



COUNCIL - WEDNESDAY, 25 FEBRUARY 2026

For information

7. FINAL 2026/27 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY (2027/28 TO 2029/30) INCLUDING CAPITAL PROGRAMME(Pages 3 - 6)

Please see attached document for information only providing clarification of additional information to questions raised following the Overview and Scrutiny Panel (Performance and Growth) held on 4th February 2026 as a further meeting of the Panel will not be held before consideration of the budget at Council.

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17th February 2026

Further Information requests on assumptions in the budget and MTFs following Overview and Scrutiny.

1. Can you please inform us of the interest rate assumptions that have been used in relation to interest receipts over the course of the MTFs, and the basis on which those rates have been chosen.

Response:

- The interest rate used for investments tracks the Bank of England base rate.
- The Bank of England base rate forecast is provided by MUFG.
- The Bank of England rate is expected to flatten out by September 2026 according to the long-term rate forecast provided by MUFG. This is based on expected levels of borrowing required within the market, in particular in relation to development of AI.
- An allowance is made for the difference between the Bank of England base rate and the rate achieved on investments.
- The difference is less applicable to money market funds (MMF) as these track closer to the base rate (or have done historically). MMF rates are more of a market rate.
- A larger difference is allowed for Debt Management Office (DMO) deposits as the rate on these has historically been lower than for MMFs.
- The risk with DMO deposits is that these might move more sharply downwards as the DMO rate is not just set on market factors but can also depend on government policy and government borrowing requirements. The DMO is also a smaller market, so any changes in policy or demand can have a larger effect.

Highlighted in yellow below are the interest rates that have been used within the MTFs for MMFs and DMOs.

	Less Difference	2026										2027		
		April	May	June	July	August	September	October	November	December	January	February	March	
MMF Interest rate														
Bank Rate (Cap Econ)		0.0350	0.0350	0.0325	0.0325	0.0325	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	
High	0.00100	0.0360	0.0360	0.0335	0.0335	0.0335	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	
Medium High	-0.00100	0.0340	0.0340	0.0315	0.0315	0.0315	0.0290	0.0290	0.0290	0.0290	0.0290	0.0290	0.0290	
Medium	-0.00200	0.0330	0.0330	0.0305	0.0305	0.0305	0.0280	0.0280	0.0280	0.0280	0.0280	0.0280	0.0280	
Low	-0.00300	0.0320	0.0320	0.0295	0.0295	0.0295	0.0270	0.0270	0.0270	0.0270	0.0270	0.0270	0.0270	
DMO Interest rate														
Bank Rate (Link/Cap Econ)		0.0350	0.0350	0.0325	0.0325	0.0325	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	
High	-0.00100	0.0340	0.0340	0.0315	0.0315	0.0315	0.0290	0.0290	0.0290	0.0290	0.0290	0.0290	0.0290	
Medium High	-0.00300	0.0320	0.0320	0.0295	0.0295	0.0295	0.0270	0.0270	0.0270	0.0270	0.0270	0.0270	0.0270	
Medium	-0.00600	0.0290	0.0290	0.0265	0.0265	0.0265	0.0240	0.0240	0.0240	0.0240	0.0240	0.0240	0.0240	
Low	-0.00800	0.0270	0.0270	0.0245	0.0245	0.0245	0.0220	0.0220	0.0220	0.0220	0.0220	0.0220	0.0220	

2. Can you please elaborate on the unavoidable pressure described as "Rent income pressure from voids" which is £554k in 26/27 (annex A2). How is this figure calculated, what assumptions have been made on voids over the first and each of the subsequent years?

Response:

This is a budget adjustment to reflect the impact of a detailed review completed by the new commercial property surveyor of existing voids and forecast future letting dates, based on current market conditions.

3. Can we have a little more detail about the following and do they tie in together:
- a. the unavoidable pressure of £346k (annex A2) for planning application income rebase lining.

Response:

- Due to the economic downturn, elections and LGR there continues to be some uncertainty within the development industry, so we have taken a prudent approach.
- We did not feel it was appropriate to look back at the economic downturn in 2008/2009/2010 due to the other factors involved

Trend analysis was undertaken of the last 3 years for planning applications income:

2022/23 - £1,572,840

2023/24 - £1,252,305

2024/25 - £1,818,826

Average - £1,547,990

The 26/27 Previously Approved Budget was £1,918,000.

Adding the unavoidable pressure of £346,000 in, results in a reduction and means the New 2026/27 budget is **£1,572,000**.

- b. the budget bid of £170k (annex A) for pre-app income and retention of LT

Response:

- This is non-statutory additional income to the department.
- Ensures that department recovers operating costs
- Larger schemes will decide to have a PPA as part of an ongoing working practice rather than singular pre-app advice.

- Funding cannot be guaranteed, as it is reflective of the development market, and schemes may speed up or slow down based on external factors.
- The pre-app process allows for smaller schemes to have one-off engagement (paid for) with officers.
- Streamlined planning applications are processed as matters are addressed via pre-application.
- Retention of an experienced/senior contractor allows for specific planning related project work alongside embedding the programme of planning improvements to deliver a high value, cost-effective service that meets and exceeds its statutory requirements. Recent recruitment of senior, experienced planners has been challenging, both locally and regionally. Contractors can vary in skills/abilities, and this route offers opportunity to retain an experienced contractor, thereby delivering results.
- Contractors can be retained/let go without strain costs in the event of economic downturn and/or preparation for LGR transition.

c. The revenue bid of (£589k) (annex A) for PPA income and costs

Response:

- This is non-statutory additional fee income.
- Ensures that department recovers operating costs – including covering case specific consultancy.
- NPPF encourages pre-application engagement with LPA.
- Gov't supports cost recovery for PPA work. But this cannot be guaranteed as income.
- We have seen an increased uptake on this service in year due to the stage of progression of the local plan, market conditions, and appreciation of the quality of service.
- Funding cannot be guaranteed, as it is reflective of the development market, and schemes may speed up or slow down based on external factors. This means that some PPA income may span multiple financial years.
- Provides clear MoU on ways of working for both applicant and LPA.
- More streamlined & faster planning application/DCO process, providing more certainty to development industry, including infrastructure providers.
- Enabling development within our district to be a growth-enabling authority
- Supports economic growth, resulting in higher NNDR collection.
- Enhances HDC's reputation as an authority that supports growth.

4. In the capital budget (appendix 2b) there is spend in Environmental Services as follows:

- a. Vehicle Fleet Replacement £305k**
- b. Vehicle Fleet Replacement (rephase) £1,146k**

- c. Vehicle Fleet replacement 2026/27 Programme £918k**
- d. Additional Waste and Food Rounds £567k**

Can you please give some more detail on what these replacements are, and in the case of the additional food and waste rounds confirmation that this is not capitalising revenue spend?

All the above budgets relate to the acquisition of vehicles to support the delivery of services across Environmental Services. The service has a rolling fleet replacement program that fluctuates between years to reflect need.

It is currently expected that for the financial year 2026/27, the budget within a, b and c above will cover the purchase of replacement vehicles within the current fleet that are coming to the end of their useful lives.

At present, this includes 4 RCVs, a skip lorry, 4 Caged Vehicles (Street Cleansing), 8 Flatbeds (Grounds Maintenance), 3 Panel Vans (Grounds Maintenance), an Arb Crane, 8 small vans (various services), 2 Box Van for Waste, 6 Mowing vehicles (Grounds Maintenance), 4 Pool cars, 4 Mules (Parks and open spaces).

Not all vehicles are replaced like for like. An assessment is completed to ensure that any vehicles purchased are the most suitable for role and usage levels.

The additional £567k, within d. above, refers to additional expenditure required to expand the current fleet, of two new 26tn Refuse Collection Vehicles (RCVs), and one food waste vehicle for Trade, to support additional food waste collection.

As all of the above expenditure will be incurred on the acquisition of vehicles and not on day to day running expenses – they are eligible for capitalisation.