CABINET

13 NOVEMBER 2026

REPORT OF THE PORTFOLIO HOLDER FOR CORPORATE FINANCE AND GOVERNANCE

A.1 FINANCIAL PERFORMANCE REPORT 2026/27 – GENERAL UPDATE AT THE END OF SEPTEMBER 2026

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
To provide a general update and overview of the Council's financial position against the 2026/27 budget as at the end of September 2026 and looking ahead to 2027/28 and beyond.

EXECUTIVE SUMMARY
• These regular finance reports present the overall financial position of the Council by bringing together in-year budget monitoring information and timely updates on the development of the forecast and are split over two distinct sections as set out below. In terms of the in-year position, this report covers the first six months of 2026/27. ***SECTION 1 - In-year financial position at the end of September 2026:*** • A number of adjustments were made to the 2026/27 budget as part of developing the detailed estimates that were agreed by Full Council in February. This was complemented by further budget amendments as part of the Outturn Position for 2025/26 that was reported to Cabinet in July and the Q1 position reported to Cabinet in October. • With the above approach in mind, the in-year position at the end of September 2026 is broadly performing to the underlying budgetary position with no new major issues emerging so far to date. • However, it still remains timely to address a limited number of items that have been identified, which are set out in **Appendix 1H**. Any longer-term impact will be considered as part of developing the forecast as discussed in more detail in Section 2 of this report. Recommendations are included below that propose associated delegations as necessary. • The position to the end of September 2026, as set out in more detail within the appendices, shows that overall, the General Fund Revenue Account is underspent against the profiled budget by **£3.918m**. However, it is important to highlight that this position continues to primarily reflect the timing of expenditure and income across a number of budgets. • It is acknowledged that other expenditure or income trends may still emerge / develop over the remainder of the year, which will be included in future financial performance reports as necessary.

- In respect of other areas of the budget such as the Housing Revenue Account, capital programme, collection performance and treasury activity, apart from additional details set out later on in this report, there are no other major issues that have been identified to date.

SECTION 2 - Updated long-term financial forecast:

- As set out in the Q1 Report presented to Cabinet on 23 October 2026, with the outcome of the Government's Local Government Reorganisation (LGR) remaining unknown at that time, it was proposed to refresh the forecast over an initial period of four years that reflects the possibility that this Council remains in existence beyond April 2028.

- Since the Cabinet meeting referred to above, the Government have made further announcements relating to their LGR programme. Although the impact on Essex remains unknown at the present time, the Government have confirmed that the decision withdrawn in September remains withdrawn and that Greater Essex will now form part of a wider review of LGR proposals.

- Notwithstanding the above, the Government have reiterated its commitment to LGR and all proposals submitted for Greater Essex previously remain under consideration and they are expected to provide an update on the future LGR in Greater Essex by early 2027.

- As discussed within the Q1 report highlighted above, the approach of developing a four year forecast provided a prudent position for the Council to work to whilst the Government complete their LGR review. In the event that the LGR programme continues, albeit with a potential delay to the original timetable, the forecast can readily be refocused back into the in-principle / notional approach previously proposed. Based on the proposed continuation of this approach, a forecast covering the period up to and including 2029/30 has been developed which is attached as **Appendix 2A,** with some key headlines set out in **Section 2** of this report.

- Following the LGR related motion that was agreed by Full Council on 13 October 2026, the Leader's response is set out within a separate table further on within this report, along with an associated recommendation.

- In terms of HRA budgets and the long-term Business Plan, as previously reported, one significant factor that has been repeatedly acknowledged relates to the on-going budgetary impact from the new era of social housing regulation emerging from the Social Housing (Regulation) Act 2023.

- The HRA Business Plan and budget remain under on-going development for presenting to Cabinet later in the year as part of the budget 'cycle' for 2027/28 and will continue to reflect the impact still emerging from the new era of social housing regulation mentioned above. As in previous years, it will also continue to be 'built' on the basis of balancing optimism and caution across the various lines of the plan. Similarly to the GF, the HRA budget setting / forecasting process remains broadly unaffected by the Government's recent LGR announcement highlighted above given the long term HRA Business Plan approach, which will continue regardless of the outcome from the Government's current LGR review.

RECOMMENDATION(S)
It is recommended that Cabinet: **(a) notes the Council's in-year financial position as at the end of September 2026;** **(b) approves the proposed budget adjustments covering the periods 2026/27 and 2027/28, as set out in Appendix 1H and requests Officers to review the potential on-going impact from 2027/28 and beyond where necessary as part of developing the forecast and detailed estimates for further consideration by Cabinet later in the year;** **(c) notes the updated financial forecast to 2029/30 as set out in this report and its appendices and requests Officers, in consultation with Portfolio Holders, to further its development alongside the Council's priorities;** **(d) considers and notes the Leader's response to the motion associated with the LGR process that was agreed by Full Council on 13 October 2026, as set out in Section 1(a) within the main body of this report; and** **(e) invites the views of the Resources and Services Overview and Scrutiny Committee on the information set out in this report, including the Leader's response to the Full Council motion of 13 October 2026 regarding LGR, along with the Council's wider financial position as part of its work programme for the year.**

REASON(S) FOR THE RECOMMENDATION(S)
To set out the latest financial position for the Council and to respond to emerging issues in 2026/27 and to develop the budget and forecast from 2027/28.

ALTERNATIVE OPTIONS CONSIDERED
This is broadly covered in the main body of this report.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES
At its meeting on 14 November 2025, Cabinet approved a re-alignment of the highlight priorities for the Council for the original period until new Unitary Authorities take on local government services in Greater Essex. Work will remain on-going alongside the development of the forecast as described elsewhere within this report, that takes into account the Government's recently announced pause and review of their LGR programme. It is also worth noting that the Council's existing Corporate Plan, adopted by Full Council in November 2023, takes the Council through to 2028, but following District Council elections in May 2027, the development of a new Corporate Plan will commence.
OUTCOME OF CONSULTATION AND ENGAGEMENT
Internal consultation is carried out via the Council's approach to developing the budget as set out within the Constitution. External consultation also forms part of developing the budget and

is carried out early in the year as part of finalising the position for reporting to Full Council in February.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	**Yes**	**If Yes, indicate by which criteria it is a Key Decision**	☐ **Significant effect on two or more wards** X **Involves £100,000 expenditure/income** ☐ **Is otherwise significant for the service budget**
		And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)	This item has been included within the Forward Plan for a period in excess of 28 days.

The Best Value Duty relates to the statutory requirement for local authorities and other public bodies defined as best value authorities in Part 1 of the Local Government Act 1999 ("the 1999 Act") to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". In practice, this covers issues such as how authorities exercise their functions to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services and secure value for money in all spending decisions.

Best value authorities must demonstrate good governance, including a positive organisational culture, across all their functions and effective risk management. They are also required, pursuant to section 3 of the 1999 Act, to consult on the purpose of deciding how to fulfil the Best Value Duty.

Statutory Guidance on the Best Value Duty of Local Authorities in England under section 26 of the 1999 Act remains in place, which best value authorities are required to have regard to. To provide greater clarity to the sector on how to fulfil the Best Value Duty, the statutory guidance sets out seven overlapping themes of good practice for running an authority that meets and delivers best value. These seven best value themes build on the lessons learned from past interventions and reflect what most local authorities already do or are striving to achieve. A detailed description of these themes, including characteristics of a well-functioning local authority and indicators used to identify challenges that could indicate failure, is set out within the revised guidance and financial management and sustainability is a reoccurring expectation throughout the themes and indicators. These reports along with how the Council responds to new or developing issues remain an important element of demonstrating these key requirements. In July 2026, the government (MHCLG) consulted on a revised (draft) Best Value Duty statutory guidance, which although it follows a similar format to the guidance published in May 2024 does have some differences. The outcome of the consultation is not yet known but within the draft there is a greater emphasis on prevention and sustainability, with a robust Medium Term Financial Strategy (MTFS), which embeds prevention into how resources are allocated. Further updates on the guidance will be provided as it develops.

The Council is legally required to calculate a Council Tax requirement each financial year. Within this framework is the requirement to monitor and report accordingly on the financial position of the authority against this requirement.

The position set out in this report and the actions proposed are within the Council's powers and reflect the statutory requirements and responsibilities of the Council.

Yes	**The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:**

Nothing further to add to the contents of the report but anticipates that further information on the implications of Local Government Reorganisation will be highlighted in greater detail in future budget reports, as the government's intentions and proposals for Greater Essex become known.

FINANCE AND OTHER RESOURCE IMPLICATIONS

The financial implications are set out in the body of the report.

Although the availability of financial resources is a key component in the delivery of services there will also need to be appropriate input of other resources such as staffing, assets and IT.

The proposed approach to the forecast forms part of on-going review / discussions with the Council's External Auditor, as part of their overall value for money review of the Council. No major concerns have been raised to date, but they will continue to undertake their own independent and detailed annual review as part of finalising their commentary on the Council's use of resources, which will be presented to the Audit Committee as part of the outcome of their wider external audit activities in January 2027.

Yes	**The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:**

The S151 Officer is the author of this report.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	Although this is addressed in the body of the report where necessary, in terms of the most recent Value for Money review undertaken by the Council's External Auditor, their Interim Report that was presented to the Council's Audit Committee on 8 October 2026 confirmed that to date they had not identified any significant risks associated with the Council's value for money arrangements across the three key areas of their review.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks.	
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	

MILESTONES AND DELIVERY

This report forms part of the Council's wider budget setting and monitoring processes. Additional update reports will therefore be presented to Cabinet in December and January that underpin the development of the forecast and detailed estimates that will be presented to Full Council in February 2027.

ASSOCIATED RISKS AND MITIGATION

In respect of the original two-year financial plan approach adopted from 2026/27, there are a limited number of budget adjustments set out within **Appendix 1H.** The approach proposed continues to be based on supporting the Council in managing any emerging issues and risks within existing resources, supported by the Corporate Investment Funds and Forecast Risk Fund. Although subject to the outcome of the Government's current LGR review, the approach set out in this report still acknowledges the potential requirement to meet obligations to a New Unitary Council if the LGR programme continues, albeit on a potentially later timescale.

Alongside earmarked reserves, the Council holds **£4.000m** in uncommitted reserves, which reflects a best practice / risk based approach to support its core financial position.

Reserves are subject to an annual review as part of developing the forecast, with updates planned to be presented to Cabinet later in the year.

EQUALITY IMPLICATIONS

There are no direct implications that significantly impact on the financial forecast at this stage. However, the ability of the Council to appropriately address such issues will be strongly linked to its ability to fund relevant schemes and projects and determination of the breadth and standard of service delivery to enable a balanced budget to be agreed.

An impact assessment will be undertaken as part of any separate budget decisions such as those that will be required to deliver savings.

SOCIAL VALUE CONSIDERATIONS

There are no direct implications that significantly impact on the financial forecast at this stage.

However, such issues will be considered as part of separate elements of developing the budget as necessary.

IMPLICATIONS RELATED TO DEVOLUTION AND / OR LOCAL GOVERNMENT REORGANISATION

On 29 October 2026, a ministerial statement was made about the LGR review confirming the Government have concluded that the LGR policy, including the decision criteria, is robust. Ministers will then confirm final decisions late in 2026 or very early 2027 for the county areas where previous decisions have been withdrawn. They may make decisions for some of these areas before others. All areas will have an opportunity to make representations following those minded to decisions and prior to legislation being laid. The implementation timetable will be the same for all 20 areas: shadow elections in May 2028 and vesting day on 1 April 2029.

This proposal is not impacted by MHCLG's latest announcement, as it forms part of the Council's standard approach to financial reporting. Where the uncertainty of the LGR programme does have an impact, the report references this accordingly. With this in mind, the commentary set out within this report seeks to provide an effective and pragmatic response to

that uncertainty whilst further decisions from the Government on Greater Essex are awaited. In addition, attention is drawn to the Monitoring Officer's comments above.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2050

There are no direct implications that significantly impact on the financial forecast at this stage.

However, such issues will be considered as part of separate elements of developing the budget as necessary.

OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder	Please see comments above.
Health Inequalities	
Area or Ward affected	

PART 3 – SUPPORTING INFORMATION

SECTION 1 – IN YEAR FINANCIAL PERFORMANCE AGAINST THE BUDGET AT THE END OF SEPTEMBER 2026

The Council's financial position against the approved budget has been prepared for the period ending 30 September 2026.

It is worth highlighting that a number of adjustments were made to the 2026/27 budget as part of developing the detailed estimates that were agreed by Full Council in February. This was complemented by further 2026/27 budget amendments as part of the Outturn Position for 2025/26 that were reported to Cabinet in July and within the Q1 Report presented to Cabinet on 23 October 2026.

The in-year position at the end of September 2026 is broadly performing to the underlying budgetary position with no new major issues emerging relating to 2026/27, which reflects to a large extent the managed response via the budget setting process and outturn / financial performance reports where budgets have been reviewed and revised as necessary.

However, the on-going review of budgets and cost pressures has identified the timely opportunity to consider a limited number of budget adjustments, which are set out within **Appendix 1H**. It is worth highlighting that the review of cost pressures remains a 'live' process and similarly to last year, it is expected that a number of items will need to be included within the budgets in areas such as:

- Additional operational / 'business as usual' activities
- Investing in the Council's assets
- Investing in the Council's priorities

Any items emerging from the above on-going review are planned to be presented to Cabinet at its December meeting.

As highlighted within **Appendix 1H**, there are a number of proposed adjustments relating to the four playzones sites across the district. These reflect the underlying business case that was

agreed by the Portfolio Holders for Finance and Governance and Leisure and Public Realm on 13 July 2026 under an associated delegation. The revenue budget is proposed to be amended accordingly, with no adverse issues currently being anticipated with estimated income more than offsetting expenditure. In line with the delegated decision, an amount relating to the potential reinvestment back into the Service has also been included that will be reviewed as part of finalising the outturn position each year.

The Council's wider and more detailed position at the end of September 2026 is set out across the various appendices, with some additional comments included below against the six key areas of the budget where necessary:

GENERAL FUND REVENUE

The position to the end of September 2026, as set out in more detail in the Executive Summary attached, shows that there is an overall net underspend of **£3.918m.**

Apart from any associated impact of the proposed adjustments set out within **Appendix 1H**, the most significant variances continue to be primarily due to the timing of expenditure and income, as set out within the appendices. As also highlighted within the appendices, any emerging issues will continue to be reviewed over the second half of the year and alongside the proposed approach to the forecast as set out within Section 2 of this report.

Some key highlights / updates across the various budgets compared to the position reported at the end of Q1, are as follows:

- It is still expected that utility costs can be met within existing budgets / contingency budget for the year.

- Petrol / Diesel costs – Although an update was planned to be presented as part of this Q2 position, these budgets remain under review for consideration as part of the on-going forecast / budget setting process. At the present time the impact for the year is anticipated to be managed within overall Departmental budgets.

- Parking, Beach Hut, Planning, and Leisure Centre Income budgets continue to present a favourable position for the year.

- Homelessness net costs are currently being managed within existing budgets, which will remain under review over the remainder of the year. A further comment is set out within the appendices that highlights the risk relating to the effective ring fencing of funding receivable from the Government that is spent across preventative activities and on direct temporary accommodation costs.

- Crematorium Income remains behind the expected / profiled budget by **£0.141m** to date. A review to investigate this matter further remains in progress, which will include exploring opportunities to address any identified matters going forwards as necessary.

- Treasury income remains favourable, with a corresponding adjustment set out within **Appendix 1H**, along with further comments included later on within this report.

COLLECTION PERFORMANCE

A detailed analysis of the current position is shown in **Appendix 1E**.

Income from Council Tax is broadly comparable to the same period last year. A number of activities and actions remain in progress with the aim of improving on the outturn position last year by the end of March 2027.

In terms of Business Rates, following the system reporting issues that resulted in the comparable figures for 2026/27 being unavailable at the end of Q1, the figure at the end of Q2 has been included. Although the figure at the end of September is behind the figure reported at the same time last year, it is expected that income will be closer to the comparable figure last year when the outturn position for 2026/27 is reported at the end of March 2027. However, this remains under review with further updates presented to Cabinet during the second half of the year as necessary.

Similarly to Council Tax, the performance to date for housing rents is also broadly comparable to that shown at the same time last year.

In terms of General debt, a corporate 'audit' remains in progress, which is aimed at reviewing historic debt, practices and processes with the aim of updating and strengthening the Council's recovery activities. An update will therefore be presented as part of future financial performance reports.

As reported as part of the budget setting cycle' for 2026/27, there was no Essex Business Rates Pool formed in 2026/27 due to the risks associated with the Government's Business Rates 'Reset'. These risks continue and it is therefore not proposed to form a pool gain in 2027/28, although this position will be revisited in future years as part of the budget setting 'cycle'.

HRA REVENUE

An overall position is set out in the Executive Summary with further details included in **Appendix 1C**. At the end of September 2026, the HRA is showing a net underspend of **£0.586m**, which continues to reflect a number of variances across various HRA budgets.

One of the most significant revenue budgets within the HRA relates to repairs and maintenance of the housing stock, which to date is being effectively managed within the overall budgets for the year that cover both revenue and capital spend.

CAPITAL PROGRAMME – GENERAL FUND

The overall position is set out in **Appendix 1D.**

As at the end of September 2026, the programme is broadly on target against the profiled position, with no major issues to raise.

To support the timely reporting of overall performance against the various schemes, relevant information continues to be provided by Services that provides financial and non-financial updates as necessary.

Following its establishment earlier in the year, a 'dashboard' style approach to the reporting of performance against the LUF / CRP1 and CRP2 projects continues to be included within these regular financial performance reports. There are no major issues to date, with the projects being subject to on-going review via an associated PFH working group and Project Board. The underlying risks associated with LUF / CRP1 projects continue to relate to the deadline for the Government funding to be spent by. This is reflected within **Appendix 1D(i)** via the inclusion of

a ‘RAG’ rating, which will remain a key issue to monitor on an on-going basis throughout the procurement and delivery phases of the associated projects.

CAPITAL PROGRAMME – HOUSING REVENUE ACCOUNT

The overall position is set out in **Appendix 1D.**

As at the end of September 2026, the programme is behind profile by **£1.451m.** These budgets primarily relate to the major repairs and improvements to the Council’s own dwellings along with the timing associated with various works and activities that remain on-going.

TREASURY ACTIVITY

A detailed analysis of the current position is shown in **Appendix 1F.**

The Annual Capital and Treasury Strategy for 2026/27 (including the Prudential and Treasury Indicators) was approved by Full Council in March 2026, with all activity to date therefore undertaken in accordance with this strategy and associated treasury management practices.

In accordance with Financial Procedure Rules, the above strategy and associated activity have been subject to a half yearly review with the outcome set out below, which also reflects commentary from the Council’s External Treasury Advisors.

The Bank of England’s Monetary Policy Committee (MPC) met 4 times in the first half of the year. In each meeting the Bank decided to maintain rates at 3.75% in a ‘holding’ position due to uncertainties in the economic growth and inflation situation in the UK and globally. With inflation now increasing (September CPI 3.5%) concern has grown about secondary inflationary effects later in the year, so the Council’s External Treasury Advisors are forecasting an increase in interest rates by December of this year.

Their latest interest rate forecast can be seen in the table below:

MUFG Corporate Markets Interest Rate View 21.09.26													
	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29	Jun-29	Sep-29	Dec-29
BANK RATE	4.00	4.00	4.00	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	4.00	4.00	3.80	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.20	4.10	4.00	3.80	3.70	3.50	3.40	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.70	3.70	3.70	3.70	3.70	3.70
5 yr PWLB	5.60	5.60	5.30	5.10	4.70	4.50	4.50	4.40	4.40	4.30	4.30	4.30	4.30
10 yr PWLB	6.00	5.90	5.60	5.40	5.00	4.80	4.80	4.70	4.70	4.60	4.60	4.60	4.60
25 yr PWLB	6.50	6.40	6.10	5.90	5.60	5.30	5.30	5.30	5.30	5.30	5.20	5.20	5.20
50 yr PWLB	6.10	6.10	5.80	5.50	5.30	5.10	5.00	5.00	5.00	5.00	4.90	4.90	4.90

The above forecast indicates that there is likely to be only one interest rate rise (the main market view is that rates could rise to as high as 4.5%), as inflation is likely to rise further in the winter and this is likely to dampen economic growth, with the bank therefore trying to balance a number of factors including secondary inflation, people’s living costs and economic growth.

The current treasury position for the Council can be found in **Appendix 1F**. No new external borrowing has been undertaken and information received from the Council’s treasury management advisers continues to support borrowing internally, which has been the approach by the Council where necessary, until such time as interest rates reduce. With this in mind, a PWLB Maturity Loan was repaid in September 2026 and funded via internal borrowing as reported earlier.

Appendix 1F shows that investment balances and returns are still robust, with current investments being held at £122.000m with a return of 4.03%. There is currently a higher investment level with central government as a revised process is being embedded in line with Treasury Management Practices that aims to strengthen the Council's response to credit risks and the use of associated counterparties in the current economic climate.

Appendix 1F also highlights that as at 30 September 2026 accrued interest earned to date in 2026/27 is **£2.512m** compared to an annual budget of **£1.806m**. In continuing the approach adopted last year, the 'surplus' income is proposed to be 'banked' at the end of each period, with this adjustment therefore set out within **Appendix 1H** that reflects the most up to date position. This will be subject to on-going review in later quarters and as part of developing the forecast for 2027/28 and beyond.

To support the information set out within **Appendix 1F** and to help Members continue to have oversight of the Council's treasury management activities along with complementing information already included within the Annual Capital and Treasury Strategy, a supplementary **Appendix 1F(i)** is also attached, which incorporates a forward looking approach to a number of prudential indicators that reflects best practice.

SECTION 1(a) – RESPONSE TO FULL COUNCIL MOTION REGARDING LOCAL GOVERNMENT REORGANISATION (FROM THE MEETING ON 13 OCTOBER 2026)

At its meeting on the above date, Full Council resolved to:

1. *Note the Leader's agreement that Cabinet receives information from the Leader, in his capacity as the Corporate Finance and Governance Portfolio Holder, within his next financial budget performance report, supported by the Chief Executive and the Section 151 Officer, that establishes the financial and resource implications total to TDC in responding to the Government's Local Government Reorganisation programme to date.*
2. *Note all financial budget performance reports are available to the Resources and Services Overview and Scrutiny Committee to perform its role in relation to scrutinising the effective use of the Council's resources, on behalf of the Council;*
3. *Note that the above-mentioned report to Cabinet will cover the following points, before the Leader of the Council will determine the content of any written communication to the Secretary of State and our local Members of Parliament to –*

i) *that local taxpayers should not be expected to pay for the changes made to the LGR programme and timetable by the Government;*
ii) *the Government reimburse this Councils for all costs incurred as a direct result of the Local Government Reorganisation process depending upon the outcome of its 'rapid review;*
iii) *the Government to provide clear answers about the future of Local Government Reorganisation before councils are expected to spend any more taxpayers' money and/or resources on the process; and*
iv) *this Council's view that the Local Government Boundary Commission for England must be involved in reviewing any local government boundary, ward and council size proposals submitted to the Secretary of State, as part of any LGR related process, by councils in due course.*

In response to the above, the table below sets out the Finance and Governance Portfolio Holder's comments:

Resolution Point	**Comments of the Finance & Governance Portfolio Holder**
	Before considering comments below, it is important to highlight that the Government have not made any decisions yet and are still working their way through the various stages of their review following a pause in the process. The Government made a further announcement on 29 October, where they confirmed that the decision withdrawn in September remains withdrawn and that Greater Essex will now form part of a wider review of LGR proposals. The Government did however reiterate its commitment to LGR and all proposals submitted for Greater Essex previously remain under consideration and they are expected to provide an update on the future LGR in Greater Essex by early 2027. At this stage, and given the above, we cannot rule anything in or out, albeit the Government's intention appears to be that LGR will continue, but pushed back to a later date than the original proposals that would have seen new Unitary Councils established from 1 April 2028. ***This provides an important context to discussions and comments we may have in the interim period as no decisions have yet been made by the Government.***
1. Establish the financial and resource implications total to TDC in responding to the Government's Local Government Reorganisation programme to date.	The Council has captured direct costs within its financial systems, but it has consciously not set out to identify indirect / opportunity costs such as Officer time. The context behind this thinking was seeking to balance pragmatism, proportionality alongside staff capacity, which is already constrained due to the on-going delivery of a number of projects and priorities across the Council.

	Ahead of the more specific actions and activities that would follow the introduction of the associated LGR legislation creating new Unitary Councils, applying the above approach has avoided an unnecessary burden on Officers across the Council. Such costs would become more relevant as part of the transitional actions and activities that would be undertaken as part of the successful establishment of a new Unitary Council but are less relevant to date during the interim period. It is also important to highlight that a significant element of Officer time spent to date on LGR activities is still likely to be advantageous irrespective of the outcome from the Government's current LGR review. For example, partnership working across a range of activities over the last 12 to 18 months has created potential opportunities that can be explored further with neighbouring Councils as we all face similar challenges in the years ahead and we can look towards practical activities that aim to support service sustainability, resilience and value for money. Therefore, even if indirect / opportunity costs had been captured, it would have been misleading to have assumed that they have all been abortive or avoidable costs and have no value within such a context. Therefore, given the above and the administrative burden involved, I believe that a proportionate approach focused on the additional direct financial impact of reorganisation whilst avoiding potentially disproportionate time-recording arrangements has been taken, which has allowed Officers to spend more time on delivering for our residents and communities rather than unnecessary administration. Notwithstanding the above, the following sets out the direct costs incurred / committed to date: • £27k – primarily contributions to other Local Authorities representing this

	Council's share of costs associated with the Greater Essex LGR Programme. • £120k - Additional officer capacity, with the work undertaken across a range of associated activities supporting the LGR programme but not necessarily exclusively.
3(i) That local taxpayers should not be expected to pay for the changes made to the LGR programme and timetable by the Government.	I cannot disagree with the intention behind the general comment that local taxpayers should not be expected to pay for the changes made to the LGR programme by the Government.
3(ii) the Government reimburse this Councils for all costs incurred as a direct result of the Local Government Reorganisation process depending upon the outcome of its 'rapid review';	As mentioned directly at Full Council on 13 October 2026, it was highlighted that the Government have already acknowledged their acceptance of the same point via their following recent statement within a Q&A paper: ***Q. Will areas with withdrawn decisions still receive the transition funding? Will areas be compensated for costs incurred to date?*** ***A*** *We recognise and appreciate the significant work that councils and partners have undertaken to date. As part of the pause, Government will consider council costs and how to support areas through the next stage of the process.* Although the Government have provided the above response, I cannot at this stage provide any additional comment on whether costs incurred to date will be met in full or in part, which will also depend on any revised LGR timetable that may emerge. Once I know the answer to such questions, I will consider my response accordingly, but I can provide the assurance that it will certainly be based on the Council's expectation that costs should be reimbursed in full, albeit dependent on the outcome of the review, which could include a revised timetable being set by the Government rather than an indeterminate delay. In consultation with the Council's S151 Officer, if there are opportunities to seek the reimbursement of indirect costs, then I would

	expect that a reasonable estimate could be made as part of any associated process and therefore irrespective of whether the costs have been captured as discussed in point 1 above.
3(iii) the Government to provide clear answers about the future of Local Government Reorganisation before councils are expected to spend any more taxpayers' money and/or resources on the process;	This provides a reasonable starting point if Councils were asked to restart any LGR activities and processes following the outcome of the Government's review. With this in mind, I sense the feeling across those Councils affected by the current review will be looking to the Government to provide much more certainty and commitment behind the programme. At its highest threshold, this commitment could involve waiting for the enactment of associated legislation ahead of any further activities being undertaken by Councils. However, in recognition that this could potentially have pragmatic and practical implications for the process, a lower commitment threshold might be required, but it is hoped that this would be achieved via a partnership approach with the Government.
3(iv) this Council's view that the Local Government Boundary Commission for England must be involved in reviewing any local government boundary, ward and council size proposals submitted to the Secretary of State, as part of any LGR related process, by councils in due course.	It is understood that the Local Government Boundary Commission for England (LGBCE) does review the proposals and was a consultee to the LGR proposals submitted to government. Proposals for North (East) Essex were shared with the LGBCE, and we are not aware that any objections were raised.

SECTION 2 – UPDATED FINANCIAL FORECAST

As set out in the Q1 Report presented to Cabinet on 23 October 2026, with the outcome of the Government's LGR review remaining unknown at the present time, it was proposed to refresh the forecast over an initial period of four years that reflects the possibility that this Council remains in existence beyond April 2028.

Since the above date, the Government have made further announcements relating to their LGR programme. Although the impact on Essex remains unknown at the present time, as highlighted earlier, the Government have confirmed that the decision withdrawn in September remains withdrawn and that Greater Essex will now form part of a wider review of LGR proposals. However, the Government have reiterated its commitment to LGR and all proposals submitted for Greater Essex previously remain under consideration and they are expected to provide an update on the future LGR in Greater Essex by early 2027.

As also mentioned in the Q1 report highlighted above, the approach of developing a four year forecast provided a prudent position for the Council to work to and in the event that the LGR programme continues, albeit with a potential delay to the original timetable, the forecast can readily be refocused back into the in-principle / notional approach previously proposed.

With the above context in mind, a forecast covering the period up to and including 2029/30 has been developed which is attached as **Appendix 2A**, with some key highlights and assumptions as follows:

- General items such as growth in council tax and business rates, along with estimated inflationary uplifts have been included across the forecast period.
- The removal of the one-off grant of £0.555m that the Government made available to offset the late change in the RSG for 2026/27. In terms of whether this grant continues or not, the Government have made no commitments beyond 2026/27 at the present time.
- The financial impact of the waste contract has been included within the forecast in 2029/30.
- The removal of one-off items that were included within the 'base budget' in 2026/27.
- Government's Extended Packaging Grant – although the Council received £0.807m in associated grant funding in 2026/27, there are no guarantees that this will continue at current levels from 2027/28 onwards.
- All cost pressures are funded from the Corporate Investment Funds over the forecast period.
- Continued certainty that emerged from last year's Local Government Finance Settlement that covered the period 2026/27 to 2028/29 is reflected within the forecast.
- 2029/30 will be the first year of the Government's next spending review period that informs the Local Government Finance Settlement from that year onwards.

As set out within **Appendix 2A**, the Forecast Risk Fund can support the forecast through to the end of 2029/30. However, there is a structural deficit of over **£4.000m** that would be taken forward into 2030/31 on an assumption that no savings / efficiencies were identified in the interim period. However, in reality and as is usually the case, the forecast at this relatively early stage of the budget cycle is based on a fairly pessimistic approach, which will continue to be subject to a number of likely positive changes such as council tax and business rates growth along with efficiencies and value for money considerations over the forecast period.

As part of the development of the two-year plan approach last year, an initial in-principle / notional position was explored that related to supporting the Council in meeting financial obligations to a new Unitary Council from as early as 1 April 2028. This approach is still seen as a prudent and realistic way forward regardless of the outcome of the Government's current LGR review. E.g. the current two-year plan could be extended to a three year plan covering 2026/27 to 2028/29, based on an assumption of one of the Government's LGR potential options being to put the implementation date back a year to 2029/30. If notionally applying such an outcome, as can be seen within **Appendix 2A**, a deficit would be inherited by an incoming Unitary Council, but it could be met by a corresponding positive Forecast Risk Fund balance for the same year.

For completeness, it is worth highlighting that the approach proposed remains supported by the following key 'reserves':

- **Corporate Risk Fund (Revenue)** – To support the on-going delivery of services, operational / 'business as usual' activities as well as priorities and cost pressures over the period of the forecast.

- **Corporate Risk Fund (Capital)** - To support the investment in assets and priorities over the period of the forecast.

- **Forecast Risk Fund –** This effectively 'underwrites' risks to the forecast as well as originally supporting the Council in meeting its obligations to a new Unitary Council.

As indicated within earlier reports, there is not enough 'headroom' within the annual revenue budgets to adequately address emerging items, and by prudently deploying existing one-off funding, it enables the Council to maintain strong financial stewardship / sustainability / stability either ahead of the establishment of a new Unitary Council or to support its own position beyond the current forecast period.

With the above in mind, the forecast remains subject to further development ahead of the more detailed budgets being presented to Cabinet in December and January before final recommendations are made to Full Council in February 2027.

PREVIOUS RELEVANT DECISIONS

Executive's Proposals – General Fund Budget and Council Tax 2026/27 – Item A.1 Full Council 17 February 2026.

Executive's Proposals – Housing Revenue Account Budget 2026/27 – Item A.2 Full Council 17 February 2026.

Financial Performance Report 2026/27 – General Update at the end of July 2026 – Item A.1 Cabinet 23 October 2026.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

RELATING TO SECTION 1 OF THE REPORT

Appendix 1 - Front Cover and Executive Summary
Appendix 1A – Summary by Portfolio / Committee
Appendix 1B – General Fund Budget Position by Department
Appendix 1C – Housing Revenue Account Budget Position
Appendix 1D – Capital Programme
Appendix 1E – Collection Performance – Council Tax, Business Rates, Housing Rent and General Debts
Appendix 1F – Treasury Activity
Appendix 1G – Income from S106 Agreements
Appendix 1H – Proposed Adjustments to the Budget 2026/27 and 2027/28

RELATING TO SECTION 2 OF THE REPORT Appendix 2A – Financial Forecast (to 2029/30)

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