

Three Rivers District Council

Full Council

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

Liberal Democrat Proposals

25 February 2025

COUNCIL – 25 FEBRUARY 2025

ITEM 3. FINANCIAL PLANNING 2025 - 2028

RECOMMENDATIONS OF THE LIBERAL DEMOCRAT GROUP

1. Council notes the challenge to our finances of the past couple years and the continuing impact of the pandemic on our budgets. There continues to be uncertainty around long term fair funding and business rates and the Council has taken a prudent approach within the Medium Term Financial Plan (MTFP) and is forecasting a reduction in resources from 2026/27 onwards as a result.
2. Council further notes the following achievements, enabling services to be protected without steep increases in its element of council tax, despite only 10 pence of every £1 in total council tax collected being retained by Three Rivers District Council:
 - Sound financial management of the Council along with a clear strategic direction.
 - No staff redundancies and no reduction in services
 - Having skilled and dedicated staff at all levels enabling us to deliver an excellent range of services that are highly rated by Three Rivers residents
 - The ability to increase and improve services with additional support in key areas unlike some other Councils including:
 - An extra £500,000 of capital funding per year for sustainability schemes to achieve our Net Zero Goal,
 - Extra resources to support parking schemes and improvement, additional maintenance of footpaths, alleyways and Rickmansworth Town Centre improvements
 - Continuing the support for those children in need and on free school meals with free swimming.
 - Additional £400,000 providing support for the evidence work required by the government in bringing forward our Local Plan proposals to enable earlier submission to the Government to protect as much of our Three Rivers Green Belt as possible.
 - Continue to exempt the poorest in Three Rivers from paying council tax, unlike many other Councils.
 - Providing a £100,000 reserve to meet the challenges of the potential Local Government Reform required by Government.
3. Council notes this increase by £5 per bin has already been agreed in order to cover these costs rather than be covered by all residents out of the general fund. This will result in a cost of £70 for a single brown bin (a concessionary rate of £60 will apply for those on income-based Council- administered benefits). The Director of Finance has confirmed that our income from collecting garden waste does not exceed our costs for this service. Our charges are still lower than many other authorities and our near neighbours and offers value for money as is evidenced by the high take up rate.
4. Council notes that overall, this is a balanced budget as signed off by the Director of Finance. It will ensure we have sufficient reserves to deal with the key pressures around pay and inflation and the impact of fair funding which is likely to see resources moved away from Hertfordshire. It ensures our debt obligations are

also well managed and funded along with our capital programme.

5. Council notes that along with the Local Government Association and other bodies we will keep up the pressure on Government Ministers to agree not only a fair overall settlement for Local Government but also a longer-term settlement to enable better forward planning. Council also notes that the Council has absorbed the unfunded £63k of increased National Insurance costs.

6. 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:
 - a. An additional £10k pa revenue is allocated for future years for Footpaths, Roads, Alleyways and Verges.
 - b. £10k is allocated in 2025/26 and £5k in 2026/27 for Rickmansworth Town Improvements to pump prime capital projects.
 - c. £30k is allocated for 2025/26 for the follow up South Oxhey Parking Study and £0.5M is allocated within the capital budget to allow for the cost of any works identified by the study.
 - d. £0.5M pa is allocated within the capital budget to allow for sustainability schemes with a proven business case to be funded. Such schemes to be agreed by Policy and Resources Committee.
 - e. £17k pa be allocated for Social Media monitoring to enhance our interface with the public.
- (b) That the revenue budget for 2025/26 totalling net expenditure of **£14,676,863** and the draft revenue estimates for the period 1 April 2026 to 31 March 2028 giving a balance on the general fund at 31 March 2028 of **£2,873,989** 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 £5,175,000.
- (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 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:
 - o the robustness of the estimates made for the purposes of the calculations, and
 - o the adequacy of the proposed financial reserves.
2. The Director of Finance, as the designated officer, confirms the estimates have been correctly calculated under the assumptions used and are robust. The council would have sufficient balances to fund the 2025/26 budget, including the future years of the MTFP.
3. 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.
4. 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.
5. 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.

6. 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.
7. 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.
8. 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 Economic Impact Reserve and General Fund Balances are currently projected to be approximately £3.9m at the end of the medium-term financial plan.

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

Appendix 1

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
Council Tax Base Increase (%)	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	206.36	212.53	218.88
Council Tax Increase - TRDC (%)	0.00	0.00	0.00	0.00	0.00	2.99	2.99	2.99
Council Tax (£)	(7,984,905)	(7,984,905)	(7,984,905)	(7,984,905)	(7,984,905)	(8,262,427)	(8,594,564)	(8,939,869)
Parish Precepts (£)	(2,500,591)	(2,500,591)	(2,500,591)	(2,500,591)	(2,500,591)	(2,612,265)	(2,664,530)	(2,717,820)
Total Taxation (£)	(10,485,496)	(10,485,496)	(10,485,496)	(10,485,496)	(10,485,496)	(10,874,712)	(11,259,094)	(11,657,689)
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)
Total Grant Funding (£)	(3,423,103)	(3,423,103)	(3,423,103)	(3,423,103)	(3,423,103)	(3,410,821)	(3,140,000)	(2,940,000)
Total Taxation & Grant Funding (£)	(13,908,598)	(13,908,598)	(13,908,598)	(13,908,598)	(13,908,598)	(14,285,534)	(14,399,094)	(14,597,689)
Financial Statement - Summary								
Committee - Net Cost Of Services	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
	£	£	£	£	£	£	£	£
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
Period & Variances	0	0	0	0	81,596	193,428	235,784	498,129
Growth Bids	0	0	0	0	0	770,135	657,705	658,051
Extended Producer Responsibility Payments	0	0	0	0	0	(883,000)	(800,000)	(800,000)
Proposed Variations						57,000	27,000	27,000
Sub-Total	11,703,135	11,979,702	12,379,798	12,940,413	13,022,009	12,419,312	12,648,629	12,911,320
Other								
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)
Period & Variances	0	0	0	0	0	(400,000)	(266,470)	(176,970)
Sub-Total	2,456,197	2,456,197	2,406,197	1,366,197	1,366,197	2,257,551	2,429,826	2,572,616
Net Expenditure	14,159,332	14,435,899	14,785,995	14,306,610	14,388,206	14,676,863	15,078,455	15,483,936
Income from Council Tax, Government Grants & Business Rates	(13,908,598)	(13,908,598)	(13,908,598)	(13,908,598)	(13,908,598)	(14,285,534)	(14,399,094)	(14,597,689)
(Surplus)/Deficit Before Use of Earmarked Reserves	250,734	527,301	877,397	398,012	479,608	391,330	679,361	886,247
Planned Use of Reserves:								
Economic Impact Reserve	0	0	0	0	(147,587)	(347,587)	0	0
(Surplus) / Deficit to be funded from General Balances	250,734	527,301	877,397	398,012	332,021	43,743	679,361	886,247

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)	(4,439,597)	(3,760,236)
Revenue Budget (Surplus)/Deficit for Year	250,734	527,301	877,397	398,012	332,021	43,743	679,361	886,247
Creation of Additional Earmarked Reserves	0	0	0	0	211,868	0	0	0
Closing Balance at 31 March	(4,776,494)	(4,499,927)	(4,149,831)	(4,629,216)	(4,483,339)	(4,439,597)	(3,760,236)	(2,873,989)

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)
COVID-19 Impact for Year	0	0	0	0	147,587	347,587	0	0
Closing Balance at 31 March	(1,530,488)	(1,530,488)	(1,530,488)	(1,530,488)	(1,382,901)	(1,035,314)	(1,035,314)	(1,035,314)

Total Reserves 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	(6,557,716)	(6,557,716)	(6,557,716)	(6,557,716)	(6,557,716)	(5,866,240)	(5,474,911)	(4,795,550)
Impact for Year	250,734	527,301	877,397	398,012	691,476	391,330	679,361	886,247
Closing Balance at 31 March	(6,306,982)	(6,030,415)	(5,680,319)	(6,159,704)	(5,866,240)	(5,474,911)	(4,795,550)	(3,909,303)
Total Reserves	(6,306,982)	(6,030,415)	(5,680,319)	(6,159,704)	(5,866,240)	(5,474,911)	(4,795,550)	(3,909,303)

