoming an integral part of Town Centre and wider estate regeneration programmes. Planning for the future, the council is working closely with partners to ensure the appropriate infrastructure is in place while ensuring this helps us to achieve our challenging targets of becoming a zero-carbon town by 2040. As an organisation, we are driving forward an ambitious transformation programme to speed up processes and improve customer access through better use of technology. We will actively pursue shared services opportunities with other local authorities.

Residents Survey 2024

The findings from the 2023 survey informed our Corporate Plan for 2024 to 2028, and our communications Framework.

The council carried out a new resident survey in November 2024, being the second time that the council has carried out this type of survey, which was conducted via telephone interviews. The survey means we can regularly track what residents think about our work and what is most important to them.

The findings provide us with statistically reliable data which will be used to improve how we work. The findings from this survey tell us about the

things we do well when compared with other councils, but also what we can improve and most importantly what the priorities are for our residents.

Results - Satisfaction and Communication

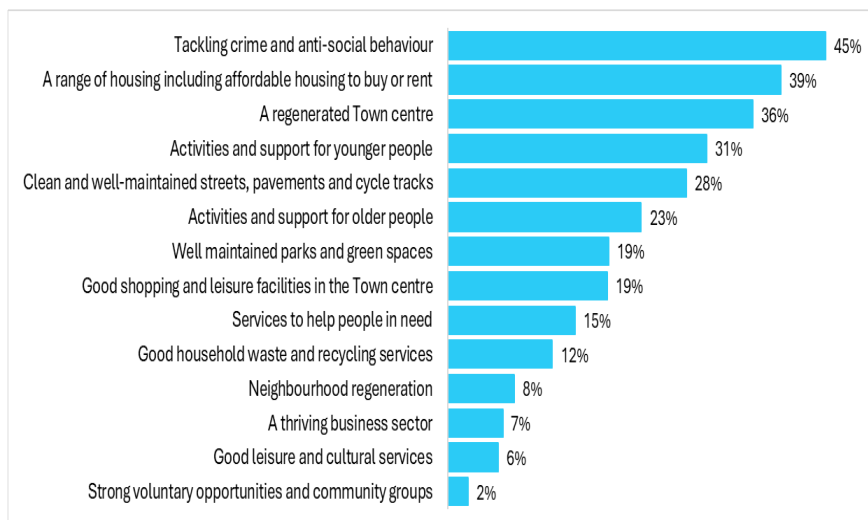
76%	Residents are very or fairly satisfied with their local area as a place to live
58%	Say they are satisfied with the way the council runs things
70%	Feel they belong to their local area
72%	Get their information about the council through leaflets and Harlow Times
54%	Get their information from the website
47%	Would prefer their information through emails and e-newsletters
27%	Would like to hear information from councillors

Results – How we compare with other councils

76% of residents are satisfied with their local area. 74% is the national average.	58% of residents are satisfied with the council. 56% is the national average.	44% agree the council provides value for money. 36% is the national average.
47% of residents feel safe at night. 55% is the national average.	86% of residents feel safe during the day. 87% is the national average.	55% of residents trust the council. 50% is the national average.

Results – Local Issues

Residents were able to choose their top 3 main priorities for Harlow and the results are shown below.



Harlow Regeneration Partnership (HRP)

The Harlow Regeneration Partnership (LLP) (HRP) was established in June 2023 between Harlow District Council (HDC) and Hill Investment Partnerships (HIP), to support the delivery of the council’s ambitious plans to regenerate the town centre into an increasingly mixed residential & retail/leisure district, as well as delivering new social rent, affordable tenure and market housing as part of the wider Harlow Council House Building Programme.

Towns Fund

The Towns Fund is a £3.6 billion fund created by government to help develop towns and cities. Harlow was successful in its bid for funding from the Towns Fund and was awarded £23.7 million.

We plan to improve the transport links and connectivity in the town centre. This includes improving public spaces to improve safety and create optimised space legibility. Work has already commenced on a high-quality new transport and public realm hub in Terminus Street replacing the existing bus station. Projects include:

- Bus terminus and Terminus Street
- Broad Walk and Market Square
- New Cambridge road and River Way Junction
- Institute of Technology

Levelling Up

The Levelling Up Fund is a £4.8 billion fund that will support town centre and high street regeneration, local transport projects, and cultural and heritage assets.



In January 2023, the government announced that Harlow Council's £20m bid to regenerate Playhouse Square and College Square into a vibrant arts and culture quarter was successful.

The vision for the two squares is to create an arts and cultural quarter with a diverse range of artistic, entertainment, cultural and heritage disciplines to establish a regional hub of innovative events.

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Iconic buildings - the Playhouse Theatre and St Paul's Church - will remain at the heart of the new quarter.

The quarter will see brand new:

- live music and performance venue (including music school and recording studio)
- contemporary bar and café
- artist and maker studio spaces
- flexible studios for creative and performing arts, rehearsal space, events, smaller and outdoor performances, and community uses
- art gallery and associated spaces for literary arts, spoken word, education events and visiting exhibitions and installations

Harlow Innovation Park

The Harlow Innovation Park has seen the commencement of the David Lloyd Leisure Club development, which will be followed by a 7-acre development of mid-tech commercial space development that will commence in spring 2025.

These major developments will see significant job creation and provide additional uses to assist in stimulating further development of adjacent commercial areas and the residual land within the Harlow Innovation Park.

Harlow and Gilston Garden Town (HGGT)

As part of the Harlow and Gilston Garden Town project, 16,000 new homes will be built by 2033 and a further 7,000 will be built in the Gilston area beyond 2033.

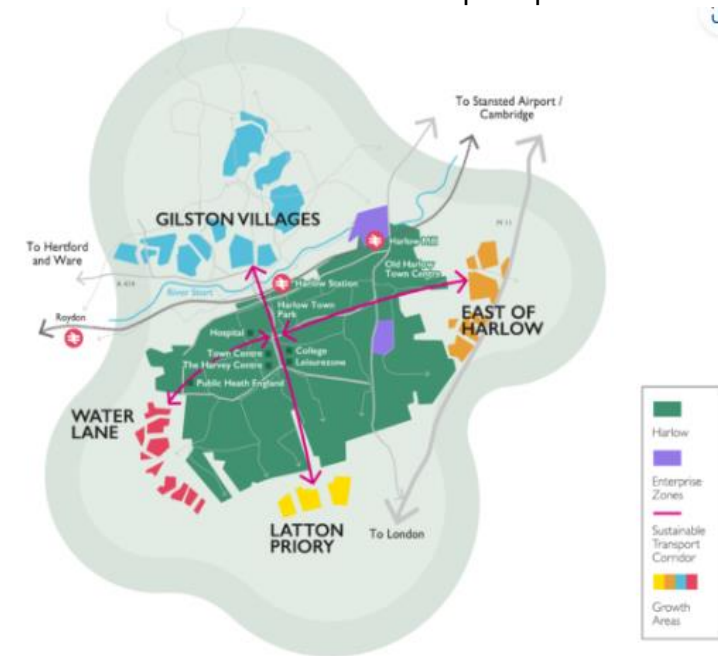
Increasing the number of homes currently in Harlow from approximately 37,000 to approximately 60,000.

The new development will add lots of additional choice of excellent places to live, beautiful new urban communities with vast areas of open space and the River Stort Valley on the door step.

As part of the proposed growth, there will be major investment in transport, jobs and community infrastructure, to support new and existing residents in the Harlow area.

More than £1.3 billion of infrastructure improvements are detailed in the recently endorsed HGGT Infrastructure deliver plan (IDP), with £794m of that coming from HGGT developers. The benefits for Harlow and the

Garden Town area, which could be included in agreements (known as Section 106 agreements) from planning applications are recently detailed on the HGGT [website](#).



Climate Change

The council's Cabinet has set out seven themes under which action is needed to tackle climate change

- To achieve Net Zero emissions from the council's operational buildings, land, vehicles and services, including those provided by service delivery partners;
- To achieve Net Zero emissions from all homes and the built environment within Harlow;
- To reduce consumption of resources, reduce waste and increase reuse and recycling in Harlow;
- To adopt good stewardship of the natural environment across the town to support both climate change adaptation and mitigation;
- To achieve a significant modal shift towards more sustainable means of transport;
- To promote reduction of emissions by businesses to Net Zero, supported by a successful green economy; and
- To lead and encourage local communities, partners and stakeholders to reduce their emissions and contribute positively to meeting the challenges posed by climate change.

Public consultation on a draft climate change strategy took place in 2024. The strategy sets out the proposed actions in the short, medium and long term for the council to achieve Net Zero by 2040. A number of the short term actions in the draft strategy are to develop more specific proposals

and costings, as further work is needed to quantify these. The council will also seek external funding as it becomes available, and it is envisaged that Government will continue to implement top-down measures, which may be accompanied by funding, which the council continues to monitor.

Shared Service Opportunities

The council is part of a successful formal shared service arrangement for Internal Audit between Broxbourne, Epping Forest, Harlow, and St Albans Councils, with Broxbourne being the host authority and employer of the shared Internal Audit staff. We continue to actively pursue several shared service opportunities and engage with our neighbouring partners, including the North Essex Council's Partnership and other routes to help achieve economies for scale and value for money.

Sponsorship Opportunities

The achievement of the sponsorship agreement for the maintenance and of the towns roundabouts has demonstrated that the town is attractive for such arrangements and further work is underway to identify other opportunities that could lead to further sponsorship of council facilities in the future. The MTFP does not currently incorporate further assumed income from this proposed expansion of the sponsorship activity, but as additional proposals are further developed, and sponsorships are in place, this will be reflected in additional income for the council.

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3.1 Key Assumptions

Local authority budgeting is, by its very nature, difficult to forecast with absolute certainty since there are so many variables that need to be assessed.

The MTFP 2024/25 included various assumptions, these assumptions have been reviewed and updated with current known factors and extended to a 3-year period. These assumptions will be the standard assumptions used to drive all financial planning within the council, where applicable.

Key Area	2024/25 (Current)	2025/26 to 2028/29
Costs		
Pay Inflation	3.34% pa	3.5% pa
National Insurance	13.8% pa	15% pa
General Inflation	Only where contractually committed	No Change HTS 2%
Energy Inflation	Gas 8% Electricity -2%	Gas -12.3% Electricity -7% (25/26) Gas -10% Electricity -8% (26/27-28/29)
Staff Vacancy savings target	2% pa.	No Change
Pension Fund triennial revaluation	2022 Valuation results incorporated into the MTFP and budget.	No Change pending 2025 valuation.

Key Area	2024/25 (Current)	2025/26 to 2027/28
Income		
Fees & Charges	No Change other than an adjustments to those budgets with long term post Covid impacts.	Reviewed on a service by service basis to determine if increases should be proposed/justified.
Council Tax	Council Tax Freeze	Assumes no Council Tax increases are included within the MTFP period.
Tax Base	Alignment to Statutory Tax Base as at October 2023	Alignment to Statutory Tax Base as at October 2024 Futures years - 0.5% growth p.a
New Homes Bonus	One off allocation £475k	One off allocation £263k
Business Rates Income	Reflects the LGFS 2024/25	Reflects the FLGFS 2025/26
Government Funding	Reflects the LGFS 2024/25	Reflects the FLGFS 2025/26

3.2 Key Risks

Key Risks

There is a significant degree of uncertainty, arising from both internal and external factors, which could have substantial impact on the key assumptions made within the MTFP. The financial systems within which the council operates are complex and highly sensitive to a range of variables and therefore it is important that risks, that could have a material effect on the financial position of the council, are identified and understood in terms of the potential impact (positive or negative) and the likelihood of occurrence. This foregoing recognises the importance of having adequate mechanisms in place to identify and manage risks in order to support the achievement of financial stability. The key financial risks to the council's financial position over the short to medium term are reflected in the assessment of the adequacy of estimates and reserves.

Factors that can have a material effect on the financial position of the council include:

- the lack of certainty in government funding for future years including grants and further changes to funding formula which further reduce core funding
- legacy impact of wider macro-economic factors on public sector finances
- changes in function
- changes in how services are funded
- changes in the economy
- changes in Corporate Plan priorities
- unmanaged service pressures and increases in demand
- council tax strategy

- changes in legislation and government policy
- levelling up and devolution agenda
- level of future pay awards and general inflation assumptions
- adequacy of contingencies in any one period
- business rate volatility, more frequent business rates revaluations with a revaluation in April 2023 and business rates retention
- treasury management and interest rate changes
- projected income levels from fees and charges
- non achievement of savings
- impact of the Redmond Review on External Audit Fees
- level of provision for insurances
- new burdens
- welfare reforms
- provider failure, and
- demographic changes.

It is important to note that the revised forecast within this MTFP represents the best estimate at a point in time. However, there are a number of risks associated with these revised forecasts, the main risks being as follows:

Financial – the majority of the future years' forecast and model is based on a series of assumptions, the further into the future you look the higher the risk that these assumptions are inaccurate.

Political – The PLGFS was announced in December 2024 and the local government finance settlement is still only for 1 year. The impact of any positive or negative change to our future funding as a result of any political changes (nationally or locally) and sufficiency of funding will need to be considered at the proper time.

Treasury – the MTFP is based on a reasonably stable global financial position going forward. If the assumptions change it may have a major

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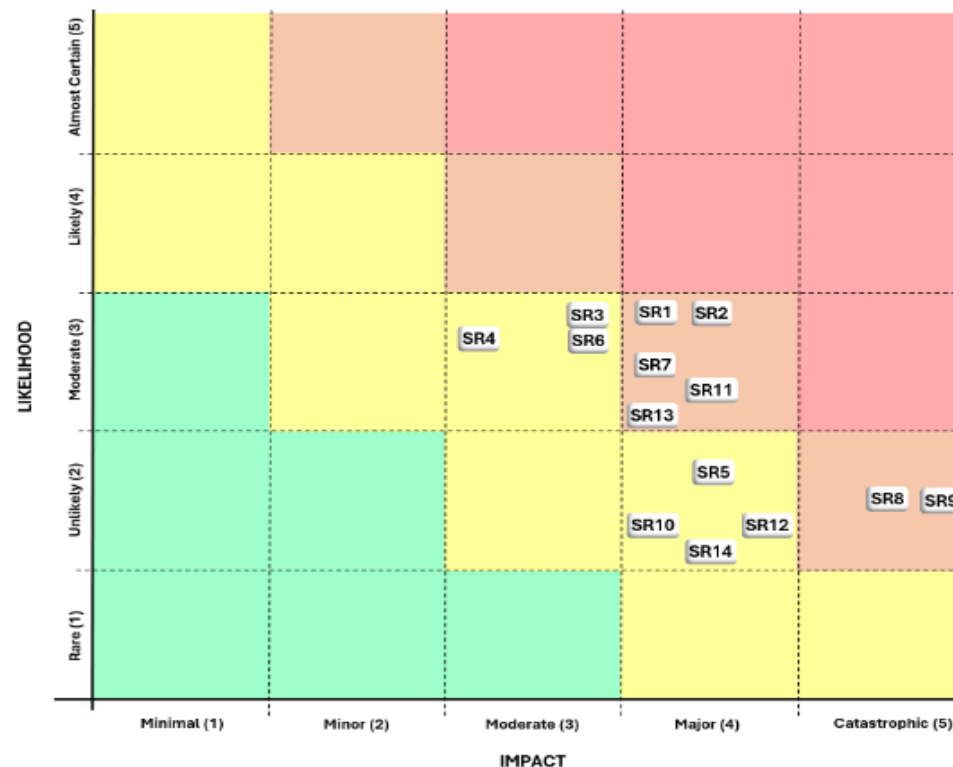
impact on the financial position of the council particularly around business rate income, and interest payments. A Debt Financing Reserve is set aside to mitigate this.

Internal Change – The council is undergoing service transformation across the organisation to address future years funding from reserves over the medium term. Inevitably, such changes have associated risks.

Local Government Reform – Following announcements from Government, officers will continue to monitor developments and report to members accordingly.

Corporate Risk

The Strategic Risk register is reported quarterly to Audit & Standards Committee and is also reported to every Cabinet meeting as part of the Performance, Finance and Risk Report. A review of the council Strategic Risk register was undertaken during 2024/25 and was aligned the council's



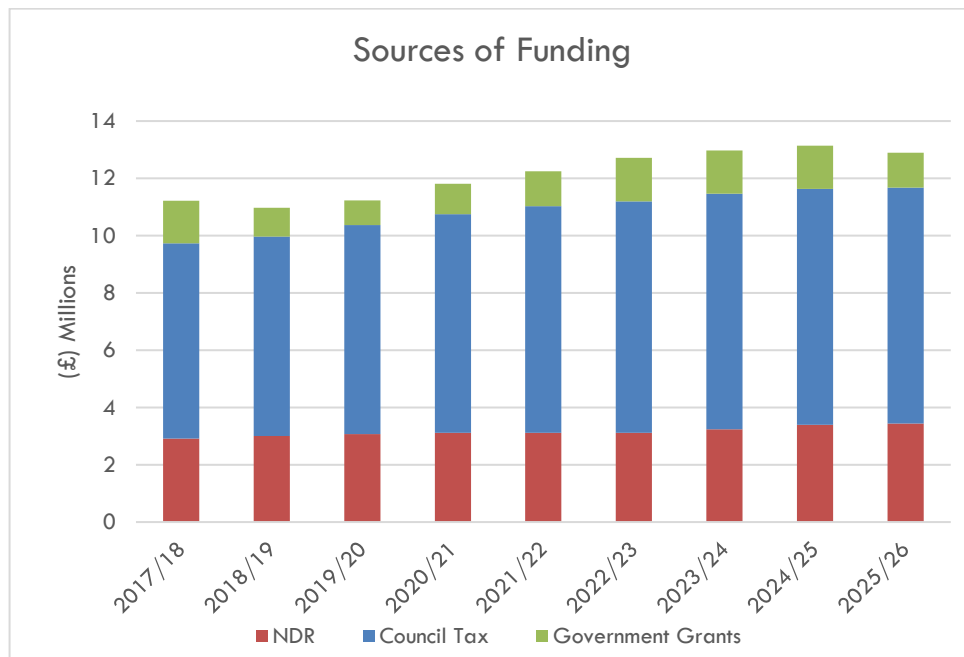
corporate plan. The council has 14 Strategic risks, and the current residual risk scores are plotted out on the Risk Matrix.

Risks are monitored based on level of priority rating, concentrating on **high risks (red)** and **medium risks (yellow/amber)** but also regularly review actions to ensure **low risks (green)** are being effectively managed and to identify any emerging risks.

RISK NAME	SCORE	RATING
SR1 Adequate Housing	12	HIGH
SR2 Climate Change	12	HIGH
SR3 Infrastructure	9	MEDIUM
SR4 Economic growth	9	MEDIUM
SR5 Safeguarding the Vulnerable	8	MEDIUM
SR6 Business Continuity	9	MEDIUM
SR7 Contracts and Partnership management	12	HIGH
SR8 Corporate Health and Safety	10	HIGH
SR9 Cyber Resilience	10	HIGH
SR10 Data Protection	8	MEDIUM
SR11 Financial Resilience	12	HIGH
SR12 Corporate Governance	8	MEDIUM
SR13 Resource Capacity	12	HIGH
SR14 Local Authority Function	8	MEDIUM

3.3 Funding Challenges

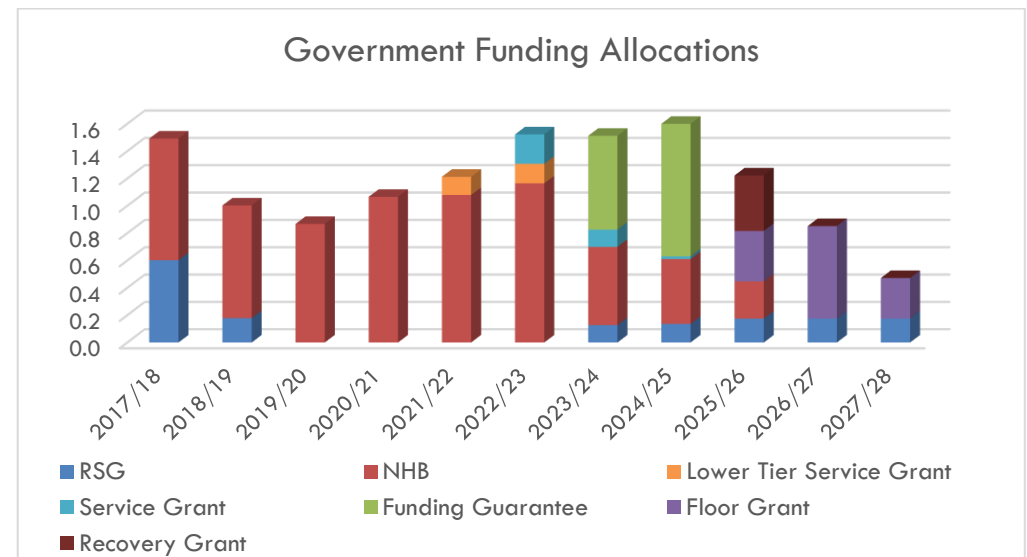
The tax related sources of funding that do not relate to services are shown below. It is evident that levels have been relatively consistent over several years and are not in line with the considerable inflationary cost increases that the council faces. The main sources of external funding are Council Tax, Government Grants and Non-Domestic Rates (NDR) otherwise known as Business Rates.



Government Funding

The table below summarises the MTFP’s total government funding arising from the Local Government Finance Settlement since 2017/18. In recent years, government have awarded council’s a series of one-off grants,

which has made government funding sources stable at around £1.5m. However, 2025/26 has seen a 25% decrease in government funding due to the way the Funding Floor has now been calculated. This is a significant cut to the council’s core funding and represents a bigger single cut than at any time in the last 15 years, particularly as core funding to the council has broadly risen year on year since 2017/18.



Service Grant – Is an unringfenced grant from 2022/23, proposed to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government. **This Grant has now been discontinued. (£21,771 2024/25)**

Funding Guarantee/Floor - This grant is intended to provide a funding floor for all local authorities, so that local authorities are guaranteed no reduction to their core spending power in 2025/26 in cash terms, though rolled-in grants are outside the scope of the guarantee (so increases on these will not be offset by reductions in Funding Guarantee from 2024/25).

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This is far less generous than 2024/25, where a 4% floor was in place **excluding** the assumed council tax rate increase. **The council's 2025/26 provisional allocation is £369,221 (£1,011,318 2024/25).**

Recovery Grant - This is a new, one-off grant and targeted at places with greater need and demand for services (MHCLG have used deprivation as a proxy for this), and less ability to raise income locally.

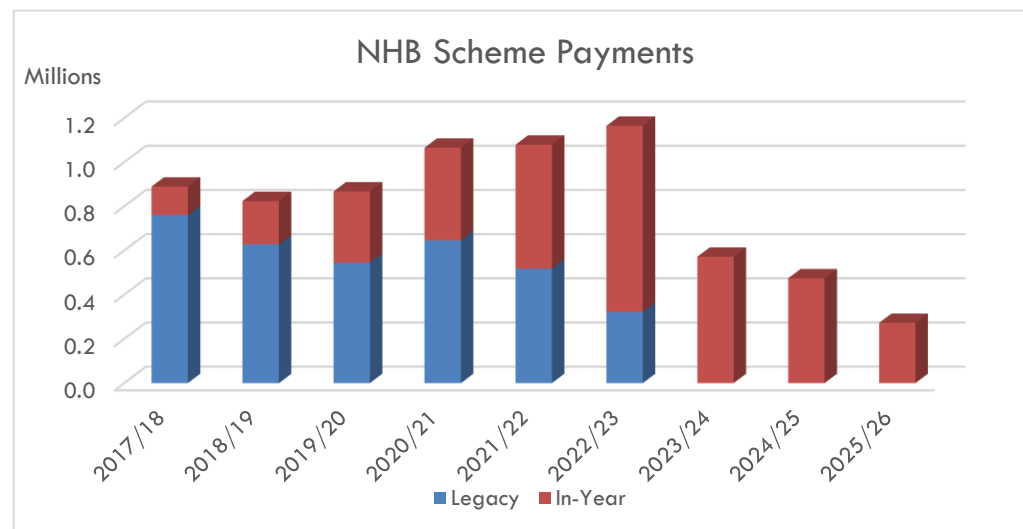
The Government has set out the methodology [in a separate note](#), but in short it compares the relative size of a local authority's average IMD 2019 score and the relative size of a local authority's council taxbase. Only those where the former is larger than the latter are eligible for the grant. The grant is targeted. Allocations are capped at 3% of core spending power. **The council's 2025/26 final allocation is £405,962**

Revenue Service Grant (RSG) - This grant is a central government grant given to local authorities which can be used to finance revenue expenditure on any service. **The council's 2025/26 final allocation is £174,404 (2024/25 £139,959).**

National Insurance Grant – This is a new one off grant to support councils with the national decision to increase employers NI from 13.8% to 15%. The grant will be unringfenced and it will not count towards the funding floor. **The councils 2025/26 final allocation is £198,496.**

New Homes Bonus (NHB) - The New Homes Bonus is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes.

The Graph shows how the NHB payments and government allocations have changed since 2017/18. Previously the grant was awarded based on allocations spread out over multiple years, these are called legacy payments. Legacy payments have now ended from 2022/23 and any future NHB payments, if allocated, will be on a one-year basis only. The government consultation on a replacement NHB scheme ran from 10 February 2021 to 21 April 2021. However, to date here has been no feedback resulting from that exercise.

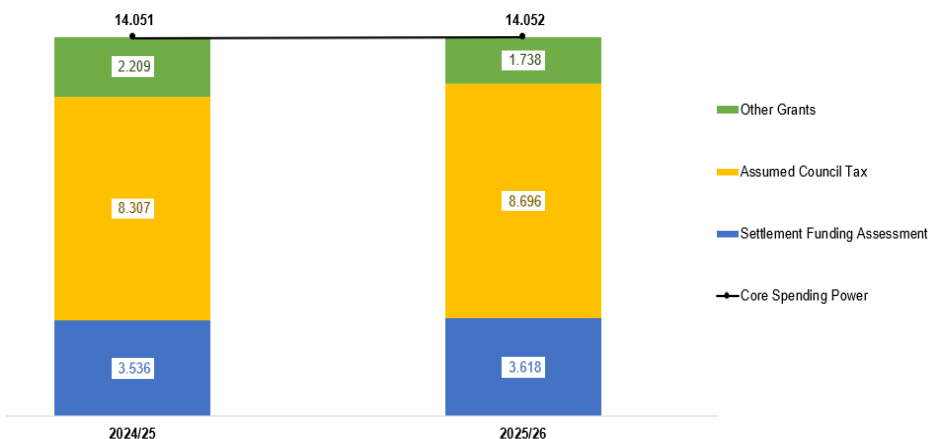


The New Homes Bonus (NHB) continues for a further year as a one-year award using the standard methodology. MHCLG intends that 2025/26 will be the final year of the NHB in its current format. The Government is consulting on the NHB beyond 2025/26 as part of the [consultation on the principles and objectives of funding reform](#) which has been launched alongside this consultation.

Therefore, **the MTFP now includes £0.273m** of assumed New Homes Bonus income in 2025/26 only and no income for future years.

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Harlow Breakdown of CSP, £m



In previous years, NHB has not been used to support the base budget. Instead, it has been earmarked into the Discretionary Service Fund (DSF) Reserve. For 2025/26, the full allocation is being used to support the base budget with no contribution to reserves as it is felt they are at sufficient levels.

The complete breakdown of Government Funding from the Core Spending Power is displayed in the table below. It should be noted that whilst government have tried to ensure core spending power has not reduced. The revised methodology calculation of the Floor Funding/Guarantee grant now Includes Council Tax increases. This means the government will assume local authorities have increased Council Tax, and therefore do not require as much funding floor to keep core spending power at 2024/25 levels. In cash terms Harlow has seen a reduction in our government funding by 25% (not including the NI Grant).

£27.1m of the National Insurance Grant has been allocated to district councils, which is 5.4% of the total. The council's salary pressure on National Insurance increases is approx. £356,517 and increases cumulatively. The grant allocation we have received is not enough to support this pressure and the council will have to mitigate this elsewhere when setting future budgets.

Table 1: Core Spending Power (CSP)

Core Spending Power	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Change	
	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	%
Settlement Funding Assessment	4.979	4.143	3.515	3.178	3.068	3.118	3.118	3.119	3.362	3.536	3.618	0.082	2.3%
Compensation for under-indexing the business rates multiplier	0.041	0.041	0.044	0.069	0.100	0.125	0.162	0.319	0.551	0.628	0.653	0.025	3.9%
Council Tax Requirement excluding parish precepts	6.388	6.519	6.816	6.968	7.298	7.632	7.912	8.075	8.229	8.307	8.696	0.389	4.7%
New Homes Bonus (incl. returned funding)	0.991	1.210	0.896	0.824	0.868	1.066	1.079	1.165	0.572	0.475	0.273	(0.202)	(42.6%)
Rural Services Delivery Grant													
Services Grant (incl. former 2016/17-2017/18 transition grant)		0.025	0.025				0.133	0.358	0.126	0.022		(0.022)	(100.0%)
Recovery Grant											0.406	0.406	
Local Authority Better Care Grant (including former Winter Pressures Grant and Discharge Fund)													
Social Care Grant (incl. former Adult / Social Care Support Grant)													
ASC Market Sustainability and Improvement Fund (incl. former Market Sustainability & Fair Cost of Care Fund)													
Children's Social Care Prevention Grant													
Grants rolled in	0.142	0.182	0.145	0.138	0.137	0.135	0.139	0.171	0.036	0.036		(0.036)	(100.0%)
Funding Floor (incl. former Funding Guarantee and Lower Tier Services Grant)							0.133	0.143	0.686	1.011	0.369	(0.642)	(63.5%)
Domestic Abuse Safe Accommodation Grant							0.034	0.034	0.036	0.037	0.037	0.000	1.3%
Core Spending Power Total	12.542	12.120	11.440	11.176	11.471	12.076	12.711	13.382	13.599	14.051	14.052	0.000	0.0%

Council Tax

Council Tax Base Calculation

Under Section 33 of the Local Government Finance Act 1992 (as amended) and supporting regulations, the council must make an annual calculation of its tax base. The tax base is the total number of properties on which Council Tax will be charged expressed as a Band D equivalent, after allowing for discounts, exemptions, and losses on collection. The method of calculation is prescribed in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

The tax base is used in the calculation of the Council Tax Requirement, to produce the standard amount of Council Tax for a Band D property, in relation to both the District and the major precepting authorities.

The tax base reflects the estimated impact of the Council Tax Reduction Scheme (CTR). Council Tax demands are sent out net of any support awarded. The estimated number of Band D properties must then be reduced by an assumed collection rate that takes into account the economic climate. On this basis, the tax base collection rate has been estimated at 97.0% for 2025/26. The tax base is 29,197.58 Band D properties (2024/25 – 28,753.00).

A modest growth rate of 0.5% has been applied, in the MTFP for future years.

Council Tax Levels and Precepts

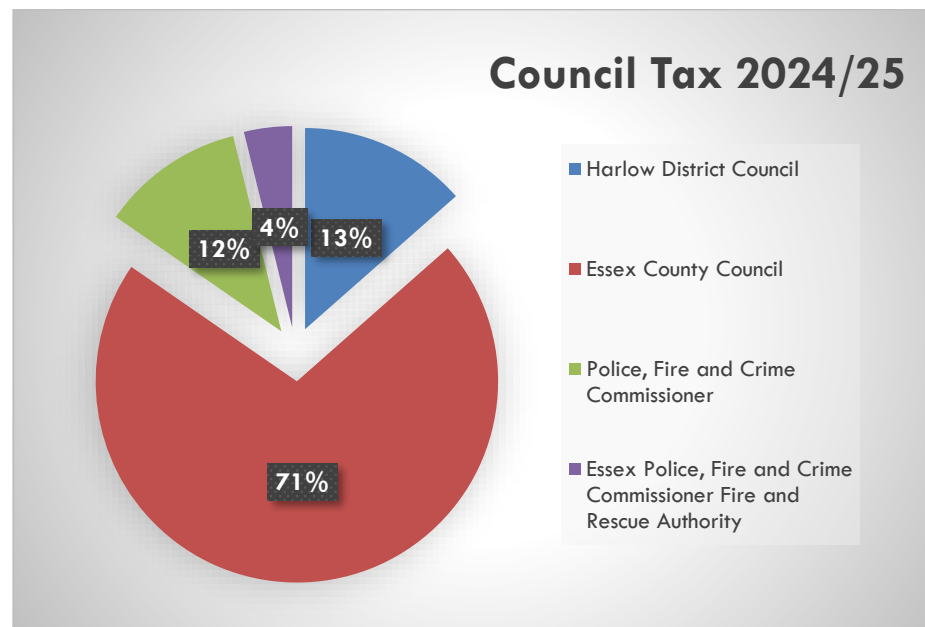
Harlow Council is the billing authority for the District of Harlow. This means that it is responsible for sending out the Council Tax bills to residents and for the collection of the Council Tax. The council is required by law to approve a council tax requirement for the council's

services and to set the council tax to be levied in the Borough, after taking account of the following preceptors:

Essex County Council - issues the largest precept on Harlow's collection fund which means they receive around 71% of Council Tax (before local precepts). The County Council are due to meet on 13 February 2025 to agree its precept.

The Police, Fire and Crime Commissioner for Essex - is an independent body and is responsible for setting its own budget. The Police and Crime Panel will meet on 4 February 2025 to agree its precept.

The precept in respect of the fire service is also due on 4 February 2025.

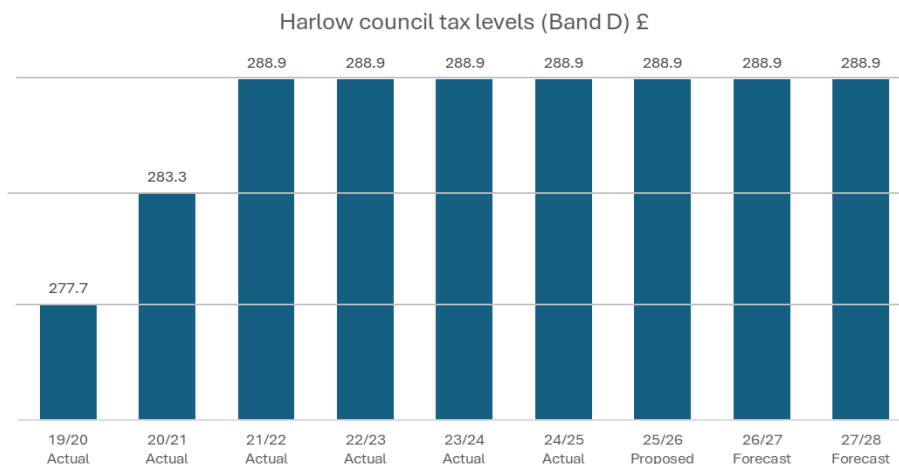


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The charge on a Band D property which is retained by Harlow is currently £288.90. Any increases on this amount are restricted by a cap put in place by the Government. The Council Tax referendum principle applicable to shire districts were set out in the 2025/26 FLGFS and it was stated that increases of less than 3% or £5 (whichever is the greater) will not require a referendum.

The current MTFP assumes that Harlow's element of the Council Tax level will **remain frozen at £288.90 for 2025/26 and future years** it has been at this level since 2021/22. This will be kept under review as future budgets are developed

The graph below shows the Council Tax levels set in each year since 2019/20, the proposed level for 2025/26 and the forecasted level for the lifetime of the MTFP.



Business Rates Income

Since the 2013/14 financial year, local government has been able to retain 50% of the growth in the local business rates income to support services. The government had pledged to allow councils more control locally over their finances, and as part of this began to plan for an eventual system of 100% local retention of business rates growth. In exchange for this, councils would have to forgo certain grants received from central government. This has since been rescinded.

Harlow is currently part of an Essex wide pool which provides benefits to pool members by reducing the level of tariff that is payable across the pool. The benefit of pooling can be factored into the MTFP and the general fund budget. The council has assumed no pooling to be received with the MTFP period. If pooling income is received from the Essex pool It will be contributed to a business rates Income reserve to offset any potential future year deficits on the collection fund.

The income from the current system is shared based on 50% being returned to central government, 40% being retained by Harlow with 9% going to Essex County Council and 1% to the Essex Fire Authority.

The autumn budget confirmed, that the small business rates multiplier for 2025/26 will remain frozen at 49.9p and there will be an increase to the standard rate multiplier of 1.7% (from 54.6p to 55.5p). This approach to applying inflation requires authorities to be compensated for the inflation increase lost to the small business rates multiplier element of their taxbase (as well as on both multipliers in respect of prior years).

This will mean the 1.7% inflation increase will be part included in the core business rates retention system.

For the purpose of setting budgets, the present rules require each billing authority to produce an official estimate of its net rating income for the budget year and of the amounts payable to the government and each precepting authority (i.e. the central and local shares). Each authority affected will use that estimate to calculate the expected growth or decline in its retained income. The statutory pro forma is to be completed by 31 January each year and certified by the Section 151 Officer as the best estimate that can be made based on the information available.

Based on the estimates used above, the base line funding level has been used for 2025/26 budget setting, set by government as part of the final settlement notifications. The forecasts beyond 2025/26 reflects the government’s baselines assuming no change from the existing 50% scheme at this stage.

Budget Forecasts	2025/26 £'000	2026/27 £'000	2027/28 £'000
Business Rates Income	(4,250)	(4,450)	(4,650)

Collection Fund

The assumptions made around Council Tax and NDR are reflected initially in the Collection Fund Account, which is a statutory account that records the collection and distribution of taxation, which is managed by the council as the billing authority. Within the Collection Fund, the accounts for Council Tax and business rates are separated.

Distribution of Collection Fund Balances

Council Tax and Business Rate income for any particular year is distributed over a three-year cycle based on information known at the time of calculating the Council Tax Requirement.

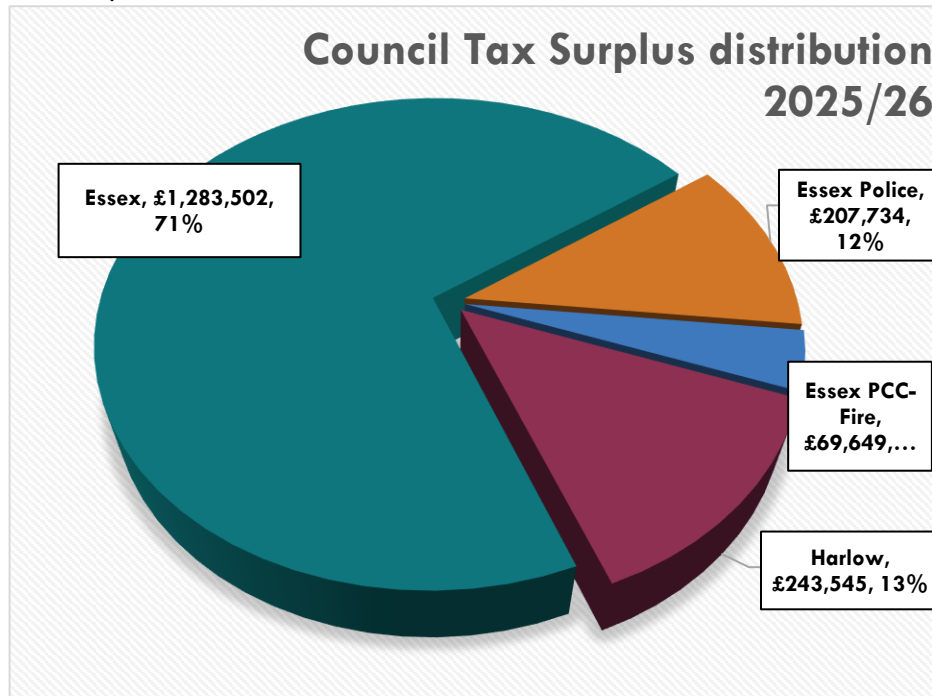
A surplus on the Collection Fund arises when actual income collected is greater than the original estimate; conversely when actual income is lower than estimated, a deficit on the Collection Fund occurs. This surplus or deficit is distributed at a later stage with the difference between the original estimate and the revised estimate normally being accounted for in the following year and the difference between the revised estimate and the actual outturn being accounted for in the year after that.

PART 3 – THE FINANCIAL CHALLENGE

Council Tax

It is estimated there will be a £1.804 million surplus balance for Council Tax on the Collection Fund as of 31 March 2025. This is due to growth in the Council Tax income received within the district that was higher than expected. Harlow's element is £0.244 million.

The surplus will be distributed in 2025/26 as follows:

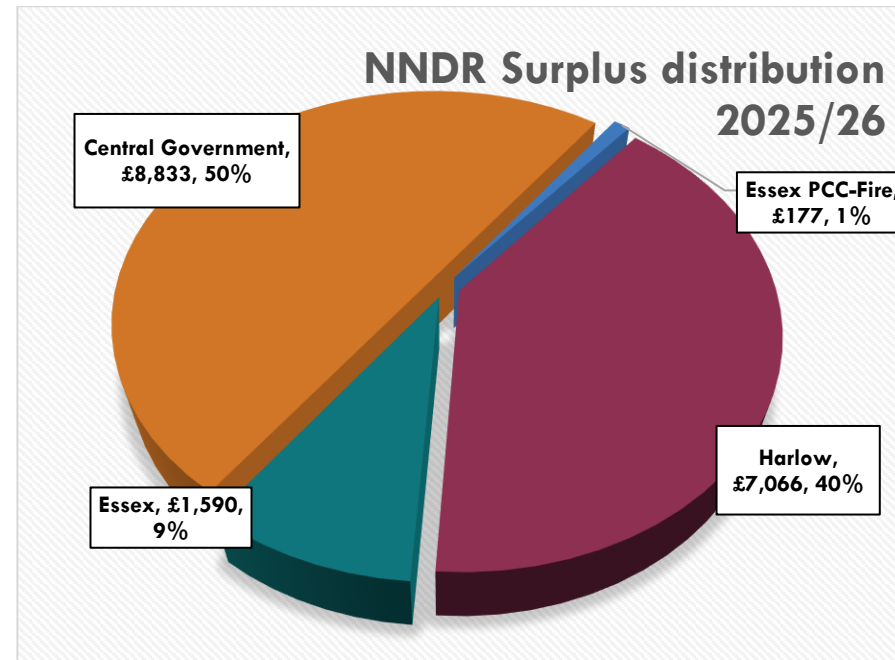


Business Rates

Harlow is the billing authority for business rates in the District. The Collection Fund passes 50% (the central share) to the Government with the other 50% (the local share) being retained locally, and are shared

by the District (40%), Essex County Council (9%) and Fire & Rescue Service (1%). Year-end surpluses and deficits are accounted for in the following year in proportion to the central and local shares.

It is estimated that at 31 March 2025, the balance on the Collection Fund for Business Rates will be a surplus of £17,665. This shows the 2024/25 position is currently approximately in balance. It should be noted that there should not be expected large surplus/deficits and therefore no income has budgeted on the collection fund for future years. An earmarked reserve has been established for 2025/26 should there be any future deficits to mitigate against. The surplus will be distributed as follows.



Fees & Charges

The council has limited means to charge for some of the services it provides. Some of these charges are statutory and are set by central government, but the council has discretion over the levels of others.

Fees & charges are discussed annually with service managers, EMT, and the Portfolio Holders. In carrying out the annual review, existing charges are

- a) compared against the legally permissible maximum as well as local and national market rates,
- b) compared against the cost of providing the service,
- c) compared against the objective for this charge (i.e. charge to make a surplus/ breakeven/ subsidise).
- d) Assessed to ensure fee payers see value for money with a reasonable fee or charge set.

For 2025/26 fees and charges proposals will consider the ongoing economic conditions and their impact upon income streams, existing income targets and the wider impact of increases in businesses and residents. A full list of the proposed 2025/26 fees and charges has been included within Appendix B of this report, they have been split out into statutory and discretionary fees and charges to make it easier to understand the council obligations.

Key proposals in respect of fees and charges include:

- Freezing of all council-owned parking charges and protection of the one-hour free parking provision.
- No introduction of charges for use of the council's discretionary services such as Pets' Corner, the Harlow Museum or the

padding pools and splash parks ensuring they remain completely free-to-use.

- Freezing of charges which would otherwise impact local businesses such as taxi licensing costs.
- Small but proportionate increases to reflect the increased cost of service provision such as land charges, recovering abandoned vehicles and abandoned shopping trollies.

PART 4 – OUR FINANCIAL POSITION

4.1 The General Fund Revenue Budget

Taking the financial challenges and key assumptions into account, the council has set a balanced budget for 2025/26 and future years.

	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Previous Years Budget Requirement (Before Reserves)	14,106,570	14,851,880	17,843,026	18,109,190
Inflation	681,809	621,330	765,820	802,590
Other Changes and Salary Realignments	125,238	1,298,703	(499,656)	280,893
Expenditure funded from Service Specific Reserves	0	1,043,000	0	0
New Pressures	234,025	1,040,917	0	0
Saving Efficiencies & Income	(295,762)	(1,012,804)	0	0
Net Expenditure	14,851,880	17,843,026	18,109,190	19,192,673
Movement through Earmarked Reserves	1,134,488	(1,246,221)	(3,304,482)	(4,526,024)
Movement through General Reserve	0	0	0	0
Budget Requirement	15,986,368	16,596,805	14,804,708	14,666,649
Funded by:				
Collection Fund Deficit / (Surplus)	(2,051,376)	(250,611)	0	0
Business Rate Income	(3,399,603)	(4,250,000)	(4,450,000)	(4,650,000)
Essex Business Rates Pooling	0	0	0	0
Revenue Service Grant	(135,959)	(174,404)	(174,404)	(174,404)
New Homes Bonus	(474,580)	(272,603)	0	0
Recovery Grant	0	(405,962)	0	0
Floor Grant	0	(369,221)	(677,495)	(296,968)
NI Grant	0	(198,496)	0	0
Service Grant	(21,771)	0	0	0
Funding Guarantee	(1,011,318)	0	0	0
Other Non-Ringed Fenced Grants	(585,019)	(2,240,327)	(1,025,327)	(1,025,327)
Previous Years Council Tax Demand	(8,228,739)	(8,306,742)	(8,435,181)	(8,477,482)
Changes in Tax Base	(78,003)	(128,439)	(42,301)	(42,468)
Changes in Council Tax Charge	0	0	0	0
Council Tax Requirement	(8,306,742)	(8,435,181)	(8,477,482)	(8,519,950)
Total Funding	(15,986,368)	(16,596,805)	(14,804,708)	(14,666,649)
Budget Shortfall/(Surplus)	0	0	0	0
Divided by:				
Taxbase	28,753	29,198	29,344	29,491
Band D Council Tax	288.90	288.90	288.90	288.90
Proposed Council Tax Increase	0.00%	0.00%	0.00%	0.00%

GENERAL FUND BUDGET SUMMARY

	2023/24 Actual £	2024/25 Budget £	2025/26 Budget £
SERVICES			
Corporate Services and Improvement	448,937	428,444	601,749
Culture & Community	3,254,434	2,941,476	3,180,629
Environment	4,768,750	5,441,626	6,027,474
Executive Office	1,746,256	1,501,889	2,974,683
Facilities & Assets	(2,659,824)	(4,623,589)	(5,283,894)
Finance	2,580,665	2,448,975	2,203,881
Housing Operations - People	2,780,001	2,309,058	2,941,427
Human Resources & Organisational Development	(15)	(36,421)	44,955
Legal & Democratic Services	343,735	362,809	309,676
Planning & Garden Town	1,439,563	1,180,340	1,169,054
Public Protection	1,436,308	1,564,039	1,849,613
Regeneration	717,130	262,094	169,634
Total	16,855,939	13,780,740	16,188,881
Covid 19	(245,025)	0	0
Capital charges	(2,201,704)	0	0
Revenue Contributions To Capital Outlay	450,942	0	0
Contingency	0	212,000	0
Interest Receivable	(205,518)	(718,342)	(618,342)
Interest Payable	1,154,678	340,000	1,176,786
Minimum Revenue Provision	926,953	1,737,483	1,595,701
Provision for bad debts	(558,913)	0	0
Essex Council Tax Collection Sharing Agreement	(361,357)	(500,000)	(500,000)
Expenditure Before Use Of Reserves	15,815,995	14,851,881	17,843,026
Contribution to / (from) Earmarked Reserves:			
Budget Carryovers Reserve	166,497	0	0
Budget Stabilisation Reserve	982,367	135,267	699,037
Bush Fair Capital Improvements Reserve	(42,000)	0	0
Climate Change Reserve	100,000	0	0
Covid 19 Reserve	(158,195)	0	0
Debt Financing Reserve	(260,359)	237,840	(569,761)
Discretionary Services Fund	(451,351)	(208,911)	(362,126)
Enterprise Zone Reserve	(262,741)	0	0
Environment Reserve	(26,760)	0	0
Environmental Urgent Works and Improvement Reserve	14,757	0	(800,000)
Harlow & Gilston Garden Town Funding Reserve	(14,170)	(14,170)	(14,170)
Housing Benefits Subsidy Reserve	(191,777)	0	0
Housing TA Reserve	(150,000)	0	0
HTS Risk Reserve	0	0	115,235
Insurance Fund	186,697	123,170	0
MMI	50,000	50,000	0
Neighbourhood Renewal Capital Reserve	42,000	0	0
Neighbourhood Renewal Reserve	(20,875)	300,000	0
Perpetuity Reserves	(16,176)	(3,110)	(3,110)
Regeneration Reserve	(24,364)	0	0
Regeneration & Enterprise Reserve	(293,187)	61,806	7,000
Risk Reserve	(31,334)	0	0
Severence Fund	(164,476)	0	0
Transformation Reserve	144,000	0	0
Grants Reserves (for deferred payments)	3,437,677	452,596	(318,326)
Contribution to / (from) General Fund Reserve	0	0	0
Budget Requirement	18,832,225	15,986,369	16,596,805

PART 4 – OUR FINANCIAL POSITION

The complete MTFP is shown above. This shows the cumulative movement on service net expenditure, from one year to another, with the breakdown of movements as shown.

A complete list of saving efficiencies and additional income along with expected pressures are shown further down in this report.

The final government settlement for 2025/26 has been included within the plan, and potential forecast estimates of funding for future years, based on information known to date.

The plan shows the Harlow Council will not increase Council Tax and they will remain at 2024/25 levels for Harlow's element for 2025/26 and future years.

The General Fund Summary 2025/26 is also above, highlighting the net expenditure requirements for the new Executive Management Team as well as all the other elements that make up the total budget requirement for 2025/26.

	2025/26 £'000	2026/27 £'000	2027/28 £'000	£'000
Budget Gap 2025/26 (Feb 2024)	2,925	683	660	4,268
Pay Award 24-25 3% to 3.34%	43	(1)	0	42
Pay Award 25/26 2% to 5%	271	125	127	523
Employers NI 25-26 13.8% to 15%	357	68	72	497
Realignment of salary estimates	1,262	11	11	1,284
Members Allowances	184	0	0	184
Realignment of Services	125	4	3	132
Council Tax Base	(87)	(1)	0	(88)
Temporary Accommodation	200	200	200	600
Telephony system	0	0	50	50
Garages revenue contribution to capital outlay	(90)	0	0	(90)
Insurance premiums	(253)	0	0	(253)
Housing Benefits Pressure	321	0	0	321
Budget Gap November Position	5,258	1,089	1,123	7,470

The tables below show the movements from the previous budgeted base position of 2025/26 which was set in February 2024 (2024/25 Budget) of £0.295 million. It does not show the specific budget lines as set out in the MTFP.

Future years are shown from a cumulative perspective to show the impact from the 2025/26 base position.

In November 2024 the position showed an increase budget gap of £5.258 million for 2025/26. Several work streams were undertaken in line with the budget setting timetable for 2025/26. This included a substantive review of salary estimates, and a number of known specific service reviews.

	2025/26 £'000	2026/27 £'000	2027/28 £'000	£'000
Budget Gap November Position	5,258	1,089	1,123	7,470
Recovery Grant	(406)	406	0	0
Floor Funding	(369)	(308)	380	(297)
New Homes Bonus	(273)	273	0	0
Revenue Support Grant	(174)	0	0	(174)
Homelessness Prevention Grant	(1,025)	0	0	(1,025)
Extended Responsibility Producer Grant	(1,215)	1,215	0	0
National Insurance Grant	(198)	198	0	0
GF to HRA recharges	(170)	(6)	(5)	(181)
The Harvey Centre	(547)	(100)	0	(647)
Garages 5% rent increase	(84)	0	0	(84)
Realignment of Services	70	0	0	70
Service Improvements funded from Reserves	1,043	(963)	0	80
Saving Efficiencies & Income Review	(1,013)	0	0	(1,013)
Collection Fund Review	(251)	251	0	0
Business Rates Income	(30)	(132)	(132)	(294)
Net Capital Financing	570	168	38	776
Reserve Review	(1,186)	(2,091)	(1,404)	(4,681)
Balanced Budget 2025/26 (Feb 2025)	0	0	0	0

PART 4 – OUR FINANCIAL POSITION

Since November, the council has now closed the budget gap for 2025/26 upon completion of the final elements that make up the council's finances.

This included finalising fees and charges for 2025/26, finalising the council's reserve position and assessing various efficiency savings and income service lines, along with pressures which have been put forward by cost centre managers and assistant directors. The final settlement announcements from government as well as the impact of the collection fund have also been updated.

The capital programme has been finalised and the revenue impacts have been assessed and included within the budgeted projections.

These elements of the budget gap movement are explained below:

Salary Adjustments – A comprehensive review of salaries was undertaken. Increased pay awards have been captured as well as the National Insurance increases. Additionally, salary realignments of the 2025/26 base budget to actual salary requirements have been monitored and captured above. These include increments and revaluations of posts.

Inflationary Adjustments – Inflationary elements within the service areas have been reviewed and considered. Which includes, insurance increases and alignment of HTS contract of 2% for 2025/26 and future years.

Saving efficiencies and Income Review – Expenditure and income lines have been reviewed and reported within the saving efficiencies and income table.

Recharges Review – Recharges between General Fund and HRA have been reviewed following the overall movements to the budget.

Reserve Review – The balances show the movement from the value of earmarked reserves that were utilised in 2024/25 base budget to the revised 2025/26 base budget. The forecasted earmarked balances are shown in section 4.5.

Business Rates/Council Tax Income – Business Rates income is linked to the settlement announcements (detailed in section 3.3) forecasts have been realigned to base line funding level. A small income of £89k has arisen on Council Tax income due to tax base changes.

Collection Fund – Following the collection fund review, is expected to continue to be in a surplus position for 2025/26 (detailed in section 3.3). Future surplus has also been removed, due to the volatility of the account, it will be reviewed on an annual basis.

Fees & Charges Review – Fees and charges review was undertaken and completed in December. The proposed changes are included within Appendix C of the budget report. The projected impact of these changes has been included within the General Fund Budget.

Policy Statement Announcements – The government settlement announcements have been captured in detail within the budget movement (detailed in section 3.3).

Net Capital Financing – Following completion of the capital programme, Minimum Revenue Provision and interest charges have been adjusted accordingly and aligned to the programme. This includes Interest receivable income which has been realigned with current forecasts on invested balances.

PART 4 – OUR FINANCIAL POSITION

2025/26 Saving Efficiencies and Pressures

As part of the budget setting process, budget challenge meetings were established across all services led by the Section 151 Officer, with the Executive Management Team and budget managers to understand service requirements and financial impacts.

This exercise resulted in several service efficiency savings being identified as well as current known pressures all of which have been accepted by Cabinet and factored into the 2025/26 budget and future years if required.

A number of one off expenditure items have been identified, and rather than include these into the base budget they have been utilised from service specific earmarked reserves for 2025/26 only

Identified Pressures		2025/26
Service Area	Description	£'000
Housing Operations	Temporary Accommodation	200,000
Transform Total		200,000
Environment	Waste Containing Increases	24,628
Environment	Litter Bins costs	70,075
Environment	Climate Changer Officer	65,657
Communities & Culture	Event Licences and running expenses	18,500
Communities & Culture	Martyns Law Compliance works	10,000
Communities & Culture	Playhouse Security Fees	20,136
Communities & Culture	Playhouse Building maintenance	21,965
Communities & Culture	Playhouse Production costs	21,000
Communities & Culture	Splash Park Utility Costs	44,770
RENEW TOTAL		296,731
Public Protection	Community Safety maintenance costs	15,100
PROTECT TOTAL		15,100
Corporate & Improvement	Software Licences	252,630
Corporate & Improvement	Cost of Security	25,320
Legal & Democratic Services	Member Allowances	183,550
Legal & Democratic Services	Legal Apprentices	67,586
DELIVER TOTAL		529,086
Total Identified Pressures		1,040,917

Identified Efficiency Savings & Additional Income			2025/26
Service Area	Type	Description	£'000
Housing	Income	Leah Manning Fees & Charges	(2,256)
Transform Total			(2,256)
Environment	Income	Crematorium Income	(20,000)
Environment	Income	Garden Waste Income	(30,000)
Environment	Income	Bulky Waste Fee & Charges	(10,000)
Environment	Saving	Service Realignment	(46,979)
Communities & Culture	Income	Booking and Postage Fees	(16,532)
Communities & Culture	Income	Hire Charges	(33,767)
Communities & Culture	Income	Discretionary Theatre Restoration Levy	(27,377)
Communities & Culture	Saving	Voluntary Grants funded from Reserves	(50,000)
Communities & Culture	Saving	Service realignment to Demand	(50,000)
RENEW TOTAL			(284,655)
Regeneration	Income	Room Hire and Suveyor Fees	(11,500)
Regeneration	Saving	Subscriptions	(20,000)
Regeneration	Saving	Service Realignment	(93,038)
REBUILD TOTAL			(124,538)
Communities & Culture	Saving	Service Realignment	(54,588)
Communities & Culture	Saving	Community Safety Running Costs	(2,500)
PROTECT TOTAL			(57,088)
Legal & Democratic Services	Income	Land Charges Fees and Charges	(5,700)
Facilities and Assets	Saving	Service Realignment	(66,574)
Executive Office	Saving	Stationary & Equipment	(42,236)
Corporate & Improvement	Saving	ICT Strategy Efficiencies	(81,000)
Corporate & Improvement	Saving	Service Realignment	(42,135)
Corporate & Improvement	Saving	Residents survey to funded from Reserves	(25,000)
Corporate & Improvement	Saving	Service Realignment	(20,000)
Finance	Saving	Printing Costs	(8,000)
Finance	Saving	Service Realignment	(87,622)
Finance	Saving	Professional fees	(100,000)
Finance	Saving	Under utilised service budgets	(66,000)
DELIVER TOTAL			(544,267)
Total Identified Efficiency Savings & Additional Income			(1,012,804)

Utilisation of Service Specific Earmarked Reserves			2025/26
Service Area	Reserve	Description	£'000
Environment	Regeneration	Investment in Leisure Strategies	80,000
Communities & Culture	Discretionary Services	Voluntary Grants	50,000
Communities & Culture	Environment	Car Park Capital Investment	800,000
RENEW TOTAL			930,000
Regeneration	Regeneration	Town Centre Strategy	80,000
Regeneration	Regeneration	Asset Strategy	18,000
REBUILD TOTAL			98,000
Regeneration	Regeneration	Economic Development	15,000
SECURE TOTAL			15,000
Total Utilisation of Service Specific Earmarked Reserves			1,043,000

4.2 The Housing Revenue Account (HRA)

Revenue expenditure within the HRA is incurred on:

- The day-to-day services provided in maintaining and managing the council's housing stock.
- Contributions towards capital expenditure that is not funded from usable capital receipts, or other capital funding sources.

The expenditure is financed from:

- Rents charged for council dwellings and garages.
- Charges made to leaseholders.
- Investment income.

The Housing Revenue Account Business Plan sets out the council's priorities for its housing stock and reflects the changes which took place with effect from 1 April 2012 as the existing housing subsidy system was replaced by self-financing. The priorities for the council's housing in the town are driven by national, regional, sub-regional and local housing priorities. They are also informed by the views and perspectives of stakeholders, especially tenants and leaseholders with whom the council undertakes ongoing engagement and consultation. In addition, local housing priorities are driven by the Local Plan, and the Corporate Plan.

Although the council must account for its General Fund services and Housing-related services separately by law, there are major areas where Housing activity and finances interact with General Fund activity and finances:

1. The HRA is a user of support services from the rest of the council for which appropriate charges are levied.

2. The allocation of investment and borrowing interest from the General fund to the HRA based on the net indebtedness position of the HRA.
3. HTS (Property & Environment) Ltd undertakes a wide range of work that impacts on these activities.
4. The HRA services manage a proportion of the non HRA garage stock including the capital repairs programme associated with them.

Details of the medium-term financial planning and financial projections and outcomes are included in the HRA Business Plan. The HRA budget and Business Plan are reported at the same meeting in a separate report. This sets out the business plan assumptions and budget proposals for 2025/26.

4.3 Capital & Treasury Management

The Capital Programme, Capital Strategy, Investment Strategy and Treasury Strategy will be reported to Cabinet and Full Council in February 2025, at the same meeting as the budget report. Capital investment requirements have been considered alongside the funding of new potential capital schemes. Revenue implications of the capital programme have been built into the MTFP including any assumed contributions from revenue to support the capital programme.

4.4 Our Reserves

General Fund & HRA Balances

In accordance with the best practice guidance issued by CIPFA, the minimum level of general fund balances is reviewed and risk assessed on an annual basis.

The General Fund Balance is forecast to be £4.301 million at the end of 2024/25, following the Performance, Finance and Risk report Period 9 that will be reported to Cabinet on 13 February 2025. The required level of balance is determined by assessing the level of risk the council faces taking into account consideration both risk and affordability.

	2024/25 Forecast £'000	2025/26 Budget £'000	2026/27 Budget £'000	2027/28 Budget £'000
Net Budget Requirement	14,594	16,567	14,805	14,667
Total Funding	(6,619)	(8,161)	(6,327)	(6,147)
Council Tax Requirement	(8,307)	(8,435)	(8,477)	(8,520)
Funding Gap/(Surplus)	(332)	0	0	0
GF Balance Brought forward (forecasted)	3,969	4,301	4,301	4,301
(Deficit)/Surplus	332	0	0	0
Closing Balance	4,301	4,301	4,301	4,301

The General Fund balance should only be used to fund one-off revenue expenditure and is held to meet unforeseen expenditure. Use of the general fund balance should be prudent and is subject to the agreement of the S151 Officer.

The minimum level of general or uncommitted reserves for the General Fund and HRA, as currently assessed by the Section 151 Officer, are to

be £2.5 million and £3.5 million respectively. Taking into consideration both risk and affordability.

Earmarked Reserves

As well as maintaining a risk based General Fund balance the council can also set aside Earmarked Reserves for specific items.

Reserve balances are again derived by taking a risk-based approach to assessing the council's key financial risks including reviewing key areas and assumptions within the estimates, realism of income targets, interest rate exposure, third party provider risks, and any other potential issues which may need to be taken into consideration.

The financial risks facing the council in the medium term are assessed within the MTFP. This includes assessing the risk of continuing reductions in government funding and the overall downturn in the economy resulting from the cost-of-living crisis, increased energy and inflationary costs. The extent of recovery are still uncertain and may still change. The subsequent budget shortfalls that the council then faces, and overall local and national economic factors can affect the financial stability of the council.

The council has both General Fund and HRA earmarked reserves. The reserves are grouped as follows:

Capital – Earmarked to contribute towards the Capital Programme.

Mitigation – Earmarked specifically to mitigate financial risks to the council.

Service – Monies set aside for services from existing budgets to be used on specific investment Initiatives or projects.

PART 4 – OUR FINANCIAL POSITION

Grants – Grants that have been received for a specific purpose, but with no accounting conditions.

In light of the increasing level of risk and uncertainty identified within the MTFP and the increased probability of resources being required to support its delivery, a full review of useable reserves has been undertaken to ensure that the level of reserves is appropriate given the level of risks identified.

Each year as part of closing the accounts a view is taken on maintaining and strengthening, where necessary, those reserves specifically earmarked to support the highest areas of risk resulting in the rationalisation of reserves and provisions where possible and in some cases additional funding being set aside.

The current General Fund and HRA reserves as well as the purpose of the reserves are set out in the table below.

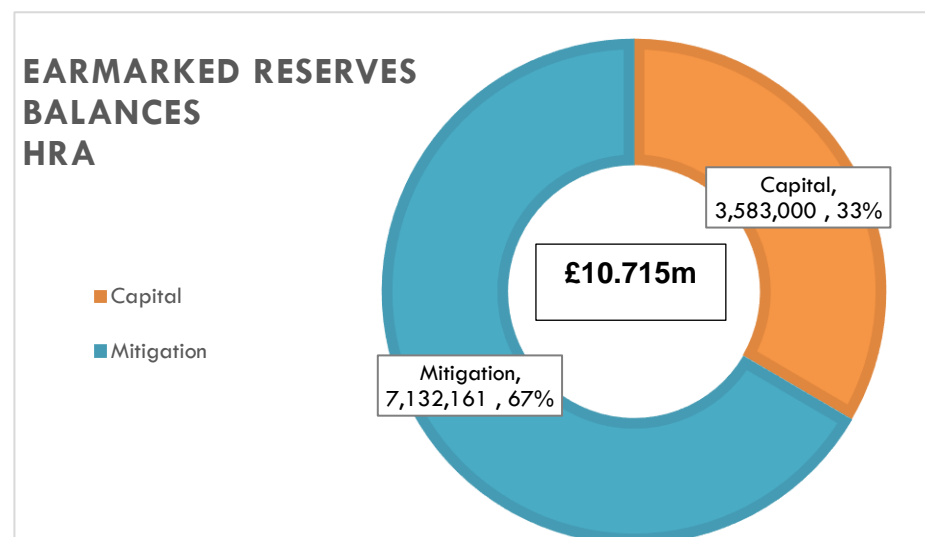
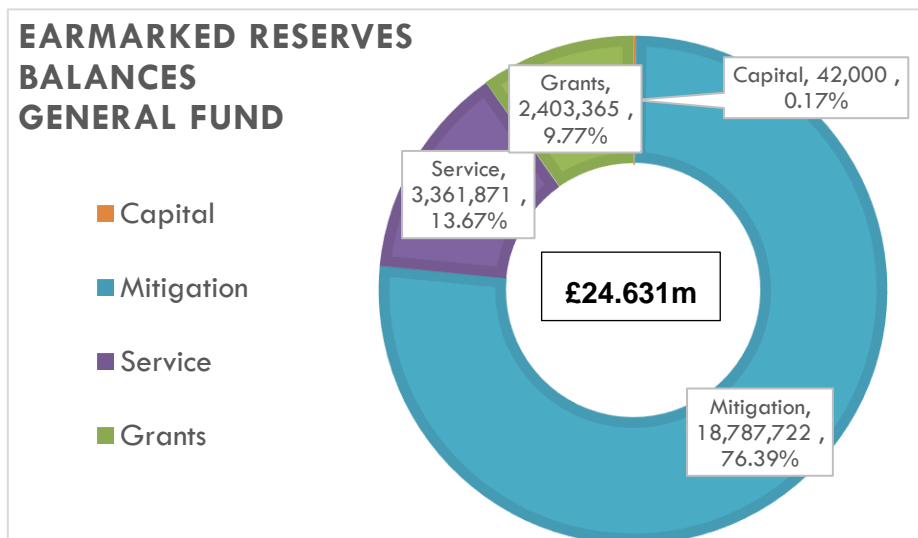
<u>Reserves</u>	<u>Purpose</u>
Mitigation	
Audit fees	Set aside to meet expect external audit fees.
Budget carry overs	Set aside to fund previous year carry over requests
Budget stabilisation	The creation of the reserve will remove the need to make short term decisions related to potential budget reductions.
Business Rates Equalisation Reserve	Income generated from Business Rates income and Enterprise Zone to fund future volatility
Collection Fund	To mitigate potential future year deficits.

Debt financing	Established to finance future costs in relation to borrowing.
Housing benefits subsidy	An equalisation reserve to meet any future reductions in subsidy from previous years' increases.
HTS Risk Reserve	Set aside to fund potential costs that will be overseen by HTS.
Housing temporary accommodation	Set aside to mitigate against potential increasing cost of temporary accommodation.
Insurance claims	To meet any costs of future claims resulting from the insolvency of the council's previous insurer Municipal Mutual Insurance Ltd.
Insurance fund	A self-insurance reserve to meet excess charges in respect of policies for theft, motor insurance, employer's liability, fire and dwellings and other minor items.
Pension	To mitigate future risk in pension fluctuations.
Perpetuity	Amounts set aside to meet long-term contractual obligations under a range of covenants.
Risk management reserve	Established in order to finance future initiatives that mitigate insurable risks and potential insurance claims against the council and help limit increases in insurance premiums.
Severance reserve	Used to finance redundancy costs in excess of the amount included in the revenue budget.
Service	
Climate Change Reserve	To fund expenditure on climate change activity.

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Discretionary Services Fund	To fund services to the community that are not required by statute & to provide financial support to organisations providing such services.
Environment	For works and improvements in the Harlow wider town area.
Harlow and Gilston Garden Town funding reserve	Established to contribute towards the Harlow and Gilston Garden Town project and other developments in and around Harlow to ensure maximum benefits in respect of affordable housing and skills and employment initiatives.
Hardship	To provide hardship funding to support those local residents most significantly impacted by the cost of living challenges and least able to meet their Council Tax payments.
Neighbourhood renewal	Established for projects to renew our neighbourhoods.
Planning	Used to transfer resources between years should delivery of the Local Development Framework (LDF) be rescheduled.
Regeneration	A reserve to support Harlow town regeneration.
Transformation	Set aside to fund transformation activity for Harlow town
Capital	
Neighbourhood Renewal	Continue towards capital expenditure that relates to projects that renew our neighbourhood.
Grants	
Grants by Service Area	Grants that have been received for specific purposes that have no accounting conditions.

The current reserve balances forecasted to 31 March 2026 can be categorised as follows.



PART 4 – OUR FINANCIAL POSITION

Earmarked Reserve	Mission	Actual	2024/25	Forecast	2025/26	Forecast	Forecast	Forecast
		Balance as at 31 Mar 2024	Add/(Use) To Reserve Balance	Balance as at 31 Mar 2025	Add/(Use) To Reserve Balance	Balance as at 31 Mar 2026	Balance as at 31 Mar 2027	Balance as at 31 Mar 2028
		£	£	£	£	£	£	£
GENERAL FUND RESERVES								
Neighbourhood Renewal	Renew	42	0	42	0	42	42	42
Total Capital Contribution Reserves		42	0	42	0	42	42	42
Audit Fee	Deliver	166	57	222	0	222	222	222
Budget Carryovers Reserve	Deliver	166	(166)	0	0	0	0	0
Budget Stabilisation	Deliver	1,201	551	1,752	699	2,451	266	(0)
Business Rates Equalisation Reserve	Deliver	6,589	0	6,589	0	6,589	6,589	3,404
Collection Fund	Deliver	0	200	200	0	200	200	200
Debt Financing	Deliver	3,155	238	3,392	(570)	2,823	2,085	1,309
Housing Benefit Subsidy	Deliver	0	133	133	0	133	133	133
ITS Risk Reserve	Transform	0	0	0	115	115	230	346
Insurance claims	Deliver	906	50	956	0	956	956	956
Insurance Fund	Deliver	2,141	134	2,275	0	2,275	2,275	2,275
Pension Fund	Deliver	1,255	0	1,255	0	1,255	1,255	1,255
Perpetuity	Deliver	831	(3)	828	(3)	825	822	819
Risk Management	Deliver	268	0	268	0	268	268	268
Severance	Deliver	588	0	588	0	588	588	588
Temporary Accommodation	Transform	0	87	87	0	87	87	87
Total Mitigation Reserves		17,265	1,281	18,546	241	18,788	15,977	11,863
Climate Change Reserve	Renew	100	0	100	0	100	100	100
Discretionary Services Fund	Renew	1,553	(209)	1,344	(362)	982	701	502
Enterprise Zone	Renew	75	(75)	0	0	0	0	0
Environment	Renew	0	0	0	563	563	563	563
Environmental Urgent Works & Improvement	Renew	1,305	57	1,363	(1,363)	0	0	0
Harlow & Gilston Garden Town Funding	Secure	126	(14)	111	(14)	97	83	69
Hardship Fund	Deliver	155	0	155	0	155	155	155
Invest To Save & Improve	Deliver	108	(108)	0	0	0	0	0
Neighbourhood Renewal	Renew	166	300	466	0	466	466	466
Partnership Fund	Renew	200	(200)	0	0	0	0	0
Planning	Secure	79	26	106	0	106	106	106
Regeneration	Rebuild	507	272	779	7	786	906	1,026
Transformation	Deliver	144	0	144	0	144	144	144
Total Service Reserves		4,518	49	4,567	(1,169)	3,398	3,223	3,129
Corporate Services & Improvement	Deliver	32	(32)	0	0	0	0	0
Culture & Community	Renew	106	(66)	40	0	40	40	40
Environment	Renew	302	(296)	5	0	5	5	5
Finance	Deliver	1,198	195	1,393	0	1,393	1,393	1,393
Housing	Transform	1,251	(87)	1,164	(318)	845	527	209
Legal & Democratic Services	Deliver	44	(10)	34	0	34	34	34
Planning & Garden Town	Secure	30	(26)	4	0	4	4	4
Regeneration	Rebuild	273	(191)	82	0	82	82	82
Total Grant Reserves		3,234	(513)	2,722	(318)	2,403	2,085	1,767
Total General Fund Reserves		25,060	818	25,877	(1,246)	24,631	21,326	16,800
HRA RESERVES								
Perpetuity	Transform	667	3	671	3	674	678	681
Council Housebuilding Programme	Transform	3,583	0	3,583	0	3,583	3,583	3,583
Housing Insurance Property	Transform	80	10	90	10	100	110	120
ITS Risk Reserve	Transform	0	0	0	587	587	587	587
Insurance claims	Transform	846	50	896	50	946	996	1,046
Insurance Fund	Transform	2,499	224	2,724	225	2,949	3,174	3,400
Pension Fund	Transform	1,333	0	1,333	0	1,333	1,333	1,333
Risk Management	Transform	543	0	543	0	543	543	543
Total HRA Reserves		9,552	288	9,839	876	10,715	11,004	11,293
Housing Revenue Account	Transform	16	(16)	0	0	0	0	0
Total Grant Reserves		16	(16)	0	0	0	0	0
Total Housing Revenue Account Reserves		9,568	271	9,839	876	10,715	11,004	11,293
TOTAL RESERVES		34,628	1,089	35,717	(370)	35,346	32,330	28,093

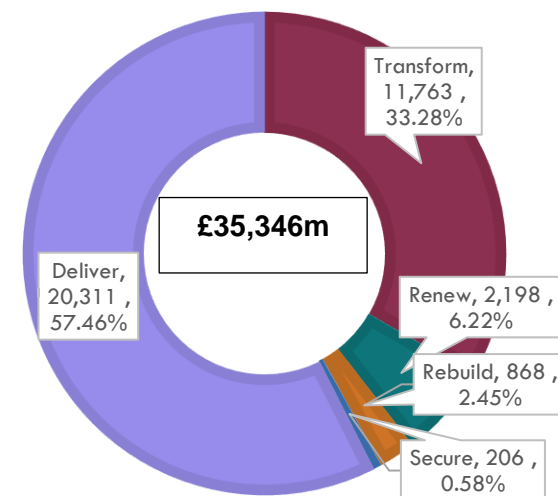
The breakdown of the forecasted earmarked reserves balances for General Fund and HRA are shown in the table.

There have been a number of proposed movements in 2024/25 to condense reserves and align them with the corporate missions and management structure.

The council continues to contribute to the Budget Stabilisation Reserve for 2025/26 of £0.699 million. However, as budget pressures do increase over the medium term, drawdowns will be required from this reserve to balance future year budgets.

TOTAL EARMARKED RESERVES BALANCES

- Transform
- Renew
- Rebuild
- Secure
- Protect
- Deliver



4.5 Addressing future General Fund pressure

There are a range of approaches to balancing the budget. Broadly speaking these fall into the following categories:

- Transformation through the Building Harlow's Future programme;
- Growth and development opportunities within the District;
- Service efficiency reviews;
- Improved asset management;
- Review of central activities such as treasury management;
- Reviewing our policies around things such as Council Tax and use of reserves; and
- Understanding our capital spend needs and how best to meet the cost of these.

The council continue to actively look at how future budget pressures can be addressed for future years following the balanced budget for 2025/26.

4.6 Managing budgets and forecasts

In setting the annual budget and the MTFP the council will ensure potential risks are assessed and managed so that their impact is minimised or accounted for either via contingencies, balances or earmarked reserves as is necessary. In year, the council will monitor its revenue and capital

budgets on a monthly basis with oversight by the Executive Management Team and reports to every Cabinet in the Performance, Finance and Risk Report.

Accountability and responsibility

Whilst the responsibility lies with the Section 151 Officer for reporting to Cabinet the financial position, the responsibility and accountability for the financial position of the services lies with the budget holder.

All budget holders are responsible for ensuring external income is maximised for their service and for seeking out new opportunities to generate income. If the budget holder cannot resolve issues within their own service area budgets these should be escalated to Assistant Directors.

Where pressures are identified action plans are required to be agreed and implemented in year which look to address in year pressures and identify ongoing pressures that may need to be addressed as part of setting the budgets over the medium term.

Finance business partnering

Assistant Directors and managers, in the financial management of their services, a finance business partnering approach is currently being adopted. The main focus of the finance business partner in supporting services is to:

- look at a specific business problem and propose solutions based on research and insight
- perform and analyse benchmarking against other areas and services to drive business decision making
- work with business intelligence to understand activity and cost drivers;
- support services to look at the totality of investment against objectives
- support services to focus on being sustainable
- support services in developing business cases
- work to better understand, manipulate and extract better outcomes from contracts - improving deliverables and forward planning procurement exercises
- perform sensitivity analysis across whole systems to understand links between variables and support to make optimal interventions, and
- support with project managing change through greater involvement in strategic decision making.

Introduction

Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report to the council on the robustness of the budget calculations and the adequacy of reserves as part of the budget and Council Tax setting decision.

The council's budget is based on a range of assumptions. In considering the overall budget position, it is necessary for Members to be aware of the range and scale of risk and uncertainty surrounding the budget projections, particularly with regard to external factors.

While the Act itself does not provide any specific detail on how to evaluate the robustness of the estimates, accompanying guidance notes state that it should be based on an assessment of all circumstances considered likely to affect the authority.

The following factors have been taken into account when considering the overall levels of reserves:

- Assumptions regarding inflation
- Treatment of demand-led pressures
- Treatment of savings and efficiencies
- Financial standing of the authority (for example level of borrowing, debt outstanding)
- The authority's track record in budget management (including the robustness of medium-term plans)
- The authority's capacity to manage in-year budget pressures
- The authority's virement and year-end procedures in relation to under and overspends
- The adequacy of insurance arrangements

- The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions
- Risks inherent in partnerships
- Estimates of the level and timing of capital receipts
- The general financial climate to which the authority is subject

This report considers the robustness of the council's budget calculations including a summary of the key risks inherent in the budget forecast, and it reviews the adequacy of reserves considering these risks.

General Budget Uncertainties

This section updates Members on a number of key activities and responsibilities that have a significant financial impact for the council but also by their nature carry inherent risk and uncertainty as to the full extent of that impact. Specific budget allocation or provision has been set aside for such associated costs but the scale of some of the risk means that reserve levels must take these into account.

- a) Government grant and support - these issues are covered in the 'Government Funding' section in the report.
- b) Delivery of savings

The current MTFP position shows that the budget for 2025/26 is expected to be balanced, but there remain funding pressures of £2.1million in 2026/27, £3.4 million in 2027/28 where further savings will need to be identified to deliver a balanced budget position.

- c) Council Tax and Business Rates

The tax base projections used in the MTFP are predicated with a 0.5% growth. Delivery will need to be closely monitored to ensure the assumptions remain valid. There is a great deal of volatility in the Business Rates system that has been exaggerated by the pandemic and challenging economic circumstances. Close monitoring is required to ensure that assumed income is realised. The MTFP assumes a zero increase in Council Tax in 2025/26 and future years.

d) Investment income

The budget and forecast assume significant levels of income from the council's property investment strategy. This income can be affected by a number of factors, for example:

- The general economic climate
- Interest rates
- Government policy

e) General economic factors

The council's finances continue to be impacted by external economic factors including inflationary impacts and interest rates. As part of their Autumn Statement, the Chancellor outlined that the Office of Budget Responsibility (OBR) shows that economic growth has been resilient, and the economy is now expected to grow in every year of the forecast period. The Office for Budget Responsibility (OBR) has forecasted the following real GDP growth rates for the UK:

- 2025: 1.9%
- 2026: 2.0%
- 2027: 1.8%
- 2028: 1.7%

As at December 2024, the Bank of England base rate sat at 4.75% (up from 0.1% in December 2021), To the extent that this impacts on the costs of borrowing for the council, this represents a significant risk area for the budget. Between December 2022 and August 2024, the Bank of England has increased the base rate at five out of eight meetings, taking the base rate from 3.50% to 5.25% which is the highest level in 15 years.

In August 2024, the base rate was reduced from 5.25% to 5.00%, marking the first rate cut since March 2020, and was reduced again from 5.00% to 4.75%

In November 2024 the Bank of England is working to curb inflation, which has fallen from 4.6% (October 2023, Consumer Prices Index) to 1.7% in September 2024, before rising again to 2.6% in November 2024. Forecasts indicate a further increase to 2.75% by mid-2025, remaining above the bank's official target of 2%.

However, inflation is expected to stabilise around the 2% target in the medium term. The market is now predicting that the Bank of England base rate may be cut again in quarter 1 2025 to a low of around 3.75% by late 2025/26.

f) Legal Risks

It is usual for judicial processes and challenges to be in progress at any given point in time. These will relate to various issues including planning, planning enforcement, contract disputes, property disputes, business rates, housing issues and other matters. These remain under review to estimate the financial effect or timing of these issues, but, on occasion, they may give rise to unanticipated expenditure. To the extent that it is possible, provisions are made in respect of known issues.

g) Local Government Pension Scheme

The local scheme is administered by Essex County Council and Harlow is a scheduled body to the scheme. The scheme is valued every 3 years by an actuary. The results of the valuation and the assumptions that the actuary makes about the future of the fund (e.g. investment performance, longevity) determine the payments that the council must make for any deficit arising from past service and the ongoing contributions that have to be made by the members of the scheme in the future. The last actuarial valuation took place on 31 March 2022, and this set the employer's ongoing contribution rate for the council at 21.4% (an increase of 2.2% over the previous rate) for the period 1 April 2023 to 31 March 2026. At the end of 2024, the net pension liability stood at £5.299 million. The next valuation which will be undertaken as at 31 March 2025 will be effective from 1 April 2026.

h) Interest rates

These matters are covered in the Capital and Treasury Report.

i) Inflation

Budgets have been prepared in accordance with the Budget Setting Guidelines for 2025/26 as approved by the Cabinet on 13 June 2024. Fees and charges have been increased by service specific reviews unless statutory or otherwise stated. A 3.5% provision has been made for 2025/26 pay award and future years.

j) Homelessness

The budget and medium-term financial strategy provide for additional growth of £200,000 each year to recognise the increased cost of responding to homelessness. Action taken to date includes:

The service working closely with the NHS, ECC and other social landlords to ensure that hospital discharges are managed appropriately.

A revision to the allocations scheme has been completed and is in place.

The temporary accommodation team are working with landlords to increase the portfolio of nightly lets.

k) Treatment of demand-led pressures

The council has a range of mechanisms in place to respond to changes in expenditure and income patterns including the option to review service levels, virements from other budget heads and the use of contingency and/or reserves.

l) Value Added Tax (VAT)

VAT is a complex issue for local authorities and active management of VAT is essential both to avoid significant unexpected costs and to ensure that the council can take advantage of opportunities to recover VAT previously paid when possible. The major VAT risk is that the council exceeds its partial exemption threshold. In general, it is large capital projects that would cause this to happen and VAT issues are, therefore, considered at an early stage in the development of all such projects.

Adequacy of Reserves

As outlined above, the council's finances are subject to a range of external influences risks from the economic climate and the associated impacts on local government funding. A continued historic real terms reduction to government grants, ongoing funding uncertainty, as noted above together with the uncertainty regarding the potential impact of the Extended Producer Responsibility (EPR) mean the council can only project future

funding based on the 2025/26 allocations as a broad guide to future years funding.

The council remains ambitious and is continuing to deliver significant capital and revenue investment and regeneration projects. These projects, combined with exceptional financial uncertainty, mean that the financial scale of risk and complexity that the council will be managing is substantial. Financial resilience and adequate reserves are, therefore, paramount. This, together with the overall scale of the council's financial transactions and complexities of its core operations, means that such risk cannot be eliminated but must be managed effectively.

Particular attention is also drawn to the reserves section of this report that identifies the reserves currently retained by the council over the forecast period together with the rationale for each reserve.

General fund earmarked reserves are currently budgeted at March 2026 to total £35.3 million, and mitigation reserves are budgeted to total £18.788 million. It is important to note that while the council does have discretion to use its reserves in any manner it sees fit, it is anticipated that these earmarked reserves will be used over the forecast period to support the council's ongoing organisational changes, the delivery of budget efficiencies and realisation of the Corporate Plan.

Given the overall levels of risk, the Section 151 Officer considers that the General Fund reserve should not be budgeted below £2.5 million when setting the budget for 2025/26. The £2.5 million level represents approximately 15% of average annual net service expenditure. The current General Fund working balance remains at £3.969 million. All significant risks have specific financial mitigations in place. The general fund balance will, therefore, be used to manage unusual or unanticipated events, for

example a District-wide emergency, failure to deliver savings targets or unprecedented increases in demand or costs.

The council is required to make a contribution to cover any current or projected deficit arising on the Local Government Pension Scheme fund as and when needed. It is permissible and financially advantageous to make this contribution every few years rather than annually and as such the Pensions Fund Reserve has been set aside to cover this contribution as and when required. The level of reserve is therefore, set at an appropriate level to ensure this is achieved.

The Insurance Fund reserve is deemed that the current level of reserves is appropriate.

The Debt Financing Reserve enables the Council to manage fluctuations in costs arising from the Council's Capital, Investment and Treasury strategies. This ensures effective budget management of the costs arising and their impact on the General Fund.

The Budget Stabilisation is set aside for the council to manage future year pressures. Contributions continue to be made into the reserve for 2025/26, however the use of the reserve is required for future years to manage expected budget pressures.

Service Specific Risks

There are a series of service specific risks that arise from the council's normal operations and transformation programme. These are set out within the reserve section of the report.

Robustness of the Budget Calculations

The budgets and forward financial forecasts represent the current assessment of the costs of providing services in line with the council's existing policies and strategic priorities. The estimates are based on assumptions about levels of pay (including an allowance for pay awards, increments and vacancies), inflation and other external factors such as legislative changes, and changes in demand for services. These assumptions are considered to be appropriate. Any significant changes in external factors, compared to the assumptions made at this time, could result in a variance in the actual levels of expenditure and income against the budget provision and the council's financial targets not being met. Similarly, there will be a risk to the delivery of services at both operational and strategic levels.

The Authority's track record in budget management, including its ability to manage in year budget pressures and the robustness of the Medium-Term Financial Plan.

Financial reports are subject to review by the Scrutiny, Cabinet and by the Executive Management Team. The budget includes prudent contingencies that can and are used to manage in-year budget pressures. The council's in-year budget management is effective. Earmarked reserves are used for non-recurring expenditure to assist in producing a smooth profile of expenditure over the forecast period. The council also has a track record of delivering savings and efficiencies as required.

However, reserves can only be used once and the ability to continue to deliver savings and efficiencies cannot be taken as a given, particularly considering the current funding circumstances. A significant shift in expenditure or income outside the parameters considered in the budget or a combination of several issues at once could constitute a serious shock to

the council's level of resources and threaten its potential ongoing financial viability.

The assumptions underpinning the Medium-Term Financial Plan are set out above. These are as robust as is possible given the continuing uncertainty over the future of government funding.

There have been significant delays to the completion of external audits of the financial statements and in the delivery of Value for Money opinions. This has led to a situation across the sector where there are outstanding open audits stretching back several years.

There is a combination of factors which have contributed to these delays.

The overall backlog in the publication of audited accounts by local bodies was considered by DLUHC to have grown to an unacceptable level and as such has worked collaboratively with the Financial Reporting Council and other system partners to develop measures to address the delay in local audit.

A statutory backstop date of 13 December 2024 was put in place for the publication of all historic local body audited accounts up to and including 2022/23. This was supported by changes made to the Code of Audit Practice by the NAO to require auditors to issue an audit opinion to meet this deadline. Auditing standards allow auditors to modify or disclaim their audit opinion where they cannot obtain reasonable assurance before the above backstop date.

All opened prior years accounts from 2018/19 – 2022/23 met the back stop date deadline and audit opinions were reported to Audit & Standards Committee on 11 December 2024.

The current expectation is that the Council's 2023/24 audit will be expected to be signed off by 26 February 2025.

CIPFA Financial Resilience Index 2023/24

This index measures resilience in relative terms by placing authorities on an axis of risk as expressed by various financial metrics relative to all other (or groups of) authorities. It does not take account of future plans, as expressed in medium term financial planning, for example planned use of reserves, and it is not an absolute measure of financial resilience. However, it can be seen to demonstrate that the council is as well placed as its peers, to manage the financial challenges of the future.

The data for the resilience index is obtained from the Revenue Expenditure and Financing England Outturn Report 2022-23 ('RO Forms') and reflects figures submitted by Local Authorities to DLUHC as at 31 March 2024.

A specific area highlighted is the relatively high level of debt held by the Council when compared with equivalent authorities. This debt level continues to be managed appropriately and is covered in more detail in the Capital, Investment and Treasury Strategies.

CIPFA Financial Management Code

Chartered Institute of Public Finance and Accountancy (CIPFA) published the first edition of their 'Financial Management Code' for local authorities in October 2019. CIPFA considers that compliance with this code is mandatory for all local authorities, but it is important to note that such compliance is not specifically mandated by statute.

The code is a best practice guide to financial management in the local authority sector. It covers the following areas:

- The responsibilities of the chief financial officer and the leadership team (including members)
- Governance and financial management style
- Medium to long term financial management
- The annual budget
- Stakeholder engagement and business plans
- Monitoring financial performance
- External financial reporting

Officers have undertaken an assessment of the extent of compliance with the requirements of the code. In general terms, the council's arrangements follow the recommended best practice set out in the code.

Conclusion

Taking all the above factors into account it is considered that the budget calculation is robust and that the level of reserves is currently adequate. Members are reminded of the need to consider all the factors discussed in this section and their potential impact on the ongoing sustainability of the council's medium term financial position when considering the budget and level of Council Tax to be set for 2025/26.

- The annual budget
- Stakeholder engagement and business plans
- Monitoring financial performance
- External financial reporting

6.1 Legalities of settling a balanced budget

Legislation

The Local Government Finance Act 1992 states that the council must set a (balanced) budget and its Council Tax, including precepts, before 11 March in each financial year. The responsibilities and consequences of not adhering to Legislation are listed below.

Council

The consequences for the council itself would be:

- It would be subject to the 'prohibition period' under the 1988 Act.
- It could be faced with acute cash flow and potentially collection difficulties, and
- It might be unable to meet its obligations to its precepting authorities.

Officers

The processes should be managed so that the consequences are avoided.

If the council does not set its budget and Council Tax, the officer of the council having responsibility for the administration of the council's financial affairs under Section 151 of the Local Government Act 1972 ('the Section 151 Officer') would be obliged to make a Report pursuant to Section 114 (and 114A) of the Local Government Finance Act 1988 including subsection (3).

This would have the ultimate consequences set out in Sections 115 and 115B of the 1988 Act. They include that during a 'prohibition period' the council is very constrained with respect to what expenditure it can incur.

The Section 151 Officer should do whatever they can to protect the council's financial interests. Specifically, they should:

- Make a Section 114/114A Report. In preparing a Report to consult as possible the Head of the Paid Service and the council's Monitoring Officer ('MO') and discharge his Section 114 duties.
- Do so as soon as it is apparent that the budget and Council Tax are not likely to be set by 11 March.
- To send copies of the report to the council's External Auditor and to all Councillors; and
- To give the council his opinion as to what staff, accommodation, and other resources he needs to allow his Section 114 duties to be performed.

In addition, the Monitoring Officer has responsibilities, pursuant to Sections 5 and 5A of the Local Government and Housing Act 1989.

The council Members' Code of Conduct, pursuant to Sections 27 and 28 of the Localism Act 2011 ('LA 2011'), imposes an obligation on Councillors to 'uphold the law'.

The MO should:

- Make a statutory report at or about the same time or in conjunction with the Section 151 Officer's Section 114 Report: and

Warn Councillors as to:

- the implications of the Code and of their legal obligation and of breaches thereof, and their potential liabilities.

The MO also has a duty to consult as is practicable with the person who is for the time being designated as the head of the authority's paid service and with their Section 151 Officer.

7.1 Glossary Terms

HDC	Harlow District Council
MTFP	Medium Term Financial Plan
RSG	Revenue Support Grant
NDR	Non Domestic Rates
NHB	New Homes Bonus
PLGFS	Provisional Local Government Finance Settlement
DLUHC	Department of Levelling Up, Housing and Communities
CSR	Comprehensive Spending Review
LGPS	Local Government Pension Scheme
HRP	Harlow Regeneration Partnership
HGGT	Harlow Gliston Garden Town
HIP	Harlow Investment Partnership
HIF	Harlow Investment Fund
HTS	Harlow Trading Services

Actuary

A business professional who measures and manages risk and uncertainty.

Asset management

Process that identifies the resources required for the upkeep of properties.

Baseline

The minimum level of business rates the council will receive (subject to the safety net).

Budget gap

Also known as a budget deficit, this is when planned expenditure is forecast to exceed revenue in any given year. The gap must be closed by the delivery of savings, efficiencies, or growth in income. The opposite of this is a budget surplus.

Budget Requirement

This represents net budgeted expenditure for the year adjusted for transfers to and from reserves but allowing for sums required by Parish and Town Councils. It is used to determine the amount of Council Tax to be precepted on the Collection Fund after allowing for income from government and any surplus or deficit on the Collection Fund

Business rates multiplier

This is the number of pence per pound of rateable value that must be paid in business rates, before any relief or discounts are deducted.

Business Rates Retention Scheme

The scheme under which the council is permitted to retain an agreed portion of business rates collected.

Cabinet

The Cabinet makes most of the council's decisions, within the budgets and policy framework set by Full Council, except on matters such as planning and licensing, which are dealt with by committees established by Full Council for such purposes.

Capital Programme

The council's budget for capital expenditure and resources for the current and future years.

Capital Expenditure

This relates to expenditure on the acquisition or enhancement of non-current assets that will be of long-term use or benefit to the authority in providing its services. It also includes grants made by the council to other individuals, community organisations and other external bodies for similar long-term benefit.

Capital Receipts

Income from the sale of capital assets and the repayment to the council of grants and loans given for capital purposes. Regulations govern the way capital receipts may be used.

Cash terms/Real terms

Cash terms compare sums in actual amounts regardless of when received/paid. Real terms adjust these amounts for inflation.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the professional accountancy body for public services. It publishes the Code of Practice which defines how local authority accounts are prepared.

Code of Practice

The Code of Practice on Local Authority Accounting in the United Kingdom, also referred to as the Code. This document is based on International Financial Reporting Standards, and states how these must be applied to the preparation of the Statement of Accounts by local authorities.

Collection Fund

The fund into which Council Tax and Non-Domestic Rates are paid and from which the Council Tax precepts and shares of business rates of Harlow District Council, Essex County Council, Essex Police Authority, Essex Fire Authority, the Government and Parish and Town Councils are met as appropriate. Any surplus or deficit is shared between the various authorities, other than the Parish and Town Councils, in proportion to precepted amounts.

Collection Rate

The percentage of total taxation collected by the authority.

Contingency

Money set aside in the budget to meet the cost of unforeseen items of expenditure or shortfalls in income occurring during the year

ahead. This would include changes to the inflation and interest rate assumptions made when the budget was set.

Core Spending Power

Core spending power measures the core revenue funding available for local authority services, including Council Tax and locally retained business rates.

Corporate Plan

Presents the council's goals, objectives, and plans.

Council Tax Base

The equated number of dwellings over which the Council Tax is collected. All dwellings are valued and classified into eight bands (A to H), plus a special band A (disabled). Each band is expressed as a proportion of Band D. The Council Tax base is the number of dwellings expressed in terms of a Band D equivalent after adjusting for the Council Tax Reduction (CTR) scheme.

Council Tax Reduction Scheme (CTR)

Council tax support replaced Council Tax benefit from 1 April 2013. Each billing authority is required to have a published scheme in place setting out the entitlement to support for residents.

Council Tax requirement

The portion of the annual budget that is required to be funded through Council Tax.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a non-current asset, whether arising from use, passing of time or obsolescence through technical or other changes.

Devolution

The government granting powers to regional authorities to make decisions at a local level, rather than through central government.

Discretionary rate relief

A relief on business rates available to some businesses and charities.

Fair Funding Review

The Fair Funding Review will deliver an assessment of relative needs of local authorities within a fixed amount of business rates income. For the services currently supported by the local government finance system, the outcomes of the Fair Funding Review will establish the funding baselines for the introduction of 100% business rates retention. The distribution of funding for new responsibilities will be considered on a case-by-case basis once these responsibilities are confirmed; they are likely to have bespoke distributions.

Fees and Charges

Charges made to the public to the use of council services and facilities. A full schedule of current fees and charges is published on the council's website.

Financial Regulations

A written framework for the proper financial management of the authority. The Financial Regulations are approved by the council as part of its formal constitution.

Formula Rents

The formula rent calculation is set out in the Rent Policy Statement published by the government. The formula rent calculation is based on relative property values, relative local earnings, and bedroom numbers.

General Fund (GF)

The main revenue fund of the council. Day to day spending and income from services are accounted for here.

Gross domestic product (GDP)

The total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment, and government spending, plus the value of exports, minus the value of imports.

Housing benefit administration subsidy grant

A grant provided by central government to assist with the costs of administering housing benefit.

Housing Revenue Account (HRA)

This statutory account records the revenue expenditure and income relating to the provision of council housing. While technically part of the General Fund, the balance is 'ring-fenced' and may not be included in the budget requirement to be met by Council Tax.

Insurance Pool

The council acts as internal insurer for all the council activities. Some risks are self-insured and others are reinsured through external insurance companies. Premiums and excesses are charged to the revenue accounts of services and credited to the pool. An earmarked reserve supports the operation of the pool.

Judicial Review

A court reviews an administrative action by a public body.

Leasing

A method of acquiring the use of assets in which the investment is made by a lessor and a rental is charged to a lessee. The council operates both as lessor and lessee in respect of land, property, vehicles, plant, and equipment. Finance leases transfer substantially all the risks and rewards of ownership to the lessee and are regarded as a debt extended to purchase the leased asset (even when ownership of the asset does not legally pass to the lessee). Any lease which does not meet the definition of a finance lease is classified as an Operating Lease and is treated as an arrangement to hire an asset for a specified term.

Levy rate

The rate at which the government shares in the benefits of business rate growth above the baseline.

Local Government Finance Settlement

The annual determination of funding to local government.

Localism Agenda

The movement of responsibilities from central government to local government and local communities.

Local Precepting Authority (LPA)

Precepting authorities instruct billing authorities to collect Council Tax on their behalf. Local preceptors include parishes, villages, or towns.

Major Precepting Authority

Authorities that do not collect Council Tax directly but instead they instruct a billing authority to collect it on their behalf. Major preceptors are larger than the billing authorities. i.e. usually county councils.

Minimum revenue provision (MRP)

Each year local authorities are required to set aside a prudent amount of revenue as provision for financing capital expenditure.

MMI

Municipal Mutual Insurance

Monitoring Officer

Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000 requires a local authority to appoint a monitoring officer. The Monitoring Officer has three main duties:

1. To report on matters they believe are, or are likely to be, illegal or amount to maladministration.

2. To be responsible for matters relating to the conduct of Councillors and Officers.

3. To be responsible for the correct operation of the council's Constitution.

New Burdens Grant

Grants designed to cover the costs associated with providing new local authority services, which, if not funded by central government, could lead to an increase in council tax.

New Homes Bonus (NHB)

A grant paid to local councils on an incentive basis from central government to encourage housing growth.

National Non-Domestic Rates (NNDR)

Non-Domestic Rates (NDR), or Business Rates, are how occupiers of non-residential property contribute to the cost of providing local authority services. They are levied on the rateable value of each business property multiplied by a uniform amount set annually by the government. Business rates are collected by all Billing Authorities on behalf of other preceptors and the government.

Office for Budget Responsibility (OBR)

A public body that provides independent economic forecasts and analysis of the public finances.

Partial Exemption Threshold

The limit to which the council can recover VAT on certain activities undertaken; however, if the 5% limit is exceeded all such VAT becomes irrecoverable.

Planning Inspectorate

An organisation that deals with planning appeals, applications, and examinations of local plans.

Precept

The amount that local authorities providing services within the Harlow District require to be paid from the Collection Fund to meet the net cost of their services. The Council Tax requirement is made up of the sum of all precepts levied on the Billing Authority.

Preceptor

A body that levies a precept.

Prudential code for capital finance in Local Authorities.

A CIPFA publication, providing guidance to ensure capital programmes are affordable, prudent, and sustainable.

Prudential Indicators

Indicators within the treasury management strategy that ensures that borrowing and debt is within agreed limits.

Public Works Loans Board (PWLB)

A government agency that offers longer-term loans to local authorities at interest rates marginally above the government's own cost of borrowing.

Referendum Limit (For Council Tax setting purposes)

Each year the Secretary of State sets a limit for the rise in Council Tax. If council taxes are set to rise by this percentage or higher than the decision must be ratified through a local referendum.

Reserves

Reserves are set aside at the discretion of the council to meet items of expenditure in future years.

Reserves – earmarked

Reserves set aside for specific purposes.

Reserves – usable

Reserves that can be used to meet future expenditure e.g., the General Fund and the Housing Revenue Account.

Reserves – unusable

Reserves that exist for technical accounting purposes and that cannot be used for any other purpose e.g. Revaluation Reserve and Pension Reserve.

Revenue budget

The money allocated to the day to day running of the council.

Revenue support grant (RSG)

This is part of the main sources of finance given to local authorities from central government.

Right to Buy (RTB) Scheme

Allows eligible council tenants to purchase their property at a discount.

S106

Agreements which make a development proposal acceptable in planning terms that would not otherwise be acceptable. i.e. restrictions on the use of land, sums of money to be paid to the authority.

Safety net

Should the council's business rates income fall below 92.5% of the baseline the Government will provide a grant to ensure that the council receives at least 92.5% of the baseline amount. If the council is in a pool for business rates purposes the shortfall is funded by the pool.

Section 151 (S151) Officer

Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and to appoint an Officer to have responsibility for those arrangements. The Officer appointed under this requirement is called the Section 151 Officer.

Section 31 Compensation

Grant provided by central government. Section 31 of the Local Government Act 2003 allows ministers to grant monies to local authorities for any purpose;

Settlement Funding Assessment (SFA)

The government's assessment of the level of government funding required by a local authority.

Shire Districts

(Non-metropolitan districts), A type of local government district in England. As created, they are subdivisions of non-metropolitan counties in a two-tier arrangement.

Social Housing

Housing that is affordable to people on low incomes.

Small business rates relief

Small business rates relief is generally available if a business only uses one property and that property's rateable value is less than £12,000.

Spending Review

A Spending Review or occasionally Comprehensive Spending Review is a governmental process in the United Kingdom carried out by HM Treasury to set firm expenditure limits and, through public service agreements, define the key improvements that the public can expect from these resources.

Ultra Vires

Beyond the legal powers or authority.

Universal Credit

A single monthly credit, combining several other benefits or tax credits.

Valuation Office Agency

Provides the Government with the valuations and property advice it needs to support tax and benefits.

Virements

The transfer of a budget from one account to another.

Yield

The interest earned on investments.

Useful Links

[Local Authorities \(Calculation of Council Tax Base\) \(England\) Regulations 2012](#)

[Local Government Act 1972](#)

[Local Government Act 1988](#)

[Local Government Act 2003](#)

[Local Government Finance Act 1992](#)

[Local Government and Housing Act 1989](#)

[Localism Act 2011 Local Government Finance Act 1992](#)

[Local Government Act 2000](#)

[Local Government Act 1999](#)

[Local Audit and Accountability Act 2014](#)

[Section 31 Compensation Grant provided by central government.](#)

[Welfare Reform Act 2012](#)

[Provisional Local Government Finance Settlement 2025/26](#)