

Three Rivers District Council

# Full Council

**MEDIUM TERM FINANCIAL PLAN  
2025/26 to 2027/28**

**Conservative Proposals**

25 February 2025

## COUNCIL – 25 FEBRUARY 2025

### ITEM 3. FINANCIAL PLANNING 2025 - 2028

#### RECOMMENDATIONS

1. This amendment to Three Rivers' budget is based on four priorities that the council does not place sufficient weight on:
  - (a) Safer and cleaner streets
  - (b) Preserving and improving our communities
  - (c) Unleash innovation with AI
  - (d) Delivery over publicity
2. This is a plan to deliver better services and lower taxes – and a plan to put Three Rivers on a path to financial sustainability in the long term.
3. As well as delivering savings in 2025/26 to ensure lower taxes and better services over the coming year, there are two long-term changes that will deliver significantly improved savings.
4. Safer and cleaner streets
  - (a) Three Rivers has historically been one of the cleanest, safest places to live in the country. However, that has begun to change recently, with growing amounts of fly-tipping and littering and greater levels of and fear of crime relative to other areas. Conservative councillors propose measures to ensure Three Rivers remains clean and safe.
  - (b) Conservative councillors support installing more CCTV in crime and antisocial behaviour hotspots, but the levels installed fall short of the need of the community. We would install an additional nine CCTV cameras, using CIL receipts. And we will ensure more police presence too by giving a grant to the PCC to allow a rebate on district element of Council Tax for Special Constables.
  - (c) Conservative councillors also recognise our area is targeted by car thieves and burglars from further afield, due to the proximity of the M25. Whole communities can be made safe from these crimes with affordable deterrents, such as Faraday pouches for car keys and forensic anti-burglary water. We will make our communities burglary-proof by delivering them to all houses in areas at risk of burglary, as other areas have done to inoculate whole communities from burglary and car theft.
  - (d) We will introduce a 'clean-up squad' to tackle fly-tipping, littering, and graffiti in Rickmansworth and Moneyhill, with a view to extending it to other areas in future years. We will increase on-the-spot fines for fly-tipping to the maximum legally permitted, as Three Rivers' maximum FPNs are less than half the levels imposed by other councils. We will introduce our own Fly-tipping on Private Land Fund to match grants from the Police & Crime Commissioner to prevent and clean up fly-tipping.
  - (e) We will seek to procure formally external legal advice on the council's ability to close down Shannon House, as it has caused significant increase in crime and anti-social behaviour in Kings Langley and Abbots Langley.

## 5. Preserving and improving our communities

- (a) We will increase the number of Conservation Area appraisals updated each year from 2 to 4, to bring it into line with Historic England's best practice. We will introduce a Heritage Shopfront Fund to match-fund restoration of area-appropriate shopfronts in conservation areas, including Rickmansworth High Street and Abbots Langley High Street: and then lock that restored appearance in with minor changes to local Conservation Area appraisals so they remain heritage-appropriate.
- (b) We will conduct a review of pre-application fees, reducing them for householder applications to reduce the burden on families doing minor work while increasing them for large developments, as Three Rivers are lower than for neighbouring Watford, Harrow, and other councils.
- (c) We will increase parking availability on Moneyhill Parade, funding feasibility and initial works to expand parking. We will reduce the cost of parking permits for businesses in Moneyhill to £50 – a reduction of approximately 90%.
- (d) We will fast-track the introduction of a commuter parking scheme at Ferry car park in Chorleywood. We will seek to form a joint floating car club with Watford, which has an existing scheme, to reduce pressure on parking and give independence to people who only have infrequent need for a car.
- (e) We will reallocate parking enforcement to areas with greater demand, such as Moneyhill Parade, Field Way, Abbots Langley High Street, Abbots Road, and Langley Road.
- (f) We will open a cricket pitch at South Oxhey Playing Fields to cater for fast-growing demand in the area. We will provide 50% of the funding of works to improve road safety at Batchworth Bridge.

## 6. Unleash innovation with AI

- (a) Three Rivers is behind the curve on the adoption of artificial intelligence to reduce red tape and improve service delivery. Many councils integrate AI into every service area. Even advanced tools, such as the professional version of the American Perplexity.ai are available for free to all councils. However, Three Rivers has been more technologically resistant.
- (b) We will therefore launch a review immediately on how best to integrate AI into the functions of the council. In the first instance, this can deliver clerical work, such as automating note-taking on calls to improve customer service, automating minute-taking and report-writing to reduce writing time, and introducing an AI chatbot to assist out-of-hours and reduce pressure on the call centre.
- (c) However, in future years, this can deliver transformative service changes, such as detecting waste collection and parking enforcement need, giving feedback on planning applications, and monitoring CCTV automatically. In the medium-term, this could reduce the cost of some service areas by up to 90%.
- (d) While greater savings will be realised in future years, we assess that there are £50,000 of savings that can be achieved in 2025/26 pending the outcome of a full review.

## 7. Delivery over publicity

- (a) Three Rivers has by far the largest communication budget – primarily external publicity – of any district council in Hertfordshire, despite having the second-smallest population. We would half expenditure on the communication budget, bringing it into line with the average for district councils in the county. The full saving will not be realised until future years, but sufficient savings can be delivered in 2025/26 to fund all of our proposals to make our streets cleaner and safer.
  - (b) Three Rivers' Community Infrastructure Levy (CIL) charging schedule is out of date. This charges nothing to Watford Rural, but also broadly gives a 30% discount to developers across the district due to inflation: meaning less money for infrastructure locally. The council said that it will only update this after the new Local Plan is adopted. However, the withdrawal of the previous draft Local Plan will sadly mean more development, all of which will be entitled to the current low or zero CIL rate: costing Three Rivers several million pounds in lost revenue for infrastructure. We will spend the small amount required from the Planning Reserve to update the schedule now to yield millions in future years.
  - (c) Despite having the Committee System, Three Rivers has far more Lead Members per councillor or resident than the average for Hertfordshire districts. We would bring it into line with the average across Hertfordshire districts, saving taxpayers' money that is currently spent on their allowances to do less work than is the case in other districts.
  - (d) Three Rivers House has had significant unused office space without yielding any revenue. Given the lack of interest at the current asking price, we would discount the asking rent to the amount the market has shown it can bear: raising £50,000 a year and bringing businesses back to Rickmansworth,.
  - (e) Altogether, these savings will be sufficient to fund significant investment in community facilities, and reduce Council Tax.
8. In addition, this amendment reduces the Council Tax requirement by 1% versus the budget recommended by the Policy & Resources Committee.

## 9. Council agrees the following actions;

- (a) That the Medium Term Financial Strategy and Capital Programme, as presented to Policy and Resources on 27 January 2025, be approved subject to the following changes:
  - (i) That the resource implications of the Final Local Government Finance Settlement are included in the MTFP at Appendix 1.
  - (ii) That the final parish precept figures are reflected in the MTFP at Appendix 1
  - (iii) That the variations outlined in Appendix 2 are included in the MTFP at Appendix 1.
- (b) That the revenue budget for 2025/26 totalling net expenditure of **£14,589,913** and the draft revenue estimates for the period 1 April

2025 to 31 March 2028 giving a balance on the general fund at 31 March 2028 of **£2,824,869** be approved. (Appendix 1)

- (c) That £2.0m be considered as a prudent minimum balance for the general fund.
- (d) That the capital strategy, including the Minimum Revenue Provision strategy and the Treasury Management Policy, as presented to Policy and Resources Committee on 27 January 2025 be agreed, subject to the changes outlined above, and the total investment programme for 2025/26 be agreed at £4,448,000.
- (e) That the arrangements for funding the 2025/28 capital strategy and investment programme resulting in an estimated balance of capital resources at 31 March 2028 of £2,804,749 be agreed
- (f) That the financial and budgetary risks presented to The Policy and Resources Committee on 27 January 2025 be approved and their management monitored by the Audit Committee.
- (g) That the Council Tax Reduction Scheme, as presented to Policy and Resources Committee on 27 January 2025, remains unchanged other than for the updating of prescribed amounts.
- (h) That the position on the financial reserves as presented to the Policy and Resources Committee on 27 January 2025, as amended by paragraph above, is noted.
- (i) The Director of Finance's advice on the robustness of the estimates and the adequacy of the financial reserves is noted.
- (j) The Director of Finance be authorised to amend individual budget lines to implement the budget as set out above

## **STATEMENT OF CHIEF FINANCIAL OFFICER**

1. Under Section 25 of the of the Local Government Act 2003, the Council's Chief Finance Officer (designated officer under section 151 of the Local Government Act 1972) must report to Council on the following matters:
  - a. the robustness of the estimates made for the purposes of the calculations, and
  - b. the adequacy of the proposed financial reserves.
2. The Director of Finance, as the designated officer, confirms that the estimates in the draft budget presented to Policy and Resources Committee are robust and highlights the following risks in the estimates provided:
  - a. No feasibility study has been carried out on the use of Artificial Intelligence, its potential savings, security implications and implementation costs and therefore the proposed savings may not be achievable and implementation costs have not been allowed for. Any additional costs would have to be met from the Economic Impact Reserve.
  - b. No redundancy costs have been allowed for the reduction in communications expenditure and would need to be met from the Economic Impact Reserve. The impact on the service has not been quantified.

- c. The current rental cost for the ground floor of Three Rivers House has been set after discussion with local agents on the basis that it includes business rates and utilities, there is no guarantee that reducing the rent would secure a tenant.
  - d. Other than where fixed amounts have been allocated, costs have not been able to be confirmed and may change, with any additional costs or resultant loss of income being met from the Economic Impact Reserve.
3. Increasing the council tax by less than the referenda limit, builds the reduction in council tax income permanently into the base as the referenda limit in future years is applied as a percentage on the previous year. This results in an ongoing reduction in resources to Three Rivers Council.
4. Effective budget management remains key to Three Rivers' strong financial position. All budget managers understand the need to ensure that any unnecessary expenditure is minimised and that income levels are optimised and income collected promptly. The establishment and vacancies remain tightly controlled. Service heads have been successful in identifying and applying for external funding particularly in respect of sustainability, leisure and community initiatives.
5. Three Rivers remains in a cash positive position and as such, unlike other councils, has benefited from the ongoing increased level of interest rates. Prudent forecasts of investment income have been built into future years beyond 2025/26 as interest rates are forecast to fall during the period of the medium term financial plan as well as cash balances. The Council has £8m of external debt which relates to lending by the council in relation to the joint venture and other housing projects with maturities that match the underlying borrowing.
6. The Council benefits significantly from business rate growth and business rate pooling. The Government has confirmed that the business rate base for business rate retention will be reset for 2026/27 with the implementation of 'fair funding' that will skew resources to those authorities with the highest need and less ability to raise resources from the council tax. As a result of these changes the Council expects to lose resources and a prudent view has been taken of resources for 2026/27 and beyond. This has resulted in a budget gap for the future years of the MTFP. Once the Government has published exemplifications of future funding, the Council will be able to take a view on the level of savings needed to balance the budget in future years. Even with this budget gap reserves remain forecast to be above the minimum recommended level by the end of the MTFP period.
7. As a result of the 2023 business rate revaluation, the Council is exposed to significant appeals risk. Three Rivers experienced the highest business rate increase in the country as a result of the revaluation, principally as a result of the business rate valuation increase applied to film studios. The Council has a substantial appeal provision against which to manage this risk.
8. Devolution and local government reorganisation are being actively pushed by the Government and Hertfordshire, whilst not part of the current priority programme, is likely to be affected. The Council has provided an earmarked reserve to provide for immediate costs and the work being carried out within Hertfordshire will look at the potential impact on future budgets and implementation costs beyond the horizon of the current MTFP.
9. The Council will continue to manage the risks within its budget through active budget monitoring, taking steps in year to address any pressures, and through the use of the Economic Impact Reserve and ultimately General Balances. The General Fund Balances are currently projected to be approximately £2.8M at the end of the medium-term financial plan.

Alison Scott  
Director of Finance (Shared Services)  
25 February 2025

Medium Term Financial Plan - Consolidated Revenue Account (General Fund)								
Funding	2024/25					2025/26	2026/27	2027/28
	Original	Original Budget plus Carry Forwards from 2023/24	Latest Budget	Previous Forecast	Latest Forecast	Forecast	Forecast	Forecast
	£	£	£	£	£	£	£	£
Council Tax Base (No.)	39,850.80	39,850.80	39,850.80	39,850.80	39,850.80	40,038.90	40,439.30	40,843.70
<b>Council Tax Base Increase (%)</b>	0.00	0.00	0.00	0.00	0.00	0.47	0.99	0.99
Band D Council Tax (£)	200.37	200.37	200.37	200.37	200.37	204.36	210.47	216.76
<b>Council Tax Increase - TRDC (%)</b>	0.00	0.00	0.00	0.00	0.00	1.99	2.99	2.99
Council Tax (£)	(7,984,905)	(7,984,905)	(7,984,905)	(7,984,905)	(7,984,905)	(8,182,350)	(8,511,259)	(8,853,280)
<i>Parish Precepts (£)</i>	(2,500,591)	(2,500,591)	(2,500,591)	(2,500,591)	(2,500,591)	(2,612,265)	(2,664,530)	(2,717,820)
<b>Total Taxation (£)</b>	<b>(10,485,496)</b>	<b>(10,485,496)</b>	<b>(10,485,496)</b>	<b>(10,485,496)</b>	<b>(10,485,496)</b>	<b>(10,794,635)</b>	<b>(11,175,789)</b>	<b>(11,571,100)</b>
Business Rates (£)	(2,818,907)	(2,818,907)	(2,818,907)	(2,818,907)	(2,818,907)	(3,000,000)	(2,695,000)	(2,495,000)
Collection Fund Surplus (£)	84,870	84,870	84,870	84,870	84,870	124,592	0	0
New Homes Bonus Grant (£)	(100,025)	(100,025)	(100,025)	(100,025)	(100,025)	(116,296)	0	0
Government Funding (£)	(589,041)	(589,041)	(589,041)	(589,041)	(589,041)	(419,117)	(445,000)	(445,000)
<b>Total Grant Funding (£)</b>	<b>(3,423,103)</b>	<b>(3,423,103)</b>	<b>(3,423,103)</b>	<b>(3,423,103)</b>	<b>(3,423,103)</b>	<b>(3,410,821)</b>	<b>(3,140,000)</b>	<b>(2,940,000)</b>
<b>Total Taxation &amp; Grant Funding (£)</b>	<b>(13,908,598)</b>	<b>(13,908,598)</b>	<b>(13,908,598)</b>	<b>(13,908,598)</b>	<b>(13,908,598)</b>	<b>(14,205,457)</b>	<b>(14,315,789)</b>	<b>(14,511,100)</b>
Financial Statement - Summary	2024/25					2025/26	2026/27	2027/28
	Original	Original Budget plus Carry Forwards from 2023/24	Latest Budget	Previous Forecast	Latest Forecast	Forecast	Forecast	Forecast
	£	£	£	£	£	£	£	£
<b>Committee - Net Cost Of Services</b>								
General Public Services and Economic Development	4,480,576	4,535,325	4,599,031	4,994,887	4,994,887	4,571,161	4,530,581	4,530,581
Climate Change, Leisure and Community Policy and Resources	1,952,185	2,032,948	2,037,090	2,079,699	2,079,699	2,049,852	2,100,484	2,100,484
	5,270,374	5,411,429	5,743,677	5,865,827	5,865,827	5,660,736	5,897,075	5,897,075
<b>Period 8 Variances</b>	0	0	0	0	81,596	193,428	235,784	498,129
<b>Growth Bids</b>	0	0	0	0	0	770,135	657,705	658,051
<b>Extended Producer Responsibility Payments</b>	0	0	0	0	0	(883,000)	(800,000)	(800,000)
<b>Proposed Variations</b>						(29,950)	(29,950)	(29,950)
<b>Sub-Total</b>	<b>11,703,135</b>	<b>11,979,702</b>	<b>12,379,798</b>	<b>12,940,413</b>	<b>13,022,009</b>	<b>12,332,362</b>	<b>12,591,679</b>	<b>12,854,370</b>
<b>Other</b>								
Parish Precepts	2,500,591	2,500,591	2,500,591	2,500,591	2,500,591	2,612,285	2,664,530	2,717,820
Interest Payable & Borrowing costs	715,606	715,606	715,606	715,606	715,606	755,266	741,766	741,766
Interest Received	(760,000)	(760,000)	(810,000)	(1,850,000)	(1,850,000)	(710,000)	(710,000)	(710,000)
<b>Period 8 Variances</b>	0	0	0	0	0	(400,000)	(266,470)	(176,970)
<b>Sub-Total</b>	<b>2,456,197</b>	<b>2,456,197</b>	<b>2,406,197</b>	<b>1,366,197</b>	<b>1,366,197</b>	<b>2,257,551</b>	<b>2,429,826</b>	<b>2,572,616</b>
<b>Net Expenditure</b>	<b>14,159,332</b>	<b>14,435,899</b>	<b>14,785,995</b>	<b>14,306,610</b>	<b>14,388,206</b>	<b>14,589,913</b>	<b>15,021,505</b>	<b>15,426,986</b>
<b>Income from Council Tax, Government Grants &amp; Business Rates</b>	<b>(13,908,598)</b>	<b>(13,908,598)</b>	<b>(13,908,598)</b>	<b>(13,908,598)</b>	<b>(13,908,598)</b>	<b>(14,205,457)</b>	<b>(14,315,789)</b>	<b>(14,511,100)</b>
<b>(Surplus)/Deficit Before Use of Earmarked Reserves</b>	<b>250,734</b>	<b>527,301</b>	<b>877,397</b>	<b>398,012</b>	<b>479,608</b>	<b>384,457</b>	<b>705,716</b>	<b>915,886</b>
<b>Planned Use of Reserves:</b>								
Economic Impact Reserve	0	0	0	0	(147,587)	(347,587)	0	0
<b>(Surplus) / Deficit to be funded from General Balances</b>	<b>250,734</b>	<b>527,301</b>	<b>877,397</b>	<b>398,012</b>	<b>332,021</b>	<b>36,870</b>	<b>705,716</b>	<b>915,886</b>

Movement on General Fund Balance	2024/25					2025/26	2026/27	2027/28
	Original	Original Budget plus Carry Forwards from 2023/24	Latest Budget	Forecast Budget	Outturn	Latest	Latest	Latest
	£	£	£	£	£	£	£	£
Balance Brought Forward at 1 April	(5,027,228)	(5,027,228)	(5,027,228)	(5,027,228)	(5,027,228)	(4,483,339)	(4,446,470)	(3,740,754)
Revenue Budget (Surplus)/Deficit for Year	250,734	527,301	877,397	398,012	332,021	36,870	705,716	915,886
Creation of Additional Earmarked Reserves	0	0	0	0	211,868	0	0	0
<b>Closing Balance at 31 March</b>	<b>(4,776,494)</b>	<b>(4,499,927)</b>	<b>(4,149,831)</b>	<b>(4,629,216)</b>	<b>(4,483,339)</b>	<b>(4,446,470)</b>	<b>(3,740,754)</b>	<b>(2,824,869)</b>

Movement on Economic Impact	2024/25					2025/26	2026/27	2027/28
	Original	Original Budget plus Carry Forwards from 2023/24	Latest Budget	Forecast Budget	Outturn	Latest	Latest	Latest
	£	£	£	£	£	£	£	£
Balance Brought Forward at 1 April	(1,530,488)	(1,530,488)	(1,530,488)	(1,530,488)	(1,530,488)	(1,382,901)	(1,035,314)	(1,035,314)
Movement excluding any call from budget proposals	0	0	0	0	147,587	347,587	0	0
<b>Closing Balance at 31 March</b>	<b>(1,530,488)</b>	<b>(1,530,488)</b>	<b>(1,530,488)</b>	<b>(1,530,488)</b>	<b>(1,382,901)</b>	<b>(1,035,314)</b>	<b>(1,035,314)</b>	<b>(1,035,314)</b>



## Appendix 2

Item	Capital Programme	Revenue Budget Impact
	£	£
1	93,000	9,000
2	-	4,800
3	-	3,250
4	-	11,000
5	-	6,000
6	-	20,000
7	-	(8,000)
8	-	10,000
9	-	(50,000)
10	-	20,000
11	-	-
12	-	10,000
13	50,000	-
14	-	(4,000)
15	-	-
16	-	15,000
17	30,000	-
18	-	-
19	100,000	24,000
20	-	(90,000)
21	-	50,000
22	-	(50,000)
23	-	(11,000)
<b>Total</b>	<b>273,000</b>	<b>(29,950)</b>

