Appendix A

MEDIUM TERM FINANCIAL STRATEGY 2026-2029

and

REVENUE & CAPITAL BUDGET 2026/27

ST HELENS
BOROUGH COUNCIL

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MEDIUM TERM FINANCIAL STRATEGY 2026-2029

INTRODUCTION

1. This Strategy provides an overarching framework setting out the context in which future decisions on resource allocation and budgeting will be taken. Its primary purpose is to provide an indication of the Council's future financial position and, in turn, inform the annual budget setting process. It quantifies the likely level of resources available to deliver the Council's services and achieve its core strategic objectives.

2. It is essential that allocation of resources reflects both statutory responsibilities and strategic priorities. The 'golden thread' running through to the proposed budget flows from the Council's Borough Strategy and the proposals for the 2027/27 budget continue to reflect the Council's priorities as set out in the Borough Strategy.

3. This Strategy includes:

    - An overview of the financial landscape within which St Helens operates
    - The financial context and a high-level overview of funding changes likely to affect the Strategy
    - An impact assessment of the Revenue Budget 2026/27 on future years
    - Balancing the medium term resources
    - Reserves forecasts and strategy
    - Arrangements for monitoring and review
    - The Treasury Management Strategy
    - Capital and investment plans over the medium term
    - Risks to the Council's financial resilience and sustainability
    - Robustness of Estimates and Adequacy of Reserves

4. The medium term financial planning process has been developed for the period 2026-2029. It provides a forecast of the cost of continuing to provide existing levels of service and the resources that are likely to be available to the Council over the period. It sets out the extent of any potential budget gap, to inform Cabinet and Council resource allocation decisions and to determine the quantum of efficiencies and cost reductions required over the medium term.

OVERVIEW

5. Local Government as a whole continues to face significant challenges as a sector after more than a decade of austerity and government cuts, historically high levels of inflation leading to a cost of living crisis, and given the impact of continually increasing demand in both adults' and children's social care.

6. The Local Government Association produced analysis ahead of the Government's Autumn Budget that showed, due to inflation and wage pressures alongside cost and demand pressures, the number of councils requiring Exceptional Financial Support continues to rise, with 1 in 6 councils responsible for social care required to seek additional support. The key cost pressure drivers behind these figures included:

- Soaring costs in children's social care due to market pressures, rising complexity and placement expenses and a 80.4% rise in Education, Health and Care Plans between 2018/19 and 2025/26.
- Rising costs and demand in Adult Social Care resulting in a £4.0bn increase in budgeted spend from 2019/20 to 2025/26, while homelessness service costs have surged by 51.9% in just one year to 2025/26.
- Growing pressure on Council's Dedicated Schools Grant budgets due to increased demand for services for children with special educational needs and disabilities, resulting in an estimated deficit of £5bn nationally by the end of 2025/26.
- Increases of nearly 10 per cent to the National Living Wage in both 2023/24 and 2024/25, followed by above inflation increases of 6.7% and 4.1% in 2025/26 and 2026/27 respectively.

7. These financial pressures are exacerbated by the real-terms reductions in funding that local authorities have faced since 2010. Analysis by SIGOMA, the Special Interest Group of Metropolitan Authorities, shows that the total funding for local authorities in 2025/26 is £11.4bn less in real terms compared to 2010/11.

8. Against this backdrop of financial pressures and reduced funding, 11 local authorities have been forced to issue Section 114 Notices since 2020, with Government agreeing to provide exceptional financial support to 30 councils.

9. Whilst St Helens faces a number of significant pressures and has overspent for the previous 3 financial years (2022/23 to 2024/25) and is currently forecast to do so again in 2025/26, the authority is not in a critical position. The Council's financial strategy has allowed it to maintain a prudent level of reserves that ensure that its financial viability is secure over the medium term. In the view of the Chief Financial Officer, whilst the financial environment within which the Council operates remains challenging, there is a route towards a more sustainable position.

10. Whilst this strategy has been recognised by Grant Thornton, the Council's external auditors, in the Auditors Annual Report 2024/25 references the need to take action to "mitigate cost and demand pressures in Children's Services", albeit acknowledging the "prevalence of such risks within the sector".

11. The utilisation of reserves to offset overspends is not sustainable and is recognised by Grant Thornton, with them commenting that overspending "remains a key financial risk area requiring careful management" and raising am improvement recommendation for the Council to take action to address the unsustainable use of reserves to balance revenue budget overspends.

12. To ensure that this happens, and to enable the Council to set a deliverable, balanced budget, delivery of previously approved budget savings is vital, alongside rigorous budget planning and monitoring.

FUNDING REFORM AND SPENDING REVIEW

13. In producing the Local Government Finance Settlement for 2025/26, Government committed to funding reform and multi-year settlements from 2026/27 and undertook a consultation around potential funding reform for local authorities.

14. One of the key issues that Government promised to address was certainty of funding over the medium-term through the provision of a multi-year settlement. Prior to the financial settlement for 2026/27, local authorities had received seven consecutive one-year settlements, which limited strategic financial planning and the ability to ensure financial sustainability.

15. Consultation was held between June and August 2025, covering Government's main proposals for the methodology with which they planned to overhaul the funding mechanisms for local government, with the results of the consultation and a policy statement setting out the proposed methodology produced on 20 November.

16. The Government also announced the Spending Review 2025 on the 11 June, which set planned spending totals for all Government departments over the next three years, including an average annual growth in day-to-day budgets, adjusted for inflation, for local government of 1.1%.

17. The Spending Review confirmed that Council Tax principles for the next 3 years will be set at an increase in basic Council Tax level of up to 3% and an adult social care precept of 2% each year – a combined limit of 4.99%. This level of assumed increase is hard-wired into Government's figures for increases in Core Spending Power for Local Authorities.

18. The ability for authorities to calculate their likely allocations for 2026/27 and beyond was limited, given the detail and level of uncertainty on issues such as weightings, funding totals, and damping floors contained within the Policy Statement.

AUTUMN BUDGET

19. The new Government's spending plans for the upcoming financial year were set out in the Autumn Budget 2025, when the Chancellor of the Exchequer set out high-level details of the Governments plans for health, education, transport and other public services.

20. Given the work that Government had undertaken in relation to funding reform, the Autumn Budget did not set out significant detail in relation to local government funding but did provide updates on a number of issues, including;

    - A National Living Wage increase of 4.1%.
    - The management of SEND deficits by Government once the Dedicated Schools Grant deficit Statutory Override finished in March 2028.

- The extension of existing 100% business rates retention pilots until 2028/29, including the Liverpool City Region pilot.
- Announcement of a consultation in early 2026 on proposals to measure the performance and effectiveness of local authorities' use of the packaging Extended Producer Responsibility fees
- A £4.3billion support package over 3 years for Business Rates payers facing increases.
- £2bn annually by 2029/30 for local authorities to repair and renew roads coming from a new tax on electric vehicles.
- Introduction of a High Value Council Tax Surcharge in 2028 for properties valued at over £2m, collected alongside Council Tax with receipts to go to HM Treasury.

21. Whilst the Autumn Budget provided a number of headlines, the detail for individual authorities would only be provided as part of the Local Government Finance Settlement.

LOCAL GOVERNMENT FUNDING AND SETTLEMENT

22. The 2026/27 to 2028/29 Local Government Finance Settlement was published on 9 February 2026, following the consultation period of the provisional settlement, published on 17 December 2025. Government had previously committed to funding reform and multi-year settlements from 2026/27, and this settlement is the result of the funding review work that has taken place throughout the current financial year and is the first multi-year settlement that local authorities have received since 2016/17.

    The key headlines are:

    - Government have calculated that total Core Spending Power will rise by 6.1% in 2026/27, 4.3% in 2027/28 and 4.4% in 2028/29, which includes assumed increases in Council Tax in accordance with the Government's referendum principals (4.99%) and estimated Council Tax growth over the period.

    - The distribution of Revenue Support Grant (RSG) will fundamentally change, based upon an authority's Fair Funding Assessment (previously known as the Settlement Funding Assessment), with a total of 17 grants consolidated within RSG, the most significant of which are:

        - Temporary Accommodation element of the former Homelessness Prevention Grant
        - Social Care Grant
        - Market Sustainability and Improvement Fund
        - Employer National Insurance Contributions, and
        - New Homes Bonus

    - Government continued allocations of the Recovery Grant, which was first allocated in 2025/26 to target money towards areas with greater need and demand for services, and less ability to raise income locally, and committed to giving above real terms increases in 2026/27 for social care authorities in receipt of Recovery Grant to continue to support the recovery of authorities with the greatest need and ensure increases in

Core Spending Power of at least 5% in 2026/27, via an additional Recovery Grant Guarantee.

- Significant lobbying was undertaken by St Helens, the Liverpool City Region and other authorities to set out the case for greater increases in funding over the settlement period. Government listened to these arguments and, within the Final Settlement, introduced a Recovery Grant Uplift Grant, to target additional funding to 41 upper tier authorities in receipt of Recovery Grant with a less than 17% increase in CSP over 3 years.

- Government has retained certain specific grants to support service areas that are seeing significant pressures currently, whilst simplifying specific grant funding by consolidating into 4 main funding streams. Allocations for the Spending Review period have been included within the Settlement and are as follows:

	2026/27 £m	**2027/28 £m**	**2028/29 £m**
Homelessness, Rough Sleeping and Domestic Abuse	1.935	2.102	2.395
Children, Families and Youth Grant	3.977	3.947	3.486
Public Health Grant	20.198	20.752	21.011
Crisis and Resilience Fund	3.493	3.491	3.493

- Government has reviewed the Business Rates system and introduced for 2026/27 a Business Rates Revaluation, where the rateable values for premises are updated, and a Business Rates reset, whereby growth that local authorities have achieved since the last reset is pooled centrally and redistributed across all authorities.

- The Settlement confirmed the continuation of the 100% Business Rates Pilot for the Liverpool City Region, whereby members of the Pilot, including St Helens, retain 99% of Business Rates.

- As trailed in the Policy Paper from MHCLG, Government have recognised the significant financial issues faced by local authorities as a result of DSG Deficits. The statutory override that is in place until March 2028 will remain, with Government managing funding directly from 1 April 2028.

- Government have set out their plans to assist local authorities in dealing with their DSG deficits. The Final Settlement confirmed that 90% of each authority's deficit that exists at 31 March 2026 will be funded from a High Needs Stability grant (in effect, 90% of the deficit will be written off). The grant will only be provided to an authority once they have developed and submitted a Local SEND Reform plan to DfE.

- Government also confirmed that deficits that arise in 2026/27 and 2027/28, ahead of SEND spending being covered within Government budgets, will be treated in an "appropriate and proportionate" manner.

23. Core Spending Power is the Government's defined measure of the resources available to local authorities to fund service delivery.

24. The Government's calculation of Core Spending Power is not limited to general Government revenue grant and Business Rates, but also includes estimated Council Tax receipts, and other specific grants. This means that the headline percentage changes in Core Spending Power quoted by the Government also take into account income from sources other than core general Government revenue grant, and do not solely represent changes in levels of direct Government funding.

25. The methodology of the Core Spending Power calculation for 2026/27 includes Revenue Support Grant (including a number of grants that were received in 2025/26 as separate funding streams), Business Rates baseline funding, compensation for under-indexing of the Business Rates multiplier, Council Tax, Recovery Grant, the new Recovery Grant Guarantee and Uplift, the Homelessness Rough Sleeping and Domestic Abuse Grant, Children Families and Youth Grant, the Public Health Grant and the Crisis and Resilience Fund.

26. The Government's published Core Spending Power figures show an increase of 6.5% for the Council in 2026/27, compared to a national average increase of 6.1%, with Core Spending Power increasing from £250.1m in 2025/26 to £266.2m in 2026/27. This is compared to a 10.2% increase in 2025/26.

27. As a recipient of Recovery Grant in 2025/26, Government originally guaranteed a minimum increase in Core Spending Power of 7% over the 3-year period of the Settlement and the increase for St Helens was at this minimum level, with the following profile:

    - 2026/27 – CSP Increase – 5%
    - 2027/28 – CSP Increase – 1%
    - 2028/29 – CSP Increase – 1%

28. However, the introduction of the Recovery Grant Uplift has raised the Core Spending Power increases from these levels in the Provisional Settlement to 6.5% / 1.3% / 1.6% respectively in the Final Settlement.

Core Spending Power	**2025/26 £m**	**2026/27 £m**	**2027/28 £m**	**2028/29 £m**
St Helens	250.1	266.2	269.8	274.0
Increase in CSP		16.2	3.5	4.2
Increase in CSP (%)		**6.5%**	**1.3%**	**1.6%**
England Average Increase		**6.1%**	**4.3%**	**4.4%**

29. It is important to note that the use of Core Spending Power as a headline indicator can distort the underlying position. For 2026/27, the Council's Council Tax requirement is £106.7m, representing 41% of the Government's published Core Spending Power figures, rising to 44% by 2028/29.

    For St Helens, the increases in CSP would have been much lower without the assumed increases in Council Tax; in fact, for 2027/28 and 2028/29, without the increase in Council Tax, the Council would face reductions in overall funding, despite the increase in funding announced as part of the Final Settlement, per the following table.

Year on Year Change in Government Grant	2026/27 £m	2027/28 £m	2028/29 £m
Provisional	5.9	-3.7	-4.1
Final	4.7	1.0	1.7
Overall Impact	**10.3**	**-2.7**	**-2.4**

30. Government has implemented a major overhaul of the local government funding mechanism, including a Review of Relative Needs and Resources (of the methodology determining how much funding each authority receives based on an assessment of its relative needs and resources) and reforms to Business Rates retention.

31. Whilst these changes are welcomed, particularly with the implementation of a multi-year settlement, providing a minimum funding level over the medium-term which will assist greatly in financial planning, the quantum of funding that the Council is currently predicted to receive reduces in the final two years of the MTFS period so the Council will continue to lobby Government to seek additional funding to reflect the pressures that the borough faces.

BUSINESS RATES RETENTION

32. Since 2017/18, St Helens has participated in a designated Liverpool City Region-wide Business Rates Retention Scheme. The Autumn Budget confirmed a guaranteed extension of the arrangements for the six authorities in the Liverpool City Region Combined Authority area until 2028/29.

33. The estimated benefit for 2025/26 from participation in the scheme is approximately £10.3m. The Council's financial position would have been significantly worse if this arrangement were to be withdrawn. Under the terms of the arrangement St Helens is allowed to retain 99% of any Business Rates growth.

34. The Local Government Finance Policy Statement for 2025/26 included the Government's plan to implement a full reset of business rates in 2026/27. This reset updates the Business Rates Baselines, which have remained unchanged for over a decade, removing growth above baseline from authorities and redistributing throughout the system.

35. The Government has also announced wider reforms to the Business Rates system from 2026/27. These include the introduction of new business rates multipliers, with separate rates for retail, hospitality and leisure properties, and for large properties with a rateable value above £0.5m.

36. The new Government have confirmed continued support for the Investment Zones and Freeports Programme across the UK. The Government is not changing the legislation relating to the reliefs available to properties. Instead, the Government will, in line with the eligibility criteria set, reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant relief.

37. Full business rates (100%) relief will be available to eligible businesses in these Investment Zone tax sites in England, once designated. Relief will be

available to all newly occupied businesses, and certain existing businesses where they expand in Investment Zone tax sites, until 30 September 2034. Business rates generated at the tax sites will be retained locally for 25 years and reinvested in the area.

38. The settlement allows for the continuation of the Mid Merseyside Business Rates Pool with Halton and Warrington Councils for 2026/27. However, due to increased financial uncertainty arising from the national business rates reset and the reduced likelihood of achieving a financial benefit, St Helens and the other member authorities have agreed to withdraw from the pool.

39. Business Rates revaluations will continue on a three-yearly cycle, with the next revaluation taking effect from 1 April 2026. This will update rateable values across all non-domestic properties and is expected to lead to an increase in appeals, adding further uncertainty and volatility to future yield forecasts.

40. The current medium term financial planning assumptions include for these protections and are based on the Council's current funding levels from participation in the Business Rates Retention scheme.

KEY AREAS OF RISK AND UNCERTAINTY

Dedicated Schools Grant

41. The Council is currently facing a Dedicated Schools Grant (DSG) deficit. At the end of the 2024/25 financial year, the deficit stood at £1.432m, primarily due to a significant overspend of £4.633 million in the High Needs Block, which supports children and young people with special educational needs and disabilities (SEND).

42. The latest forecast position for 2025/26 is that this overspend will continue and that the deficit position at the end of the financial year will be in the region of £12.5m.

43. Under current arrangements and regulations set out in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020, DSG deficits are held within a separate reserve and do not impact on the Council's revenue budget. The statutory override that allows this treatment is only in place until March 2028, whilst plans to deal with deficits and reform the SEND system are put in place by Government.

44. Government recognised the significant financial pressures faced by local authorities as a result of DSG Deficits within the Provisional Financial Settlement.

45. The statutory override that is in place until March 2028 will remain, with Government managing funding from 1 April 2028.

46. Government have set out their plans to assist local authorities in dealing with their DSG deficits. The Final Settlement confirms that 90% of each authorities deficit that exists at 31 March 2026 will be funded from a High Needs Stability grant (in effect, 90% of the deficit will be written off). The

grant will only be provided to an authority once they have developed and submitted a Local SEND Reform plan to DfE.

47. Government also confirmed that deficits that arise in 2026/27 and 2027/28, ahead of SEND spending being covered within Government budgets, will be treated in an "appropriate and proportionate" manner.

48. It must be noted that the Council will need to deal with the remaining 10% DSG deficit and it is forecast that this could be £1.2m by the end of 2025/26. Unless spend on the High Needs Block reduces over the following two years, there could be at least a similar cost per annum that the Council must meet.

Section 75 Agreement

49. The Council has in place a Section 75 agreement, which is a legal arrangement under the National Health Service Act 2006 that allows a local authority and an Integrated Care Board (ICB) to pool resources and delegate functions to deliver joined-up health and social care services.

50. The current Section 75 agreement runs until the end of the 2025/26 financial year with a proposal for the current terms to be extended for 2026/27 due to timescales. Work is ongoing to review the terms of the agreement with the ICB and any change in the cost sharing arrangements could have a potentially significant financial impact upon the Council.

Delivery of Agreed Savings

51. The MTFS for 2025-2028 included provision for a number of savings that had previously been approved in previous years' MTFS. Delivery of these savings, as well as the implementation of savings that had been agreed for prior periods that have slipped, is vital to ensuring that the Council delivers an in-year balanced budget position.

52. The most significant savings that still require implementation are in the following areas:

    - Children's Residential Care Provision
    - Premises rationalisation and asset sales
    - Reduction in Residual Waste Collection
    - Review of Care Packages

53. As demonstrated in Financial Monitoring Reports during the year, and referenced by Grant Thornton in the Annual Auditor's Report, the non-delivery of savings results in pressures against the revenue budget and leads to the unplanned usage of reserves. The continuation of this over an extended period can impact on the financial sustainability of the authority and the credibility of the budget setting process.

Demand / Price Pressures within Children's Services, SEND & Adult Social Care

54. Care Services provided by the Council have seen significant increases in demand over previous years and this is forecast to continue. At the same time, the cost of care provision has outstripped inflationary increases as a

result of the cost of living crisis, increases in National Living Wage and competition for placements within the care market.

55. Adult Social Care has seen significant pressures caused by growing demand for domiciliary care and an increasing rate of hospital discharge into social care. Other financial risks include:

    - supporting young people transitioning from children's social care,
    - an increasing volume of higher-acuity service users being discharged from hospital placements,
    - the wider economic climate affecting service users' ability to make a financial contribution towards their care, and
    - Ongoing discussions around the future shape of the Pooled Fund (Section 75) with Cheshire and Merseyside ICB and potential changes to the risk-sharing agreement.

56. Children's Services faces significant pressures as well. These are challenges that are being experienced at a national level, not just locally, and contributing to these include:

    - the cost of providing care for looked after children, especially those with complex needs is expensive. The lack of available suitable placements within the foster care market can sometimes mean that placements are sought within residential care settings, usually at a significant cost. In addition, when a residential care placement is required, capacity challenges within this market have an upward effect on prices as local authorities compete for available places;
    - instability arising from placement breakdowns can often result in significantly increased costs, particularly when there is a need for additional support to be put in place;
    - the impact of strain on Child and Adolescent Mental Health Services as looked after children often face significant mental health challenges due to early trauma and instability; and
    - Demand for statutory SEND services as a result of the number of children receiving Education, Health and Care Plans.

57. Given the ongoing pressures faced within these areas, it is necessary for Adult Social Care and Children's Services to review and implement demand and price management strategies and bring forward an updated strategy to show how it is planned to deal with the issues raised above.

58. In terms of the impact of these issues on the MTFS, it is essential that service efficiencies are identified to meet any increases in costs. This has already started to be addressed in Adult Social Care using home-enabled technology.

KEY ASSUMPTIONS

59. The Medium Term Financial Strategy for 2026-2029 is dependent on a number of assumptions within the annual budget for 2026/27. This strategy assumes that:

- an increase of 4.99% is applied to the level of Council Tax for 2026/27, comprising a 2.00% Adult Social Care Precept and 2.99% for general Council Tax, when compared to 2025/26, and the same increase is applied over the following 2 years, in line with Government expectations.

- the Council will approve an annual budget that delivers savings totalling £3.0m from savings proposals approved as part of previous Medium Term Financial Strategies.
- the Council receives the estimated Business Rates assumed in the calculation of the baseline funding level and any additional Business Rates included as funding within the approved net revenue budget.
- the assumed costs of delivering the Council's services both directly and indirectly are in line with planning assumptions, including those related to inflation.
- pay negotiations for 2026/27 will result in an average increase in pay of 3% and a National Living Wage increase of 4.1% has been built into financial models.
- general price inflation has been provided at 2.5%, with separate analysis informing increases for specific spend areas such as care providers/direct payments and energy.

60. These assumptions are considered to be a realistic assessment of the underlying financial position as shown in the Medium Term Financial Strategy. A breadth of planning assumptions and budget risks had been considered in arriving at a balanced budget.

COUNCIL TAX INCREASES

61. The Government established a threshold to limit the level of future Council Tax increases by requiring local authorities to carry out referendums above a certain level of increase. The 2026/27 Local Government Finance Settlement allows Local Authorities to increase their Council Tax by less than 3% without the need to hold a referendum.

62. The Adult Social Care precept will continue for 2026/27, and Government has allowed an additional 2% of flexibility available for those Authorities with responsibility for Social Care.

63. The Council recognises the impact that Council Tax has on local residents and will always take their ability to pay into consideration when setting Council Tax levels and provide support to ensure that entitlements to Local Tax Reduction are maximised.

64. A Council Tax increase of 4.99% has been factored into the Medium Term financial forecast for 2026/27.

65. An increase in Council Tax of 4.99% will generate around £5.1m to fund some of the demand pressures the Council faces in providing its statutory functions and would avoid the need for further reductions in service delivery to the equivalent value.

PENSION REVALUATION EXERCISE

66. St Helens Council is a member of the Merseyside Pension Fund on behalf of former, current and future employees. Both the Council and its current employees make contributions to the fund at levels determined by the Fund's actuaries. The actuaries also prescribe the levels at which the Council need to make annual payments to contribute towards any forecast deficit of the Fund (with regards to the St Helens element of the Fund), when comparing the projected assets and liabilities. Where the projections are such that the level of assets exceed the liabilities, the annual contributions are reduced.

67. Every three years, the Pension Fund makes arrangements for the revaluation of the assets and liabilities of the fund on a per-authority basis, with contribution rates and the projected surplus / deficit adjusted for the upcoming valuation period to ensure the fund is sustainable for each local authority.

68. The provisional results from the 2025 Actuarial Valuation (final schedules will be issued in late February / early March) show the Council's element of the Fund to be in a surplus position, with the Council's Future Service Contribution Rate for the three-year period commencing 2026/27 set at 16.2% - a rate that is deemed sufficient, alongside individual employee contributions, to meet the cost of new benefits being accrued by currently active members. An annual surplus distribution will also be receivable by the Council in each year of the same period based on the calculated funding level.

69. Investment returns can be volatile, and, subject to performance of the Fund during the valuation period, could result in a reduction in valuation of the Council's assets in the Pension Fund, thereby potentially requiring a greater contribution in Future Service Rate and/or reduced surplus distributions / the requirement for deficit payments in the period covered by the 2028 valuation. Changes in assumptions (inflation, mortality, discount rates etc.) made by the actuaries between each valuation period can also have an effect on the scheme, both positive and negative, depending on the type of change.

BUDGET GAP AND SAVINGS

70. The Medium Term Financial Strategy 2024-2027 assessed the potential budget gap over the three-year period and proposed a package of savings proposals that, in conjunction with savings already approved within the Medium Term Financial Strategy 2023-2026, addressed the budget gaps identified over the period 2025/26 and 2026/27.

71. The approved savings for 2026/27 are set out in the following table.

2026/27 Approved Budget Savings	Directorate	£000
5% increase in Registration Services Discretionary Fees	Corporate	12
Review of Quality Monitoring Service	Adults	365
Review of Domiciliary Care Hours	Adults	1,045
Foster Care Recruitment	Childrens	518
Review of Grant application	Public Health	31
Reduction in Residual Waste Collection service	Place & Council wide	613
Additional Parking and Street Works income	Place	75
Reduction in supplies and services	Place	25
Deferral of Capital pipeline schemes	Council wide	300
Total		**2,984**

72. The 2025-2028 MTFS was agreed by Council in March 2025, this showed a residual forecast budget gap was estimated for 2027/28, based on the assumptions at the time. The table below shows the forecast budget gap in each year of the previous MTFS.

	2025/26 £000	2026/27 £000	2027/28 £000
2025-2028 MTFS BUDGET GAP	**0**	**0**	**1,728**

73. However, given Government's commitment to funding reform and uncertainty that existed about the quantum of funding for future years, no action was taken at the time to address the gap in 2027/28.

74. A review of the underlying assumptions and funding estimates for the period 2026-2028, based upon the Local Government Finance Settlement announced on 9 February 2026 and the wider economic outlook, shows that no further savings are required for that period.

75. Although the Local Government Finance Settlement for the year 2026/27 has been positive for the Council, it is imperative that the previously approved savings continue to be delivered to ensure that the Council can address the significant financial pressures that exist.

76. In producing the Medium Term Financial Strategy 2026-2029, the period considered has been extended to include the financial year 2028/29 and is included within the Summary Position section below.

77. There has been slippage against delivery of the approved savings previously and it is imperative that, where possible, savings proposals are implemented in line with the profile approved in the MTFS 2026-2029.

SUMMARY POSITION

78. The 2026/27 Local Government Finance Settlement introduced new funding allocations for local authorities and provided details of Government funding for a three-year period.

79. The provision of multi-year funding allows for better financial planning.

80. However, the results of Government's fair funding review were not what was hoped for and further representation will continue to be made to Government to address the lower levels of funding increase in 2027/28 and 2028/29.

81. The ability to address pressure areas and set a balanced budget is reliant upon the delivery of the previously approved savings programme.

82. Given the above budget strategy, the underlying forecast position over the period of the MTFS, taking into account the key assumptions previously mentioned, is set out in the following table:

	2026/27 £000	2027/28 £000	2028/29 £000
FORECAST BUDGET GAP	**0**	**0**	**6,603**

83. It must be noted that there is still uncertainty over the funding position for future years as a result of the Government's significant changes to the funding landscape of local authorities through Funding Reform and the Business Rates Reset. Figures provided by Government show minimum funding allocations and representations will continue to be made in an attempt to obtain greater resources in future years. Business Rates growth will also help to improve the forecast financial position.

84. However, whilst this Settlement does provide a much clearer direction of travel, the Council will need to start planning for efficiencies to be made to ensure that any demand pressures that arise are dealt with and it can continue to set a balanced budget in future years.

85. The Council's Transformation Programme uses principles including prevention and early help, predicting demand more effectively, shortening customer journeys, empowering communities, inclusive growth, and building places that support thriving lives. Innovation and continuous improvement will be sustained, with a focus on productivity, savings, and stronger community relationships.

86. Embedded within the programme is a need to bridge the budget gap and therefore the MTFS will seek to bring forward savings and efficiencies equivalent to circa 2.5% of all revenue budgets. This will be done by front loading savings ahead of when they are needed, profiled in line with delivery feasibility and transformation programme maturity, for example, staffing/service delivery savings in year 2 (27/28 - £3m), structural savings in year 3+ (28/29 - £6m), as the programme becomes more embedded.

87. The Council will continue to consider future priorities and demand pressures over the medium term and will factor these into the Medium Term Financial Strategy. Demand and price management strategies, particularly in relation to social care, will continue to be critical in ensuring the financial sustainability of the Council, with a requirement for services to deal with demand led pressures through service efficiencies.

MONITORING & REVIEW

88. The Council operates delegated financial management arrangements. Following approval of the annual budget, Directorates have the responsibility to ensure that monitoring and budgetary control is undertaken and saving plans which have been built into the budget are achieved. The financial position is reported to the Council's Section 151 Officer or his / her deputy on a monthly basis. Financial Monitoring Reports are produced periodically during the year to update Cabinet on the budget position. Executive Directors / Directors ensure their Portfolio Member is fully briefed on financial issues.

89. In the event of any underperformance against budget, corrective action is required, where possible, to ensure a balanced budget by the end of the financial year. The Council's Financial Procedure Rules and Budget Strategy determine that any overspends in one year are ordinarily funded by a corresponding reduction in the Directorate budgets in the subsequent year. However, the Section 151 Officer has the delegations to waive this requirement having due regard to the specific circumstances prevailing at the time. Service underspends at the end of the financial year will be aligned to the General Fund, or earmarked reserves in specific instances. Generally, service underspends are not carried forward. However, in exceptional cases any requests for specific service commitments to be rolled into the following financial year will be considered.

90. The Council is committed to achieving Value for Money in all aspects of its operations. To achieve this, reviews are regularly undertaken to determine whether cost improvements can be made, and to ensure that resources are prioritised and are aligned to strategic intent.

91. The Council seeks to operate on a more commercial basis and continues to develop its actions to increase opportunities from income generation, promote improved procurement and minimise service delivery costs to strengthen the budget position.

92. The Council will carry out three quarterly cycles of budget monitoring during each financial year together with a combined revenue and capital final outturn report, each of which will be reported formally to Cabinet. These will also be reported to the Overview and Scrutiny Commission. Cabinet will recommend for Council approval any adjustments to capital or revenue budgets.

93. The financial modelling projections contained within this Medium Term Financial Strategy are a dynamic model, which will be updated, revised and reported following receipt of business intelligence, changes to underlying assumptions and following announcements on future local government funding.

94. A Budget and Performance Monitoring Board has been established to monitor the delivery of agreed savings; The purpose of this board is to ensure that a robust challenge is in place and that Directorates are accountable for the delivery of approved savings. Individual Departmental savings will be reviewed at the Board Meetings on a quarterly basis, to ensure that due regard is given to each area and Directors have the opportunity to provide a full update on progress against targets – including progress against delivery milestones, identification of any alternative or mitigating actions that may be necessary, and matters arising for decision making. In addition, a quarterly update on savings is provided to the Executive Leadership Team and Cabinet, detailing performance on delivery of savings and necessary mitigations, as part of the Financial Monitoring Report.

REVENUE BUDGET 2026/27

INTRODUCTION AND BACKGROUND

1. This section of the report provides an update on the latest budget position and seeks approval for a 2026/27 Council budget which is affordable, complies with the agreed priorities and budget strategy of the Council and meets the needs of the residents of St Helens.

2. The Council remains dedicated to the ongoing review and evolution of its form and functions as it responds to the challenges it faces along with the wider local government sector. A Council wide transformation programme incorporating digitalisation and modernisation is proving key in ensuring that residents, businesses, partners and communities are provided with the best possible services within the available resource envelope.

3. In supporting this agenda, the Council continues to work closely with partners on the integration of Social Care, Housing, Health and other public services within an Accountable Care System, incorporating an Integrated Care System and Integrated Care Partnership, allowing partner organisations to manage demand, reduce costs and improve people's outcomes through integrated provision of high-quality care and support.

4. The Council continues to prioritise the Growth and Regeneration agenda aimed at delivering the economic activity across the Borough which will provide local jobs, opportunities and skills and generate the local revenues to support services in the future. The St Helens Inclusive Growth Strategy 2023-2028 has been constructed with the support of key partners to fit in with the St Helens Borough Strategy 2021-2030 This will include continued working with the Liverpool City Region Combined Authority and other partners to promote jobs, growth and investment across the borough.

5. The budget has been formulated and agreed against the challenge of significant demand-led pressures, particularly in relation to social care. Opportunities to manage the demand for services through targeted non-statutory, preventative, transformative and early intervention remains key, and it has never been more evident that the successful delivery of demand management strategies, allied with measures to control placement costs, in relation to both children's and adult social care is critical in ensuring the ongoing financial sustainability and resilience of the Council.

6. The aim of the Budget is to provide, within the overarching constraints that exist, the most appropriate balance of resources to deliver the Council's statutory responsibilities and to set a foundation for, and facilitate, the delivery of the Council's key ambitions and its existing and emerging corporate priorities and borough level strategic objectives, as set out within the Council's "Our Borough Strategy 2021-2030".

7. Following the approval of the Medium Term Financial Strategy 2025-2028, the financial position for local authorities has changed as a result of the change in Government in July 2024. The Government made significant changes to the funding allocation methodologies, and more detail was provided as part of the Provisional Local Government Finance Settlement, which was published on 17 December 2025.

8. Following the announcement of the Local Government Finance Settlement 2026-2029, this report has been produced recognising the outcome of the settlement, the impact on the budget gap and the need to deliver a sustainable, balanced budget.

9. This report contains proposals that take into account both the current position and the latest financial forecasts and should be considered with due regard to the Financial Monitoring Reports considered and agreed by Cabinet.

BUDGET CONSULTATION

10. A budget consultation exercise was conducted from 3 November to 28 November 2025. The consultation provided information on the Council's revenue budget, capital programme, the financial challenge that the Council faces in setting a balanced budget. The consultation aimed to gather feedback from residents and businesses regarding the Council's priorities, as well as the proposed levels of council tax and social care precept for the 2026/27.

11. The Consultation recognised recent government announcements which provided a much-needed boost to local authorities with additional support to the sector. However, the Council continues to face significant challenges to set a balance budget with particular focus on the increasing demand and costs for social care services.

12. The detailed outcomes of the consultation have been posted on the Council's website.

SPECIFIC GRANTS 2026/27

13. As part of the Fair Funding Review, the Government has simplified the number of grant funding streams in 2026/27 and this will be delivered through the creation of four new consolidated grants and rolling in 17 funding streams into the Revenue Support Grant over the three years of the multi-year Settlement.

    Details of the four consolidated grants and Allocations for the Spending Review period have been included within the Provisional Settlement and are as follows:

    - The Homelessness, Rough Sleeping and Domestic Abuse Grant will support local authorities to deliver homelessness and rough sleeping services, as well as meeting their domestic abuse duties, and consolidates four existing grants:
        - The Prevention, Relief and Staffing element of the Homelessness Prevention Grant
        - Rough Sleeping Prevention and Recovery Grant
        - Rough Sleeping Accommodation Programme funding
        - The Domestic Abuse Safe Accommodation Grant
    - The Children, Families and Youth Grant is designed to strengthen support for children and families reducing inequalities and breaking down barriers to opportunity and consolidates five funding streams:

- The Children's Social Care Prevention Grant
- Families First Partnership programme funding (previously Supporting Families) within the Children and Families Grant
- New funding from the Transformation Fund announced at the Spending Review and funding confirmed in the Policy Statement.
- The Holiday, Activities and Food Grant
- The Pupil Premium Plus Post-16 Grant.

- The Public Health Grant that brings together four funding streams with the existing Public Health Grant

  - Drug and Alcohol Treatment and Recovery Improvement Grant
  - Individual Placement and Support Grant
  - Local Stop Smoking Services and Support Grant
  - Swap to Stop scheme

- The Crisis and Resilience Fund which will support local authorities in England to provide preventative support to communities and assist people when faced with financial crisis and consolidates two existing funding streams:

  - Household Support Fund
  - Discretionary Housing Payments

The following table details the proposed allocations over the three-year settlement period and the allocation for 2025/26 for comparative purposes.

	2025/26 £m	**2026/27 £m**	**2027/28 £m**	**2028/29 £m**
Homelessness, Rough Sleeping and Domestic Abuse	1.408	1.935	2.102	2.395
Children, Families and Youth Grant	3.220	3.977	3.947	3.486
Public Health Grant	19.650	20.198	20.752	21.011
Crisis and Resilience Fund	3.540	3.493	3.491	3.493
Total	**27.818**	**29.603**	**30.292**	**30.385**
% Change (Year-on-year)	**-**	**6.42%**	**2.33%**	**0.31%**

In total, 17 grants have been rolled into Revenue Support Grant (RSG), not all of which St Helens was a recipient of. The following table details the significant St Helens allocations that have been rolled into RSG from 2026/27.

	£m
Social Care Grant	26.848
Market Sustainability and Improvement Fund	4.213
Temporary Accommodation Funding (previously part of the Homelessness Prevention Grant)	0.396
Virtual School Head for Children with a Social Worker and Children in Kinship Care	0.129
Children and Families Grant (excl Families Help)	0.690
Employer National Insurance Contributions	1.553

Commentary is provided below in relation to the other most material grant funding announced for 2026/27.

Recovery Grant, Recovery Grant Guarantee & Recovery Grant Uplift

14. The Recovery Grant continues over the multi-year period using the same profile as its 2025/26 distribution. The allocation for St Helens is £6.297m.

    The Recovery Grant Guarantee ensures every upper tier authority in receipt of the recovery grant will see a CSP increase compared to their 2025-26 CSP of at least 5% in 2026/27. The allocation for St Helens for 2026/27 is £6.682m.

    The Council also benefitted from the introduction of the Recovery Grant Uplift in the Final Settlement and will receive an allocation of £3.568m in 2026/27.

Dedicated School Grant

15. The Dedicated Schools Grant (DSG) will continue to comprise four funding blocks in 2026/27:
    - Schools
    - High Needs
    - Early Years
    - Central School Services

    The total value of each block is determined by a national funding formula (NFF).

16. The indicative DSG for St Helens (prior to adjustments for Academy funding, the direct funding of high needs places, and business rates) is £238.049m. This represents an increase of approximately £15.092m over the 2025/26 funding level. The increase broadly comprises:

    - £12.490m due to the increase in the level of the DSG nationally;
    - £5.103m within the early years block arising from changes to pupil numbers primarily relating to the continued delivery of the expanded early years policy reforms;
    - £2.429m reduction in the schools' and central school services blocks due to changes in St. Helens pupil numbers compared to 2025/26;
    - £0.072m reduction for a technical adjustment relating to the residency of pupils attending provision either inside or outside of the borough.

17. The approximate value of grants included within the overall DSG allocation for the first time for the Authority is estimated to be in the region of £7.015m, including the School Budget Support Grant; National Insurance Contribution Grant; Core School Budget Grant; and Early Years National Insurance Contributions & Teachers' Pay Grant that have been rolled into the DSG for 2026/27.

18. The Council currently has a deficit on its DSG. A statutory override was introduced by Government in 2020 and will continue until 31 March 2028, meaning that the balance can be carried forward in an unusable reserve. The statutory override that is in place until March 2028 will remain, with Government managing funding from 1 April 2028. Government will bring forward arrangements to assist in dealing with deficit balances accrued while the Statutory Override is in place as part of broader SEND reform plans.

19. The main area of pressure driving the forecast deficit position relates to expenditure associated with the high needs block of the DSG. High needs funding primarily supports provision for pupils and students with SEND (special educational needs and disabilities) who require additional resources to participate in education and learning. Funding within the high needs block of the DSG is insufficient to meet the underlying level of demand from the number of pupils with Education, Health & Care Plans. These plans determine health, education and social needs, and set out the additional support required to meet those needs. Financial support may be awarded to local schools, via top up payments, to help educate these pupils within a mainstream setting if that is appropriate. However, there is an increasing number of pupils who can't be educated in a mainstream setting and require an alternative placement which is often in a specialist independent provision, usually with significant cost implications.

20. Reducing reliance on independent school places and developing strategies to manage the number of children requiring an Education, Health and Care Plan are crucial to addressing the challenging deficit, and the department is therefore creating a multi-year demand management strategy that embeds these measures as key mitigating pillars, supported by robust governance arrangements to monitor performance, success and emerging risks. Work is already underway to expand capacity in SEND units and resourced provision attached to mainstream schools. These placements are typically far more cost-effective than out-of-borough alternatives. The department is also supporting schools to ensure the graduated response is effectively embedded for students who require additional support.

21. Pupil Premium Grant

    The Pupil Premium Grant is additional funding for schools to raise the attainment of disadvantaged pupils, including those who are looked after by a local authority, and supports children and young people with parents in the regular armed forces. Although allocations have not yet been published, the DfE have confirmed 2026/27 rates as:

	2026/27 Per pupil (£)	**Increase (£)**
Primary Pupil	1,550	35
Secondary Pupil	1,100	25
Looked After Child / Former LAC	2,690	60
Service Child	360	10

Housing Benefit Admin Subsidy Grant

22. Housing Benefit Admin Subsidy is received as a contribution to the cost for the Council administering Housing Benefit. At the time of drafting this report details of the 2026/27 allocation have not been confirmed (2025/26 £0.592m)

Packaging Extended Producer Responsibility

23. Government have provided funding to local authorities, waste disposal and waste collection authorities to cover the net costs of collecting, managing, recycling and disposing of household packaging waste. The Council has been informed that the indicative allocation for 2026/27 is £2.578m.

BUSINESS RATES SYSTEM AND RELIEFS 2026/27

24. For 2026/27, the Government will implement a full national reset of the Business Rates Retention system. This reset will remove all accumulated growth above baseline levels and redistribute resources across the system. It will coincide with the next Business Rates revaluation, effective from 1 April 2026, which will update rateable values for all non-domestic properties.

25. The Government will also introduce a series of reforms to the Business Rates system, including new sector specific multipliers. These will apply different rates for retail, hospitality and leisure properties, as well as for large properties with a rateable value above £0.5m. This change removes the need for the temporary Retail, Hospitality and Leisure relief.-specific multipliers. These will apply different rates for retail, hospitality and leisure properties, as well as for large properties with a rateable value above £0.5m. This change removes the need for the temporary Retail, Hospitality and Leisure relief.

26. Mandatory business rates reliefs, including Small Business Rates Relief, charitable relief and unoccupied property relief, will continue to apply and will be fully funded by Government through Section 31 grant. Transitional arrangements are also expected to accompany the wider reforms to help manage the impact of valuation changes.

27. These measures form part of the Government's wider programme of business rates reform and are intended to modernise the system while providing targeted support to key sectors.

COUNCIL TAX LEVEL

28. The Government established a threshold to limit the level of future Council Tax increases by requiring local authorities to carry out referendums above a certain level of increase. The 2026/27 Local Government Finance Settlement allows Local Authorities to increase their Council Tax by less than 3% without the need to hold a referendum.

29. Similarly, the Government has provided the ability for Local Authorities with responsibility for Social Care to raise a further Adult Social Care Precept of up to 2% in 2026/27.

30. It is proposed that a Council Tax increase of 4.99% is agreed, inclusive of the application of a 2% Adult Social Care Precept, with the 2026/27 Band D Council Tax (excluding Parish precepts) being set at £1,975.65, in line with Government assumptions within the Finance Settlement. Increasing the Council Tax will provide sustainable income to the Council which will help to protect the delivery of

statutory functions and other vital services at a time of increasing service demands and with the challenging economic and funding environment.

BUDGET POSITION 2026/27

31. Portfolios face a number of budget pressures and, whilst there is no direct growth within the budget, market pressures have been addressed within the assumptions included in the MTFS in respect of budget uplifts, particularly in the social care market.

32. Overall, the budget is based upon the assumptions that:

    - All approved savings will be delivered fully within the financial year;
    - Agency costs and pressures will be managed within cash limits through management oversight and action; and
    - Portfolios will manage and absorb demand pressures within existing budgets.

33. A number of priority areas have been identified where additional support is required and the following items have been included within the 2026/27 budget.

Service Area	**Amount £000**
Enforcement and response to fly tipping	300
Members Grant Scheme	200
Support for Events	160

34. In addition to the pressure areas listed above, additional budget provision has been built into the MTFS to address other financing issues that have arisen:
    - IT Hardware Replacement programme costs - £0.4m
    - Revenue implications of the capital requirements for Town Centre regeneration, Strategic Leisure Investment, Hostile Vehicle Mitigation and the Gamble Building - £0.3m

35. The budget for 2026/27 includes savings that have been previously approved within the MTFS for 2024-2027. Paragraph 71 of the Medium Term Financial Strategy includes details of the approved savings that are required to be made to ensure a balanced budget.

36. Of the previously approved savings for 2026/27, £0.5m relates to a saving against the levy from Merseyside Recycling and Waste Disposal authority, as a result of a review of waste and recycling collection. However, due to the mechanism under which the waste levy is calculated, any saving within the levy will only materialise the year after changes are made. Therefore, the Budget for 2026/27 includes the deferral of the £0.5m saving into 2027/28.

37. Budgets for each portfolio have been calculated with regards to the earlier content of this report, including the previously approved savings in relation to 2026/27. The budgets are at a level that are consistent with the detail and information provided in previous budget reports, allowing for technical

adjustments for matters such as support service allocations and capital charges, the financial impact of which are neutral.

38. The portfolio budgets also reflect all previous decisions for the utilisation of earmarked reserves and the uprating of Members Allowances in accordance with the recommendation of the Independent Remuneration Panel in January 2024.

39. Having regard to the issues detailed above and the proposals contained elsewhere in the report the overall budget requirement of the Council is provided in the following table.

2026/27 Budget	**2026/27 £000**
TOTAL PORTFOLIO BUDGETS (See Appendix 4 for detail)	**242,671**
Levies	25,050
Treasury Management	12,842
Restructure Costs	1,000
Net contribution to Earmarked reserves	12,675
Capital Charges	(23,275)
TOTAL SPEND	**270,963**
Recovery Grant, Recovery Grant Guarantee & Recovery Grant Uplift	(16,892)
Pension recoupment	(8,400)
PFI (Interest) Grant	(1,808)
Formula 'Top Up'	(59,220)
Business Rates/Section 31 Grants	(77,019)
Collection Fund	(897)
COUNCIL TAX REQUIREMENT	**106,727**

40. Portfolio and Priority Budget Summaries are provided at Appendix 4.

41. All actions and decisions related to Treasury Management will be in accordance with the Treasury Management Strategy Statement 2026/27, Annual Revenue Provision Policy Statement and Annual Investment Strategy as provided at Appendix 1. The budget proposed is reflective of this.

MATTERS IMPACTING UPON PREVIOUS BUDGET ESTIMATES

Levying Bodies

42. The levying bodies have informed the Council of their requirements for 2026/27 and these are provided in the following table.

Levying Body	Amount £000	Increase / (Decrease) %
Transport (Mersey Travel)	14,118	3.25%
Merseyside Recycling & Waste Authority (MRWA)	10,384	1.50%
Environment Agency	111	1.18%
Total	**24,613**	

43. Apprenticeship Levy will also be payable at the continuing rate of 0.5% of the Council's pay bill.

Collection Fund 2026/27

44. The Non-Domestic Rate Return for 2026/27 has been submitted in accordance with the delegation provided to the Council's Section 151 Officer at the Cabinet meeting on 11 January 2023, based upon the estimated position at 31 January 2026. Major preceptors have been advised accordingly, and the impact has been fully included within the budget estimates for 2026/27.

45. The estimated Council Tax position of the Collection Fund has also been fully incorporated into the budget estimates.

Local Government Finance Settlement 2026/27

46. The Final Local Government Finance Settlement was announced on 9 February 2026. The Final Settlement included significant changes to the provisions made in the Provisional Local Government Finance Settlement, announced on 17 December 2025. through the announcement of the Recovery Grant Uplift, and details of the Settlement are included within the Medium Term Financial Strategy section of this report.

TREASURY MANAGEMENT STRATEGY STATEMENT

1. The Treasury Management Strategy Statement (TMSS), set out in Appendix 1, outlines the strategic objectives of the Council in the management of its financial assets, liabilities and liquidity and acts as a bridge between the capital programme and the revenue budget. This is achieved by outlining how the financing of capital projects will be managed in terms of the timing, cost and repayment of borrowing, and the management of the cashflow and budgetary implications of these decisions on the revenue budget.

2. The TMSS ensures that the financing of capital projects is integrated within the management of the Council's day-to-day finances, helping to align both the capital programme and revenue budget in a way that maintains financial stability and supports the long-term objectives of the Council.

3. Decisions regarding Treasury activity are dictated to a large degree by the interest rate environment, with decisions regarding borrowing and investments being driven by available rates in the market. The rates at which the Council can borrow and invest are largely a factor of the Bank of England base rate, with a high rate resulting in increased investment returns but higher borrowing costs.

4. The Capital Programme 2026-2029, set out in the following section, contains significant capital expenditure, particularly in relation to the regeneration of the Town Centre, which will need to be financed through external borrowing. The delivery of these schemes will increase the borrowing costs of the Council; alternatively, if decisions are taken to delay planned borrowing to avoid borrowing at sub-optimal interest rates, reduced cash balances would therefore result in reduced investment income that the Council could achieve. Deferral of borrowing will be considered taking into account the Council's cashflow position and projections but it is likely that the Council will undertake significant borrowing in 2026/27.

5. The TMSS details how the current interest rate environment, the Councils level of reserves and liquidity needs are considered when deciding the appropriate method of financing such expenditure.

CAPITAL PROGRAMME 2026-2029

1. A summary of the approved Capital Programme is provided in the following table, with the detailed programme included at Appendix 3(b).

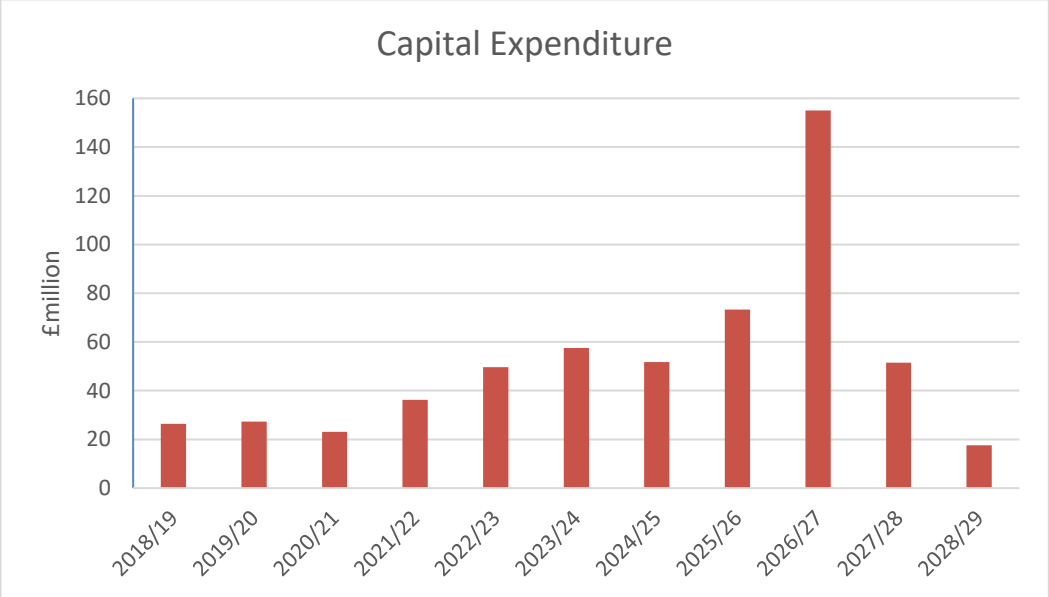
Capital Programme 2026/27 to 2028/29	2026/27 £000	2027/28 £000	2028/29 £000
Children & Young People	19,932	2,289	2,289
Adult Social Care & Health	25	-	-
Stronger Communities	4,846	4,293	3,906
Localities, Culture & Heritage	5,270	5,000	-
Business & Inclusive Growth	26,132	7,020	7,020
Neighbourhoods & Environmental Services	7,073	2,600	2,600
Regeneration	89,454	27,260	1,794
Cross Portfolio	2,282	3,064	-
Total	**155,014**	**51,526**	**17,609**
FINANCED BY			
Grants and Other Contributions	81,313	15,370	13,215
Capital Receipts	4,868	3,480	-
Revenue Contribution	2,622	2,400	2,400
Borrowing	66,211	30,276	1,994
Total	**155,014**	**51,526**	**17,609**

2. The Council has an ambitious capital programme over the period of the MTFS and is investing significantly in the borough, with over £224m of schemes, including:

    - £114m of regeneration projects incorporating St Helens and Earlestown Town Centres and a new bus station
    - Investment of £52m in Transport & Environment, including fleet replacement, highways maintenance and specific highways schemes
    - Spend of £25m on Children and Young Peoples Services

3. In recent years, the Council has prioritised investment in the Borough through the Capital Programme. The current planned capital expenditure, including

significant investment in Town Centres, represents a continuation of higher than usual levels of expenditure, as shown in the following chart. This investment offers the opportunity to invest in key strategic assets and sites in the Borough to transform the provision of services. Once complete, capital expenditure will need to return to historic, more normal levels, to ensure that the revenue impact of the programme is sustainable. This is expected to occur by the end of the current Medium Term Financial Strategy period. Additional externally funded schemes will continue to be added to later years of the programme, as funding allocations are confirmed.



4. The Capital Programme is financed from a number of different sources, including Government grants and third-party contributions, capital receipts, contributions from the revenue account and borrowing. Where schemes are funded through borrowing, there is impact on the Council's revenue budget through both minimum revenue provision payments for the debt liability and interest charges on borrowing.

5. The Council must ensure that any future plans for borrowing are prudent. As the revenue budget position remains challenging, any increases to borrowing to fund schemes will need to be carefully considered and the revenue impact remain affordable. In light of this, additional borrowing to fund a limited number of key strategic schemes is included in the proposed capital programme, including investment approved by Council in December 2025, and comprises:

    - Strategic Leisure Investment of £10m, funded through borrowing
    - Increased borrowing for the St Helens Town Centre Phase 1 scheme of £4.2m, bringing total borrowing for this scheme to £73.4m
    - Investment in St Helens Town Centre Traffic Management Enhancement of £0.95m, funded through borrowing.

6. In addition, provision has been made to support additional borrowing of £5m for the Gamble Community and Learning Hub, subject to approval of a viable scheme through the Council's capital gateway process. Further to the significant investment that the Council has already committed to, any additional borrowing will be limited to proposals where the impact can be contained within existing budgetary provision to limit the impact on the revenue budget.

7. Grant funded schemes have continued to be added to the capital programme. The Council will seek to address risks and pressures in the capital budget through the use of grant funding, capital receipts and revenue contributions, with an additional £1m of capital receipts set aside to fund essential capital maintenance and health and safety works on Council assets to ensure continued service provision, and to leverage match funding for key strategic schemes.

8. The Council is governed by the Prudential Code for Capital Finance in Local Authorities (the Code), which ensures that the objectives of affordability, prudence and sustainability are met. The Code specifies arrangements for Councils to set and monitor prudential indicators and impose limits for the current and next three financial years.

9. The prudential indicators, their purpose and method of calculation are detailed within The Treasury Management Strategy 2026/27 and are based on the currently approved capital programme and assumptions consistent with the budget. These are provided at Annex 3 of Appendix 1.

10. Included at Appendix 2 is the Capital Strategy which provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services; an overview of how associated risk is managed; and the implications for future sustainability.

RESERVES AND BALANCES

RESERVES & BALANCES

1. Earmarked reserves are held for specific purposes, either as strategic reserves to allow flexibility in the use of financial resources (such as providing temporary support to manage unexpected financial shocks) or as ringfenced reserves for priority-driven needs. They should only be used for the specific purpose for which they were set aside.

2. The specific purposes for which the Council's reserves are held are included in Appendix 6.

3. It is recognised that the use of reserves to support the revenue budget is not good practice or sustainable over the medium to longer term. The Council's reserves are not excessive and given the degree of financial and funding uncertainty that still exists, despite additional funding for 2026/27, it remains prudent to protect and enhance earmarked reserves where there are opportunities to do so. This policy has afforded the Council additional resilience to changes in funding, inflationary pressures and other unexpected events in previous years.

4. The Council recognises that its reserves levels must reflect the operational and financial risks it faces. These risks will change over time, and the consequences of not having prudent levels of reserves can be significant.

5. The Council maintains general balances to provide short-term emergency funds for exceptional circumstances and to cover risks that could impact the Council as a going concern. The Medium Term Financial Strategy provides an updated Budget Risk Assessment. It is important to recognise that this assessment cannot be considered exhaustive, due to the complexity of the Council's activities and the environment within which it operates.

6. Having due regard to the risks identified in the Budget Risk Assessment together with the overall budget strategy, it is considered that an underlying level of general balances of £14.6m is appropriate when setting the budget for 2026/27. It must also be acknowledged that a number of identified risks are regarded as contingent liabilities, and that a specific reserve exists to assist in addressing any such liabilities that might crystalise.

7. In view of this, the Revenue Budget 2026/27 proposes a realignment of earmarked reserves to set general balances at £14.6m for 2026/27, which is 5.5% of the proposed net revenue budget. This is considered a prudent level set aside to ensure that the Council remains financially liquid. It has been benchmarked against that of comparator authorities, as defined by CIPFA's Financial Resilience Index, with most comparator authorities' general reserves levels being between 3% and 8% of net revenue expenditure. This will ensure

that there continues to be an appropriate balance between reserves established to support key service objectives and those retained to manage corporate priorities and ensure financial resilience and sustainability.

8. The table below shows the forecast position for the Council's General and Earmarked Balances on the basis the proposals within this report are approved. The forecast includes currently approved commitments to and from the reserves through to 31 March 2029. The Reserves Strategy, which contains further detail, can be found at Appendix 6.

	March 2026 £000	**March 2027 £000**	**March 2028 £000**	**March 2029 £000**
Earmarked Reserves	42,110	46,737	54,192	55,619
General Fund Balances	6,552	14,600	14,600	14,600
Total	**48,662**	**61,337**	**68,792**	**70,219**

9. The Council's reserves levels must reflect the financial risks it faces. These risks will change over time, and the consequences of not having sufficient reserves can be significant.

10. In arriving at a view on the adequacy of reserves, it is necessary to take into account:

    - The purpose of holding reserves and balances.
    - The risks and uncertainties that may have financial consequences.
    - The potential impact of those risks and uncertainties and the likelihood of them arising.
    - Any mitigations that could limit the impact of risks that crystallise.
    - The opportunity cost of holding reserves and balances.

11. The Council maintains appropriate reserves levels as a result of sound financial management. This has safeguarded the Council's financial position when faced with significant funding reductions and economic volatility. Decisions around appropriate levels of reserves are a key part of the budget-setting process and must be balanced with the need to ensure that resources work towards the delivery of Council priorities.

12. The Council's risk profile must be assessed in the context of changes in its spending power, coupled with:

    - Increases in general inflation.
    - Increases in demand and expectation.
    - Increases in prices for specific commodities.
    - Any new, emerging and continuing global, national and local factors impacting on the Borough's businesses and residents.

As reported regularly to Cabinet, local authorities face significant financial challenges that must be factored into decisions around reserves and balances, highlighting the need for a longer-term view.

Capital Receipts

13. The Council holds unapplied capital receipts from the sale of assets it previously owned. These are held to allow the Council to purchase assets, to support capital schemes where prudential borrowing is not considered appropriate, and to provide potential match funding for schemes where no other funding source is available. Capital receipts funding has been built into the approved capital programme to fund essential capital schemes to ensure continued service provision and leverage match funding for key strategic schemes.

14. Under normal rules, capital receipts can only be used to fund capital expenditure. However, to support local authorities in delivering more efficient and sustainable services, in recent years, the Government has provided some opportunity for capital receipts flexibility, which is currently available to March 2030. This allows capital receipts from the disposal of certain assets to provide an alternative way of funding one-off transformation costs and upfront investment associated with delivery of recurring savings, which are required to deliver a balanced budget in future years. There is no planned use of this flexibility for 2026/27, however, it will remain under review to support the Council's transformation programme in future years.

15. The use of capital receipts is not a free resource, as these funds have been used to 'internally borrow', to reduce the Council's exposure to interest rate movements and credit risk. Therefore, as the receipts are used, replacement borrowing may need to be taken out, with consequent additional cost. This is not a barrier to use but must be fully considered when assessing whether they should be used. The current level of capital receipts after taking into account capital funding and other agreed commitments, is £6.7 million.

Earmarked Reserves

16. The Council's Reserves Strategy is focused on supporting performance, transformation, regeneration and growth, as well as ensuring financial sustainability and resilience. The Reserves Strategy is included at Appendix 6.

17. A review of earmarked reserves has been undertaken as part of the budget process. This is to ensure that reserves remain relevant and adequate, particularly in the context of the Council's strategic, operating, financial and risk environments.

18. A detailed description of reserves, and the process for using them, is given at Appendix 6.

19. It is proposed that, in order to enhance the Council's financial resilience and sustainability, an additional contribution of £6.936m is made to the Funding Reform and Volatility Reserve. Following the Fair Funding Review, Local Government Finance is undergoing significant change and although the Local

Government Finance Settlement was positive for 2026/27, the outcomes for 2027/28 and 2028/29 are less positive. The ability to increase reserves in 2026/27 will allow the Council to increase resilience whilst giving time to deal with future year issues and provides a financial buffer if services are not able to manage growth / demand pressures within cash limits.

20. It is also proposed that £2.0m is set aside in the Strategic Priorities Reserve
21. The following table provides details of forecast reserves at 31 March 2027

	Forecast Balances at 31 March 2026	**Proposed Realignment of Reserves**	**Forecast Balances at 1 April 2026**	**Commitments To/(From) Including Transfers**	**Balances Available for Investment at 31 March 2027**
	£000	**£000**	**£000**	**£000**	**£000**
Transformation Reserve	4,170	-	4,170	525	4,695
Growth Reserve	4,479	-	4,479	193	4,672
Funding Reform & Volatility Reserve	15,000	(8,048)	6,952	9,884	16,836
Revenue Grants & Contributions	1,729	-	1,729	(443)	1,286
Waste Management Development Fund	510	-	510	516	1,026
Insurance & Contingent Liability Reserve	2,463	-	2,463	-	2,463
Inflationary Reserve	5,052	-	5,052	-	5,052
Restructuring Reserve	3,707	-	3,707	-	3,707
Tax Increment Financing	5,000	-	5,000	-	5,000
Strategic Priorities Fund	0	-	0	2,000	2,000
SUB-TOTAL – General earmarked reserves	**42,110**	**(8,048)**	**34,062**	**12,675**	**46,737**
General Fund Balances	6,552	8,048	14,600	-	14,600
TOTAL – All revenue reserves	**48,662**	**-**	**48,662**	**12,675**	**61,337**

22. The balances shown can be committed in line with the process identified in Appendix 6. Options for the use of the above are considered in the light of their impact on service provision and/or ability to contribute to, or enable, the delivery of key priorities or objectives.

APPENDIX 1: TREASURY MANAGEMENT STRATEGY STATEMENT 2026/27, ANNUAL REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY

BACKGROUND

1.1 The Local Government Act 2003 (the Act) and the associated CIPFA Prudential Code require the Council to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

1.2 The Act also requires the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy that sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.3 The Strategy for 2026/27 covers:

- the current treasury position
- prospects for interest rates
- borrowing requirements and strategy
- Annual Revenue Provision policy statement
- the Investment Strategy
- the extent of debt rescheduling opportunities, and
- treasury management limits and prudential indicators for the period 2025/26 to 2028/29.

1.4 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. Section 32 of the Act requires a local authority to include the revenue costs that flow from capital financing decisions when calculating its budget requirement for each financial year. Therefore, increases in capital expenditure must be limited to a level whereby the associated increases in revenue expenditure from:

(i) increases in interest charges caused by increased borrowing to finance additional capital expenditure; and

(ii) any increases in running costs from new capital projects

are affordable within the projected income of the Council for the foreseeable future.

1.5 The Council uses MUFG Corporate Markets Treasury Limited (previously named Link Treasury Services Limited) as its external treasury management advisors. The Council recognises that the ultimate responsibility for treasury management decisions always remains with the Council and will ensure that it is not over-reliant on its external advisors.

The Council also recognises that there is value in employing external providers of treasury management services to access specialist skills and

resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

1.6 In December 2021, CIPFA issued revised Prudential and Treasury Management Codes, which updated the Codes of 2017. This strategy is produced in accordance with the 2021 Codes.

1.7 CIPFA released a consultation regarding potential changes to the Prudential; Code for Capital Finance in Local Authorities and Treasury Management on 7 August 2025.The consultation considers changes to the Prudential Code and Treasury Management Code to ensure they remain fit for purpose and that risks around commercial activity are reduced. The consultation is an initial consultation to seek views on areas where the Codes can be strengthened or amended. More detail on proposed changes will follow in subsequent consultations and future TMSS's will be produced in line with any changes made to the Code.

1.87 The aim of the report is to ensure that all Council Members fully understand the overall strategy, governance arrangements, protocols and procedures within which treasury management decisions are taken.

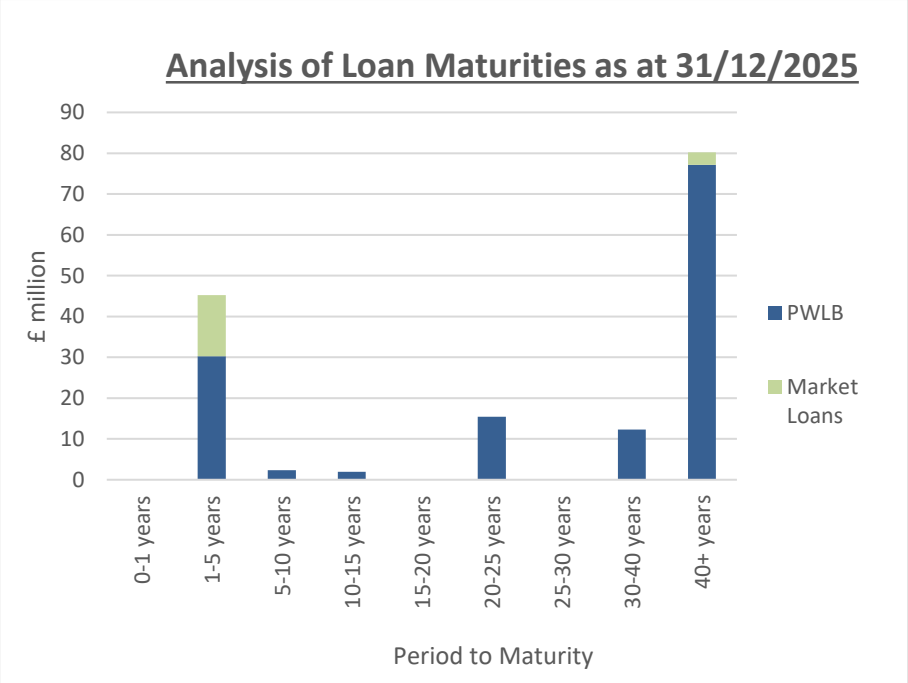
CURRENT TREASURY POSITION

Borrowing

2.1 At the time of writing this report the Council had outstanding external borrowing of £157.489m, which comprised:

Outstanding Debt at 31/12/2025	Principal (£m)	Average Rate (%)
Public Works Loan Board Debt	139.489	3.608
Market Debt	18.000	4.068
Total Debt	157.489	3.660

2.2 £15.000m of the market debt is held in the form of LOBO loans, where there are certain options on the part of both the Council, as borrower, and the lender at specified points in the loans' existence. The profile of the Council's borrowing, both market and Public Works Loan Board (PWLB), is detailed in the following chart.



2.3 In accordance with the Prudential Code, the maturity of borrowing should be determined by the earliest date on which the lender can require payment. If the lender has the right to increase the interest rate payable (as is the case with a LOBO loan), then this should be treated as a right to require payment. In accordance with this guidance, the maturity dates of the Council's LOBO loans have been profiled as the next call date for each loan.

2.4 The Council's current and projected future external debt position is given in the table below. The table enables a comparison of the levels of existing external debt commitments against the underlying capital borrowing need, as measured by the Capital Financing Requirement (CFR). This demonstrates an under-borrowed position relative to underlying need.

External Debt	**2025/26 Actual £m**	**2026/27 Estimate £m**	**2027/28 Estimate £m**	**2028/29 Estimate £m**
Debt as at 1 April	132.495	157.480	251.283	269.558
Forecast Change in Debt	24.985	93.803	18.275	(30.377)
Other Long-Term Liabilities (OLTL)	32.936	31.143	29.278	27.583
Expected Change in OLTL	(1.793)	(1.865)	(1.695)	(1.422)
Projected Gross Debt as at 31 March	**188.623**	**280.561**	**297.141**	**265.342**
Capital Financing Requirement	224.370	284.587	308.037	302.680
(Under) / Over Borrowing	**(35.747)**	**(4.026)**	**(10.896)**	**(37.338)**

2.5 Within the prudential indicators there are a number of key indicators to ensure that the Council operates within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for that and the following two financial years. As shown in the table above, the Council's gross debt is currently significantly lower than its CFR, due to previous strategy decisions to use available resources to negate the need to incur additional borrowing. This is currently forecast to rise over the MTFS period, as provision has been included for the Council to borrow to reduce its under borrowed position and meet the costs of capital schemes funded through borrowing but will remain within the total of the CFR.

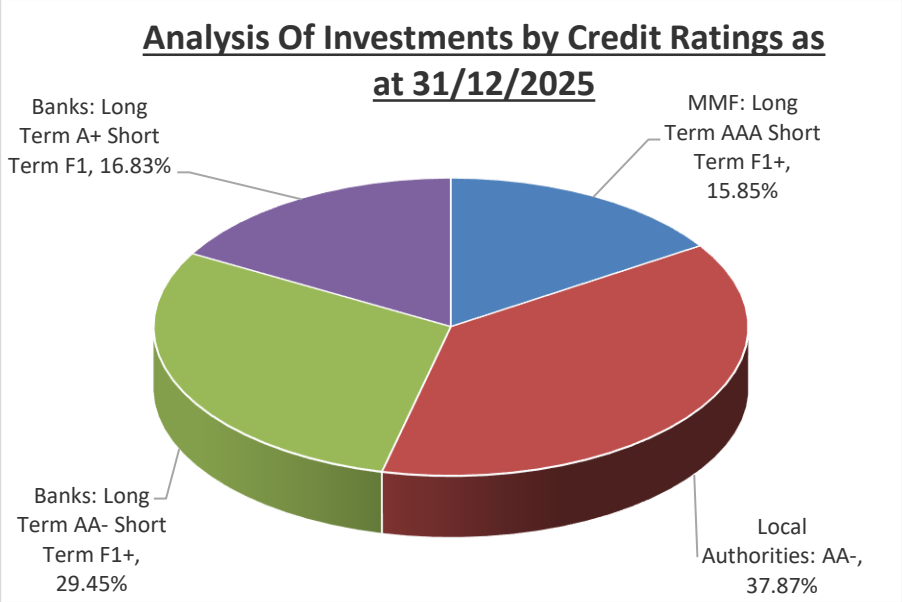
2.6 The Strategy adopted in previous years has proved to be largely successful. However, this flexibility within the Treasury Management Strategy is contingent on the availability of cash-backed reserves to facilitate this strategy. As cash-backed reserves have reduced, allowance has now been made for the Council to undertake some additional external borrowing.

2.7 A new accounting standard (International Financial Reporting Standard 16 – Leases) was introduced with effect from the 1 April 2024.albeit early adoption was permitted. The impact of this standard is that leases of a material value moved onto the balance sheet. As a consequence of this, there are implications on a number of the prudential indicators, including the Capital Financing Requirement, External Debt (Other long-term liabilities), the authorised limit and operational boundary. The Council's Prudential Indicators reflect these changes.

2.8 The acquisition of investments bought primarily for a financial return, that are not linked to core Council functions and are solely for investment returns would impact on the availability to borrow from PWLB. Any activity of this nature would mean that the Council would be unable to secure any PWLB borrowing for three years to finance <u>any</u> expenditure within its capital programme.

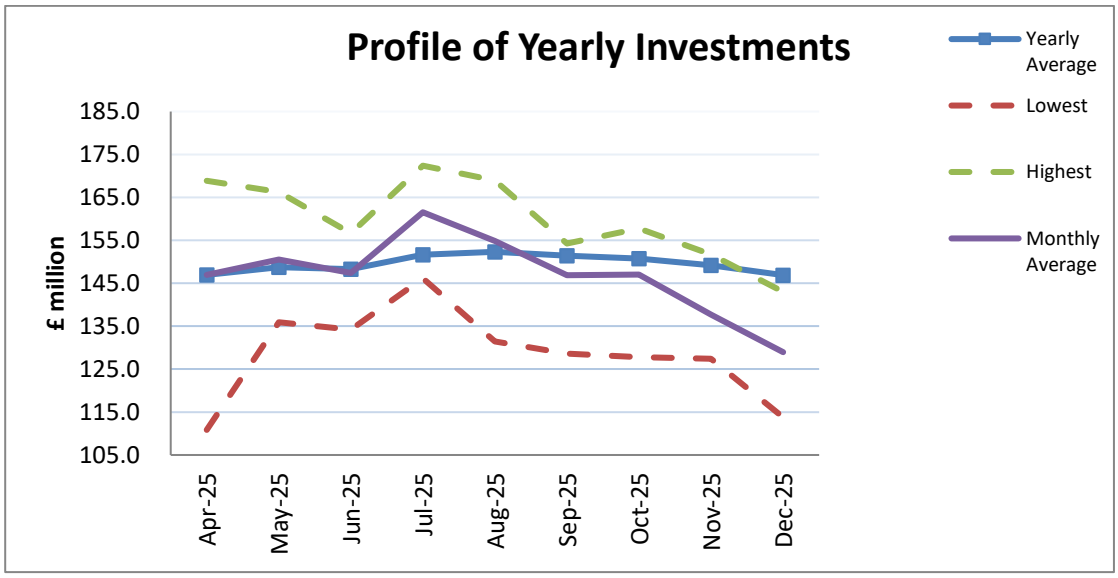
<u>Investments</u>

2.9 On 31 December 2025, the Council had investments of £118.835m The following chart shows the split of the Council's investment by type and the credit rating assigned to the different groups of Counterparties.



These investments include funds held on behalf of Schools & Merseyside Recycling and Waste Authority (circa £17m).

2.10 The average daily sum invested thus far during 2025/26 is around £146.9m and this level of investments is key to the borrowing considerations as detailed in Paragraphs 2.1 to 2.6. The profile of average investment levels thus far is as detailed in the following chart.



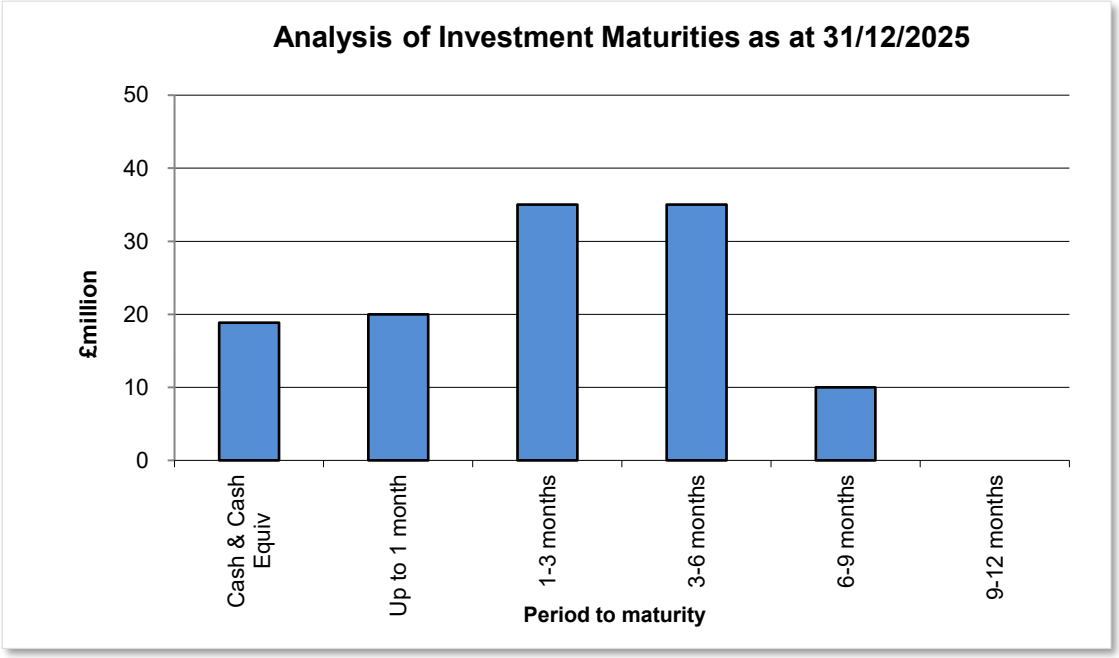
2.11 The levels of investments forecast at 31 March 2026 are expected to be circa £72.8m. It is forecast during 2026/27 that the Council will undertake borrowing of £33.6m to address an element of historic underborrowing, as well as significant borrowing against approved capital schemes within the programme; therefore, the balance of funds available for investment during 2026/27 is forecast to increase from the time that this borrowing is undertaken.

2.12 Merseyside Recycling and Waste Authority (MRWA), under a Service Level Agreement, utilise a number of St Helens Council support services. One of those is Treasury Management services. Historically MRWA have had funds

which have been invested with the Council's investments. This has been the position throughout the current financial year to date.

2.13 While interest rates have been high, the Council has sought to maximise its returns on investment by making longer-term placements wherever possible; however, cashflow liquidity considerations have necessitated some shorter-term placements in the last year.

2.14 The profile of investment maturities as at 31 December 2025 is detailed in the following chart.



PROSPECTS FOR INTEREST RATES

3.1 The Council has appointed MUFG Corporate Markets Limited (MUFG) as a treasury advisor and part of their service is to assist Officers to formulate a view on interest rates. Annex 1 provides an overview of current City forecasts for both short and longer-term interest rates. As expected, the Monetary Policy Committee (MPC) continues to demonstrate its heavy focus on bringing inflation down.

3.2 MUFG anticipates that the Bank of England will seek to gradually reduce the Bank Rate during 2026/27, with 2 further rate cuts: reaching 3.25% by the end of March 2027, with the rate remaining consistent through to March 2029. Rate cuts are expected when CPI inflation and wage/employment data unequivocally support such a move; but with heightened uncertainty in the economy, it is difficult to commit to when, or by how much, rates will fall.

3.3 At the last meeting of the MPC on 5 February 2026, the interest rate was maintained at 3.75%. However, at the same time, the Committee was optimistic that disinflation looked to be ahead of previous estimates, with inflation due to hit the 2% target a year earlier than expected. This gives scope for future rates cuts but risks remain so the speed and depth of any reductions are very much undetermined currenty.

3.4 Economic and interest rate forecasting remains difficult with so many macroeconomic and geopolitical factors weighing on the UK. The forecasts in Annex 1 will be liable to further amendment depending on how economic data and developments in financial markets transpire over the short to medium term.

3.5 The current economic outlook, structure of market interest rates and Government debt yields have some key treasury management implications:

- Investment returns are expected to gradually reduce during the course of the 2026/27 financial year.
- Borrowing rates are expected to fall from their current levels by the end of the year, contingent on the Bank of England maintaining inflation stability.

3.6 In the current economic climate interest rates remain relatively high; the Council will therefore consider carefully decisions around borrowing, particularly over the long term, where rates are higher, and may defer, where possible, any decisions on undertaking new borrowing until rates become more attractive. However, decisions may be taken to borrow over shorter time horizons to take advantage of lower rates at the shorter end of the scale and to assist cashflow.

BORROWING REQUIREMENT AND STRATEGY

4.1 The Council's 'in year' borrowing requirements for the next, and subsequent two financial years, are based on those requirements arising from the proposed capital programme as included in the Budget Report and are calculated as follows.

Description	2026/27 £000	2027/28 £000	2028/29 £000
Unsupported Borrowing	66,211	30,276	1,994
Revenue Provision	(5,994)	(6,826)	(7,351)
In-Year Capital Financing Requirement	**60,217**	**23,450**	**(5,357)**

4.2 These requirements are calculated as:

(i) that element of the proposed capital programme not financed by specific grant or contributions, capital receipts or earmarked balances, and

(ii) less the Annual Revenue Provision as calculated by reference to the Capital Finance and Accounting Regulations 2008 (and explained further in section 5).

4.3 As is evident, the in-year Capital Financing Requirement over the three-year period is positive. The Council’s current borrowing profile, whereby levels of actual borrowing are below the implied underlying need to borrow, puts the Council in a sound position.

4.4 The current position is a product of previous strategy decisions to use cash arising from its available reserves and balances to negate the need to borrow.

The Council's avoidance of new external borrowing in prior years has minimised borrowing costs in the short term and reduced exposure to interest rate and credit risk. With several significant capital schemes planned over the next two years, however, it is likely that more external borrowing will be required to finance planned and/or historic activity.

4.5 The need to borrow will be influenced by calls on capital receipts and other reserves and balances. Borrowing is to be timed when rates are considered to be at their most favourable - some flexibility is given by the availability of cash-backed reserves.

4.6 Additional borrowing will be required, in line with the Capital Strategy and the specified governance arrangements.

4.7 Caution will be adopted with the 2026/27 treasury operations. Officers will continue to monitor prevailing interest rates and market forecasts and will adopt a pragmatic approach to any changing circumstances, with reports submitted on actions taken in line with the reporting requirements of the Council's Treasury Management Practices.

ANNUAL REVENUE PROVISION STATEMENT

5.1 Under Regulation 27 of the 2003 Capital Finance Regulations, Local Authorities are required to charge their revenue account for each financial year Minimum Revenue Provision (MRP) to account for the repayment of principal in that financial year. The requirement to make this statutory provision was amended under regulation 28 in the Capital Finance and Accounting Regulations 2008. The current regulation 28 sets out a duty for a Local Authority to make an amount of minimum revenue provision, which it considers to be prudent.

5.2 Under regulation 28, Authorities are provided with several alternative approaches, which can be adopted for the purpose of calculating a 'prudent provision'. The approach by an authority should be outlined in a statement and submitted to Council for consideration. The statement below outlines the approach that the Council has adopted to the calculation of its revenue provision.

5.3 The Council has had due regard to the Capital Finance Regulations and the associated Capital finance: guidance on Minimum Revenue Provision in preparing the Annual Revenue Provision Statement. No departures from the guidance have been made.

5.4 The Council will calculate its Annual Revenue Provision (RP) by applying the Asset Life Method, unless the borrowing is for a Loan Financial Investment. Under the guidance there are two approaches which can be applied to calculating the RP charge under the Asset Life Method, those being the Equal Instalment Approach and the Annuity Approach.

5.5 For all borrowing that was previously supported through the Local Government Financial Settlement and the Council's Private Finance Initiative scheme, the Annuity Method will be applied to the calculation of an annual RP charge.

5.6 For borrowing undertaken under the Prudential System to fund schemes of a regeneration and/or infrastructure nature through the Council's main capital programme, for the element of the scheme for which there has been/is no Government support, the Council will make a provision using the Annuity Method Approach. The use of this method represents a more prudent option for the Council for schemes of this nature and has the advantage of linking the revenue charges to the flow of benefits from an asset, where the benefits are expected to increase in later years.

5.7 For borrowing undertaken under the Prudential System as part of any Tax Increment Financing (TIF), either the Annuity Method or the Equal Instalment Method will be applied. The method employed will be based on the closest match to the expected benefits of the schemes and that which ensures a prudent charge to revenue.

5.8 Where borrowing is undertaken for a non-commercial Loan Financial Investment, as described in the former Ministry of Housing, Communities and Local Government's (MHCLG) Statutory Guidance on Local Government Investments (3rd Edition) but treated as Capital Expenditure in accordance with the Local Government Act 2003, Regulation 25, the Council will not make a Revenue Provision charge.

5.9 This is predicated on the basis that the Loan will be repayable at some date in the future and, at such point, the capital receipt will be used to offset the associated debt. However, should the Council subsequently recognise a credit loss on a loan issued to a third party, the Council will then make a charge to the Revenue Provision in respect of the loan, over the lifetime of the associated capital expenditure. For loans issued from 7 May 2024, the Council shall include a charge in the current financial year equal to the value of any credit loss, less any element of the loan which has already been financed through prior year MRP charges or funded through other resources.

5.10 From 1 April 2024, the Council adopted IFRS 16 for the treatment of leases. This has removed the distinction between operational and finance leases, resulting in a number of leases being brought on balance sheet. MRP for these leases will be calculated as equal to the element of the rent that goes to write down the balance sheet liability. Where an asset leased by the Council under a finance lease is subleased to a third party under a finance lease, any capital receipts received under such an arrangement will be used to offset the associated MRP charge in respect of the asset.

5.11 For all other borrowing undertaken under the Prudential system for which there has been/is no Government support, the Council will make a provision using the Equal Instalment Approach; that is to say the MRP charge will be calculated based on the estimated life of the asset for which the borrowing is undertaken.

5.12 As set out in paragraphs 5.8 & 5.9, capital receipts from repayment of capital loans financed by borrowing and capital receipts from subleases of finance leases will be used to offset the revenue provision as set out in the amended Local Authorities (Capital Finance and Accounting) Regulations. There is no other planned use of capital receipts to reduce historic balances included in the capital financing requirement nor plans to voluntarily overpay the MRP in the current MTFS. Capital receipts may be used to fund capital expenditure in year or new capital schemes in order to reduce the level of borrowing required

and its associated impact on the revenue budget. Any changes to the proposed use of capital receipts would be considered by Cabinet as part of the regular financing monitoring reports.

5.13 In determining a prudent revenue provision, the Council has included all debt-financed capital spend with the exception of capital loans (as set out in paragraph 5.8) and capital expenditure on assets which were not yet operational as at the end of the previous financial year, as permitted under statute.

5.14 There have been no changes to the Policy for 2026/27.

ANNUAL INVESTMENT STRATEGY

6.1 The Council will have regard to the MHCLG Guidance on Local Government Investments and CIPFA's Code of Practice in conducting its investment activity and the overriding priorities are that security and liquidity of funds are of paramount importance.

6.2 In accordance with the above, and to minimise the risk to investments, the Council has a clearly stipulated minimum acceptable credit quality of Counterparties for inclusion on the Council's lending list. The creditworthiness methodology used to create the Counterparty list takes account of the ratings provided by FITCH, one of the three main ratings agencies. All investments made during 2026/27 will be in accordance with the Annual Investment Strategy, which is detailed at Annex 2.

6.3 The Council has previously (where interest rate forecasts support such a strategy) sought to lock into longer period investments where opportunities and Counterparty Criteria permits, whilst maximum strategic use of its call account facilities has been made during periods of forecast increases in investment rate and to ensure sufficient liquidity. This practice will continue during 2026/27, subject to:

(i) the outlook for medium term interest rates (i.e. to avoid locking into deals whilst investment rates are lower than forecast levels and there is a forecast pick-up in rates over the medium term),

(ii) the management of counterparty risk,

(iii) any opportunities to repay debt using available cash balances, and

(iv) the Council's liquidity requirements.

6.4 MHCLG and CIPFA have previously extended the definition of investments to include non-financial investments which are defined as non-financial assets that organisations hold primarily, or partially, to generate a profit. The strategy in relation to this kind of investment is covered within the Capital Strategy.

DEBT RESCHEDULING

7.1 Debt rescheduling has historically been undertaken in order to:

(i) generate cash savings at minimum risk
(ii) amend debt maturity profiles and/or the balance of volatility
(iii) aid fulfilment of the Council's overall borrowing strategy

7.2 Consideration will also be given to the potential for making savings by repaying debt prematurely. This is dependent upon the prevailing interest rate environment which, although was higher at the start of the year, is now reducing and is forecast to continue to do so, albeit less steeply, over the short to medium term. This may provide opportunities for the Council to achieve a discount on the repayment of part of its debt.

7.3 It should be noted that the Prudential Code allows for the funding of premium costs arising from debt rescheduling to be financed by usable capital receipts. This adds another option for consideration in that such transactions could serve to reduce the Council's liabilities arising from its borrowing activity and reduce revenue costs over the longer term.

7.4 Should rescheduling opportunities arise, prudence will be exercised at all times and any actions by Officers will be reported in accordance with the reporting requirements of the Council's Treasury Management Practices.

TREASURY LIMITS AND PRUDENTIAL INDICATORS 2025/26 to 2028/29

8.1 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting Regulations for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit".

8.2 The Council must have regard to the Prudential Code when setting this limit. The Code also sets a series of other limits and indicators that the Council must consider.

8.3 The proposed limits and indicators required for approval for the period 2025/26 to 2028/298 are contained in Annex 3.

CIPFA CODE OF PRACTICE: TREASURY MANAGEMENT IN THE PUBLIC SERVICES (THE CODE)

9.1 Formal adoption of the Code has been reiterated by Council over a number of years, most latterly by Council in approving the 2025/26 Treasury Management Strategy.

9.2 All requirements of the Code are implemented through the governance frameworks, policies, systems, procedures and controls in place within the Council and will continue to be so. It is an historic requirement of the Code that the Council should formally adopt the Code and specifically the four Clauses contained at Annex 4 and the Treasury Management Policy Statement at Annex 5.

Annexes

1 Outlook for Interest Rates
2 Annual Investment Strategy 2026/27
3 Treasury Limits and Prudential Indicators 2025/26 to 2028/29
4 Liability Benchmark
5 Adoption of the CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes
6 Treasury Management Policy Statement

ANNEX 1 - OUTLOOK FOR INTEREST RATES

The data below shows a variety of forecasts published by two institutions: MUFG Corporate Markets and Capital Economics (an independent forecasting consultancy).

The data shows rates at the time of issue of the forecasts, January 2026. The forecast within the strategy has been drawn from these diverse sources and Officers' own views.

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1 November 2012.

	Mar 2026	Jun 2026	Sep 2026	Dec 2026	Mar 2027	Jun 2027	Sep 2027	Dec 2027	Mar 2028	Jun 2028	Sep 2028	Dec 2028
Bank Rate												
MUFG Corporate Markets	3.75%	3.50.%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Capital Economics	3.50%	3.50%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	-	-	-	-
5-year PWLB Rate												
MUFG Corporate Markets	4.60%	4.50%	4.30%	4.20%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%
Capital Economics	4.70%	4.60%	4.60%	4.50%	4.50%	4.40%	4.40%	4.40%	-	-	-	-
10-year PWLB Rate												
MUFG Corporate Markets	5.20%	5.00%	4.90%	4.80%	4.80%	4.70%	4.70%	4.70%	4.70%	4.60%	4.60%	4.60%
Capital Economics	5.30%	5.20%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	-	-	-	-
25-year PWLB Rate												
MUFG Corporate Markets	5.80%	5.70%	5.60%	5.50%	5.50%	5.40%	5.30%	5.30%	5.30%	5.20%	5.20%	5.20%
Capital Economics	5.90%	5.80%	5.70%	5.60%	5.60%	5.50%	5.50%	5.50%	-	-	-	-
50-year PWLB Rate												
MUFG Corporate Markets	5.60%	5.50%	5.40%	5.30%	5.30%	5.20%	5.10%	5.10%	5.10%	5.00%	5.10%	5.00%
Capital Economics	5.60%	5.50%	5.30%	5.20%	5.20%	5.20%	5.20%	5.20%	-	-	-	-

ANNEX 2 - ANNUAL INVESTMENT STRATEGY 2026/27

1.0 Purpose

1.1 This Strategy is submitted to Council for approval in adherence with the guidance issued by the then ODPM under Section 15(1)(a) of the Local Government Act 2003 and in accordance with the Statutory Guidance on Local Government Investments (3rd Edition), issued in 2018 by the then MHCLG.

1.2 It covers the financial period to 31 March 2027 and is complimentary to the Treasury Management Strategy 2026/27 and the adopted Treasury Management Practices as required by the CIPFA Code of Practice: Treasury Management in the Public Services.

1.3 The Council's investment policy has regard to the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

1.4 In doing so the Annual Investment Strategy sets out:

- which investments the Council may use for the prudent management of its surplus funds during the period, under the heads of Specified Investments and Non-Specified Investments
- the utilisation of Loan Financial Instruments and the governance arrangements that must be followed when decisions are made
- the procedures for determining the use of each asset class
- the maximum periods for which funds may be prudently committed in each class
- the upper limits to be invested in each class
- the extent to which prior professional advice need be sought from the Council's Treasury Advisors prior to the use of each class
- the minimum amount to be held in short-term investments

2.0 Investment Objectives and Principles

2.1 The general policy objective for the Council is the prudent investment of its surplus funds. The Council's investment priorities are the security of capital and liquidity of investments.

2.2 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity and having properly assessed all inherent risks, as detailed in its Treasury Management Practices.

2.3 The Council will seek to ensure that temporary borrowing will not be made whilst the Council has investment funds available, and its longer-term borrowing activity will have full regard to the content of CIPFA's Prudential

Code and the Council's own approved Treasury Strategy. In particular, the Council will not engage in treasury borrowing activity that is solely for the purposes of investment or on lending to make a return.

3.0 Specified, Loans and Non-Specified Investment Types

3.1 Financial investment instruments are broadly classified within government guidance as being Specified, Loans or Non-Specified.

3.2 An investment is a Specified Investment if:

i) the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.

ii) the investment is not a long-term investment.

iii) the making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 3146 as amended)

iv) the investment is made with a body or investment scheme which has been awarded a high credit rating by a credit rating agency or is made with the United Kingdom Government, a Local Authority in England or Wales (as defined in Section 23 of the 2003 Act), a Parish or Community Council.

3.3 A local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth. Local authorities can make such loans whilst continuing to have regard to the guidance if they can demonstrate in their Strategy that:

i) Total financial exposure to these types of loans is proportionate.

ii) They have used an allowed “expected credit loss” model for loans and receivables as set out in International Financial Reporting Standard 9 *Financial Instruments* as adopted by proper practices to measure the credit risk of the loan portfolio.

iii) They have appropriate credit control arrangements to recover overdue repayments in place.

iv) The local authority has formally agreed the total level of loans by type that it is willing to make, and their total loan book is within the self-assessed limit.

3.4 Non-specified Investments are those investments not meeting the definition of a specified investment or a loan and, inherently, are subject to greater degrees of treasury risk. They do, however, offer some potential diversification as part of an overall strategy, and as a result, a small number are identified as being potentially suitable for use, subsequent to prior consultation and advice from the Council's appointed Treasury Management advisors.

3.5 In assessing the relative characteristics of each possible instrument type, the risk attached in their use and how their use would assist in the delivery/achievement of the Council's investment objectives and principles, Annex A has been prepared to detail those instruments that it is proposed may be used as part of the investment strategy. The utilisation of Loan Financial Instruments has additional restrictions placed upon them and the detail of the decision-making process for their use is set out in Section 9.

4.0 Credit and Counterparty Policies

4.1 The Council relies on credit ratings published by FITCH, an independent rating agency, to establish the credit quality of Counterparties (issuers and issues) and investment schemes. Credit rating lists are reviewed on an ongoing basis to ensure prompt action to remove institutions whose ratings fall below the Council's threshold. The policy is fully documented in the Council's Treasury Management Practices.

4.2 Delegation has been granted to the Director of Finance in relation to the criteria by which the Council's lending list is compiled for its internally managed investments. The criteria proposed for adoption during 2026/27 is contained at Annex B.

4.3 The criteria proposed is unchanged from that applied currently.

5.0 Liquidity of Investments

5.1 The need to ensure liquidity by the continuous management and monitoring of the Council's cash transactions and resource is one of the key objectives of the Treasury function and liquidity risk management is fully considered and documented in the Council's Treasury Management Practices.

5.2 The limits included in Annex A are a reflection of the overriding importance of liquidity, and in addition to those, as a general rule, the Council will aim to ensure that it has 15% of its investments held with a maturity period of less than one week. Where cashflow expectations or specific circumstances dictate an absolute minimum of 10% if its investments will always be held with a maturity period of less than one week.

6.0 Investment Strategy - Internally Managed Investments

6.1 All investments made during the duration of this Strategy will be in full compliance thereof.

6.2 Decisions, taken within the framework, regarding the period and type of investment, will be taken having regard to future cashflow requirements and likely interest rate movements. A suitable proportion of investments will be held "at call" for contingent purposes to allow for any significant investment opportunities for longer periods that may come available.

6.3 The Council has previously (where interest rate forecasts support such a strategy) sought to lock into longer period fixed rate deals where opportunities and Counterparty criteria permits. This practice will continue during 2026/27, subject to:

i) the outlook for medium term interest rates (i.e., to avoid locking into deals whilst investment rates are at lower than forecast levels and there is a forecast pick-up in rates over the medium term)

ii) the management of Counterparty risk

iii) any opportunities to repay debt using available cash balances.

iv) the Council's liquidity requirements

6.4 Maximum strategic use will be made of the Council's call account facilities and the AAA rated money market funds to which the Council has access during the period where prevailing rates are competitive.

7.0 Investment Strategy - Externally Managed Funds

7.1 The Council currently does not engage any Fund Managers to invest monies on its behalf following a previous review of Fund Manager activity and the decision to repatriate funds held by its then Fund Manager.

7.2 Arrangements for the re-engagement of Fund Managers at some point in the future may be considered in consultation with the Council's appointed Treasury Management advisors. If it is considered that the engagement of a Fund Manager is warranted, then a full tender exercise will be conducted in accordance with Contract Procedure Rules.

8.0 Reporting Arrangements

8.1 Cabinet will receive reports on Treasury Management activity and risks as part of the Financial Monitoring Report, which shall also be considered by the Overview and Scrutiny Commission.

8.2 Council will receive, via Cabinet, an end of year report in relation to the activity undertaken in the preceding year and a review of performance relative to the approved Strategy. This report will also be considered by the Audit and Governance Committee.

8.3 As a minimum, a mid-year Strategy review will also be undertaken, and the Audit and Governance Committee will consider this, as well as the Treasury Management Strategy Statement.

9.0 Capacity, Skills and Culture

9.1 The Council has a responsibility to ensure that the Members and Officers undertaking decisions in relation to Investments have the necessary amount of training and information to enable them to make informed decisions as to whether to enter into a specific investment and to ensure that governance processes around decision making are robust and appropriate.

9.2 To enable the Members and Senior Officers involved in the investments decision making process to take informed decisions as to whether to enter into a specific investment, to assess individual assessments in the context of the strategic objectives and risk profile of the local authority and to enable them to understand how the quantum of these decisions have changed the

overall risk exposure of the local authority, formal training is provided in conjunction with the Council's appointed advisors, MUFG Corporate Markets.

9.3 Due to the complex nature of potential strategic investments, external advice and assessment will be commissioned, where necessary, to ensure that an independent evaluation is undertaken; this may also include support in negotiating commercial deals. In these circumstances, the organisation commissioned to undertake this role will be made aware of the regulatory regime within which the Council operates and of the core principles of the prudential framework.

Annex A

LOCAL GOVERNMENT INVESTMENTS (ENGLAND)
SPECIFIED VERSUS NON-SPECIFIED INVESTMENTS

Previous Guidance has defined Local Government investments as being either 'Specified' or 'Non-Specified'. The Guidance was, however, non-prescriptive in classifying the various investment instruments available into either of these categories. Indeed, in a continually changing market where new innovative 'products' are frequently being introduced it would be extremely problematical, if not impossible, to do so.

Much focus and emphasis is therefore placed on that element of the Guidance which states that Specified investments should require 'minimal procedural formalities'. The Council's appointed Treasury Management advisors have discussed this issue with the then-DCLG (now MHCLG), who have expressed their desire to see Local Authorities apply the spirit of the Guidance rather than focus on a legalistic approach to the meaning of words in the Guidance. The spirit of the Guidance is that investment products, which take on greater risk and therefore should be subject to greater scrutiny should be subject to more rigorous justification and agreement of their use in the Annual Investment Strategy and so should fall into the Non-Specified category.

The latest Statutory Guidance on Local Government Investments by MHCLG, issued on 2 February 2018, introduced a new category of Financial Investment – Loans; this additional category has been included in the guidance to reflect up to date working practices of Local Authorities and is reflected in the tables below.

The following tables have been prepared on that basis.

LOCAL GOVERNMENT INVESTMENTS (England)
SPECIFIED INVESTMENTS

All "Specified Investments" listed below must be sterling-denominated with maturities of up to 1 year

Investment	Repayable/ Redeemable within 12 Months?	Security/ Minimum Credit Rating	Use for Managing Internal Investments?	Maximum Period
Debt Management Agency Deposit Facility (DMADF)	Yes	Govt-backed	Yes	6 months
Term deposits with the UK Government or with UK Local Authorities (i.e., Local Authorities as defined under Section 23 of the 2003 Act) with maturities up to 1 year.	Yes	High security although LAs not credit rated	Yes	1 year
Term deposits with credit-rated deposit takers (Banks and Building Societies), with maturities up to 1 year.	Yes	See*	Yes	1 year
Money Market Funds and Ultra Short Duration Bonds CNAV/LVNAV/VNAV (i.e., a collective investment scheme as defined in SI 2004 No. 534) *As open ended investment vehicles, access to funds will vary from same day to trade plus 3 working days.*	Yes	**Money Market Funds** CNAV/LVNAV/VNAV AAAmmf **Ultra Short Duration Bond Funds** VNAV - AAAf	Yes	*The period of investment may not be determined at the outset but would be subject to cash flow and liquidity requirements.*
Forward deals with credit rated Banks and Building Societies < 1 year (i.e., negotiated deal period plus period of deposit)	Yes	See*	Yes	1 year in aggregate
Callable deposits with credit rated Banks and Building Societies, with maturities not exceeding 1 year.	Yes	See*	Yes	1 year
Notice Account Facilities with credit rated deposit takers (Banks and Building Societies) (Maximum notice period 180 days)	Yes	See*	Yes	N/A
Call Account Facilities with credit rated deposit takers (Banks and Building Societies)	Yes	See*	Yes	N/A

* Subject to approved credit rating criteria as determined within the Annual Investment Strategy or as a result of delegation exercised by the Council's Section 151 Officer in accordance with approved Treasury Management Practices

LOCAL GOVERNMENT INVESTMENT (England)
LOAN INVESTMENTS

Investment	**Repayable/ Redeemable within 12 months?**	**Loan Book Limit** (excluding accrued interest)	**Maximum Maturity of Investments**
Loans with joint ventures	No	£15,000,000	15 years

LOCAL GOVERNMENT INVESTMENT (England)
NON-SPECIFIED INVESTMENTS

Investment	Repayable/ Redeemable within 12 months?	Security/ Minimum Credit Rating	Use for Managing Internal Investments?	Maximum Maturity of Investments
Term deposits with credit rated deposit takers (Banks and Building Societies) with maturities greater than 1 year	No	See*	Yes	2 years
Term deposits with the UK Government or with UK Local Authorities with maturities greater than 1 year	No	High Security although LAs not credit rated	Yes	2 years
Banking facility for Merseyside Recycling and Waste Authority	Potentially	High Security although LAs not credit rated	Yes	N/A
Certificates of Deposit with credit rated deposit takers (Banks and Building Societies) *Custodial arrangement required prior to purchase*	Potentially	See*	Yes – after consultation with Treasury Advisors	2 years
Callable deposits with credit rated deposit takers (Banks and Building Societies) with maturities greater than 1 year	Potentially	See*	Yes	2 years
Forward deposits with credit rated Banks and Building Societies for periods > 1 year (i.e., negotiated deal period plus period of deposit)	No	See*	Yes – after consultation/advic e from Treasury Advisors	2 years in aggregate
Structured Deposits where investment returns are determinant on how specified interest rate structures move over a determined period	Potentially	N/A	Potentially – after consultation with Treasury Advisors	2 years

* Subject to approved credit rating criteria as determined within the Annual Investment Strategy or as a result of delegation exercised by the Council's Section 151 Officer in accordance with approved Treasury Management Practices.

Annex B

COUNTERPARTY CRITERIA 2025/26

	Counterparty Category	Credit Ratings				Maximum Investment (1)	Maximum Period
(i)	Money Market Funds (MMF) and Ultra Short Dated Bond Funds (USDBF)	AAA Rated **(2)**				£20m per MMF/USDBF (£40m total)	On call
(ii)	Other Local Authorities and Public Bodies **(3)**	AA Rated				£100m total	
						£15m per LA	12 months
						£5m per LA	2 years
FITCH Ratings		**Long Term**	**Short Term**	**Viability**	**Sovereign**		
(iii)	Authorised institutions (under the Banking Act 1987) which hold a suitable credit rating) **(4)**	A+ and above	F1 and above	aa- and above	AA- and above	£25m	2 years
		A and above	F1 and above	a- and above	AA- and above	£15m	12 months
(iv)	Call accounts held with authorised institutions (under the Banking Act 1987) which hold a suitable credit rating **(4)**	A+ and above	F1 and above	aa- and above	AA- and above	£20m	On call
		A and above	F1 and above	a- and above	AA- and above	£15m	On call
(v)	Building Societies which hold a suitable credit rating	A- and above	F1 and above	a- and above	AA- and above	£10m (£40m total)	12 months

Notes to Counterparty Criteria

1. For each institution meeting the criteria identified above and subject to the limits for maximum investments, no single investment transaction should be undertaken for more than £15m (excluding MRWA).

2. Each individual Money Market Fund used must be separately approved by the Council's Section 151 Officer by way of an Operational Decision.

3. The Banking Facilities provided to MRWA are excluded from the Maximum Investment levels and Maximum Period.

4. The legal arrangements of some banks are such that transactions may be available with a subsidiary company that does not have its own viability rating; where this is the case, the viability rating of the parent company will be used to assess the creditworthiness, or otherwise, of the financial institution, against the criteria above. This includes institutions where a viability is not available due to the institutions close links to the presiding Government of the country where the institution is based.

ANNEX 3 - TREASURY LIMITS AND PRUDENTIAL INDICATORS 2025/26 to 2028/29

TREASURY LIMITS AND PRUDENTIAL INDICATORS 2025/26 to 2028/29			2025/26 Revised	2026/27 Estimates	2027/28 Estimates	2028/29 Estimates
1(i)	Proposed capital expenditure that the Council plans to commit to during the forthcoming and subsequent two financial years.	**Capital Expenditure (£m)**	73.325	155.014	51.526	17.609
1(ii)	Additional in-year borrowing requirement for capital expenditure.	**In Year Capital Financing Requirement (CFR) (£m)**	3.603	60.217	23.450	(5.357)
2	The CFR is an aggregation of historic and cumulative capital expenditure, which has not yet been paid for by either revenue or capital resources.	**Capital Financing Requirement as at 31 March (£m)**	224.370	284.587	308.037	302.680
3	The "net borrowing" position represents the net of the Council's gross external borrowing and investments sums held.	**Net Borrowing Requirement:** External Borrowing (£m) Investments Held (£m) Net Requirement (£m)	157.480 (72.590) 84.890	251.283 (100.182) 151.101	269.558 (103.051) 166.507	239.181 (107.790) 131.391
4	Identifies the impact and trend of the revenue costs of capital financing decisions will have on the General Fund Budget over time.	**Ratio of financing cost to net revenue stream**	4.81%	4.86%	5.98%	6.69%
5	The Council's Budget Strategy, as a general principle is that no unsupported borrowing should be undertaken as a means of financing capital expenditure plans.	**Incremental impact of capital investment decisions (increase in Council Tax Band D equivalent**)	Nil	Nil	Nil	Nil

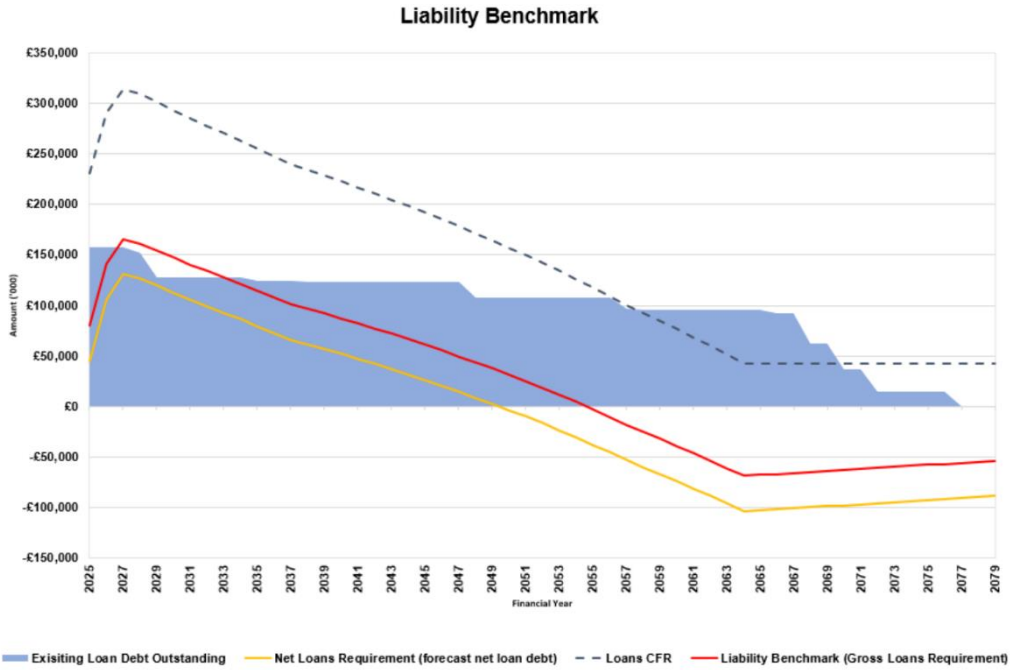
TREASURY LIMITS AND PRUDENTIAL INDICATORS 2025/26 to 2028/29			2025/26 Revised	2026/27 Estimates	2027/28 Estimates	202/29 Estimates
6	This represents an absolute limit of borrowing at any one point in time. It reflects the level of external debt, which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.	**Authorised Limit for External Debt (£m)**	220.673	299.292	319.663	301.312
7	This is the limit beyond which external debt is not normally expected to exceed.	**Operational Limit for External Debt (£m)**	203.951	290.966	310.044	285.438
8	These limits seek to ensure that the Council does not expose itself to an inappropriate level of interest rate risk and has a suitable proportion of debt.	**Upper Limit for Fixed Interest Rate Exposure**	100%	100%	100%	100%
		Upper Limit for Variable Interest Rate Exposure	50%	50%	50%	50%
9	This limit seeks to ensure liquidity and reduce the likelihood of any inherent or associated risk.	**Upper Limit for Sums Invested over 365 Days**	60%	60%	60%	60%
10	This indicator is used to highlight where an authority may be borrowing in advance of need.	**Gross Debt and the CFR (£m)**	35.747	4.026	10.896	37.338

ANNEX 4 – LIABILITY BENCHMARK

The Authority is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the Liability Benchmark:

1. **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP. Due to only approved prudential borrowing being included in the calculation a peak will appear after four years as no further borrowing will be approved at this point.
3. **Net loans requirement**: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast. This becomes a negative due to the position the Authority is in as a result of the balance of treasury investments, which are in excess of borrowing; this allows the Authority flexibility in regard to the timing of taking out future borrowing and therefore allows it to make sound treasury management decisions.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



ANNEX 5 - ADOPTION OF THE CIPFA TREASURY MANAGEMENT IN THE PUBLIC SERVICES CODE OF PRACTICE AND CROSS-SECTORAL GUIDANCE NOTES

The CIPFA Code recommends that all public service bodies formally adopt four specific clauses as contained in the Code. All requirements of the Code are implemented through the governance frameworks, policies, systems, procedures and controls in place within the Council and will continue to be so. For completeness it is recommended that Council formally approve the following:

1. The Council will create and maintain, as the cornerstones for the effective Treasury Management:

    - A treasury management policy statement, stating the policies, objectives and approaches to risk management of its treasury management activities.

    - Suitable treasury management practices (TMPs), setting out the way the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

2. The Council will receive reports on its treasury management policies, practices, and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

3. The Council delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to the Cabinet, and for the execution and administration of Treasury Management decisions in accordance with its Constitutional provisions to the Director of Finance, who will act in accordance with the Council's approved Policy Statement and TMP's and the CIPFA Standard of Professional Practice on Treasury Management.

4. The Council nominates the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

ANNEX 6 - TREASURY MANAGEMENT POLICY STATEMENT

The policies and objectives of the Treasury Management function are defined as follows:

1. Treasury Management is "the management of the Authority's investments and cash flows; its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

2. The successful identification, monitoring and control of risks are the prime criteria by which the effectiveness of its Treasury Management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the organisation.

3. It is acknowledged that effective Treasury Management will provide support towards the achievement of its business and service objectives and the Council is committed to the principles of value for money in Treasury Management, and to employing suitable comprehensive performance measurement techniques within the context of effective risk management.

APPENDIX 2: CAPITAL STRATEGY 2026/27 TO 2028/29

Capital Strategy
St Helens Council
2026/27 to 2028/29

ST HELENS
BOROUGH COUNCIL

INTRODUCTION

The Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability. The Capital Strategy outlines the principles and framework that shape the Council's capital investment proposals. The Strategy sets the framework within which the Council's Investment plans will be delivered. The strategy is a live document, and it is intended to update this on an ongoing basis and develop it over time.

The Strategy is aligned with the proposed Council Budget, its objectives, and priorities. The Strategy also has links to other Council Management Plans and Strategies, such as the Strategic Asset Management Plan; Treasury Management Strategy; Land and Property Acquisition Strategy; IT Strategy and the Council's Medium Term Financial Strategy (MTFS). It is an integral part of the MTFS and sets the principles for prioritising capital investment under the prudential system.

OBJECTIVES

To provide a clear set of objectives and a framework, within the CIPFA codes and statutory legislation, by which new projects are evaluated to ensure that all new funding is targeted at meeting the strategic aims, objectives, and priorities of the Council.

- To prioritise projects that focus on delivering a number of long-term benefits:
    - Deliver Corporate objectives
    - Invest to Save (either cost reduction or income generation)
    - Create sustainable income – Business Rates or council tax
    - Attract significant grant, third party or private funding
    - Address major infrastructure investment
    - Deliver economic outcomes of jobs growth
    - Deliver Asset Management Plan outcomes
    - Assist in the delivery of Budget decisions

  It should be demonstrated that a rigorous programme of options appraisal has been considered, identifying evidence of need, cost, risk, outcomes and method of financing.

- To consider options available for capital funding and how resources may be maximised to generate investment in the area and to determine an affordable and sustainable funding policy framework, whilst minimising the ongoing revenue implications of any such investment.

- To identify resources available for capital investment over the MTFS planning period.

- To establish effective arrangements for the management of capital expenditure, including, the assessment of project outcomes, profiling spend against budget, value for money and security of investment.

- To identify future asset base requirements and ensure the necessary assets are fit for purpose and available to deliver services.

PRIORITIES

The Council has an approved Capital Programme which has already committed significant resources to support schemes for 2026/27 and future years. The Council is committed to the regeneration of the borough and transformation of Council services through several initiatives including:

Town Centres

The Council is committed to the redevelopment of both St Helens and Earlestown town centres, with construction underway on both sites. This will bring forward significant transformation and the opportunity to stimulate further economic growth across the borough.

Significant capital expenditure on both schemes has been included in the approved capital programme, to transform the Town Centres in line with the Town Centre Masterplan Development Framework.

Phase 1A of the St Helens Town Centre development comprises delivery of a new hotel, market hall, retail, residential and bus station components, together with related and connecting public realm improvements. The ambition is for a high-quality aspirational development that will act as a catalyst for the radical transformation of St Helens town centre and improve the viability for delivery of future phased initiatives in accordance with the adopted Masterplan Development Framework. Alongside delivery of Phase 1A, the Council will continue to seek appropriate funders, partners and occupiers to fund and facilitate Phase 1B of the development, comprising provision of new offices and the refurbishment/reuse of the former Marks and Spencer building.

Investment in Earlestown Town Centre aims to revitalise the historic market square and surrounding public realm; reimagine its Grade-II listed Town Hall as a community and workspace hub; and improve safety and amenity at its rail station. The projects will drive regeneration and reinvigorate Earlestown as a place in which to live, work, visit and invest.

St Helens Multi Modal Interchange

Aligned to the St Helens Town Centre Masterplan, the Council has approved investment and commenced construction of the St Helens Multi Modal Interchange which will provide an extended state-of-the-art bus station to meet the long-term future public transport needs and provide essential improved facilities for passengers and operators. The Council has been successful in securing grant funding from the Liverpool City Region Combined Authority to progress this scheme, in addition to Town Deal Capital Funding and Council borrowing.

The Gamble Community & Learning Hub

The Council is committed to bringing the iconic Gamble Building back into use as a Creative and Learning Hub. Design work is ongoing, with a vision to provide a ‘Living Room’, Youth Zone, Library & Archive space, with office accommodation on the upper floors, and a new entrance to the east of the building, facing the new transport

interchange. Capital investment will be required to support the delivery of this scheme.

Parkside

The Council has made a commitment through its Joint Venture partnership, Parkside Regeneration LLP, to the long-term regeneration of the former colliery site to create future economic activity. The site is being brought forward through a phased approach and is supported by a variety of funding sources including Council equity and loan investment, private sector investment and Freeport investment. The Parkside Link Road was opened to the public in May 2025, providing the highways infrastructure to support the development. Planning consent has been granted for Phase 2, with works officially starting on site for Phase 1 in December 2025.

As part of the Freeport arrangements, a Retained Rates Investment Strategy has been approved whereby the Council has the ability to invest in capital projects aligned to the agreed Freeport objectives and to be funded by future retained business rate income.

Liverpool City Region Life Science Investment Zone

An investment zone has been launched across the Liverpool City Region with a focus on Life Sciences. This offers the opportunity for further use of Tax Increment Financing to invest in the area and is supported by a Retained Rates Investment Strategy, the Project Halo site being a good example of the potential to invest.

Housing

Initiatives involve working with Registered Social Landlords and the Private Sector to deliver affordable homes using a combination of public and private sector funding. Plans for the regeneration of St Helens Town Centre include delivery of a residential element in the Town Centre. The Council will also continue to consider where its land assets can be used to support additional housing and work with partners to release suitable sites.

Strategic Leisure Investment

Additional funding has been included in the Council's capital programme to support strategic investment in Leisure facilities as part of the Leisure Transformation Programme, with the aim of improving the facilities and ensuring the sustainability of the service.

Locality Working Model

The Council has committed to the development of a Locality Service Delivery Model to improve customer service and address need at a local level, with the Council opening two Community Hubs in 2025. As part of the Council's 'One Neighbourhood' Strategy, the Council's aim is to bring essential services together under one roof, making them more accessible, better coordinated, and tailored to local needs.

Children's Residential Homes

The Council continues to progress the delivery of additional Children's Residential Homes, through a combination of new acquisitions and refurbishments, in order to create additional in Borough high quality placements for children and young people under the care of the Local Authority.

Fleet Replacement

The Council is continuing to invest in the modernisation of its fleet. This will reduce revenue maintenance costs and the risks of operational disruption due to vehicle repairs. Where financially and technologically possible, low emission vehicles will be procured, in line with the Council's Carbon Action Plan.

GROWTH AND REGENERATION

The Council will continue to develop its strategic partnership to support the growth of an inclusive economy to maximise the extensive range of opportunities presented and to deliver significant future growth in St Helens and deliver key priorities, including town centre regeneration, social wellbeing and providing appropriate infrastructure to support future development.

CAPITAL EXPENDITURE AND FINANCING

Capital Expenditure is where the Council spends money on assets, such as property, infrastructure, vehicles or equipment, which will be used for more than one year. The Council's currently approved Capital Programme and sources of financing are detailed in the MTFS and summarised below.

Portfolio	2026/27 £000	2027/28 £000	2028/29 £000
Children & Young People	19,932	2,289	2,289
Adult Social Care and Health	25	-	-
Stronger Communities	4,846	4,293	3,906
Localities, Culture & Heritage	5,270	5,000	-
Business & Inclusive Growth	26,132	7,020	7,020
Neighbourhoods & Environmental Services	7,073	2,600	2,600
Regeneration	89,454	27,260	1,794
Cross Portfolio	2,282	3,064	-
Total	**155,014**	**51,526**	**17,609**

The following table summarises how these currently approved capital expenditure plans are financed.

Source of Funding	2026/27 £000	2027/28 £000	2028/29 £000
Grant/ Other Contributions	81,313	15,370	13,215
Capital Receipts	4,868	3,480	-
Revenue Contribution	2,622	2,400	2,400
Borrowing	66,211	30,276	1,994
Total	**155,014**	**51,526**	**17,609**

The current capital programme represents a significant level of planned expenditure and the borrowing requirement for the Council. Additional borrowing has been included to support with regeneration schemes and investment in Leisure facilities. The Council must ensure that any future plans for borrowing are prudent, affordable and sustainable, and so any further schemes funded through borrowing will be limited to investment that generates revenue savings that exceed the cost of any capital financing or where borrowing costs can be contained within existing budgets.

Grant funded schemes will continue to be added to the capital programme. In addition, the Council has set aside capital receipts to fund essential capital health and safety and capital maintenance to ensure that the Council can continue to utilise its assets to deliver services and meet its duty of care to staff and service users. In addition, this funding may be used as match funding where it can be demonstrated that this will leverage significant external investment.

CAPITAL INVESTMENT PRIORITISATION

The first call on resources will be the financing of any previously approved schemes from previous years. Subject to exceptional circumstances, all schemes already approved within the capital programme or contractually committed will be supported and sufficient resources will be provided to proceed or complete.

The strategy requires a mechanism for determining the Council's most important schemes that will implement change in Council services yet operate within the financial constraints. Potential new schemes will be considered by the Capital Asset and Investment Group to ensure resources are targeted to priority areas, before recommending them for inclusion into the Capital Programme presented to Cabinet and Council for approval.

The appraisal and prioritisation process will take into account a range of factors, including:

- links to the Council's key and strategic objectives
- legislative requirements including those related to Health and Safety
- benefits of the scheme
- affordability, achievability and financial viability
- ability to lever in additional funds
- an assessment of risk
- ability to meet an identified need

Economic Development

The Council will seek investment that generates longer term growth. The growth strategy will involve public sector intervention to stimulate private sector investment or take the lead where the market is failing to deliver.

To meet future service requirements and address funding pressures, the Council will need to rely on tax revenues it can generate locally from Business Rates and council tax, which places further emphasis on the growth strategy.

Highways and Transport

The Council will work collaboratively to maximise the borough's transportation assets to establish St Helens as a well-connected location for national road and rail, whilst delivering a safe and sustainable transport offer.

Highways schemes are supported by the Department of Transport through grants provided to the Liverpool City Region Combined Authority (LCRCA) in the form of the City Region Sustainable Transport Settlement (CRSTS). The CRSTS funding aims to create a more consolidated and devolved model of transport funding, delivering significant improvement for users. In addition, Transforming City Funding and Single Investment Funding allocations also support major highway infrastructure schemes.

The Council is required to submit details of proposed schemes for the CRSTS funding to the LCRCA. The funding has been top sliced to provide an allocation for maintenance of the Key Route Network (KRN).

Officers need to demonstrate which of the City Region Mayor's priorities the schemes meet. These are:

- Linkages to Growth sites
- Promotion of Cycling and Walking
- Public Transport Improvements
- Accessibility / Connectivity
- Reducing Pollution / Carbon
- Improving Road Safety

Schools

The Council will ensure that capital investment in schools is undertaken in accordance with its relevant statutory responsibilities, particularly in respect of ensuring there are sufficient school places available to meet local demand. Moreover, the Council will fulfil its responsibilities in respect of the health and safety of pupils and staff, and the ability of disabled pupils to access education, in determining its capital investment priorities.

In addition to the above, ongoing investment in the maintenance and improvement of the condition of school buildings provides an improved learning environment for pupils.

Housing

Investment in minor adaptations, through the Disabled Facilities Grant process, enables frail or vulnerable residents to be supported in their own homes, and aims to reduce the risk of hospital or residential care admissions arising from falls or accidents.

Capital investment in home insulation and heat efficiency programmes will reduce fuel poverty and lessen the risks posed by cold-related physical and mental health conditions.

Public Buildings

The Council has, over a number of years consolidated and rationalised its Estate which has resulted in its occupation of several core buildings within the Town Centre.

An Asset Strategy and Asset Management Plan has been adopted for the financial years 2023-26 and will be refreshed over the coming year. This sets out the framework for managing the Council's property portfolios, including how strategic property decisions are made that will underpin the Council's priorities and ensure that its property portfolios are sustainable, efficient, and fit for the purpose of delivery of vital services to communities.

As well as assessing the suitability and sufficiency of our property portfolios the programme of reviews will challenge the use, utilisation and management of the Council's land and buildings. This will focus on the scope for rationalisation and delivering changes required to the portfolios, including potential property disposals, investments required through capital works or acquisitions and facilitate community outcomes through partnership working.

The outputs of the asset management plan work programme will include a pipeline of property disposals, capital projects, acquisitions and other reviews. The financial implications arising from the asset management plan will be integrated and continuously reviewed within the Capital Programme and MTFS.

SOURCES OF CAPITAL FUNDING

Borrowing

Local Authorities have access to preferential rates from the Public Works Loan Board (PWLB) to support service spending (Education, Highways and Transport, Social Care etc.), Housing, Regeneration, Preventative Action and Treasury Management. However, since November 2020, the Government has introduced a clause to restrict the use of PWLB borrowing in certain circumstances.

Should the Council intend to purchase any assets primarily for yield within a three-year period, irrespective of whether alternative funding sources other than PWLB borrowing are being utilised, the Council would not be able to access PWLB borrowing facilities for the three-year period.

The level of borrowing to fund the capital programme must take into account the affordability of ongoing revenue implications. Local Authorities must manage their

debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice and in accordance with the Treasury Management Policy.

Borrowing should only be used on the following basis:

- On the basis of Invest to Save, where the income or savings are greater than the cost of borrowing
- Where the proposed capital project is assessed to be a strategic priority and the costs can be contained within the overall budget provision
- Where the scheme is essential to meet Council legislative requirements and no other appropriate sources of funding are available

Leasing

The Council can enter into lease arrangements to secure the use of an asset over a number of years. Leasing may be used by the Council where an asset is only required for a limited number of years, to allow flexibility, where financially advantageous or where other financing options are not available to secure a key strategic asset.

Tax Increment Financing

The Council is able to use Tax Increment Financing in relation to two key sites in the Borough – the Parkside Freeport site and the St Helens Manufacturing and Innovation Campus Investment Zone. The Council is able to retain additional business rate income generated within these sites and borrow against the future business rate income in order to invest in schemes that support the objectives of the sites.

Capital Grants and Contributions

Some capital projects are financed either wholly or partly through external grants and contributions. Government grants to support capital expenditure plans are generally reducing, with a significant proportion being wholly ring-fenced or strictly conditional in relation to the expenditure they support.

Capital Receipts

Capital Receipts from asset disposals represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Capital Receipts may be used to fund new capital investment or offset future debt or transitional costs.

Capital receipts from the repayment of housing capital loans or grants may be reallocated to the housing capital programme for future financial years. However, general capital receipts should not be ringfenced by area or hypothecated for a specific scheme or purpose.

The use of Capital Receipts should be judged against the following criteria and should be aligned with scheme prioritisation via the Capital Asset and Investment Group:

- to fund essential capital maintenance on Council Assets to ensure continued service provision when no other source of external funding is available
- to meet health and safety and other legislative requirements when no other source of external funding is available
- to leverage match funding for key strategic schemes
- when they generate income or reduce expenditure which is greater than the loss of investment income

Private Developer Funding

Contributions from Private Developers are usually provided under Section 106 agreements. These contributions are usually earmarked for specific purposes in planning agreements and often relate to infrastructure projects. Developers may also contribute to Highways Infrastructure through Section 38 and 278 agreements to facilitate their development.

Revenue

Capital expenditure may be funded directly from revenue. In addition to specific earmarked balances previously set aside, such as the Transformation Reserve and Growth Reserve, there may be limited instances where capital expenditure is funded from within specific service revenue budgets.

GOVERNANCE ARRANGEMENTS

Over the next two years, investment in new capital schemes, additional to those in the programme set out in Appendix 3, is primarily expected to be limited to:

- Schemes fully funded by external grants
- Schemes which generate net savings to the revenue budget
- Essential capital health and safety works
- Essential capital maintenance works on Council assets
- Schemes where Council match funding can leverage significant external investment.

The use of borrowing to support additional key strategic capital schemes would only be considered where this can be contained with existing budget estimates and remain within prudent levels.

There are a number of governance arrangements in place, primarily depending on the proposed financing arrangements for the scheme.

Fully Externally Funded Schemes

Funding applications, acceptance of funding and proposals to allocate to schemes will be considered by Cabinet or under delegated authority.

The funder may set out additional governance requirements as part of the grant submission or grant conditions.

Schemes Requiring Additional Council Investment

Outline submissions are initially considered by Departmental Management Teams, before recommendation to the Capital Asset & Investment Group (CAIG), comprised of Executive Directors and other key officers.

If approved, a business case, setting out the need for investment, strategic alignment, options appraisal, financial detail, procurement route and project management will be completed and presented to CAIG.

Once approved the scheme will be considered by Cabinet or under delegated authority. This process is set out in the Capital Gateway Process, at Annex 2.

Schemes funded under Tax Increment Financing

The Retained Rate Strategies set out the objectives for use and prioritisation of the retained rates funds.

Projects will be assessed through a gateway process, with a group to be convened by the Director of Finance, supported by key representatives of the growth and finance teams and, where necessary, an independent expert to support with project appraisal. Schemes will subsequently be recommended to Cabinet or approved under delegated authority.

Leases

Where lease payments can be met from within existing budget allocations, new leases and lease extensions will be considered by Cabinet or under delegated authority.

Strategic Land & Property Acquisitions

Strategic property acquisitions are considered by the Land and Property Acquisition Group, as set out in the Land and Property Acquisition Strategy

The group is chaired by the Leader of the Council and consists of the Deputy Leader, Cabinet Members for Regeneration and Planning and Corporate Services, the Executive Director of Place and Executive Director of Corporate Services, with others as appropriate.

Strategic acquisitions will be supported by a Business Case and will be assessed against the criteria set out in the Land and Property Acquisition Strategy, including how it fits with current policies, measurable benefits and furtherance of strategic

priorities. The risks, costs, and returns will be taken into consideration and must be funded into the overall resources of the Council.

Governance of the above follows the established decision-making process within the Council. The Land and Property Acquisition Group recommends to Cabinet and Council those investments it deems beneficial to the Borough.

Monitoring and Reporting

Monitoring will be via the Financial Management Report submitted quarterly to Cabinet that identifies any detailed changes to the capital programme to reflect:

- New resource allocations
- Slippage in programme delivery
- Virements between schemes
- Changes to spend profiles and / or funding
- Schemes that have been reduced or removed

Updates will also be provided regularly as part of the Financial Monitoring processes.

Major Capital schemes (those over £5m) will be allocated a project sponsor at Executive Director, Director or Assistant Director level.

Reporting will be an integral part of the project management of major schemes so that members are kept informed of progress and potential problems throughout the duration of the project.

For all major capital schemes, risks should be identified, and costs attributed to those risks. In addition, a sensitivity analysis should be undertaken at the outset of the project.

A Post-Project Evaluation will be undertaken on major schemes with a view to identifying where the capital programming and monitoring could be improved. This will report on the procurement process, timeliness of scheme, final cost against estimate, outputs of scheme compared to targets in the original business case with the results being fed back into the Capital Asset and Investment Group.

KNOWLEDGE AND SKILLS

The Council employs professionally qualified and experienced staff in senior positions with delegated responsibility for making capital expenditure, borrowing and investment decisions. They follow a Continuous Professional Development Plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

Where necessary, use is made of external advisors that are specialists in their field. The Council currently employ MUFG Corporate Markets (previously named Link Treasury Services) as treasury management advisors to provide advice on capital and treasury implications when considered necessary. Other advisors have been, and will continue to be, engaged to provide advice on the significant regeneration projects being undertaken by the Council.

Training will be provided to members to ensure they have the up-to-date skills to make capital and treasury decisions.

CONSIDERATIONS AND RISK IN PROPERTY ACQUISITIONS

Any strategic land and property acquisitions will be undertaken having given due consideration to the specific risks involved, in accordance with the Land & Property Acquisition Strategy.

The strategy for acquiring property assets for holding and regeneration purposes is therefore for:

- Place making, as part of regeneration and economic development activity
- Development in our Town Centres to improve economic performance and encourage future private sector investment
- Economic Development – to ensure an adequate supply of employment and housing sites allowing creation and retention of high-quality sustainable homes and employment within the Borough
- Opportunities that have strategic importance within St Helens and address issues such as heritage and culture, social welfare, deprivation and protecting the most vulnerable
- Supporting environmental sustainability

TREASURY MANAGEMENT & PRUDENTIAL INDICATORS

The Treasury Management Strategy is also approved by Full Council annually as part of the Budget setting process.

The Strategy is also considered by the Audit and Governance Committee annually, with an interim report submitted mid-year and outturn report post year end.

Quarterly updates on the Treasury Management position are included within the Financial Monitoring Reports presented to Cabinet and considered further by the Overview and Scrutiny Commission.

Treasury Management is subject to regular Internal and External Audit review.

There are close links between the Capital Strategy, the Treasury Management Strategy and the Medium Term Financial Strategy. The Capital Strategy will determine the underlying and future borrowing needs of the Council, with the Treasury Management Strategy addressing financing and cash flow planning to ensure that the Council can meet its capital spending obligations, whilst the Medium Term Financial Strategy will manage debt servicing resource cover and the affordability of capital investment insofar as the revenue budget is concerned.

The Treasury Management Strategy includes a set of Prudential Indicators that demonstrate that the capital investment plans of the Council are affordable, prudent and sustainable.

Contribution from Investments

Investments can take different forms and be held for different purposes. The table below shows the different types of investment that the Council currently holds and the contribution that these investments make towards service delivery objectives and / or place making role of the local authority.

TYPE OF INVESTMENT	PURPOSE
Treasury Management Investments	To support effective treasury management activities
Other Investments (e.g., equity investment in regeneration ventures)	• Regeneration • Economic benefit / Business Rate growth
Non-financial investments (Investment Properties)	• Economic benefit / Business Rate growth • Yield / profit
Loans	• Regeneration • Economic benefit / Business Rate growth • Responding to local market failure

ASSET MANAGEMENT PLAN

The Asset Management Plan (AMP) sets out the vision, purpose and strategic direction for the effective management of land and buildings. It establishes governance arrangements and the activities that will shape the asset base over the 3 years of the plan. Through a series of reviews, it seeks to align the Council's asset base to the Our Borough Strategy, council priorities and service objectives. The outcome of these reviews will help inform future capital investment.

SECTION 151 OFFICER ASSURANCE

This Capital Strategy is compiled in line with the requirements of the current CIPFA Prudential and Treasury Management Codes. The Section 151 Officer views the Strategy to be prudent, affordable and integrated with the Council's Medium Term Financial Strategy, Treasury Management Strategy and other Strategic Plans.

RISK

There are a number of risks that the Council could be exposed to, including:

- Financial risk – related to the investment of the Council's assets and cash flow, market volatility, currency etc.

- Macroeconomic risk- related to the growth or decline of the local economy, interest rates, inflation and the wider national economy.

- Procurement/contractual risk – related to the ability to secure goods or services and for third parties to meet contractual terms.

- Credit risks - related to investments and loans to third parties.
- Operational risks – related to operational exposures within the Council, its partners and commercial interests.
- Strategic risks – related to key initiatives undertaken by the Council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help meet the Council's goals.
- Reputational risk – related to the Council's dealings and interests and the impact of adverse outcomes on the Council's reputation and public perception.
- Environmental and social risk – related to the environmental and social impact of the Council's strategy and interests.
- Governance risks – related to ensuring that prudence and careful consideration sit at the heart of the Council's decision-making.

Managing the Council's risk is an area of significant focus for senior management and Members, with the aim of minimising its exposure to risk.

ANNEX 1: QUALITATIVE INDICATORS

	2026/27 Estimate	2027/28 Estimate
Debt to Service Expenditure (SE)	46.40%	48.01%
Investment Property Income to SE Ratio	0.13%	0.13%
Loan to Value Ratio	30.98%	31.04%
Gross Income from Investment Properties	£1.135m	£1.158m
Net Income from Investment Properties	£0.777m	£0.793m

The indicators above provide information in regard to the Council's reliance upon investments to fund service expenditure and the exposure of the Council to borrowing.

ANNEX 2: CAPITAL PROJECT GATEWAY PROCESS

The purpose of the Gateway Process is to ensure that:

- Projects find their way into the programme in a consistent, structured and objective way.
- Officers are clear as to the governance route for accessing capital funding.
- Projects have defined budgets and timescales, and any variances are identified and managed.
- Risks are identified and appropriate mitigations put in place.
- Before a project is accepted into the capital programme:
    - appropriate feasibility works are commissioned and completed to provide cost certainty / deliverability.
    - the costs, benefits and risks are properly assessed.
    - there is a proper assessment of readiness to deliver.
    - the procurement route is determined.
- Projects continue to meet corporate objectives and provide value for money as they proceed to the delivery stage.
- Lessons are learned and disseminated across the Council.

<u>The Gateway Process</u>

Gate 1 - Proposal to Capital Asset & Investment Group (CAIG)

Gate 2 - Business Case to Strategic Asset & Investment Group (CAIG)

Gate 3 - Approval of scheme, submission of Report to Cabinet or via delegated executive decision (as appropriate)

Gate 4 - Tender evaluation report

Gate 5 - Lessons learned report to Capital Asset & Investment Group (CAIG)

The information required at each Gate will be commensurate with the size and complexity of the project in question. CAIG may agree that for the purposes of this gateway process projects may, where appropriate, be combined.

<table>
<tr><th colspan="2">Gate 1</th></tr>
<tr><td colspan="2">Following consideration at the respective Directorate's DMT, the proposal is submitted to CAIG for assessment, along with any supporting evidence.

Submissions
Proposal

Evaluation Criteria
At this stage proposal should be evaluated and reviewed to consider:
• Strategic Fit with the Council's Priorities
• Fit with Internal & External Partners
• Economic Value
• Risk & Deliverability
• Financial Implications
• Social Value
• Borough Priorities
• Timescales
• General Affordability

At this stage, it should be considered whether a feasibility study will be required. This should include a proposed timescale in which it will be carried out and funding for the feasibility study identified. The scheme will be evaluated and prioritised against other current and future financial commitments.</td></tr>
<tr><td>Outcome</td><td>Proceed to Gate 2 or reject.

CAIG may make recommendations for amendments or further information to be included in the proposal. Gateway 1 should be repeated until CAIG provide confirmation that the proposal may proceed to Gate 2.

Funding for feasibility costs need to be identified as part of this gateway.</td></tr>
<tr><th colspan="2">Gate 2</th></tr>
<tr><td colspan="2">The Business Case is submitted to CAIG for review.

Submissions
• Full Business Case – including Procurement Proposals & detailed Timescales.
• Resource & Funding Plans
• Options Appraisal & Feasibility Assessment (if required)
• Risk Register

Evaluation Criteria
• Cross portfolio Strategic fit with other projects and strategies
• Fit with Capital Strategy
• People Management Requirements</td></tr>
</table>

- Deliverability and Resource Requirements
- Cost forecasts & budgets
- Amount and source of any required funding
- Full lifetime costing of the project or asset.
- Impact of capital financing costs on the revenue budget where borrowing is used.
- Planned outcomes to be delivered.
- A full risk assessment including mitigating actions.
- Appropriate due diligence in the form of financial and legal scrutiny (including external support when appropriate)
- The revenue impact and financial affordability
- VAT Implications including partial exemption implications.

A business case model has been designed based on the Treasury's 5 Case Model, with different degrees of detail required based on the value of the project.

Outcome	Proceed to Gate 3 or reject. Confirmation granted that the project will be recommended for inclusion in the Capital Programme or whether the project will be deferred.

Gate 3

A detailed report is submitted to Cabinet requesting formal approval for the project to be included in the capital programme with approved capital budget or provisional capital allocation. The report should also provide for delegation to the appropriate Executive Director in conjunction with the Executive Director of Corporate Services to subsequently undertake an appropriate procurement process and award the contract via delegated executive decision.

Submissions
Business Case
Resource Plan
Procurement Strategy
Confirmed Budgets and Costs

Evaluation Criteria
- Strategic Fit with Capital Programme
- Strategic Fit with Council's Priorities
- Formal Financial approval

Outcome	Proceed to Gate 4 or reject. The project is included in the Capital Programme along with budget approval. The project may proceed to procurement in accordance with the procurement proposals outlined in the business case & procurement strategy.

<table>
<tr><th colspan="2">Gate 4</th></tr>
<tr><td colspan="2">A tender evaluation report including details of all tenders received, the evaluation process used for selection and reasons for selecting the preferred tender. This report should be approved via delegated executive decision with reference to the Cabinet report and delegations previously approved.

Submissions
Tender Evaluation Report

Evaluation Criteria
• Delivery Resource Requirements
• Affordability against Budget</td></tr>
<tr><td>Outcome</td><td>The contract is awarded to the preferred tender option.

Proceed to Gate 5</td></tr>
<tr><th colspan="2">Gate 5</th></tr>
<tr><td colspan="2">A benefits review should be carried out and be submitted to CAIG post project to review how the project has met the desired outcomes.

Submissions
Lessons Learned Report
Performance Review Report
Benefits Realisation Report

Evaluation Criteria & Actions
Assess whether the anticipated outcomes are being achieved.
Assess how realistic the justifications within the business case were.
Share Lessons Learned Report
Share Benefits Review
Include Project in Annual Performance Review</td></tr>
<tr><td>Outcome</td><td>Confirmation received that the reports are satisfactory and that no further information is required.

Project Close.</td></tr>
</table>

APPENDIX 3(a) - SUMMARY CAPITAL PROGRAMME 2026/27 to 2028/29

Portfolio	2026/27	2027/28	2028/29
	£000	£000	£000
Children & Young People	19,932	2,289	2,289
Adult Social Care & Health	25	-	-
Stronger Communities	4,846	4,293	3,906
Localities, Culture & Heritage	5,270	5,000	-
Business & Inclusive Growth	26,132	7,020	7,020
Neighbourhoods & Environmental Services	7,073	2,600	2,600
Regeneration	89,454	27,260	1,794
Cross Portfolio	2,282	3,064	-
TOTAL	**155,014**	**51,526**	**17,609**
Source of Funding	**2026/27**	**2027/28**	**2028/29**
	£000	**£000**	**£000**
Grants / Other Contributions	81,313	15,370	13,215
Capital Receipts	4,868	3,480	-
Revenue Contribution	2,622	2,400	2,400
Borrowing	66,211	30,276	1,994
TOTAL	**155,014**	**51,526**	**17,609**

APPENDIX 3(b) - DETAILED CAPITAL PROGRAMME 2026/27 TO 2028/29

CHILDREN & YOUNG PEOPLE PORTFOLIO	2026/27	2027/28	2028/29	Total	Funding				
					Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Primary Schools									
Allanson Street – Windows	50	0	0	50	0	0	0	0	50
Allanson Street – Heating	240	0	0	240	0	0	0	0	240
Bleak Hill – Drainage	53	0	0	53	0	0	0	0	53
Break Hill – Roof /Fascia/ Gutters	80	0	0	80	0	0	0	0	80
Broad Oak - Structural	50	0	0	50	0	0	0	0	50
Broad Oak - Boiler	100	0	0	100	0	0	0	0	100
Broad Oak – Lighting	50	0	0	50	0	0	0	0	50
Broad Oak – Gutters/ Fascias / Cladding	50	0	0	50	0	0	0	0	50
Broad Oak – SEND Provision	1600	0	0	1600	0	0	0	0	1600
Car Mill - Rooflights	80	0	0	80	0	0	0	0	80
Car Mill - Boiler	100	0	0	100	0	0	0	0	100
Car Mill – Fire Alarm	20	0	0	20	0	0	0	0	20
Car Mill – Windows	80	0	0	80	0	0	0	0	80
Eaves - Windows	100	0	0	100	0	0	0	0	100
Eaves - Heating	50	0	0	50	0	0	0	0	50

CHILDREN & YOUNG PEOPLE PORTFOLIO	2026/27	2027/28	2028/29	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Eaves – Fire Alarm	20	0	0	20	0	0	0	0	20
Eccleston Lane – Heating	115	0	0	115	0	0	0	0	115
Eccleston Lane – Boiler	100	0	0	100	0	0	0	0	100
Eccleston Lane – Drainage	60	0	0	60	0	0	0	0	60
Garswood - Boiler	100	0	0	100	0	0	0	0	100
Grange Valley - Heating	50	0	0	50	0	0	0	0	50
Legh Vale - Fascias	50	0	0	50	0	0	0	0	50
Legh Vale - Windows	50	0	0	50	0	0	0	0	50
Legh Vale - Heating	50	0	0	50	0	0	0	0	50
Lyme – Roof	100	0	0	100	0	0	0	0	100
Merton Bank - Pipework	250	0	0	250	0	0	0	0	250
Merton Bank – Dining Room Damp	8	0	0	8	0	0	0	0	8
Orchard – External Play	100	0	0	100	0	0	0	0	100
Queens Park - Fascias	50	0	0	50	0	0	0	0	50
Rainhill Nursery – Dist. Board	10	0	0	10	0	0	0	0	10
Rectory – SEND Provision	99	0	0	99	0	0	0	0	99
Rectory - Remodelling	150	0	0	150	0	0	0	0	150
Rectory - Demolition	100	0	0	100	0	0	0	0	100

CHILDREN & YOUNG PEOPLE PORTFOLIO	2026/27	2027/28	2028/29	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Rivington – Roof and Windows	62	0	0	62	0	0	0	0	62
Rivington - Pipework	200	0	0	200	0	0	0	0	200
Robins Lane - Lighting	50	0	0	50	0	0	0	0	50
Sherdley - Boiler	100	0	0	100	0	0	0	0	100
Sherdley - Drainage	60	0	0	60	0	0	0	0	60
Sutton Manor – H & S Works	50	0	0	50	0	0	0	0	50
Sutton Manor – Kitchen Extraction	30	0	0	30	0	0	0	0	30
Sutton Manor – Fire Alarm	20	0	0	20	0	0	0	0	20
Sutton Oak - Heating	50	0	0	50	0	0	0	0	50
Sutton Oak – Pipework	250	0	0	250	0	0	0	0	250
Thatto Heath - Heating	222	0	0	222	0	0	0	0	222
Thatto Heath – Hot Water Boiler	20	0	0	20	0	0	0	0	20
Wargrave - Fascias	50	0	0	50	0	0	0	0	50
Wargrave - Windows	50	0	0	50	0	0	0	0	50
Secondary Schools									
De La Salle SEND Base	944	0	0	944	0	0	0	0	944
Lansbury Bridge – Hot Water Boiler	20	0	0	20	0	0	0	0	20
Lansbury Bridge – Boiler (LL)	20	0	0	20	0	0	0	0	20
Special & Other Schools									
Launchpad Roof Renewal	100	0	0	100	0	0	0	0	100
Pupil Referral Unit Heating	37	0	0	37	0	0	0	0	37

CHILDREN & YOUNG PEOPLE PORTFOLIO	2026/27	2027/28	2028/29	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Mill Green – Satellite Base	1,458	0	0	1,458	0	0	0	0	1,458
PACE - Rooflights	50	0	0	50	0	0	0	0	50
PACE - Windows	80	0	0	80	0	0	0	0	80
PACE – Boiler	100	0	0	100	0	0	0	0	100
PACE - Extraction	30	0	0	30	0	0	0	0	30
Other Schemes									
School Devolved Formula Capital	785	250	250	1,285	0	0	0	0	1,285
Various Schools – Fire Safety	160	0	0	160	0	0	0	0	160
Various Schools – Emergency Heating / Pipework Repairs	150	0	0	150	0	0	0	0	150
ACM Removal	18	0	0	18	0	0	0	0	18
Children's Residential Homes	1,047	0	0	1,047	1,047	0	0	0	0
Uncommitted Grant Funding									
Health Pupils Capital Funding	125	0	0	125	0	0	0	0	125
Higher Needs Capital Grant	3,148	0	0	3,148	0	0	0	0	3,148
Basic Need Uncommitted	2,942	1,039	1,039	5,020	0	0	0	0	5,020
School Condition Funding Uncommitted	3,339	1,000	1,000	5,339	0	0	0	0	5,339
TOTAL	**19,932**	**2,289**	**2,289**	**24,510**	**1,047**	**0**	**0**	**0**	**23,463**

ADULT SOCIAL CARE AND HEALTH PORTFOLIO	2026/27	2027/28	2028/29	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Unallocated Community Capacity Grant	25	0	0	25	0	0	0	0	25
TOTAL	**25**	**0**	**0**	**25**	**0**	**0**	**0**	**0**	**25**

STRONGER COMMUNITIES PORTFOLIO	2026/27	2027/28	2028/29	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Disabled Facilities Grants and Adaptations	4,456	3,906	3,906	12,268	500	0	0	0	11,768
Emergency Fund (Housing)	85	82	0	167	134	0	33	0	0
General Fund Housing (Housing Assistance)	80	80	0	160	110	0	50	0	0
Housing Clearance and Enforcement	50	50	0	100	50	0	50	0	0
Insulation Measures and Fuel Poverty	175	175	0	350	300	0	50	0	0
TOTAL	**4,846**	**4,293**	**3,906**	**13,045**	**1,094**	**0**	**183**	**0**	**11,768**

BUSINESS AND INCLUSIVE GROWTH PORTFOLIO	2026/27	2027/28	2028/29	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Highway Schemes									
A49 to M6 Junction 22 Link Road	3,721	0	0	3,721	3,721	0	0	0	0
KRN Levelling Up (Parkside Junction Mitigation Works)	185	0	0	185	0	0	0	0	185
KRN Levelling Up (A580 Structures)	1,474	0	0	1,474	0	0	0	0	1,474
Active Travel Fund – Tranche 3	1,083	0	0	1,083	0	0	0	0	1,083
Peasley Cross Roundabout	2,098	0	0	2,098	0	0	0	0	2,098
Sherdley Road Active Travel Scheme	900	0	0	900	0	0	0	0	900
CRSTS – Indicative Estimate	0	7,020	7,020	14,040	0	0	0	0	14,040
CRSTS – Active Travel-City Region	720	0	0	720	0	0	0	0	720
CRSTS – Strategic Maintenance	3,160	0	0	3,160	0	0	0	0	3,160
CRSTS – Bridges	710	0	0	710	0	0	0	0	710
CRSTS – Technology & Comms Upgrade	1,010	0	0	1,010	0	0	0	0	1,010
CRSTS – Potholes	410	0	0	410	0	0	0	0	410
CRSTS – Flooding / Drainage	710	0	0	710	0	0	0	0	710
CRSTS – Resource Funding	638	0	0	638	0	0	0	0	638
St Helens Town Centre Traffic Management Improvements	950	0	0	950	950	0	0	0	0
Cowley Hill Link Road	7,499	0	0	7,499	0	0	0	0	7,499
Taylor Park Dam Strengthening & Repair Works	459	0	0	459	0	0	459	0	0
Town Deal and Economic Development Schemes									
Town Deal - Health Hub	405	0	0	405	0	0	0	0	405
TOTAL	**26,132**	**7,020**	**7,020**	**40,172**	**4,671**	**0**	**459**	**0**	**35,042**

LOCALITIES, CULTURE AND HERITAGE PORTFOLIO	2026/27	2027/28	2028/29	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Leisure Strategic Investment	5,000	5,000	0	10,000	10,000	0	0	0	0
Localities Programme – Community Hubs Development	20	0	0	20	0	0	0	0	20
Community Spaces Investment – Pride in Place	250	0	0	250	0	0	0	0	250
TOTAL	**5,270**	**5,000**	**0**	**10,270**	**10,000**	**0**	**0**	**0**	**270**

NEIGHBOURHOODS & ENVIRONMENTAL SERVICES PORTFOLIO	2026/27	2027/28	2028/29	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Climate Change Emergency Response Fund	46	0	0	46	46	0	0	0	0
Energy Efficiency Works - PSDS4 (LCRCA led)	471	0	0	471	0	0	471	0	0
Penkford Open Space	29	0	0	29	0	0	29	0	0
St Helens Cemetery and Crematorium Flood Alleviation Scheme	165	0	0	165	0	0	165	0	0
Resources and Waste Strategy	673	0	0	673	673	0	0	0	0
Fleet Replacement Programme	4,410	2,600	2,600	9,610	3,688	0	0	5,922	0
Hardshaw Brook Depot Phase 2 - Fuel Station	862	0	0	862	0	0	862	0	0
Hardshaw Brook Depot Phase 3 - Salt Barn	417	0	0	417	0	0	417	0	0
TOTAL	**7,073**	**2,600**	**2,600**	**12,273**	**4,407**	**0**	**1,944**	**5,922**	**0**

REGENERATION PORTFOLIO	2026/27	2027/28	2028/29	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Chalon Way Meanwhile Use	142	0	0	142	142	0	0	0	0
Building Capital Maintenance	500	500	500	1,500	0	0	0	1,500	0
St Helens Town Hall PSDS4 Energy Efficiency Works	0	1,687	0	1,687	0	0	273	0	1,414
Sussex Avenue – Remedial Works	652	0	0	652	0	0	0	0	652
St Helens Town Centre Masterplan	1,445	0	0	1,445	1,445	0	0	0	0
St Helens Town Centre Phase 1 Investment	44,234	21,805	1,294	67,333	67,333	0	0	0	0
The Gamble Building Enabling Works	458	0	0	458	0	0	0	0	458
The Gamble Building PSDS4 Energy Efficiency Works	0	884	0	884	0	0	143	0	741
Earlestown Market	12,606	0	0	12,606	3,925	0	0	0	8,681
Earlestown Town Hall (Internal)	4,725	0	0	4,725	0	0	0	0	4,725
Earlestown Railway Station	2,831	2,384	0	5,215	3,258	0	0	0	1,957
Parr Footbridge Art Installation	25	0	0	25	25	0	0	0	0
Public Spaces - Pride in Place	370	0	0	370	0	0	0	0	370
High Street and Town Centre Revitalisation - Pride in Place	110	0	0	110	0	0	0	0	110
Town Centre Bus Station Strategic Acquisitions	2,412	0	0	2,412	1,134	0	0	0	1,278
St Helens Multi Modal Interchange	17,924	0	0	17,924	0	0	0	0	17,924
Evelyn Avenue – Remedial Works	1,020	0	0	1,020	0	0	0	0	1,020
TOTAL	**89,454**	**27,260**	**1,794**	**118,508**	**77,262**	**0**	**416**	**1,500**	**39,330**

CROSS PORTFOLIO	2026/27	2027/28	2028/29	Total	Borrowing	TIF	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Capital Receipts Funding for Essential Capital Works	2,282	3,064	0	5,346	0	0	5,346	0	0
TOTAL	**2,282**	**3,064**	**0**	**5,346**	**0**	**0**	**5,346**	**0**	**0**

TOTAL	**155,014**	**51,526**	**17,609**	**224,149**	**98,481**	**0**	**8,348**	**7,422**	**109,898**

APPENDIX 4: PORTFOLIO / PRIORITY BUDGET SUMMARIES 2026/27

INDEX OF APPENDIX 4

The following tables analyse portfolio and priority budgets across services and detail the nature of expenditure and income.

(i) Children & Young People portfolio

(ii) Adult Social Care & Health portfolio

(iii) Finance & Governance portfolio

(iv) People, Performance & IT portfolio

(v) Business & Inclusive Growth portfolio

(vi) Neighbourhoods & Environmental Services portfolio

(vii) Regeneration portfolio

(viii) Localities, Culture & Heritage portfolio

(ix) Stronger Communities portfolio

(x) Priority 1 – Ensure children and young people have a positive start in life

(xi) Priority 2 – Promote good health, independence and care across our communities

(xii) Priority 3 – Create safe and strong communities and neighbourhoods for all

(xiii) Priority 4 – Support a strong, thriving, inclusive and well-connected local economy

(xiv) Priority 5 – Create green and vibrant places that reflect our heritage and culture

(xv) Priority 6 – Be a responsible council

Service Analysis – Children & Young People Portfolio **Appendix 4(i)**

Children and Young People	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
Schools – Delegated Budget			
Early Years	0	31,342	(31,342)
Primary	0	83,703	(83,703)
Secondary	0	20,949	(20,949)
Special	0	13,508	(13,508)
Schools Total	**0**	**149,502**	**(149,502)**
Non-Schools			
Alternative Provision	56	3,575	(3,519)
Child Protection	15,440	15,987	(547)
Children Looked After	44,699	45,845	(1,146)
Children's Centres and Early Help	1,939	4,980	(3,041)
CWD Services	2,254	2,673	(419)
Family Support Services	914	2,953	(2,039)
LA/Corporate Expenditure Attributable to Schools	6,965	19,018	(12,053)
Other Education Functions	11,066	20,599	(9,533)
Service Strategy - Education	0	673	(673)
Service Strategy - Social Care	118	820	(702)
Youth Justice Services	764	2,145	(1,381)
Non Schools Total	**84,215**	**119,268**	**(35,053)**
Total	**84,215**	**268,770**	**(184,555)**

Service Analysis – Adult Social Care & Health Portfolio **Appendix 4(ii)**

Adult Social Care and Health	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
People's Services Directorate			
Physical Support - Frail and Elderly	21,968	74,778	(52,810)
Sensory Support	652	1,132	(480)
Support with Memory and Cognition	10,951	29,081	(18,130)
Learning Disability Support	43,110	66,074	(22,964)
Mental Health Support	6,612	18,446	(11,834)
Assistive Equipment and Technology	2,192	4,481	(2,289)
Care Management - Assessment and Review	8,846	12,869	(4,023)
Transport and Generic Services	1,224	3,708	(2,484)
Management, Commissioning and Support Services	87	6,200	(6,113)
Sexual Health	2,241	2,241	0
Primary Care	87	87	0
Public Health Advice	14	14	0
Obesity	758	758	0
Physical Activity	1,266	1,266	0
Substance Misuse	3,368	5,795	(2,427)
Stop Smoking Services & Interventions	504	716	(212)
Healthy Child Programme	6,070	6,070	0
Miscellaneous Public Health Services	3,251	3,251	0
Management & Support Services	0	1,735	(1,735)
Public Health Grant	(17,559)	0	(17,559)
Total	**95,642**	**238,702**	**(143,060)**

Service Analysis – Finance & Governance Portfolio **Appendix 4(iii)**

Corporate Services	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
Corporate Services Directorate			
Local Tax Collection	1,398	5,390	(3,992)
Contact Centre	0	1,933	(1,933)
Emergency Planning	111	111	0
Local Welfare Assistance Schemes	314	3,807	(3,493)
Grants and Donations	32	33	(1)
Non-Distributed Costs	1,279	1,302	(23)
Finance	0	5,979	(5,979)
Audit and Risk	0	1,292	(1,292)
Coroners Court Services	365	365	0
Registration of Births, Deaths & Marriages	46	338	(292)
Democratic Representation & Management	1,996	2,141	(145)
Elections	698	751	(53)
Legal Services	0	2,403	(2,403)
Governance & Administration	0	289	(289)
Housing Benefit Administration	1,503	43,991	(42,488)
Corporate Management	1,456	1,456	0
Other Services	0	129	(129)
Total	**9,198**	**71,710**	**(62,512)**

Service Analysis – People, Performance & IT Portfolio **Appendix 4(iv)**

Corporate Services	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
Corporate Services Directorate			
People Management	0	3,418	(3,418)
Organisational Development	0	1,123	(1,123)
I.T.	0	7,023	(7,023)
Press and Public Affairs	0	1,646	(1,646)
Policy Development	0	3,045	(3,045)
Total	**0**	**16,255**	**(16,255)**

Service Analysis – Business & Inclusive Growth Portfolio **Appendix 4(v)**

Business & Inclusive Growth	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
People's Services Directorate			
Adult Community Learning	74	850	(776)
People's Services Directorate Total	**74**	**850**	**(776)**
Place Services Directorate			
Economic Development	72	1,095	(1,023)
Growth Delivering Property	4,079	15,449	(11,370)
Highways Maintenance	12,560	15,548	(2,988)
Transport Planning, Policy & Strategy	322	322	0
Place Services Directorate Total	**17,033**	**32,414**	**(15,381)**
Total	**17,107**	**33,264**	**(16,157)**

Service Analysis – Neighbourhoods & Environmental Services Portfolio
Appendix 4(vi)

Neighbourhoods & Environmental Services	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
Place Services Directorate			
Parking Services	250	1,418	(1,168)
Street Lighting	2,650	2,808	(158)
Traffic Management & Road Safety	931	1,224	(293)
Parks & Open Spaces	3,095	3,251	(156)
Street Cleansing	2,361	2,563	(202)
Waste Collection	3,756	4,568	(812)
Recycling	4,644	10,352	(5,708)
Climate Change	169	194	(25)
Direct Services	157	26,854	(26,697)
Environmental Health	1,196	1,717	(521)
Management & Support Services	0	1,533	(1,533)
Total	**19,209**	**56,482**	**(37,273)**

Service Analysis –Regeneration Portfolio **Appendix 4(vii)**

Regeneration	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
Place Services Directorate			
Building Control	464	853	(389)
Development Control	726	1,846	(1,120)
Planning Policy	1,237	1,593	(356)
Estates - Industrial & Commercial Premises (including Town Centre)	799	6,206	(5,407)
Market Undertakings	893	1,267	(374)
Management & Support Services	0	1,784	(1,784)
Building Support Services	0	7,068	(7,068)
Estates Management	0	611	(611)
Total	**4,119**	**21,228**	**(17,109)**

Service Analysis – Localities, Culture & Heritage Portfolio **Appendix 4(viii)**

Localities, Culture & Heritage	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
Place Services Directorate			
Arts Development & Support	403	450	(47)
Archiving	193	312	(119)
Sports Development	30	412	(382)
Indoor Sports & Recreation	2015	5,911	(3,896)
Outdoor Sports & Recreation	597	757	(160)
Library Services	2,635	3,005	(370)
Tourism and Events	8	8	0
Total	**5,881**	**10,855**	**(4,974)**

Service Analysis – Stronger Communities Portfolio **Appendix 4(ix)**

Safer Communities	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
Place Services Directorate			
Housing Services	4,316	10,652	(6,336)
Homelessness	853	2,235	(1,382)
Community Safety	1,737	2,505	(768)
Trading Standards	636	652	(16)
Cemetery and Crematorium	(620)	2,152	(2,772)
Licensing & Land Charges	378	1,353	(975)
Total	**7,300**	**19,549**	**(12,249)**

Service Analysis **Appendix 4(x)**

Priority 1 – Ensure children and young people have a positive start in life

	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
Schools Delegated Budgets	0	149,502	(149,502)
Total Schools	**0**	**149,502**	**(149,502)**
Alternative Provision	56	3,575	(3,519)
Child Protection	15,440	15,987	(547)
Children Looked After	44,699	45,845	(1,146)
Children's Centres and Early Help	1,939	4,980	(3,041)
CWD Services	2,254	2,673	(419)
Family Support Services	914	2,953	(2,039)
LA/Corporate Expenditure Attributable to Schools	6,965	19,018	(12,053)
Other Education Functions	11,066	20,599	(9,533)
Service Strategy - Education	0	673	(673)
Service Strategy - Social Care	118	820	(702)
Youth Justice Services	764	2,145	(1,381)
Total Non-Schools	**84,215**	**119,268**	**(35,053)**
Total	**84,215**	**268,770**	**(184,555)**

Service Analysis **Appendix 4(xi)**

Priority 2 – Promote good health, independence and care across our communities.

	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
Assistive Equipment and Technology	2,192	4,481	(2,289)
Care Management - Assessment and Review	8,846	12,869	(4,023)
Healthy Child Programme	6,070	6,070	0
Learning Disability Support	43,110	66,074	(22,964)
Management, Commissioning and Support Services	87	6,200	(6,113)
Mental Health Support	6,612	18,446	(11,834)
Miscellaneous Public Health Services	3,251	3,251	0
Obesity	758	758	0
Physical Activity	1,266	1,266	0
Physical Support - Frail and Elderly	21,968	74,778	(52,810)
Primary Care	87	87	0
Public Health Advice	14	14	0
Public Health Grant	(17,559)	0	(17,559)
Sensory Support	652	1,132	(480)
Sexual Health	2,241	2,241	0
Stop Smoking Services & Interventions	504	716	(212)
Substance Misuse	3,368	5,795	(2,427)
Support with Memory and Cognition	10,951	29,081	(18,130)
Management & Support Services	0	1,735	(1,735)
Transport and Generic Services	1,224	3,708	(2,484)
Total	**95,642**	**238,702**	**(143,060)**

Service Analysis **Appendix 4(xii)**

Priority 3 – Create safe and strong communities and neighbourhoods for all

	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
Environmental Health	1,196	1,717	(521)
Homelessness	853	2,235	(1,382)
Housing Benefits Administration	1,503	43,991	(42,488)
Housing Services	4316	10,652	(6,336)
Licensing & Land Charges	378	1,353	(975)
Community Safety	1737	2,505	(768)
Trading Standards	636	652	(16)
Total	**10,619**	**63,105**	**(52,486)**

Service Analysis **Appendix 4(xiii)**

Priority 4 – Support a strong, thriving, inclusive and well-connected local economy.

	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
Adult & Community Learning	74	850	(776)
Building Control	464	853	(389)
Development Control	726	1,846	(1,120)
Economic Development	72	1,095	(1,023)
Estates – Industrial & Commercial Premises (including Town Centre)	799	6,206	(5,407)
Growth Delivering Property	4079	15,449	(11,370)
Management & Support Services	0	1,784	(1,784)
Market Undertakings	893	1,267	(374)
Parking Services	250	1,418	(1,168)
Planning Policy	1237	1,593	(356)
Transport Planning, Policy & Strategy	322	322	0
Total	**8,916**	**32,683**	**(23,767)**

Service Analysis **Appendix 4(xiv)**

Priority 5 – Create green and vibrant places that reflect our heritage and culture

	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
Archiving	193	312	(119)
Arts Development and Support	403	450	(47)
Climate Change	169	194	(25)
Direct Services	157	26,854	(26,697)
Highways Maintenance	12,560	15,548	(2,988)
Indoor Sports & Recreation	2015	5,911	(3,896)
Library Services	2,635	3,005	(370)
Outdoor Sports & Recreation	597	757	(160)
Parks & Open Spaces	3,095	3,251	(156)
Recycling	4,644	10,352	(5,708)
Sports Development	30	412	(382)
Street Cleansing	2,361	2,563	(202)
Street Lighting	2,650	2,808	(158)
Tourism & Events	8	8	0
Traffic Management & Road Safety	931	1,224	(293)
Waste Collection	3,756	4,568	(812)
Total	**36,204**	**78,217**	**(42,013)**

Service Analysis **Appendix 4(xv)**

Priority 6 – Be a responsible Council.

	Allowed Budget 2026/27 £000	Allowed Expenditure 2026/27 £000	Allowed Income 2026/27 £000
Audit & Risk	0	1,292	(1,292)
Building Support Services	0	7,068	(7,068)
Estates Management	0	611	(611)
Cemetery and Crematorium	(620)	2,152	(2,772)
Contact Centre	0	1,933	(1,933)
Coroners Court Services	365	365	0
Corporate Management	1,456	1,456	0
Democratic Representation & Management	1,996	2,141	(145)
Elections	698	751	(53)
Emergency Planning	111	111	0
Finance	0	5,979	(5,979)
Governance & Administration	0	289	(289)
Grants & Donations	32	33	(1)
People Management	0	3,418	(3,418)
IT	0	7,023	(7,023)
Legal Services	0	2,403	(2,403)
Local Tax Collection	1,398	5,390	(3,992)
Local Welfare Assistance Schemes	314	3,807	(3,493)
Management and Support Services	0	1,533	(1,533)
Non-Distributed Costs	1,279	1,302	(23)
Organisational Development	0	1,123	(1,123)
Policy Development	0	3,045	(3,045)
Press and Public Affairs	0	1,646	(1,646)
Registrar of Births, Deaths and Marriages	46	338	(292)
Other Services	0	129	(129)
Total	**7,075**	**55,338**	**(48,263)**

APPENDIX 5: OVERVIEW AND SCRUTINY COMMISSION STATEMENT

1.1 The Overview and Scrutiny Commission (Commission) established a crossparty Task Group to examine the robustness of the 2026/27 budget setting process undertaken by cabinet members and officers. To examine the budget setting process, the Task Group held a meeting on 15 January 2026 (having previously met with the Director of Finance on 6 November 2025 for a briefing on budget development progress). Cabinet members and senior officers attended the meeting to provide an overview of the processes they undertook to determine the decisions that were required to set a balanced budget. The Commission is thankful to all cabinet members and senior officers for their commitment to supporting the scrutiny process.

1.2 The Commission notes the overspends that have occurred this year and recognises the persistent reasons for budget pressures from high levels of demand in Adults and Children's Social Care and SEN education provision as these have been themes considered by the four scrutiny committees throughout the municipal year. The Commission is assured that the reasoning behind the Council's financial position is also well understood by officers and cabinet members and the Commission notes the efforts that have been taken to address those budget pressures. Budget pressures brought about by demand for Children's and Adults' services together with inflated prices for external provision are difficult to mitigate and are unavoidable due to the Council's statutory duties to provide these services and a desire to provide good outcomes for our vulnerable residents.

1.3 With regards to unrealised savings that Commission understands the Council's current situation, again as the four scrutiny committees have been monitoring performance throughout the municipal year, and is encouraged by news from Executive Directors that progress is being made on some key projects that will enable the Council to realise more of those savings that were earmarked in the Medium Term Financial Strategy.

1.4 The Commission is reassured regarding the stability of the Council's financial position given the significant changes to funding brought about by the Fair Funding Review and changes to deprivation formulas. The Commission notes, however, that increased revenue will not lead to additional spending power but rather cover the increased costs that the Council is facing. The Commission understands the merging of previously ringfenced budgets into the base Grant give the appearance that the Council is receiving more funding but this is simply a repackaging of grants and there will still be a requirement to increase Council Tax rates to generate a balanced budget.

1.5 The Commission is satisfied that the Council's budget setting process has been robust and that decisions regarding spending plans are well understood and relevant information has been taken into account.

1.6 The Commission is pleased that there was a good response to the public consultation on the budget and that there appears to be a recognition for most of the public that difficult decisions are required to continue to provide services in a sustainable way. The Commission notes that as budgets had already been projected

as part of the MTFS the consultation process is different this year. The Commission is assured that the feedback from the public will be given due consideration during the finalising of the Council's budget.

1.7 The Commission will continue to play its role in holding services to account for the delivery of savings through its work on the Quarterly Financial Monitoring Reports and contribute to efforts to communicate effectively with the public on this issue where appropriate.

APPENDIX 6: RESERVES STRATEGY

BACKGROUND

The Council continues to face significant financial challenges and although additional funding has been provided there still remains uncertainty with regard to future funding levels. Nonetheless, the Council remains committed to delivering its ambitious strategic priorities and being a modern, efficient Council and it will continue to prioritise resources for key service objectives whilst at the same time delivering services within budget constraints. Ensuring financial sustainability over the medium term is a priority for the Council.

Reserves play a vital role in offering transitional support, to act as a financial buffer as the Council adapts to organisational changes. They offer time-limited opportunities for investment, to aid strategic delivery.

It is imperative that the Council has a robust Reserves Strategy that reflects its future needs. Reserves must be set at a level that adequately mitigates risk and uncertainty whilst also providing opportunities for investment (within the confines of overall affordability and resource availability). As part of the budget-setting process, a minimum level of general reserves has been determined for the Council to be considered a going concern.

Wherever possible the Council's policy will look to build reserves over the medium term, to support its strategic priorities and enhance resilience. This strategy has served the Council well and will continue to be reviewed in future versions of this strategy.

The Reserves Strategy also sets out the protocol for use of reserves and reassesses the adequacy of reserves.

LEGISLATIVE/REGULATORY FRAMEWORK

The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

There are no statutory minimum levels imposed, and it is not considered appropriate or practical for the Chartered Institute of Public Finance and Accountancy (CIPFA) or other external agencies to give prescriptive guidance on the minimum or maximum level of reserves required, either as an absolute amount or a percentage of the budget.

The adequacy of reserves levels is therefore a matter of local judgement, bearing in mind the level of risk the Council faces and the requirement to provide non-recurring support for strategic priorities.

Reserves management strategies are subjective, and particularly during periods of challenging financial environments. Professional and regulatory bodies suggest that reserves should be increased over the medium term, to ensure financial sustainability, whilst previous governments have argued that councils should utilise their reserves over the short to medium term.

The Council's auditors will assess levels of reserves part of their annual audit and may make recommendations about the adequacy of those levels with regard to the financial sustainability of the Council.

ROLE OF THE CHIEF FINANCIAL OFFICER

Within the existing statutory and regulatory framework, it is the responsibility of the Chief Financial Officer to advise the local authority about the level of reserves it should hold and to ensure that there are clear protocols for their establishment and use.

This requirement is also reinforced by Section 114 of the Local Government Finance Act 1988, which requires the Chief Financial Officer to report to all the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted, and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year.

PURPOSE OF RESERVES & BALANCES

Reserves can be classed as general or earmarked reserves. They represent funds that are not part of the normal recurring budget of the Council but are a discrete resource of finite funds.

General reserves are set aside to cushion against uncertainty, to act as an emergency fund in exceptional circumstances and to ensure that the Council remains a going concern. They are funds of last resort, to be used for unknown risks when all other reserves or budgets have been completely depleted.

The Council's current level of general reserves is set at £14.6m, which is 5.5% of the proposed 2026/27 net revenue budget. This is considered a prudent level set aside to ensure that the Council remains financially liquid. It has been benchmarked against that of comparator authorities as defined by CIPFA's Financial Resilience Index, with most comparator authorities' general reserves levels being between 3% and 8% of net revenue expenditure.

Earmarked reserves are held:

- To mitigate against specific risks that the Council faces
- To cushion against uncertainty
- To provide for anticipated liabilities
- To provide for short-term investment in strategic priorities
- To support the operational delivery of specific services
- To provide resource cover for invest-to-save opportunities
- To smooth the impact on the revenue budget where there may be timing differences between expenditure incurred and related income receivable

These reserves are either held for strategic purposes to give flexibility in the use of corporate resources, or as ringfenced reserves for operational needs.

It has in recent years been difficult to increase Council reserves but opportunities to augment reserve levels will be taken as opportunities arise. It is important that clear protocols are in place for the use of each earmarked reserve, setting out:

- The reason for/purpose of the reserve
- How and when the reserve can be used
- An assessment of the adequacy of the reserve in light of risk factors
- Procedures for the reserve's management and control

- A process and timescale for review of the reserve to ensure continuing relevance and adequacy.

RISK FACTORS

The table below identifies the key risks that are mitigated and managed through this Reserves Strategy.

Risk	Reserve
Short-term liquidity and cash flow	General
Unforeseen emergencies	General
Strategic service transformation and ability to ensure services remain fit for purpose and deliver value for money.	Transformation
Achievement of high-priority strategic objectives that require pump-priming or inward investment.	Growth / Transformation/ Strategic Priorities
Financial risks inherent in major developments and projects that are aligned to strategic priorities.	All reserves as appropriate to project
The need for interim support for emerging risks that were unknown at budget setting and are an unavoidable commitment through regulatory or legislative reform outside the Council's direct control.	Insurance & Contingent Liability
Fluctuations, loss and uncertainty in funding or income levels, coupled with the Council's ability to respond in a timely way, providing a buffer to enable the Council to adapt.	Funding Reform & Volatility
Variations in Business Rates yield due to the impact of appeals and other factors which can reduce funding availability.	Funding Reform & Volatility
Cost increases significantly above the inflation provision built into the budget.	Inflationary
Changes in demand for services	Transformation
Volatility of pension fund position	Funding Reform & Volatility

Risk	Reserve
Crystallisation of risks/events of uncertain timing	Insurance and Contingent Liability
Impact of timing delays between borrowing costs incurred under TIF regulations and the associated receipt of additional Business Rates income.	Tax Increment Financing
Impact of timing delays between costs incurred to deliver other strategic objectives and the associated receipt of additional income.	Funding Reform & Volatility

REPORTING FRAMEWORK

The Medium Term Financial Strategy includes a forward forecast of future balances for the relevant period. The Council's annual revenue budget includes a statement showing the forecast movements in reserves during the one-year budget period.

The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Chief Financial Officer and/or their deputy. The protocols covering all reserves are set out in the following table.

EARMARKED RESERVES PROTOCOL

Purpose	**Process for Use (subject to statutory and Council decision-making protocols, e.g. relating to limits of approval) ***
Transformation Reserve Access to the fund is available for services undergoing fundamental change in service delivery and requiring project management and/or specialist activities to achieve new operating models, improved performance or enhanced outcomes. In addition, the fund can also be utilised to ensure equipment supports the latest advancements in technology and/or delivers the Council's modernisation programme. The fund may also be accessed to promote the climate change agenda and support the development of services which create a greener and sustainable environment.	Individual projects will require clearly defined and measurable outputs which enable or deliver key transformation objectives. Accessed via Operational/Delegated Executive Decision by the Chief Executive or Executive Directors.
Growth Reserve The use of this reserve will be to support the delivery of developments which would enhance the economic growth of the Borough, attracting new business/employment opportunities and securing the long-term viability of the Borough's town centres and localities.	Proposed usage must be linked to regeneration of the Borough and demonstrate wider benefits, including supporting the growth agenda and the attraction of new businesses. Accessed via Operational/Delegated Executive Decision by the Chief Executive, Executive Director of Place Services and the Director of Finance (Section 151 Officer).
Funding Reform & Volatility Reserve The purpose of this reserve is to afford the Council resilience to the uncertainties in future changes in government funding and finance reform, and to smooth out resources during the transition period. It is also used to absorb smoothing related to: (i) the complex arrangements for Business Rates and the volatility of the Business Rates mechanism, which can involve reconciling payments over a number of years. (ii) timing delays between costs incurred to deliver strategic objectives and the associated receipt of additional income.	The use of the funding must be agreed by the Director of Finance (Section 151 Officer).

Purpose	**Process for Use (subject to statutory and Council decision-making protocols, e.g. relating to limits of approval) ***
(iii) the potential volatility of payments and commitments to the Pension fund, based on changing valuations of the funds' assets and liabilities.	
Waste Management Development Fund In 2025/26 the Government introduced the Extended Producer Responsibility Packaging Scheme. Local authorities receive funding to cover net costs of collecting, managing, recycling and disposing of household packaging waste. Funding above what has been built into the revenue budget in any year is ringfenced to the reserve and will be available from the reserve to fulfil the Councils extended responsibilities under the scheme. In addition, previously Merseyside Recycling and Waste Disposal Authority (MRDWA) arranged for the distribution of its Waste Development Fund to its constituent districts. As part of this arrangement, the Council entered into a Memorandum of Understanding with MRWA as to how these funds should be used to deliver the Joint Recycling and Waste Management Strategy (JRWMS) targets and objectives.	The use of the funding will be agreed by the Director of Finance (Section 151 Officer) and the Executive Director Place Services Proposals must relate to necessary service changes to achieve the delivery of the JRWMS. Accessed via Operational/Delegated Executive Decision by the Chief Executive, Executive Director of Place Services and Executive Director of Corporate Services.
Insurance & Contingent Liability Reserve To provide resource cover for additional and unforeseen insurance claims which may be brought in the future, and also financial risks that the Council may face in the form of contingent liabilities. In addition, the reserve may provide interim support for emerging risks that were unknown at budget setting and are an unavoidable commitment through regulatory or legislative reform outside the Council's direct control.	The use of the funding will be agreed by the Director of Finance (Section 151 Officer).
Inflationary Reserve The use of this reserve is to support services where cost increases are significantly above inflation, and where not allowing for these costs would have a direct impact on the delivery of essential services.	The use of the funding will be agreed by the Director of Finance (Section 151 Officer).

Purpose	**Process for Use (subject to statutory and Council decision-making protocols, e.g. relating to limits of approval) ***
Restructuring Reserve This reserve exists to support the Council's transformation programme in reshaping and modernising service delivery in order to achieve its key strategic priorities.	The use of the funding will be agreed by the Director of Finance (Section 151 Officer).
Tax Increment Financing (TIF) Reserve This reserve is to be used to smooth the impact on the revenue budget where there are timing delays between costs incurred relating to borrowing under TIF regulations, and the receipt of Business Rates income from new properties within the boundaries of the Freeport site.	The use of the funding will be agreed by the Director of Finance (Section 151 Officer).
Strategic Priorities Fund This reserve will be to support specific project initiatives for which a specific business case and / or project appraisal has been undertaken.	The use of the funding will be agreed by the Leader of the Council, the portfolio holder for Finance & Governance and the Director of Finance (Section 151 Officer).

* Agreement of the Director of Finance (Section 151 Officer) is required as part of the approval/decision making process.

APPENDIX 7: KEY RISKS

SENSITIVITY ANALYSIS AND RISKS

23. The modelling assumes that potential increases in levels of service demand are managed as part of individual demand management strategies or within additional government funding being made available, particularly those related to social care.

24. Any changes to the above assumptions will impact upon the size of the projected budget gap for future years. The following table shows the impact that a % change, either positive or negative, to the assumptions would make to the model.

Key Assumptions Sensitivity Analysis		
	+/- %	**£m**
Pay Award	1	+/- 1.0
Energy	10	+/- 0.3
Social Care Provision (incl. Direct Payments)	1	+/- 1.3
Other Price Inflation	1	+/- 0.5
Levies	1	+/- 0.3
Council Tax	1	+/- 1.1
Retained Business Rates and S31 Grant	1	+/- 0.8
Inability to deliver approved savings	30	+/- 0.9
Inability to control Children's social care placement costs	5	+/- 1.9

25. The following risks have been considered in determining the appropriate level of General Fund balances required within the Medium Term Financial Strategy.

Risk area	**Comment and Mitigation**	**Likelihood**	**Impact**
Asset management	Backlog maintenance (for land, property and infrastructure) is significant and the potential for reactive / responsive repairs exists. The Council has developed an Asset Strategy and Asset Management Plan for 2023-2026. One of the aims of this is to review all assets across the portfolio over the period to develop an appropriate Action Plan. Funding has been built into the Capital Programme to support with capital works identified through these reviews.	Low	Low
Business Rates Retention Scheme (BRRS)	Risks relating to the Council's financial position arising from the confirmed full reset of the Business Rates Retention Scheme in 2026/27. The reset will recalculate Business Rates Baselines and Funding Levels, removing all accumulated growth above baseline. This coincides with the 2026 revaluation, the introduction of new	High	High

Risk area	Comment and Mitigation	Likelihood	Impact
	multipliers and a likely increase in appeals, all of which add further volatility to future income forecasts. Government have acknowledged concerns around potential cliff edges, and transitional protection will be considered as part of the wider reforms, but the scale and design of these protections remain uncertain. To mitigate these risks, the Council continues to closely monitor Business Rates performance, including early identification of material changes in rateable value and emerging appeals.		
Commercial (third party) failure	There is evidenced potential for service provider failure (e.g., in the care or construction sectors) to cause the Council to incur additional costs. These costs could arise from the need to re-procure and/or integrate new arrangements. Robust processes in commissioning and procurement sourcing, management and review should mitigate the risk but cannot be guaranteed to eliminate it in its entirety.	Medium	Low
Disaster, major emergency, accident or incident and wider climate-related risks	There will need to be available funds to respond to / recover from any such situation. This could result in uninsured costs arising which are not met by other sources (e.g. the Government's Bellwin scheme). For example, the likelihood of St Helens being affected by extreme weather events cannot be discounted.	Low	Medium
General and Commodity / Service specific inflationary pressures	Inflationary cost increases within some specific goods or services could be significantly above general inflation levels. The level of inflation built into budget models allows for a general inflationary provision, and factors in changes in respect of the National Living Wage for the care sector. An inflationary reserve exists to support services where cost increases are significantly over and above the inflation provision that is built into the Medium Term Financial Strategy, and where to not allow for these costs would have a direct impact on the delivery of essential services.	Medium	High
Income collection: Business Rates, fees, rents and service charges	Lower economic activity (e.g. planning and building control fees, rental income), increased competition, market volatility and changes in customer behaviour may reduce the yield of income streams. There is ongoing volatility in relation to the income associated with a number of specific service areas where actions to address these have been taken in formulating budgets and the Medium Term Financial Strategy. Government policy around Business Rates has transferred significant risk linked to business failures and the consequent reduction in Business Rates, which would impact locally. The occupiers and owners of a commercial property have the right to submit an appeal against the rateable value if they believe that it is incorrect. Appeals become a cost to the Council when new appeals are received, and the Council has to set money aside for	Medium	Medium

Risk area	Comment and Mitigation	Likelihood	Impact
	them. The rate of successful appeals is monitored during the year and the impact this may have on the Council's appeals provision. The implementation of the new Revenues & Benefits System in the second half of 2026/27 could have a temporary negative impact on collection rates within the financial year but it is anticipated atht any impact will smooth out over time. Potential negative movements in income collection will be considered, with a view to managing any pressures that arise within existing budgets or through the Medium Term Financial Plan.		
Litigation against / impacting on the Council	Litigation could be experienced in relation to any aspects of its service delivery and the Council is also potentially exposed to legal judgements brought against other local authorities or organisations.	Medium	Medium
Local authority funding	Potential adverse impacts on the Council's financial position arising from the Local Government Finance Settlement, the implementation of Local Authority Funding Reform, and the Business Rates Revaluation and national Baseline Reset in 2026/27. The Council will continue to lobby Government directly and will work with the LGA, SIGOMA, Liverpool City Region partner authorities and other stakeholders in presenting the case for adequate funding for the Council and the wider local government sector.	High	High
Major Projects	Risks of cost escalation (above those arising from inflationary pressures) creating a funding gap and/ or requiring an increase in capital financing costs and subsequent impact on the general fund revenue budget. Robust processes in commissioning and procurement sourcing, management and review should mitigate the risk but cannot be guaranteed to eliminate it in its entirety.	Medium	Medium
New Policy / Legislation	Generally, such changes have an appropriate lead in time. However, there are potential risks due to potential policy agendas of the Government and the speed of implementation of changes in some areas, that councils are expected to adhere to, is over ambitious and/or undeliverable. Where relevant these scenarios should be covered by the 'new burdens' doctrine. There is a risk that changes to technical guidance has an impact on revenue budget charges, including new accounting standards.	Medium	Medium
Payments to Levying Bodies	There is a risk that amounts demanded by Levying bodies may rise due to increased costs incurred (e.g. waste disposal costs) or changes to the distribution of those costs arising from other factors such as activity of other Local Authorities.	Low	Low
Pension Fund costs	The latest Actuarial Review took place during 2025/26 and will be effective from April 2026 for a period consistent with the MTFS. There is a risk that the Pension Fund position may not be as positive at the next revaluation as the	Low	High

Risk area	Comment and Mitigation	Likelihood	Impact
	performance of the fund and the assumptions underpinning the valuation may change.		
Social Care Demand and Prices	The Council's social care services, both adults and children's, continue to face significant challenges. The provider market is very fragile and oversaturated, leading to significant increases in costs. Market sustainability is a major concern which has been exacerbated by the prevailing macroeconomic climate. Additional issues such as workforce retention has destabilised the market further and consequently increased costs, as demand exceeds supply. Relatively minor fluctuations in the demand for social care can result in considerable additional costs. It is evident that the successful delivery of demand management strategies in relation to social care is critical in reducing the risk to the financial position of the Council. Sourcing unique and complex care placements is becoming increasingly difficult and comes at significant additional cost. There is a significant number of young people who are supported in semi-independent living, whose needs are such that they require high levels of support. Within Adult Social Care, further financial pressures are anticipated due to efforts to improve hospital discharge rates. While additional government funding has been allocated to support local authorities, it remains uncertain whether this will be sufficient to meet the growing financial demands, or whether such funding will be maintained in future years.	High	High
Social Care - Integrated Care Boards	Under the Health and Care Act 2022, Integrated Care Boards (ICBs) were established on 1 July 2022 replacing the former Clinical Commissioning Groups (CCGs). St Helens Borough Council is one of the nine authorities within the Cheshire and Merseyside ICB. Under the new governance arrangements, ICBs will allocate health funding across the nine local authorities. There is a financial risk to the Council due to the uncertainty of on-going funding and ongoing NHS governance/decision making requirements as the ICB continues along its cost-improvement journey.	Low	High
Social Care responsibilities and Funding	Additional funding will be provided in 2026/27 for Social Care responsibilities, but uncertainty remains over its sufficiency and sustainability, given the pressures within children's and adults social care. Local Authorities have the responsibility to support a sustainable care sector market.	Medium	High
Social Care Pooled Budgets	The Council has a Pooled Budget arrangement (Section 75) with Cheshire & Merseyside ICB for the integrated provision of health and social care services. A formal risk/gain share arrangement exists between both parties. The latest contract expired on 31st March and discussions are in progress a draft a new Section 75 arrangement. If the existing risk/gain share arrangements	Medium	High

Risk area	Comment and Mitigation	Likelihood	Impact
	changes, this could cause a financial pressure to the Council		
Dedicated Schools Grant Deficit	The key risks associated with the Dedicated Schools Grant (DSG) projections primarily stem from the High Needs Block, which provides funding for students with special educational needs. Future demand has been estimated based on trends and forecasts related to population growth and increasing complexity of needs; however, actual demand may differ from these projections, and the availability of placements could impact associated costs. Additionally, funding allocations are confirmed annually, creating a risk that actual funding increases may not align with the assumptions made in the MTFS. The Council is currently facing a DSG deficit. Efforts to address this forecasted deficit may prove challenging due to the national demand for Special Educational Needs and Disabilities (SEND) services. A statutory override was introduced at the end of 2019/20 so that local authorities were required to carry forward DSG deficits to their school's budget with no impact on the Council's General Fund budget. However, this provision is set to expire at the end of the 2027/28 financial year. The DFE have indicated that any deficit from 2028-29 onwards will be absorbed within the overall government budget. However, it is not yet clear what this means for deficits incurred up until this point or what this will actually look like in practice. Therefore, the Council could potentially need to identify adequate funding to cover any DSG deficit, posing a significant financial risk given the limited resources available.	Medium	High
The deliverability of services within the baseline level of available resources	Alternative actions will be required where transformation and/or savings and/or additional projected income are not deliverable or increases in demand result in costs pressures. Though given the nature of alternatives that may need to be progressed there may be lead in periods for this to be fully achieved.	High	High
Treasury Management	The budget reflects the current Bank Rate and projected movements in interest rates. Economic uncertainty and interest rate movements could negatively impact on either, or both, investment returns and debt servicing costs. The Council mitigates the risk of downward interest rate movements by locking into fixed term deposits with fixed interest rates. Similarly, borrowing is undertaken with fixed interest rates to provide certainty of future debt servicing costs over the lifetime of the borrowing. The Council's investment counterparty criteria seeks to minimise counterparty risk but cannot completely eliminate it.	Medium	Medium
Welfare Reform and employment / unemployment	There are a number of areas of potential risk associated with Welfare Reform, including the potential for increased costs and loss of income e.g. increased cost of Council Tax Reduction Scheme and potential reduction in Council Tax	Low	Medium

Risk area	Comment and Mitigation	Likelihood	Impact
(See New Policy / Legislation)	Collection rates as further Welfare reforms impact low-income households in the borough. Further increases to homelessness are possible, whilst financially impacted clients may require increased Social Care interactions. High unemployment rates may require additional services across the Council beyond those already provided.		
Workforce related matters	Shortages in key areas such as care and professional services are and will have an impact on the Council's ability to deliver services within the current cost envelopes. There may be a need for more costly interim staffing arising from the permanent or temporary loss of existing resource.	Medium	High
Homelessness / Housing	Increases in the number of individuals seeking permanent accommodation may continue to rise to such a level that there is no availability in the market and temporary accommodation becomes a long-term solution at a higher cost.	Medium	High
Other	Other risks – these are potentially diverse in nature e.g. arising from system failure and recovery following a cyber incident or statutory duties to investigate and, where necessary, remediate contaminated land.	Low/ Medium	Low/ Medium

APPENDIX 8: ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

Robustness of Estimates and Adequacy of Reserves

Overview

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget estimates and the adequacy of the financial reserves.

The Act also requires the Authority to which the report is made to have regard to the report when making decisions about the budget. The Chief Finance Officer (CFO) is as defined in Section 151 of the Local Government Act 1972 and is fulfilled by the Director of Finance.

Determining the outcome involves a complex range of information, factors, assumptions, projections, controls, procedures and processes which will inform the Council's position. It is not just a financial exercise and requires Council wide involvement in supporting an integrated approach to the preparation, delivery, monitoring and review of soundly based plans if the budget is to be evidenced as being truly robust.

When considering the this the CFO should take into account the following:

- An overview of current financial standing.
- An assessment of previous and current year budget performance versus actuals
- An assessment of the 2026/27 budget setting process for both capital and revenue.
- An assessment of key risks that may impact the budget.
- Non-Financial factors such external assessment from External Auditor, Ofsted, CQC, SEND Inspection, LGA Peer Review and others
- An assessment of the overall adequacy of reserves to contain financial risk and ensure the sustainability of the Council.
- An indication of future direction of travel for the Council beyond 2026/27.

Key Points

Much of the detail relating to the above is set out in this report. For the purposes of this statement the CFO has highlighted the following points:

1. The Council will likely record an overspend position for the fourth consecutive financial year in 2025/26. This is particularly concerning as 2025/26 represented a good opportunity to deliver an underspend and this will become more challenging over the medium term. It is therefore important that the Council continues to work hard to address and reverse this trend.
2. Sensitivity analysis on the forecast shows that the MTFS as set out is reasonable and deliverable.
3. New, previously agreed savings, have been included in the 2026/27 budget and will need to be delivered. This is in addition to the delivery of carried forward and as yet, non-delivered savings from prior years.
4. The Council has a clear Transformation Programme and is investing in ICT to help improve services to residents whilst increasing productivity. The Transformation

Programme and MTFS have targeted 2.5% efficiencies to contribute towards any budget gap.

5. Wage inflation continues to contribute towards uplifts in key contracts within social care. The Council continues to struggle to control price pressures within the Social Care markets and this has driven the overspend position, particularly within Children's Services.
6. Alongside this, the number of EHCPs has placed additional pressure on the Council's DSG position which has moved again continuing the adverse trend seen in the previous year. The Governments proposals on funding DSG deficits is a strong step in helping the Council manage this financial risk over the medium term.
7. There is uncertainty over the future direction of the Section 75 Agreement with the ICB and this places further potential financial risk with the Authority.
8. Inflation remains above the Bank of England target rate of 2.0% and as a result interest rates remain higher than anticipated.
9. The Final Local Government Finance Settlement introduced additional funding to help offset the clear issues raised when the Provisional Settlement was issued and this will help achieve a balance budget over the medium term.
10. Council Tax rises in line with Government modelling remain necessary to maintain the financial stability of the Council over the medium term. Any reduction below the 4.99% referendum limit would have material consequences and increase the likelihood of reductions in services in the future.

External Assessment

The Council remains committed to delivering existing savings and has received good reports from External Auditors in its 2023/24 Audit Findings Report and Auditors Annual Report. St Helens was the first metropolitan authority to sign off its 2023/24 Statement of Accounts.

Furthermore, it has a Good Ofsted Rating and a Good CQC Inspection Rating from May 2025. It also received a favourable Corporate Peer Challenge report in February 2025 and this was followed up with a revisit in January 2026 which reiterated the excellent work being done by the Council.

A SEND Inspection was carried out in February 2026, the outcome of which is pending.

The CIPFA Resilience Index shows that the Council is in reasonable financial health compared to its neighbours and the other benchmarking indicators are all within acceptable ranges.

Capital Programme

Despite challenges around inflation, the Council has been able to agree major schemes within the St Helens and Earlestown Town Centre and this has provided price certainty for a large part of the capital programme which is underpinned by prudential borrowing. However, the Council has had to increase its borrowing requirement in order to deliver these schemes.

Parkside Joint Venture has been able to move forward with a Phase 1 proposal that should enable that scheme to progress in full.

The Council will have to manage its Treasury Management function carefully in order to identify the most opportune time to borrow and is looking to increase borrowing significantly in 2026/27 and this is take the Authority to a more balance under/over borrowing position.

In future, the capital programme will need to return to more normal levels as the Council will have limited ability to extend its borrowing on the same scale. The future programme will be more reliant on external funding from Government or LCRCA.

Governance

The Council has a strong governance function and the Council's Constitution contains a clear Budget and Policy Framework, which allows for flexibility in budget management. The budget timetable is well communicated, and mechanisms exist to review options for service delivery which link into the budget process and to facilitate service improvement and investment of resources in current and emerging Council priorities.

Executive Directors have processes in place to identify and report budget pressures and risks on an ongoing basis as part of the budget process.

Actions to operate within agreed budgets are regularly approved by Cabinet. Savings options have been considered and formulated having regard to Council priorities and with a primary objective of having the least negative impact on residents. Impact assessments relating to all savings proposals were considered and will be updated as part of the decision-making process. The Budget and Performance Board provide oversight of this process.

The Council has added an additional layer of scrutiny for Childrens Services through the 'Check & Challenge' meetings to monitor demand and Pricing within the service.

The Council's Overview and Scrutiny Commission is involved throughout the budget process and provides an additional layer of challenge and assurance.

Financial Outlook

The introduction of a three year finance settlement has brought added certainty which will help with financial planning. The Final Settlement provided additional funding over the medium term and this will help achieve a balance budget over the medium term, although uncertainty remains over the longer term as the Council will become ever more reliant on the new Recovery Grants.

Adequacy of Provisions, Reserves and Balances

The Reserves position is set in the main report and in Appendix 6.

The Council is seeking to increase its General Fund balance at £14.6m which is 5.5% of the Net Revenue Expenditure. This reflects the increase in net budget as a result of the

changes in the Fair Funding Settlement that have resulted in an increase in its Core Spending Power.

Earmarked Reserves remain in a reasonable position despite the continued overspend position and the above adjustment.

Overall Opinion

The CFO considers that the financial environment for this MTFS cycle is more positive now than 12 months ago.

Whilst the Provisional Settlement raised real concerns on the future budget, this was corrected in the Final Settlement and the Council should now be in a better position to absorb future challenges.

The following things need to happen over the next three years to deliver a balanced financial position.

- To continue to deliver its agreed savings plan, both prior year and new current year savings,
- To manage the demand and price pressures, specifically within children's services and adult social care, such that the Council can begin to better control its expenditure,
- To deliver a fresh cycle of efficiencies across all Council budgets leading up to 2028/29.

Should any of these not happen then it is very likely that the Council will continue to require reserves to fund the revenue budget, and this is turn will increase the likelihood of the Council requesting Exceptional Financial Support or issuing a Section 114 notice.

Whilst the risk of the Council having to issue a Section 114 Notice is substantial i.e. it is likely in the future, it is not yet likely over the period of this Medium-Term Financial Strategy.

Based on the above evidence, it is the view of the Council's Section 151 Officer that the proposals for 2026/27 are robust and provide sufficient resource to enable the Council to set a balanced budget.

APPENDIX 9: EQUALITY IMPACT ASSESSMENT

Title of Proposal:	Medium Term Financial Strategy 2026-2029 and Revenue & Capital Budget 2026/27
Service:	Finance & Accountancy
Department:	Corporate Services
Responsible Officer:	Jon Ridgeon
Date Completed:	16 January 2025

QUALITY IMPACT ASSESSMENT

a. **EIA Author**: Tara Kirkham
Job Title: Finance Manager
Directorate: Corporate
Start Date: 12/01/2026.

Title of draft proposal being assessed? - An Equality Impact Assessment must be undertaken for all Full Council, Cabinet, and Delegated Executive Decisions, and for relevant Committee Decision.

Setting a balanced Budget for 2026-27 as part of the St Helens Council Medium Term Financial Plan 2026-29.

b. **Which decision making route will the proposal take for approval?** - e.g., DED, Committee, Cabinet, Full Council. If unknown put "to be confirmed"

Full Council

c. **Is the proposal a "Key Decision"? -** NB a "Key Decision" is one which must be published on the Council's Public Notice of Key Decisions webpage

Yes

d. **Does your draft proposal cover Healthcare, Housing, or Education Function?**

Yes If yes then, in addition to completing this Equality Impact Assessment, you must also complete an Armed Forces Covenant Impact Assessment, which is a statutory requirement under the Armed Forces Act 2021. The Armed Forces Covenant Impact Assessment template and guidance can be accessed through this link Armed Force Covenant Impact Assessment - Connect (sthelens.gov.uk)

e. **The draft proposal has the potential to affect**

Service Users:	**Council Workforce:**	**Borough Communities**	**Other**	If other, please state	
Yes	**Yes**	**Yes**	**Yes**		Providers of Commissioned Services and Support

f. **What stage has the EIA reached?** **[NB When beginning your EIA, please complete stages 1 and 2 (on pages 5 & 6) before completing this section]**

Summary of Current Position Table provides a summary of progress and must be maintained as the EIA is developed over time. Please ensure you note the stage reached and any consultation or engagement carried out. Simple activities may not need all these stages.

Any reports to senior managers during the development of the draft proposal, for example feasibility or options appraisal reports, should include content on the latest analysis and findings from the EIA, even though further development of the EIA may be required before it can fully inform the draft proposal, and receive the 'sign off' necessary to proceed through the decision-making processes.

Summary of Current Position - Stages	Date	Summary of Current Position
Stage 1: Setting out the Proposal: What are the elements of the proposal being assessed; including the main purpose and aims?	16.01.26	Completed
Stage 2: Evidence gathering: identifying the target population and/or individuals likely to be affected by the proposal	16.01.26	Completed
Stage 3: Engagement/Consultation: With groups and individuals likely to be affected	16.01.26	Completed
Stage 4: Impact Assessment. Identify potential or actual discriminatory impact and mitigation	16.01.26	The Cumulative equality impact assessment is informed by the local government finance settlement 2026 to 2027 for St Helens Borough Council. The Council do not have to set any additional budget saving options. Therefore, only the equality implications of any undelivered savings options from 2024-25 will be included in the cumulative equality impact assessment. Currently, the cumulative EIA demonstrates that remaining saving options still to be delivered in 2026-27, to ensure the budget gap is closed could have had a potential disproportionate impact on Older People, Disabled people, and on people who are carers, and people who are socio-economically disadvantaged.

Summary of Current Position - Stages	Date	Summary of Current Position
Stage 5: Reporting the findings. Please set out the findings of the Impact Assessment and the Mitigation Action Plan.	16.01.26	The Cumulative equality impact assessment of the budget proposal shows that the saving options identified in 2024-25, could have a potential disproportionate impact on Older People, Disabled people, and on people who are socio-economically disadvantaged. The consultation carried out in 2024-25 identified that savings options to review Adult and Older People Social Care services such as domiciliary care hours, were all felt to be disagreeable saving options by the majority of respondents. Conversely, the consultation identified that saving options linked to children social care, such as the foster care recruitment were felt to be amongst the most agreeable budget options. The impact assessment does evidence that budget saving options will have a potential positive impact on Children in Care, especially those living outside the borough or in care, as more of these children will have the opportunity to experience positive foster care placements, through the continuation of the foster carer recruitment campaign to reduce the number of external residential care placements. The impact assessment also evidences that all adult social care budget saving options will have a potential cumulative negative impact on disabled and older people. These saving options will also have a potential negative impact on carers, who may see a decrease in respite and support as a result. The majority of carers still being female, this creates a potential indirect negative impact on women. To mitigate against the potential cumulative negative equality impact, the council will ensure that it takes the potential equality impact into consideration when weighing up other aspects, such as the wider benefits of delivering a balanced budget, and so on, when identifying which saving options to implement in order to reduce the budget gap. The financial challenge is such that savings options are needed to ensure the budget pressures are managed, and as such Council will ensure that it makes full use of its equality impact assessment processes going forward to inform the development of each saving option and identify mitigation against the potential negative impact when

Summary of Current Position - Stages	Date	Summary of Current Position
		implementing actions necessary to ensure sustainability of the Council's financial position.

g. Sign Off

Equality, Diversity, and Inclusion Lead (for all EIAs)						
Anna Davies	Name	Anna Davies	Job Title	Policy Officer	Date	19/01/2026
Assistant Director or if there is no Assistant Director then Head of Service (for all EIAs)						
Jon Ridgeon	Name	Jon Ridgeon	Job Title	Assistant Director Finance	Date	20/01/2026
Director (always to sign when the EIA is for a Key Decision)						
Richard Gibson	Name	Richard Gibson	Job Title	Director of Finance, Section 151 Officer	Date	27/01/2026
Monitoring Officer (only when the EIA is for a Key Decision)						
Jan Bakewell	Name	Jan Bakewell	Job Title	Director of Legal & Governance	Date	27/01/2026
Executive Director (only when the EIA is for a Key Decision)						
Cath Fogarty	Name	Cath Fogarty	Job Title	Executive Director Corporate Services	Date	22/01/2026

Equality Impact Assessment Process

1 Setting out the Proposal.

What proposal is being assessed; including the title of the proposal, and the main purpose and aims; what is being proposed and why?
To review progress through the Council's Medium Term Financial Plan for 2026-29 and set a balanced budget for the Council for 2026-27. The 2026-27 local government finance settlement clarified the funding that will be provided to the Council by the Government, as well as the referendum limits for Council Tax and business rates changes. The funding that is provided is not enough to meet the increasing demands that are placed upon the Council and will result in a significant budget pressures. This report asks Cabinet to agree the final budget to be recommended to Full Council (before 31-03-26) and the actions to address budget pressures.

In relation to the proposal being assessed, please set out the following
What must the LA provide under statute? List all statutory duties and regulations relevant to the proposal. The Local Government Act 1972 (Sec 151) states that "every local authority shall make arrangements for the proper administration of their financial affairs…" and the Local Government Act 2000 requires Full Council to approve the council's budget and council tax demand.
Any discretionary element of provision or function? What elements of the proposal does the council have choice over? The Council has discretion on how it sets a balanced budget, however the budget must ensure that the Council delivers against its statutory functions.
What is currently provided? St Helens Borough Council has clarified the funding that will be provided to the Council by the Government, as well as the referendum limits for Council Tax and business rates changes, is not enough to meet the increasing demands that are placed upon the Council and will result in a significant budget pressures if the previously agreed savings are not delivered. Every council must have a balanced and robust budget for the forthcoming financial year and also a 'medium term financial strategy (MTFS)' which is also known as a Medium Term Financial Plan (MTFP). This projects forward likely income and expenditure over at least three years. The MTFS ought to be consistent with the council's work plans and strategies, particularly the corporate plan. Due to income constraints and the pressure on service expenditure through increased demand and inflation, many councils find that their MTFS estimates that projected expenditure will be higher than projected income. This is known as a budget gap. Whilst such budget gaps are common in years two-three of the MTFS, the requirement to approve a balanced and robust budget for the immediate forthcoming year means that efforts need to be made to ensure that any such budget gap is closed. This is achieved by making attempts to reduce expenditure and/or increase income.

In relation to the proposal being assessed, please set out the following

What could change as a result of the proposal and how could it change?

The following saving options, were identified, and approved in 2024-25 within the Budget to address the budget gap between funding and demand. Only savings that haven't been delivered will be carried forward into 2026-27 to address budget pressures and have been included in this Equality Impact Assessment.

Budget Saving Proposals 2024 - Sorted by Highest % of Agreeable responses in the Public Consultation (November- December 2023)

1. Review of public events and twinning activities, saving £0.2million.
2. Continuation of the foster carer recruitment campaign to reduce the number of external residential care placements, saving £1.6million.
3. Fundamental review of residential care provision, increasing the number of council-operated children's residential care homes, saving £1.3million
4. Increasing council tax premiums, to implement charges on homes that have been empty for one year or more and introduce a premium on second homes, saving £0.5million
5. Reduction of the council's corporate support functions, saving £1.4million.
6. Rationalisation of supplies and services across each council directorate to identify opportunities for further efficiencies, saving £0.6million.
7. Deferment of some future capital investment schemes, saving £3.5million.
8. Acceleration of home support for children in alternative care settings, saving £0.2million
9. Review of children's centres to build on existing family support through the national family hubs initiative, saving £0.9million.
10. Review of quality monitoring service, saving £0.4million.
11. Development of land assets at Bold Forest Garden Village and sell our interest providing opportunity for additional investment returns, generating £1.5million
12. Establishing additional income sources, review charging policies (including charges for out of town-centre parking) and maximise efficiency of services to generate additional income of £0.4million.
13. Review of domiciliary care hours, saving £1.0million.
14. Review of Internal and external mental health floating support service, saving £0.4million.
15. Review of external day care provision, saving £0.4million.
16. Review of intermediate care services provided to adults at Brookfield Support Centre, saving £1.0million.
17. Reducing residual waste and increasing recycling in the borough by introducing 3-weekly residual waste collection cycles. Most of this saving (£0.5million) relates to reductions in waste disposal costs and increased income from recycled, saving £0.7million
18. Review of respite services for adults with a learning disability, saving £0.3million

In relation to the proposal being assessed, please set out the following
What is being consulted on? The council will consult with residents and businesses before setting its budget. A public consultation has been carried out on 03/11/2025 and will close on 28/11/2025. The consultation responses will be analysed and a report summarising the outcome of the consultation will be published on the Council Website. A summary of the outcome of consultation will be set out in Stage 3 of this EIA.

2 Evidence Gathering.

Who may or will be affected by the proposal? Evidence helps to frame the issues relevant to the proposal. Put as much detail about the equality and diversity profiles of the groups and individuals who share different protected characteristics affected or potentially affected by this proposal; updating the table as the EIA develops and the understanding of who will be affected emerges in more detail. Include evidence from consultation, complaints, service user equality profiles, staff equality profiles, and compare representation with community profiles. Local Insight 'Reports' section holds Ward, Locality, and Borough population. Census 2021 and workforce profile data is published on the EIA Intranet / COG page.

Also include any data you have about care experienced people and people who experience socio-economic disadvantage who may be affected by the proposal. '**Care experience**' refers to any person who has spent time in care. As part of the Council's Corporate Parenting role, please think about how you can create opportunities for our care leavers within your proposal. **Socio-economic disadvantage** can be experienced as inequalities of outcome in housing, health, education, employment, in participation in public life, and in the criminal justice system. Socio-economic analysis can be found in the State of the Borough Assessment, the indices of multiple deprivation, and the Cost of Living Index Dashboard.

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

Service Users

The following saving options were identified in 2024, only undelivered savings remain within the MTFP 2026-29. Remaining saving options which have a potential direct impact on service users have been highlighted.

Department	Ref #	Service Area	Saving Option
Corporate	CORP06	Registrars	5% increase in Registration Services discretionary fees
Peoples	IHC03	Integrated Health & Care	Cessation of Quality Monitoring Service
Peoples	IHC08	Integrated Health & Care	Remove Domiciliary Care Hours
Peoples	CYP06	Children & Young People	Foster Carer Recruitment
Peoples	PH2	Public Health	Use 15% of the grant uplift over the next three years to support new internal council services
Place	ENV01	Neighbourhoods & Env Services	3 weekly residual bin collections
Place	ENV04	Neighbourhoods & Env Services	Charging for out-of-town-centre parking
Place	ENV06	Neighbourhoods & Env Services	Reduction in supplies and services
Council	Council Wide	Deferral of Capital Pipeline Schemes	Council Wide - Ceasing of any new Capital Programme schemes funded by borrowing.

Council Workforce

2024 Equality Analysis of Workforce - SEX

The 2021 Census records that women make up 50.9% of the Borough Population

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

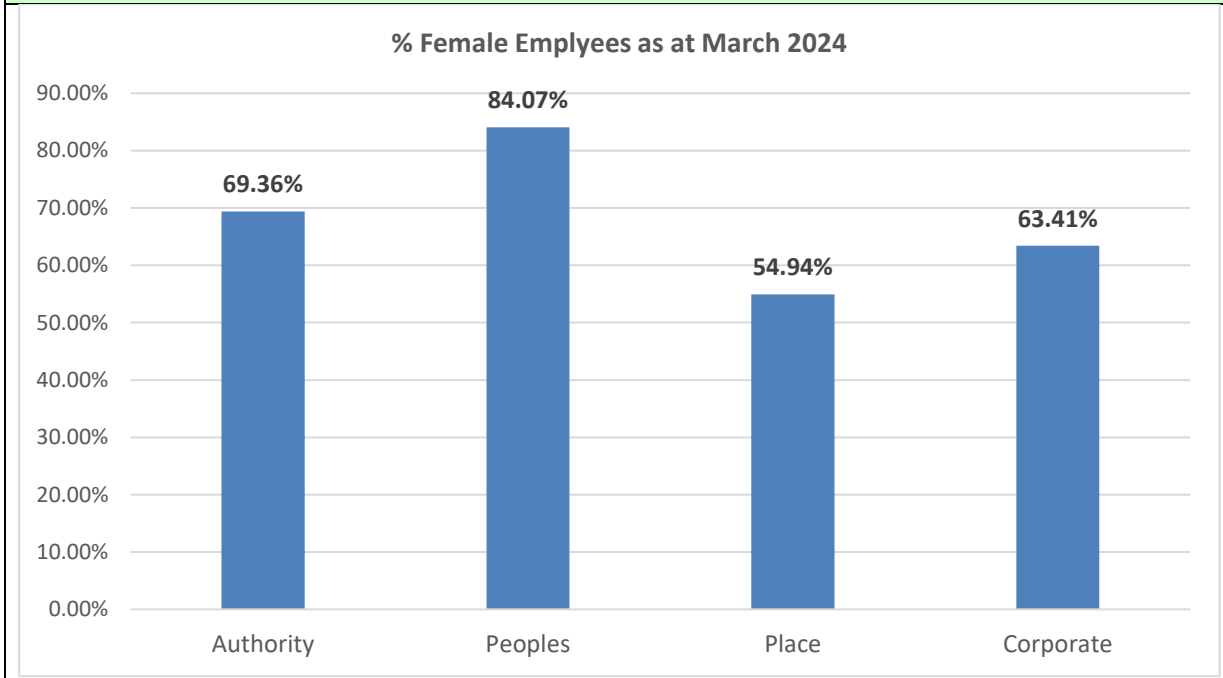
Workforce Female Staff Profile	March 2024	Comment
Percentage of authority employees that are women as a percentage of the total workforce.	69.36%	The percentage represents 2,094 employees in a workforce of 3,019 staff. (2022 = 69.85%, 2023 = 69.19%)

People's Female Staff Profile	March 2024	Comment
Percentage of People's Directorate employees that are women as a percentage of the People's Directorate's workforce.	84.07%	The percentage represents 1,156 employees in a Directorate of 1,375 staff. (2023 = 83.44%)

Place Female Staff Profile	March 2024	Comment
Percentage of Place Directorate employees that are women as a percentage of Place Directorate's workforce.	54.94%	The percentage represents 678 employees in a Directorate of 1,234 staff. (2023 = 56.10%)

Corporate Female Staff Profile	March 2024	Comment
Percentage of Corporate Directorate employees that are women as a percentage of Corporate Directorate's workforce.	63.41%%	The percentage represents 260 employees in a Directorate of 410 staff. (2023 = 61.03%)

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.



DISABILITY

The Census 2011 showed that 2.41% of the Borough's working age population declared they had a long-term health problem or disability that limited their day-to-day activities a lot.

Workforce Disabled Staff Profile	March 2024	Comment
Percentage of authority employees declaring a disability, as a percentage of the total workforce.	4.34%	The percentage represents 131 employees in a workforce of 3,019 (March 2023 = 2.42%)

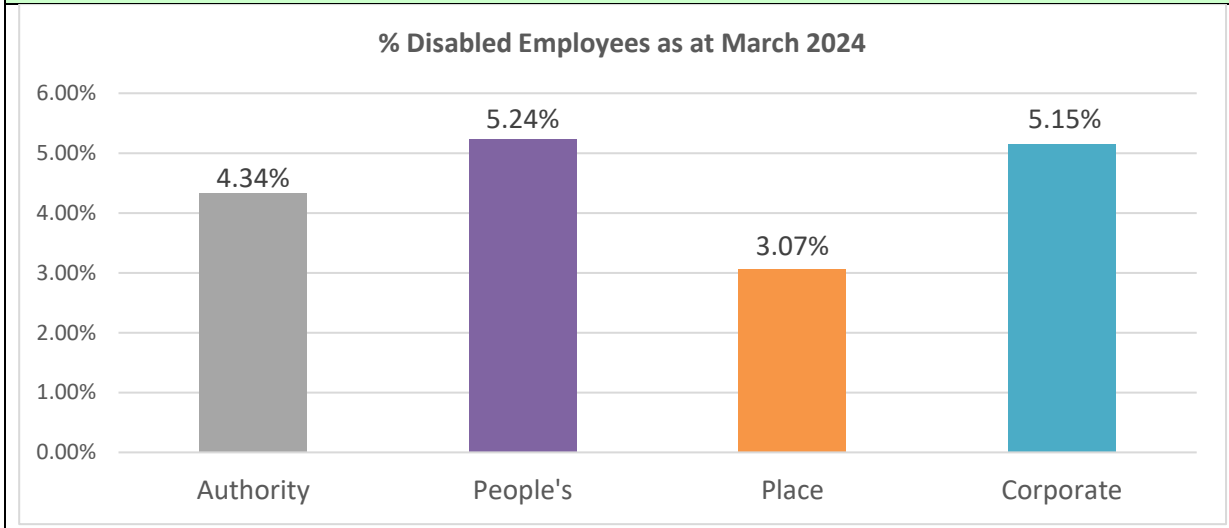
Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

People's Disabled Staff Profile	March 2024	Comment
Percentage of People's Directorate employees declaring a disability as a percentage of the People's Directorate's workforce.	5.24%	The percentage represents 72 employees in a Directorate of 1,375 staff. (March 2023 = 3.42%)

Place Disabled Staff Profile	March 2024	Comment
Percentage of Place Directorate employees declaring a disability as a percentage of Place Directorate's workforce.	3.07%	The percentage represents 38 employees in a Directorate of 1,236 staff. (March 2023 = 1.25%)

Corporate Disabled Staff Profile	March 2024	Comment
Percentage of Corporate Directorate employees declaring a disability as a percentage of Corporate Directorate's workforce.	5.15%	The percentage represents 21 employees in a Directorate of 408 staff. (March 2023 = 2.56%)

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.



RACE

The Census 2021 records that people from Asian, Black, Mixed/Multiple (White &… categories), and Other Ethnic backgrounds (collectively referred to as 'minority ethnicity' within this report for monitoring purposes), represent 3.47% of the Borough Population.

Workforce Minority Ethnic Staff Profile	March 2024	Comment
Percentage of authority employees declaring a Minority Ethnicity, as a percentage of the total workforce.	2.68%	The percentage represents 81 employees in a workforce of 3,019 (2022 1.86%, 2023 2.17%)

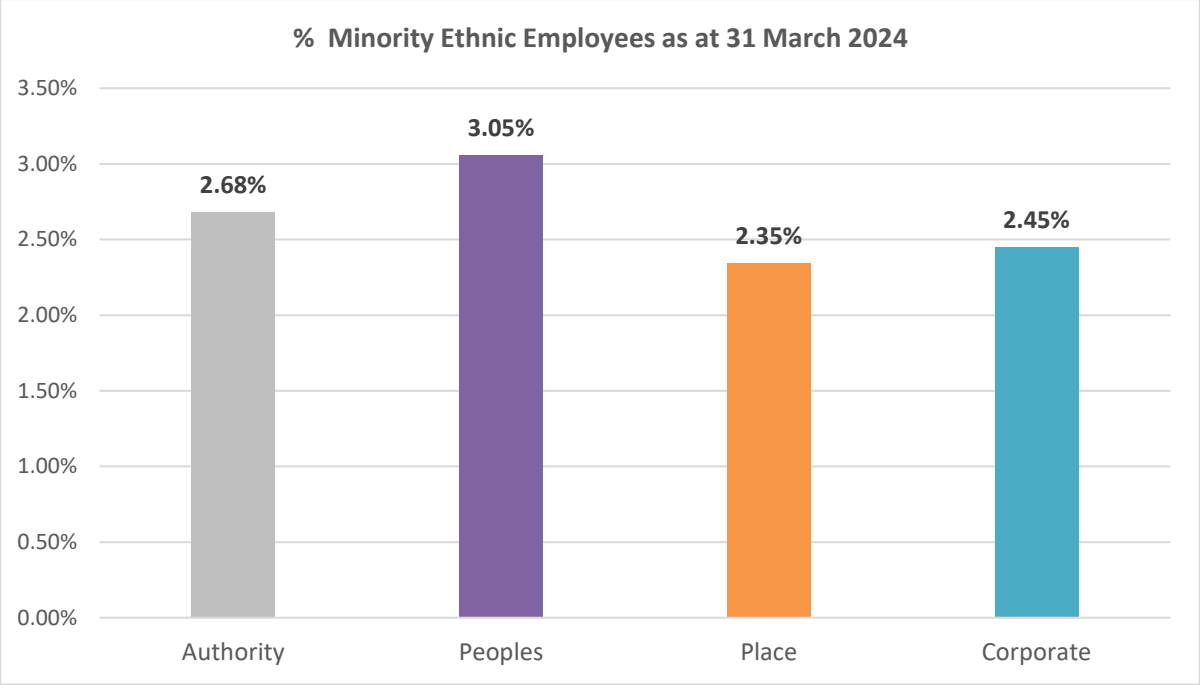
Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

People's Minority Ethnic Staff Profile	March 2024	Comment
Percentage of People's Directorate employees declaring a Minority Ethnicity as a percentage of the People's Directorate's workforce.	3.05%	The percentage represents 42 employees in a Directorate of 1,375 staff. (2023 2.31%)

Place Minority Ethnic Staff Profile	March 2024	Comment
Percentage of Place Directorate employees declaring a Minority Ethnicity as a percentage of Place Directorate's workforce.	2.35%	The percentage represents 29 employees in a Directorate of 1,236 staff. (2023 1.96%)

Corporate Minority Ethnic Staff Profile	March 2024	Comment
Percentage of Corporate Directorate employees declaring a Minority Ethnicity as a percentage of Corporate Directorate's workforce.	2.45%	The percentage represents 10 employees in a Directorate of 408 staff. (2023 2.31%)

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.



Workforce Ethnic Profile March 2024, by Census 2021 Ethnic Categories

Workforce March 2024	Number	Percentage	Workforce March 2024	Number	Percentage
Asian	24	0.79%	White Minority Ethnic	50	1.66%
Black	32	1.06%	Other Ethnic Group	3	0.10%
Mixed Multiple	22	0.73%	Not Specified	143	4.74%
White British	2,745	90.92%			

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

SEXUAL ORIENTATION

The 2021 Census shows that 2.7% of the Borough population aged 16 years and over recorded an LGB+ orientation ("gay or lesbian", "bisexual", or "other sexual orientation").

Workforces LGB+ Staff Profile	March 2024	Comment
Percentage of authority employees from declaring an LGB+ orientation as a percentage of the total workforce.	1.32%	The percentage represents 40 employees in a workforce of 3019 staff. (2022 0.18%, 2023 0.79%)

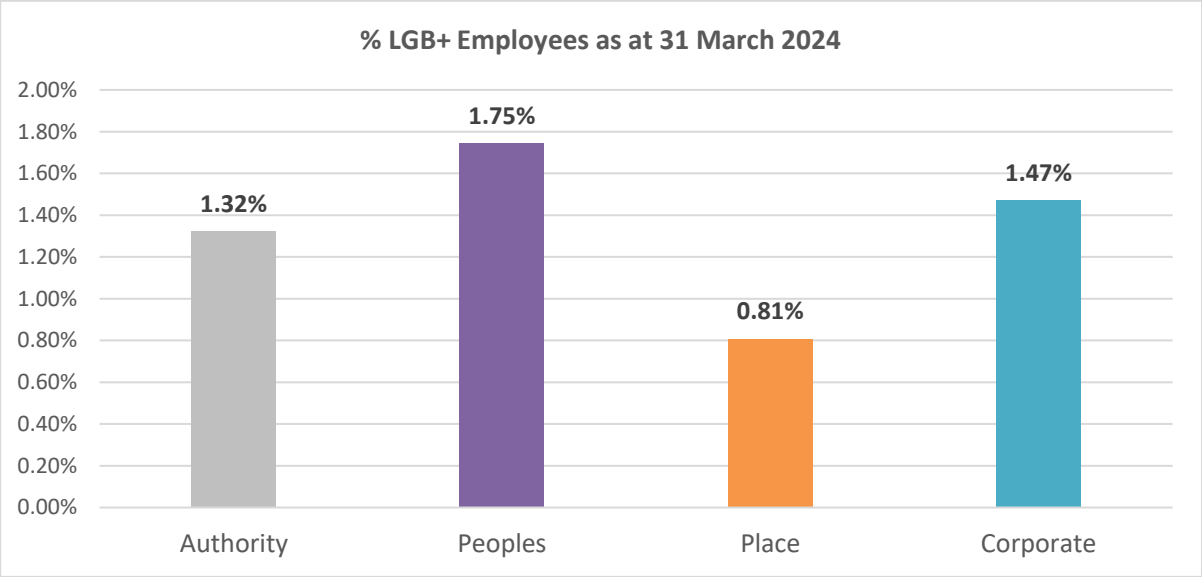
People's LGB+ Staff Profile	March 2024	Comment
Percentage of People's Directorate employees declaring an LGB+ orientation as a percentage of the People's Directorate's workforce.	1.75%	The percentage represents 24 employees in a Directorate of 1,375 staff. (2023 0.96%)

Place LGB+ Staff Profile	March 2024	Comment
Percentage of Place Directorate employees declaring an LGB+ orientation as a percentage of Place Directorate's workforce.	0.81%	The percentage represents 10 employees in a Directorate of 1,236 staff. (2023 0.45%)

Corporate LGB+ Staff Profile	March 2024	Comment
Percentage of Corporate Directorate employees declaring an LGB+	1.47%	The percentage represents 6 employees in a Directorate of 408 staff.

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

orientation as a percentage of Corporate Directorate's workforce.		(2023 1.28%)



RELIGION

The Census 2021 showed that people declaring they have a religion which is in a minority in the borough made up 1.75% of the borough's population.

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

Workforce Minority Religion Staff Profile	March 2024	Comment
Percentage of authority employees declaring they have a religion which is in a minority in the borough, as a percentage of the total workforce.	1.26%	The percentage represents 38 employees in a workforce of 3,019 staff. (2022 = 1.62%, 2023 = 1.48%)

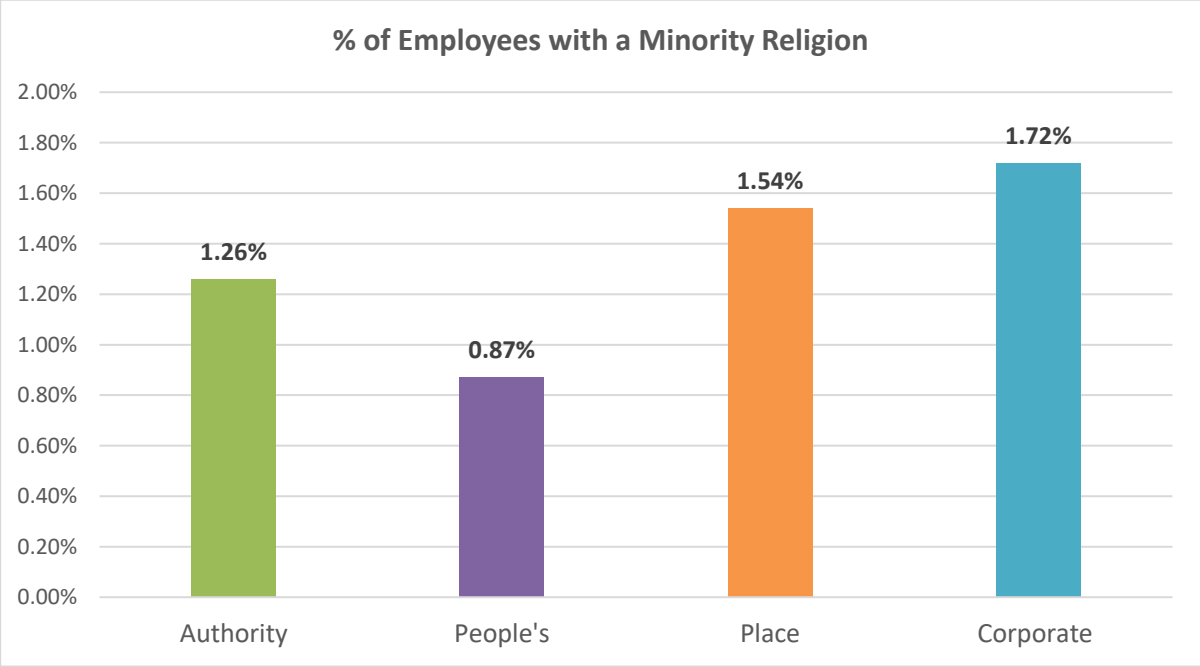
People's Minority Religion Staff Profile	March 2024	Comment
Percentage of People's Directorate employees declaring they have a religion which is in a minority in the borough as a percentage of the People's Directorate's workforce.	0.87%	The percentage represents 12 employees in a Directorate of 1,375 staff. (March 2023 = 1.35%)

Place Minority Religion Staff Profile	March 2024	Comment
Percentage of Place Directorate employees declaring they have a religion which is in a minority in the borough as a percentage of Place Directorate's workforce.	1.54%	The percentage represents 19 employees in a Directorate of 1,236 staff. (March 2023 = 1.16%)

Corporate Minority Religion Staff Profile	March 2024	Comment
Percentage of Corporate Directorate employees declaring they have a religion which is in a minority in the borough as a percentage of Corporate Directorate's workforce.	1.72%	The percentage represents 7 employees in a Directorate of 408 staff. (March 2023 = 2.82%)

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

Workforce March 2024	Percentage	Workforce March 2024	Percentage
Buddhist	0.07%	Other Religions	0.79%
Hindu	0.00%	Christian	13.45%
Jewish	0.03%	No Religion	9.74%
Muslim	0.36%	Religion Not Stated	75.55%



The following saving options were identified in 2024, only undelivered savings remain within the MTFP 2026-29. Remaining saving options which have a potential direct impact on service users have been highlighted.

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

Department	Ref #	Service Area	Saving Option
Corporate	CORP06	Registrars	5% increase in Registration Services discretionary fees
Peoples	IHC03	Integrated Health & Care	Cessation of Quality Monitoring Service
Peoples	IHC08	Integrated Health & Care	Remove Domiciliary Care Hours
Peoples	CYP06	Children & Young People	Foster Carer Recruitment
Peoples	PH2	Public Health	Use 15% of the grant uplift over the next three years to support new internal council services
Place	ENV01	Neighbourhoods & Env Services	3 weekly residual bin collections
Place	ENV04	Neighbourhoods & Env Services	Charging for out-of-town-centre parking
Place	ENV06	Neighbourhoods & Env Services	Reduction in supplies and services
Council	Council Wide	Deferral of Capital Pipeline Schemes	Council Wide - Ceasing of any new Capital Programme schemes funded by borrowing.

Borough Communities

St Helens Population Census 2021 data - The Census 2021, records that:
Race - Minority Ethnicity: people from Asian, Black, Mixed/Multiple, and Other Ethnic backgrounds (collectively referred to as 'minority ethnicity'), represent 3.47% of the Borough Population.
Disability – Disabled people: 10.8% of the Borough's population declared they had a long-term health problem or disability that limited their day-to-day activities a lot
Religion – Minority Religion: people declaring they have a religion which is in a minority in the borough (Buddhist, Hindu, Jewish, Muslim, All other religions) made up 1.75% of the borough's population.

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.

Sexual orientation – LGB+ orientation: 2.7% of the Borough population aged 16 years and over recorded a LGB+ orientation ("gay or lesbian", "bisexual", or "other sexual orientation")
Sex – Female Sex: Women and Girls make up 50.9% of the Borough Population
Gender identity - 0.36% of people aged 16 and over in St Helens Borough had a gender identity different to the sex registered for them at birth.

The following saving options were identified in 2024, only undelivered savings remain within the MTFP 2026-29. Remaining saving options which have a potential direct impact on service users have been highlighted.

Department	Ref #	Service Area	Saving Option
Corporate	CORP06	Registrars	5% increase in Registration Services discretionary fees
Peoples	IHC03	Integrated Health & Care	Cessation of Quality Monitoring Service
Peoples	IHC08	Integrated Health & Care	Remove Domiciliary Care Hours
Peoples	CYP06	Children & Young People	Foster Carer Recruitment
Peoples	PH2	Public Health	Use 15% of the grant uplift over the next three years to support new internal council services
Place	ENV01	Neighbourhoods & Env Services	3 weekly residual bin collections
Place	ENV04	Neighbourhoods & Env Services	Charging for out-of-town-centre parking
Place	ENV06	Neighbourhoods & Env Services	Reduction in supplies and services
Council	Council Wide	Deferral of Capital Pipeline Schemes	Council Wide - Ceasing of any new Capital Programme schemes funded by borrowing.

Other

<table>
<tr><td colspan="2">Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.</td></tr>
<tr><td>Protected Characteristic</td><td>What further data, research, or information is available about groups of people or individuals who share different protected characteristics, which is relevant to the EIA?</td></tr>
<tr><td>Intersectional issues (i.e., for two or more characteristics)</td><td>Analysis shows that the undelivered budget saving options from 2024-25, have the potential to have an intersectional impact on people who share different protected characteristics.
<table>
<tr><th>Department</th><th>Ref #</th><th>Service Area</th><th>Saving Option</th></tr>
<tr><td>Corporate</td><td>CORP06</td><td>Registrars</td><td>5% increase in Registration Services discretionary fees</td></tr>
<tr><td>Peoples</td><td>IHC03</td><td>Integrated Health & Care</td><td>Cessation of Quality Monitoring Service</td></tr>
<tr><td>Peoples</td><td>IHC08</td><td>Integrated Health & Care</td><td>Remove Domiciliary Care Hours</td></tr>
<tr><td>Peoples</td><td>CYP06</td><td>Children & Young People</td><td>Foster Carer Recruitment</td></tr>
<tr><td>Peoples</td><td>PH2</td><td>Public Health</td><td>Use 15% of the grant uplift over the next three years to support new internal council services</td></tr>
<tr><td>Place</td><td>ENV01</td><td>Neighbourhoods & Env Services</td><td>3 weekly residual bin collections</td></tr>
<tr><td>Place</td><td>ENV04</td><td>Neighbourhoods & Env Services</td><td>Charging for out-of-town-centre parking</td></tr>
<tr><td>Place</td><td>ENV06</td><td>Neighbourhoods & Env Services</td><td>Reduction in supplies and services</td></tr>
<tr><td>Council</td><td>Council Wide</td><td>Deferral of Capital Pipeline Schemes</td><td>Council Wide - Ceasing of any new Capital Programme schemes funded by borrowing.</td></tr>
</table></td></tr>
<tr><td>Age</td><td>The following undelivered budget saving options from 2024-25, will have implications for age:
Children
• The continuation of the foster carer recruitment campaign to reduce the number of external residential care placements, saving £1.6million.
Adults and Older People
• The review of domiciliary care hours</td></tr>
</table>

Evidence - Gather as much evidence and as much detail as possible to identify which groups of people or individuals who share different protected characteristics will potentially, or actually, be affected by the draft proposal / proposed changes.	
Care Experience	The following budget saving options will have implications for Care Experience • The continuation of the foster carer recruitment campaign to reduce the number of external residential care placements.
Disability	The following budget saving options will have implications for disabled people: • The Cessation of Quality Monitoring Service • The review of domiciliary care hours
Gender Reassignment	There were no identified saving proposals with implications for this characteristic
Marriage and Civil Partnership	There were no identified saving proposals with implications for this characteristic
Pregnancy and Maternity	The following budget saving option will have implications for Pregnancy and Maternity • Review of Waste Collection Service
Race	The following budget saving option will have implications for Race. • Cessation of the Quality Monitoring Service
Religion and Belief	The following budget saving option will have implications for Religion • Cessation of the Quality Monitoring Service
Sex	The following budget saving option will have implications for Carers, the majority of whom will be Women. • The review of domiciliary care hours, saving £1.0million,
Sexual Orientation	There were no identified saving proposals with implications for this characteristic
Socio Economic Disadvantage	The following budget saving option will have implications for socio-economic disadvantaged people. • The review of domiciliary care hours

3. **Engagement/Consultation:** The decision about who to engage with, and how and when to engage, is the key to effective Equality Impact Assessment. Engagement must be conducted in line with (i) any statutory consultation requirements, and (ii) the Council's Consultation Code. **[NB Consultation and Engagement in the EIA process does not include discussions with officers who are advising you on the development of your proposal, such as Legal, People Management, Finance, EDI Lead, DMT, SLT, EMB, etc.]**

Is engagement or consultation required, now or during the further development of the draft proposal? **No**

If No, then provide a summary of the reason why you have reached this conclusion in the box below. Then move onto Stage 4. Impact Assessment.

The council will consult with residents and businesses before setting its budget. A public consultation took place from 03/11/2025 and closed on 28/11/2025.

4. Impact Assessment

Cumulative Equality Impact Assessment Analysis of Council Budget Saving Options 2025-26

In setting the 2024-25 Budget, Services were asked to identify the potential equality impact of their budget saving options, be that positive, neutral, or negative for each Characteristic. In addition, the Equality, Diversity, and Inclusion Officer has also identified potential equality impact implications recorded in the table using red numbers. The following undelivered savings will carry forward into 2025-26.

Protected Characteristics: Age = Age, Dis = Disability, Gen Re = Gender Reassignment, Marr CP = Marriage and Civil Partnership, Preg Mat = Pregnancy and Maternity, Race = Race, Reli= Religion, Sex = Sex, Sex-O = Sexual Orientation, Soc-E = Socio Economic Disadvantage

Score Key: -1 = positive, 0 = neutral, and 1 = negative

Total: The higher the aggregated score, the greater the cumulative disproportionate impact that saving options will have upon a protected characteristic.

Depart	Ref #	Service Area	Saving Option	Age	Dis	Gen Re	Marr CP	Preg Mat	Race	Reli	Sex	Sex-O	Soc-E
Corporate	CORP06	Registrars	5% increase in Registration Services discretionary fees	0	0	0	0	0	0	0	0	0	1
Peoples	IHC03	Integrated Health & Care	Cessation of Quality Monitoring Service	1	1	0	0	0	1	1	0	0	1
Peoples	IHC08	Integrated Health & Care	Remove Domiciliary Care Hours	1	1	0	0	0	0	0	1	0	1
Peoples	CYP06	Children & Young People	Foster Carer Recruitment	-1	0	0	0	0	0	0	0	0	0
Peoples	PH2	Public Health	Use 15% of the grant uplift over the next three	0	0	0	0	0	0	0	0	0	0

Depart	Ref #	Service Area	Saving Option	Age	Dis	Gen Re	Marr CP	Preg Mat	Race	Reli	Sex	Sex-O	Soc-E
			years to support new internal council services										
Place	ENV01	Neighbourhoods & Env Services	3 weekly residual bin collections	1	1	0	0	1	0	0	0	0	1
Place	ENV04	Neighbourhoods & Env Services	Charging for out-of-town-centre parking	0	0	0	0	0	0	0	0	0	0
Place	ENV06	Neighbourhoods & Env Services	Reduction in supplies and service budgets	0	0	0	0	0	0	0	0	0	0
Council	Council Wide	Remove Cap Pipeline	Council Wide - ceasing of any new Capital Programme schemes funded by borrowing.	0	0	0	0	0	0	0	0	0	0
Total	**13**		**Aggregated number of options that impact.**	**2**	**3**	**0**	**0**	**1**	**1**	**1**	**1**	**0**	**4**
Percent	**100%**		**Percentage of aggregated budget impact**	**15%**	**23%**	**0%**	**0%**	**8%**	**8%**	**8%**	**8%**	**0%**	**31%**

5. Reporting the findings and Mitigation Action Plan

The findings of the EIA may be reported to senior managers and the decision-making body / decision maker, at several stages during the development of a draft proposal. For example, the impact assessment may inform a feasibility report, or options appraisal, which may need to be considered by the Senior Leaders, Portfolio Holders, or Partnership Boards, before the proposal is ready for final approval. Any reports linked to the Draft Proposal, which are going through formal decision-making processes, such as Delegated, Committee, Cabinet, or Full Council, must include the latest findings of the EIA, even if these are at a relatively early stage.

The report recommending final approval of the proposal, must await and be fully informed by the findings of the completed EIA. If there are any alterations or changes to the nature of the proposal, as a result of its progress through the Council's decision-making processes, then a further Equality Impact Assessment must be carried out on those changes or amendments before the final decision on the proposal can be considered for approval by the decision-making body. This is because the decision-making body has a legal requirement, when making a decision, to do so in the full knowledge of the equality implications of that decision, at the point when the decision is made.

Summary of EIA Text Box - The final approval report must include a summary of the EIA findings, stating clearly (i) the equality implications, (ii) all potential or actual discriminatory outcomes, and (iii) actions that will be taken to avoid, minimise, or mitigate those potential or actual

discriminatory outcomes. Use this text box to complete that summary. If there is no equality impact identified as a result of the impact assessment, then record that explicitly here. **NB** Once completed, paste a copy the **Summary of EIA Text** from this box, into the **Stage 5 row** of the **Summary of Current Position Table** in section **e. What stage has the EIA reached?** in the initial section of this EIA.

Summary of EIA Text Box
The Cumulative equality impact assessment of the budget proposal shows that the saving options identified in 2024-25, could have a potential disproportionate impact on Older People, Disabled people, and on people who are socio-economically disadvantaged. The consultation carried out in 2024-25 identified that savings options to review Adult and Older People Social Care services such as domiciliary care hours, were all felt to be disagreeable saving options by the majority of respondents. Conversely, the consultation identified that saving options linked to children social care, such as the foster care recruitment were felt to be amongst the most agreeable budget options. The impact assessment does evidence that budget saving options will have a potential positive impact on Children in Care, especially those living outside the borough or in care, as more of these children will have the opportunity to experience positive foster care placements, through the continuation of the foster carer recruitment campaign to reduce the number of external residential care placements. The impact assessment also evidences that all adult social care budget saving options will have a potential cumulative negative impact on disabled and older people. These saving options will also have a potential negative impact on carers, who may see a decrease in respite and support as a result. The majority of carers still being female, this creates a potential indirect negative impact on women. To mitigate against the potential cumulative negative equality impact, the council will ensure that it takes the potential equality impact into consideration when weighing up other aspects, such as the wider benefits of delivering a balanced budget, and so on, when identifying which saving options to implement in order to reduce the budget gap. The financial challenge is such that savings options are needed to ensure the budget pressures are managed, and as such Council will ensure that it makes full use of its equality impact assessment processes going forward to inform the development of each saving option and identify mitigation against the potential negative impact when implementing actions necessary to ensure sustainability of the Council's financial position.

- For a DED use the **Summary of EIA text** above for the “Has Equality and Human Rights Implications” section, under “Other implications.”
- For a Cabinet/ Full Council / Committee Report use the **Summary of EIA text** above for Section 9 Equality Impact Assessment.
- A copy of the EIA document **must** be attached as an appendix to Cabinet/Full Council/Committee Reports, and in the DED’s “Equality” section.

Equality Impact Assessment Mitigation Action Plan - use this table to record negative impact identified in the Stage 4 Impact Assessment, and the actions identified to mitigate (avoid, minimise, lessen, or remove), that impact. **NB** If no negative impact is identified the put NA.

Please ensure that the details of each Action, its purpose, timescales, and resource implications are discussed and agreed by the Lead Person nominated for its implementation.

Potential negative impact (add rows if necessary)	Action required to mitigate the potential negative impact	Lead person	Timescale	Resource implications
The Cumulative equality impact assessment of the budget proposal shows that the saving options identified in 2024-25, to ensure the budget gap is closed could have a potential disproportionate impact on Older People, Disabled people, and on people who are carers, and people who are socio-economically disadvantaged.	To mitigate against the potential cumulative negative equality impact, the Council will ensure that it takes the potential equality impact into consideration when weighing up its decision with other relevant aspects, such as the wider benefits of delivering a balanced budget, and so on, when identifying which saving options to implement in order to reduce the budget gap. The financial challenge is such that the undelivered savings options from 2024-25 are needed to ensure the budget gap is closed, and as such Council will ensure that it makes full use of its equality impact assessment processes going forward to inform the development of each saving option and identify mitigation against the potential negative impact when implementing actions necessary to ensure sustainability of the Council's financial position.	Richard Gibson, Director of Finance, Section 151 Officer	Ongoing	Within budget resources.

EIA and EIA Mitigation Action Plan Review Arrangements	
Date of the next review of the EIA	NA

EIA and EIA Mitigation Action Plan Review Arrangements	
How often will the EIA Action Plan be reviewed?	Every 3 months
Who will carry out this review?	Richard Gibson, Director of Finance, Section 151 Officer

NB The report recommending final approval of the proposal, may include recommendations based on the findings of this EIA, but these recommendations should be developed separately from the reported outcomes of the EIA, and arise from Senior Managers considering equality impacts combined with other aspects of the proposal, such as finance, the wider benefits of the proposal, and so on.