

Agenda

Cabinet

Date: **Thursday 21 May 2026**

Time: **2.30 pm**

Place: **Conference Room 1 - Herefordshire Council, Plough Lane Offices, Hereford, HR4 0LE**

Notes: Please note the time, date and venue of the meeting.

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Agenda for the meeting of Cabinet

Membership

Chairperson Councillor Jonathan Lester, Leader of the Council
Vice-Chairperson Councillor Elissa Swinglehurst, Deputy Leader of the Council

Councillor Graham Biggs
Councillor Harry Bramer
Councillor Barry Durkin
Councillor Carole Gandy
Councillor Dan Hurcomb
Councillor Ivan Powell
Councillor Philip Price
Councillor Pete Stoddart

Agenda

		Pages
1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive any apologies for absence.</p>	
2.	<p>DECLARATIONS OF INTEREST</p> <p>To receive declarations of interests in respect of Table A, Table B or Other Interests from members of the committee in respect of items on the agenda.</p>	
3.	<p>MINUTES</p> <p>To approve and sign the minutes of the meeting held on 30 April 2026.</p>	11 - 26
<p>HOW TO SUBMIT QUESTIONS</p> <p><i>The deadline for submission of questions for this meeting is:</i></p> <p><i>5pm on Friday 15th May 2026.</i></p> <p><i>Questions must be submitted to councillorservices@herefordshire.gov.uk. Questions sent to any other address may not be accepted.</i></p> <p><i>Accepted questions and the response to them will be published as a supplement to the agenda papers prior to the meeting. Further information and guidance is available at https://www.herefordshire.gov.uk/getinvolved</i></p>		
4.	<p>QUESTIONS FROM MEMBERS OF THE PUBLIC</p> <p>To receive questions from members of the public.</p>	
5.	<p>QUESTIONS FROM COUNCILLORS</p> <p>To receive questions from councillors.</p>	
6.	<p>REPORTS FROM SCRUTINY COMMITTEES</p> <p>To receive reports from the Council's scrutiny committees on any recommendations to the Cabinet arising from recent scrutiny committee meetings.</p>	
7.	<p>CARBON MANAGEMENT PLAN 2026/27-2030/31</p>	To follow
8.	<p>Q4 2025/26 BUDGET REPORT</p> <p>To report the provisional financial outturn position for 2025/26 for revenue and capital budgets, subject to external audit. The results for 2025/26 report a balanced revenue outturn position after the use of reserves and implementation of recovery plan actions.</p>	27 - 64

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<http://www.herefordshire.gov.uk/downloads/file/1597/hereford-city-bus-map-local-services->

Guide to Cabinet

The Executive or Cabinet of the Herefordshire Council consists of a Leader and Deputy Leader and eight other Cabinet Members each with their own individual programme area responsibilities. The current Cabinet membership is:

Cllr Jonathan Lester (Leader)	Corporate Strategy and Budget
Cllr Elissa Swinglehurst (Deputy Leader)	Culture and Environment
Cllr Ivan Powell	Children and Young People
Cllr Harry Bramer	Community Services and Assets
Cllr Pete Stoddart	Finance and Corporate Services
Cllr Carole Gandy	Adults, Health and Wellbeing
Cllr Graham Biggs	Economy and Growth
Cllr Barry Durkin	Roads and Regulatory Services
Cllr Philip Price	Transport and Infrastructure
Cllr Dan Hurcomb	Local Engagement and Community Resilience

The Cabinet's roles are:

- To consider the overall management and direction of the Council. Directed by the Leader of the Council, it will work with senior managers to ensure the policies of Herefordshire are clear and carried through effectively;
- To propose to Council a strategic policy framework and individual strategic policies;
- To identify priorities and recommend them to Council;
- To propose to Council the Council's budget and levels of Council Tax;
- To give guidance in relation to: policy co-ordination; implementation of policy; management of the Council; senior employees in relation to day to day implementation issues;
- To receive reports from Cabinet Members on significant matters requiring consideration and proposals for new or amended policies and initiatives;
- To consider and determine policy issues within the policy framework covering more than one programme area and issues relating to the implementation of the outcomes of monitoring reviews.

Who attends cabinet meetings?

- Members of the cabinet, including the leader of the council and deputy leader – these are the decision makers, only members of the cabinet can vote on recommendations put to the meeting.
- Officers of the council – attend to present reports and give technical advice to cabinet members
- Chairpersons of scrutiny committees – attend to present the views of their committee if it has considered the item under discussion

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- Political group leaders attend to present the views of their political group on the item under discussion. Other councillors may also attend as observers but are not entitled to take part in the discussion.

**The Seven Principles of Public Life
(Nolan Principles)**

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

Herefordshire Council

Minutes of the meeting of Cabinet held at Conference Room 1 - Herefordshire Council, Plough Lane Offices, Hereford, HR4 0LE on Thursday 30 April 2026 at 2.30 pm

Cabinet Members Physically Present and voting:	Councillor Jonathan Lester, Leader of the Council (Chairperson) Councillor Elissa Swinglehurst, Deputy Leader of the Council (Vice-Chairperson)
	Councillors Graham Biggs, Harry Bramer, Barry Durkin, Carole Gandy, Dan Hurcomb, Philip Price and Pete Stoddart
Cabinet Members in remote attendance	None <i>Cabinet members attending the meeting remotely, e.g. through video conferencing facilities, may not vote on any decisions taken.</i>

Group leaders / representatives in attendance Councillors Liz Harvey, Stef Simmons and Terry James (virtual)

Scrutiny chairpersons in attendance Councillors Pauline Crockett, Toni Fagan and Ed O'Driscoll

Officers in attendance: A Campbell, J Coleman (Secretary), J Hobbs, C Porter, J Preece (secretary), S Tompkins and P Walker

81. APOLOGIES FOR ABSENCE
Apologies from councillor Ivan Powell

82. DECLARATIONS OF INTEREST
A non-pecuniary interest was noted by Cllr Hurcomb in regard to his employment with National Highways

83. MINUTES
Resolved: That the minutes of the meeting held on 26 March 2026 be approved as a correct record and signed by the Chairperson

84. QUESTIONS FROM MEMBERS OF THE PUBLIC (Pages 5 - 14)
Questions received and responses given are attached as appendix 1 to the minutes.

85. QUESTIONS FROM COUNCILLORS (Pages 15 - 16)
Questions received and responses given are attached as appendix 2 to the minutes.

86. REPORTS FROM SCRUTINY COMMITTEES
The Hereford Western Bypass Phase One – Assessment Criteria went to Connected Communities Scrutiny Committee on 15 April 2026.

(a) Hereford Western Bypass Phase One – Assessment Criteria - recommendations from Connected Communities Scrutiny Committee

The chair of the committee, Cllr O'Driscoll introduced the committee's work on the assessment criteria for Hereford Western Bypass Phase 1, noting that the

committee benefited from input from an independent transport planning expert who acted as a “critical friend”. Following discussion, the committee agreed four recommendations:

- First, the committee recommended moving away from simple pass/fail judgments to a scored (graded) approach, so decision-makers get more nuance and detail rather than a tick-box outcome. This would provide greater granularity across a wide set of factors including traffic and safety outcomes, land acquisition, carbon reduction, woodland mitigation, biodiversity net gain, construction cost, social value, affordability, and value for money. The criteria were also to be reorganised around the “five case” model for the final report.
- Second, the committee asked for the social value criteria to be broadened so it better captures how impacts are distributed across people and communities in Herefordshire.
- Third and fourth, it called for clearer reporting of project risks, assumptions and uncertainties, and for the inclusion of high/medium/low growth scenarios (including the risks associated with each), reflecting current economic uncertainty.

The chair of scrutiny reported that all four recommendations had been accepted. The committee’s next step is to shape the questions for the June scrutiny session on the pre-business case, with the aim of ensuring Cabinet has sufficient information to make an informed decision.

87. HEREFORD WESTERN BYPASS PHASE ONE – ASSESSMENT CRITERIA

Councillor Price, cabinet member for transport and infrastructure introduced the report.

It was noted that road infrastructure is essential to supporting Herefordshire’s economic progress. The development of the Hereford Western Bypass is critical to this and enables the council to move forward from design into delivery. Phase 1 will link the A49 in the south of Hereford city to the A465 at Belmont.

The focus of this Cabinet decision is agreeing the assessment criteria that will feed into the Full Business Case, which is due by June. This will then enable Cabinet to make a decision in July on whether to progress the project later in the year. The assessment criteria have recently been debated at scrutiny and through political group consultation, with recommendations considered and incorporated into the amended report now before Cabinet.

Cabinet is being asked to adopt the recommended assessment criteria to evaluate the Phase 1 scheme and to accept that specified pre-construction requirements must be met before construction can begin.

Comments from cabinet members:

Cllr Stoddart, cabinet member, finance and corporate services welcomed the report. It was noted that the recommendations and feedback gathered through the scrutiny and PGC process had influenced the updated report.

Group Leaders were invited to offer their views:

The Group Leader for Independents for Herefordshire outlined the views of their group and argued that:

Appendix A (of the report) remains fundamentally unclear because it mixes up two different questions: whether the scheme can proceed (i.e. is it deliverable?) and, whether it should proceed (i.e. is it justified?). Items such as planning status, land assembly, statutory approvals, procurement compliance, programme/contracts and the risk register —are important but they are “gateway” requirements that indicate buildability. They are not a true assessment criteria that test whether the scheme should progress.

It was argued that the framework’s evidence was not sufficiently clear. Safety outcomes, freight impacts, growth scenarios and resilience should be presented numerically and quantified wherever possible, so councillors have hard evidence when being asked to support a major project. The current value-for-money threshold was suggested as being too weak, noting it does not demonstrate a robust margin of benefit against costs, risks and harms.

It was acknowledged the appendix has improved compared with earlier drafts— particularly by adding more detail on journey times, safety, carbon, social value and growth scenarios. However, the framework still does not clearly separate pre-construction gateway conditions, the assessment criteria, and the decision thresholds Cabinet should require before approving the scheme. The Independents for Herefordshire wish to see strengthened, clearer and a transparent framework that distinguishes between “ready to build” and/or “worth building.”

The Green Group Leader outlined the views of their group and argued that:

Cabinet continues to conflate the Southern Link Road, Phase 1 of the bypass, with the full Western Bypass ambition. The Southern Link Road was dropped because there was no full business case, insufficient evidence to justify public spend and no demonstrable congestion benefit. Scrutiny and political group consultation have improved the assessment criteria, with welcome closer alignment to the DfT five-case model. However, despite the declared climate and nature emergency, the criteria currently underweights DfT Transport Analysis Guidance (TAG) environmental appraisal. As a result, the new road strategy (March 2024) has progressed without a DfT-compliant options appraisal of environmental costs and benefits.

It was also noted that the Local Transport Plan and the Strategic Environmental Assessment for LTP5 do not set out baseline environmental conditions, including meaningful reference to the River Wye SAC and its declining condition.

It was argued that assessments linked to the 2016 planning consent are now out of date. Environmental conclusions should be reviewed and any updated studies provided as an addendum to the Environmental Statement for decision-makers to consider. Mitigation and monitoring should be updated and built into contracts (including an updated construction environmental management plan), and progress should not be at the expense of the natural environment, farmland and soils.

The Liberal Democrat Group outlined the views of their group and argued that:

The vast majority of Herefordshire residents want urgent action to tackle congestion and feel patronised by politicians who dismiss the scheme as damaging or unwarranted. The council, in cancelling the scheme under the previous administration, has already cost tens of millions. Costs have risen further than were previously expected due to inflationary pressures resulting directly as a result of delaying this scheme.

Planned housing growth (around 27,000 homes) will be unmanageable without major infrastructure improvements. Any further delay in this project will fuel public anger and will continue to push people away from Herefordshire due to the severe and worsening traffic congestion. We need to stop debating and simply “get on with it.”

In response to the comments made, the:

Cabinet Member, Transport and Infrastructure noted the council is being asked to meet many different requirements and cannot satisfy everyone. The report includes all necessary environmental matters and the full business case will properly address the environmental questions raised by this important decision. It was acknowledged that the position is different to that in 2016 and as a result planning consent and updated processes will be followed. All future Cabinet decisions will be based on up-to-date and the most robust environmental evidence available.

The Leader of the Council concluded the discussions. Councillor Price proposed the recommendations, with Cllr Durkin seconding. The Leader directed that the decision to be put before Cabinet is:

That:

- a) Cabinet adopts the recommended assessment criteria from the Full Business Case that will be used to help evaluate the Phase One scheme; and**
- b) Cabinet accepts the pre-construction requirements that are to be met.**

The recommendations were unanimously approved.

It was confirmed the next meeting of cabinet was 21 May 2026 at 2:30pm.

The meeting ended at 15:26

Chairperson

Agenda item no. 4 - Questions from members of the public

Question No.	Questioner	Question	Question to
PQ 1.	Deborah Suthons, Hereford	I understand that Hereford Town Hall is owned by Herefordshire Council. The lift there has been out of action for years. This renders the building not fully accessible. I consider that this is contrary to equality legislation. Would the Chairperson explain why its repair or replacement is not a priority?	Councillor Bramer, Community Services and Assets
<p>Response:</p> <p>Herefordshire Council deeply values the historic Hereford Town Hall and recognises its importance to the city and county's heritage. It remains a key civic building, and the Council is committed to maintaining and upgrading it to ensure its continued use, while at the same time improving its accessibility so it can be enjoyed and utilised by all. The existing lift has reached the end of its operational life and will be fully replaced. Repair is not a viable option given the age and obsolescence of the current installation, so the Council has prioritised a complete replacement as part of an enhanced maintenance programme.</p> <p>As part of this commitment, the Council has identified £750,000 of investment from 2026/27 to support wider works to the Town Hall. The lift replacement is an early element of this programme and is now being progressed. Given that the Town Hall is a Grade II* Listed Building, the Council has been working with Historic England and conservation specialists to develop a solution that improves accessibility while respecting the building's heritage. In the meantime, the Council has put in place reasonable and precautionary measures, including the use of evacuation chairs and a stair climber, alongside staff support where required, to assist those with access needs while the replacement lift is progressed.</p>			
<p>Supplementary Question:</p> <p>Herefordshire Council's webpage about hiring rooms at Hereford Town Hall states today:</p> <p>'There is a lift available to the first floor and a stair lift to the second floor'</p> <p>I wish to reiterate that the lift at Hereford town hall has not been working for years. I understand that the stair lift can only be used if the custodian is free to assist. Often they are not free, especially in the evening. I consider mentioning Historic England to be blame-shifting, the council has responsibility for ensuring accessibility for everyone in the here and now. When will Hereford town hall be accessible in compliance with current legislation?</p>			

Supplementary Response:

You are right to raise the importance of accessibility at Hereford Town Hall and it is important to us that it can be used and enjoyed by everyone. I also recognise the point you make regarding the website, and that will be reviewed to ensure it accurately reflects the current position.

The Council has previously explored options to resolve the lift without the need for full replacement. However, this was not considered a reasonable or sustainable solution. The existing lift has reached the end of its operational life and is no longer repairable in any meaningful or reliable way. Any short-term intervention has not and would not provide a safe or lasting outcome.

For that reason, the Council has taken the decision to fully replace the lift. The project is being issued for tender this week, and the application for Listed Building Consent is already progressing through the planning system. Based on current discussions, we anticipate the consent process taking approximately five weeks, followed by a twelve-week construction programme to deliver the replacement lift.

PQ 2.	Haydn Osborne-Brookes	Herefordshire Council has committed to a policy that development has to deliver a minimum of 10% biodiversity net gain. With the Bypass Phase 1 destroying ancient woodland and their unique habitat, along with the destruction and removal of red list species, such as hazel dormice, why is there no assessment criteria to confirm that the scheme, and the budget, will achieve a minimum of 10% net biodiversity gain in line with Council policy?"	Councillor Price, Transport and Infrastructure
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Response:

The Council supports and pursues biodiversity enhancement wherever possible and the bypass will be no different. The Phase One scheme was granted planning permission before a quantified minimum 10% Biodiversity Net Gain (BNG) requirement applied. However, the Council is aiming to minimise environmental impacts and deliver biodiversity enhancements in the scheme, including additional planting and habitat creation within and adjacent to the route, beyond the original approval. This includes an estimated 13 additional acres of tree planting in areas connected to Grafton Wood, new hedgerows and animal crossings – with mitigation measures being developed in consultation with Natural England. The bypass will be delivered with care, keeping disruption to a minimum while upholding strong environmental, ecological and heritage standards.

Supplementary Question:

None

Supplementary Response:

PQ 3.	Graham Andrews, Hereford	<p>The AECOM Hereford Bypass Scheme Information report from March 2026 states in paragraph 4.12.9: “The Phase 1 scheme will provide improved access to any new housing and employment sites that are identified in the south and south west of Hereford.”</p> <p>Given this direct benefit of the road scheme, could the Cabinet report on how much land will be opened up for new housing and employment in South Hereford by Phase 1?</p>	Councillor Price, Transport and Infrastructure
<p>Response:</p> <p>Phase One will be the key anchor scheme allowing Phase Two of the Bypass to come forward, which will be a major enabler of housing and economic growth that will unleash Herefordshire’s future. In the meantime, Phase One will improve access to existing areas of employment in the south of Hereford, primarily the Hereford Enterprise Zone and Rotherwas industrial estate – and in doing so, increases the attractiveness to employers and investors. The first phase of the bypass will also reduce traffic, including freight, in the surrounding South Wye area, benefitting thousands of local residents with reduced noise, tCO2e emissions and accidents.</p>			
<p>Supplementary Question:</p> <p>The answer provided to my question, appears to contradict the Bypass Phase 1 Scheme Information Report that states this section of road “will provide improved access to any new housing and employment sites that are identified in the south and south west of Hereford”(para 4.12.9). The Leader told the Secretary of State for Transport that “The successful completion of phase 1 will connect key industrial sites to the south of the city and is expected to remove existing limitations to economic development in the area, such as access to land and supporting infrastructure.”</p> <p>With Herefordshire Council needing to build over 27,000 new homes in the next 20 years why will the investment of £45million in this road not open up land for housing and employment in South Hereford?</p>			
<p>Supplementary Response:</p> <p>We refer you to public statements and content in previously published documents, including the Scheme Information Report, Strategic Narrative and multiple other Cabinet and Council papers.</p>			
PQ 4.	Paul Newman, Hereford	The updated Outline Business Case for the Southern Link Road claims benefits for the road between the A49 and A465 that “By removing	Councillor Price, Transport and Infrastructure

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		<p>unnecessary through traffic from the city centre local retail, leisure and hospitality businesses will be better placed to welcome visitors to the city”.</p> <p>With the City Centre located to the north of the River Wye and this road over a mile to the South of the Wye, what “unnecessary through traffic” will the Southern Link Road remove from the City Centre and please explain the evidence to support this answer?</p>	
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Response:

Phase One will be the key anchor scheme allowing Phase Two of the Bypass to come forward, which will be a major enabler of housing and economic growth that will unleash Herefordshire’s future. Without Phase One, the full bypass will not be feasible, and the added resilience and benefits to Hereford of a second river crossing will be lost - the fully realised bypass will unblock the whole city. In the meantime, Phase One will bring improvements to the South Wye area with reduced traffic, including freight, for thousands of city centre and South Wye residents, while at the same time improving access to the Hereford Enterprise Zone, bringing about economic benefits to the whole city.

Supplementary Question:

None

Supplementary Response:

PQ 5.	Julie Furniss, Hereford	<p>The Assessment Criteria for the Hereford Bypass Phase 1 under Economic Case says that the BCR must be 1.5 or above. However, it then states that “Combined Present Value of Benefits (PVB) is greater than £50m”. With the scheme expected to cost at least £45million, surely the correct assessment figure for PVB should be greater than £67.5million (ie 1.5 times the cost of £45million)?</p>	Councillor Price, Transport and Infrastructure
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Response:

The Benefits to Cost Ratio (BCR) and the Present Value of Benefits (PVB) are related measures, but they are not calculated or used in the same way. The BCR is a ratio that compares the scheme's monetised benefits with its construction costs, calculated in line with government (Green Book) guidance so that schemes can be fairly compared nationally. It does not use the full headline budget, which can include development, land and other sunk costs.

The PVB, by contrast, is the total estimated value of all monetised benefits the scheme is expected to deliver over its lifetime. Because the two measures use different inputs, multiplying the overall scheme cost by the BCR does not produce a figure that can be compared with the PVB. The £50m PVB figure is simply a minimum benchmark, set to reflect the scale of economic benefit expected from a scheme of this type, rather than being derived from the scheme cost.

For context, the Scheme Information Report already indicates PVB values ranging from around £53m under a low growth scenario to over £93m under a high growth scenario. The Full Business Case, due to be published in June, will present the final BCR and PVB figures for low, medium and high growth scenarios to support Cabinet's decision making.

Supplementary Question:

None

Supplementary Response:

PQ 6.	Mrs E Morawiecka, Hereford	<p>The current Assessment Criteria for Traffic Outcomes does not show over what period and when journey time changes arising from construction of the Hereford Southern Link Road are to be measured, eg 5 years, 10 years, 20 years post opening.</p> <p>With the Scheme Information Report acknowledging extra housing and employment land is to be opened up by the new road in South Hereford, and the Council now proposing a Park & Ride site located alongside the Bypass Phase 1, how long will it be before the reduction in journey times forecast by AECOM for the standalone road, will be negated by traffic growth?</p>	Councillor Price, Transport and Infrastructure
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Response:

Phase One of the bypass is the anchor to the full scheme, which when fully realised will unblock traffic congestion and significantly improve resilience for the city, while at the same time unlocking economic growth for Herefordshire, benefitting all its communities. The bypass is not feasible without Phase One.

It is important to note that the government have set Herefordshire the target of building 27,260 new dwellings over the next 20 years. We must meet this target or face direct central government intervention, meaning local people would have less say in where and how those houses are built. In adopting a responsible and strategic planning approach, we must build sustainable and resilient infrastructure, otherwise housing sites will be developed on an ad hoc, uncoordinated and sporadic basis across the county. The bypass is critical for providing the resilience needed to deal with that future growth, and the economic benefits that will follow.

The Council is looking for potential Park and Rides sites as part of its long-term strategy, but at this stage a site on Phase One has not been included in any plans.

Supplementary Question:

I'm sorry but the answer doesn't seem to answer my question as it doesn't mention any journey times. The cabinet agenda only mentions the Hereford bypass phase one as the council is borrowing money for this part of the scheme and the assessment criteria are to assess the benefits of the £45m investment in the road as a standalone capital project so that the Herefordshire tax payer can see how investing £45m of their money in a single road scheme will directly benefit them. Would the Cabinet member please answer my original question and detail the journey time changes on roads in south Hereford and how long these journey time savings will last. I understand if he doesn't know the answer, but I'm asking about the journey time changes on roads in south Hereford and how long journey time savings will last.

Supplementary Response:

In the meeting the cabinet member advised a written answer would be provided.

Written response provided:

The journey time savings created by Phase One are likely to be eroded as general growth across Hereford puts more traffic on the road network. It is difficult to predict when this would happen. The Bypass Phase Two is aligning with the Council's new Local Plan for housing and employment. More importantly, with additional housing growth targets now set by government, we know additional growth is coming and without the necessary infrastructure in place this growth would result in additional traffic on our already congested road network. Phase One will be an anchor for Phase Two and demonstrates to government how serious Herefordshire is to see a full bypass built to enable delivery of future housing and employment growth. The specific journey time savings you are asking for will be published in the Full Business Case in June. The Scheme Information report we have published on our website also shows some of the outcomes from the traffic modelling data that indicates improved journey times.

PQ 7.	Kate Seekings, Hereford	The Assessment Criteria for Land “The land is in council ownership or control with remaining land in route to acquisition through CPO”. What is the risk to the project and the cost base, if the contract to construct the new road is issued prior to the Council acquiring full title to the land through which it will be built?	Councillor Price, Transport and Infrastructure
<p>Response:</p> <p>The Council’s approach reflects established practice for major infrastructure schemes. While voluntary land acquisition remains the preferred route, the use of Compulsory Purchase Order (CPO) powers is a necessary and proportionate safeguard to ensure delivery if agreements cannot be reached. In the meantime, negotiations continue with landowners in good faith.</p> <p>Letting a construction contract before all land title is finalised does not, in itself, create unacceptable risk to the project or cost base. The CPO process is designed to run in parallel with design, procurement and early works, helping to prevent delay and protect value for money for taxpayers. This approach provides certainty and momentum, reduces the risk of cost escalation caused by delays, and ensures the scheme can proceed within planned timescales, which is why it is standard practice on projects of this scale.</p>			
<p>Supplementary Question:</p> <p>I understand that the Council is planning to start work on the road scheme in December 2026. How long has been allowed in the project timescales for land to be acquired by CPO, including any possible public enquiry, and will these delays and costs, along with the risk to the construction contract, be included in the project cost for the full business case?</p>			
<p>Supplementary Response:</p> <p>The project includes sufficient time and contingency to accommodate land acquisition, including any possible CPO process and related matters.</p>			
PQ 8.	Barry Jenkinson, Hereford	<p>I understand that the last road Herefordshire Council built was the City Link Road, part of a much bigger transport scheme called the Hereford City Centre Package, all budgeted to cost circa £40million.</p> <p>To inform the Hereford Bypass Phase 1 assessment criteria and to confirm that all costs are being covered in the initial budget, would the Cabinet member please state how much the Hereford City Centre Package have cost to date and what they now expected to cost once the whole transport scheme promised in the original budget,</p>	Councillor Price, Transport and Infrastructure

		including the Transport Hub and other projected road works, are completed?	
Response:			
<p>The City Link Road was one element of the wider Hereford City Centre Package and has delivered significant benefits for the city, including improved connectivity and regeneration.</p> <p>The City Link Road was budgeted at £40 million, with a total spend to date of £36.4 million, and is now complete. The scheme delivered around 0.8km of new road infrastructure and was a key enabler of the £80 million Old Market redevelopment, supporting over 800 jobs and improving access to key services.</p> <p>The wider package also included a Transport Hub. While this was originally expected to sit within the overall £40 million envelope, higher-than-anticipated land costs meant it was removed from the City Link Road project. The Transport Hub is now being delivered as a standalone scheme, supported by Levelling Up Fund investment, with a current forecast cost of £11.8 million.</p> <p>The City Link Road has also enabled further development, including the Health Hub, Station Approach student accommodation, and land unlocking at Merton Meadow, where a flood alleviation scheme is now enabling up to 400 new homes and wider city centre benefits.</p>			
Supplementary Question:			
<p>Thank you. The answer indicates that the Hereford City Centre Transport Package appears to have cost £48.20million vs an original budget of £40million for 0.8km of road and yet none of the bus and cycling infrastructure promised for Newmarket & Blueschool Streets and Commercial Road have been delivered, as originally promised within the original budget package.</p> <p>Please can the cabinet member confirm that the Hereford Bypass Phase 1 capital budget has sufficient contingency so that there is no danger of this road scheme exposing Herefordshire taxpayers to paying more than the £45million capital cost to complete the full scheme, including any mitigation and landscaping?</p>			
Supplementary Response:			
<p>The two schemes are not comparable. All construction projects come with risk. The Council has confidence that risks are being managed robustly and have put a strong project management team in place as well as a competent experienced contractor and consultant team. The budget includes contingency which the Council believes will be sufficient for the delivery of the scheme.</p>			
PQ 9.	Jeremy Milln, Hereford	If this Council is to proceed with its proposed SLR it will need to demonstrate it learned the lessons around the silo'd governance,	Councillor Price, Transport and Infrastructure

		<p>poor design and financial mismanagement which resulted in the enormous overspend and under-performance of its CLR project.</p> <p>How then will the Cabinet Member address the following crucial omissions from the list of assessment criteria for developing its business case which were not picked up by Scrutiny on the 15th or subsequent revision?</p> <p><i>Viz: Modelled traffic induction/ shift from sustainable modes; full carbon cost accounting for materials, scheme operation and construction; natural capital cost for mitigation from destroying highly graded 'best and most productive' farmland; compensation measures for impacts on historic environment including setting of listed buildings; emissions, light, aquatic and noise pollution impacts on sensitive receptors; impacts on drainage and flooding; farmland and habitat severance.</i></p>	
<p>Response:</p> <p>The assessment framework for Phase One of the Hereford Bypass is being developed in line with HM Treasury Green Book, Department for Transport guidance and other nationally recognised frameworks for major transport schemes. It has been refined with input from Scrutiny and now comprises 37 assessment measures, which summarise the evidence that will be set out in full within the Full Business Case (FBC). Many of the key matters referenced in the question – including traffic modelling, carbon impacts, environmental and natural capital considerations, heritage impacts, air and noise pollution, drainage and flood risk – will be included within the scope of the business case and its supporting technical work. These are not omissions; they form part of the detailed assessments that underpin the FBC.</p> <p>The FBC will be published in June and will be subject to further Scrutiny review before being considered by Cabinet in July, ensuring transparency and independent challenge. Strong governance and project management arrangements are in place to ensure effective cost control and risk management.</p> <p>The City Link Road has delivered significant benefits for Hereford, including improved access to key services and facilities, enhanced connectivity, and the unlocking of development land such as Merton Meadow, opening up space for 400 new homes. It has played an important role in supporting regeneration and access across the city.</p>			
<p>Supplementary Question:</p>			

My main question asked about missing assessment criteria and to what extent the lessons of the ill-designed and managed City Link Road project had informed them. Let us take the issue of severance as an example. HM Treasury Green Book and the DfT's Transport Analysis Guidance (TAG) explicitly requires severance to be assessed. The lesson of the 1960s A49 scheme was not learned and, as anyone alighting the station walking into town or from town to the Medical Centre will know, the CLR effectively severs the route making the experience hazardous and unpleasant. Badly conceived motor road infrastructure inhibits movement by sustainable means, divides communities and divorces habitats with wider adverse impacts on society and the environment. How is the Council to include severance in its assessment criteria for its so-called bypass?

Supplementary Response:

In the meeting the cabinet member advised a written answer would be provided.

Written response provided:

The Full Business Case will be fully compliant with Green Book standards and will address issues of severance as required. The assessment criteria is a framework of key information that will be drawn out of the FBC to help guide Cabinet in its decision making and can't include every factor; however, the FBC will be published and Cabinet will have all of the information available to them to make their decision.

Agenda item no. 5 - Questions from Councillors

Question No.	Questioner	Question	Question to
MQ 1.	Cllr Woodall	<p>Given the increasing volatility and unpredictability of global energy markets arising from geopolitical instability, including recent US military actions in the Middle East, how is the Cabinet assessing and managing the resulting cost pressures on council services, contracts like the phase 1 bypass, and suppliers during the current financial year? What contingencies are in place should energy prices escalate further, and would these include additional cost-reduction measures or project deferrals?</p>	<p>Councillor Stoddart, Cabinet Member for Finance and Corporate Services</p>
<p>Response:</p> <p>Cabinet is aware of the potential impact of rising fuel costs and inflation on the costs of service delivery particularly in transport and energy budgets. These costs will be monitored by reference to the approved revenue budget and capital programme in 2026/27 and where pressures are identified, mitigations will be required to manage spend in year as part of expenditure control measures. A centrally managed Contract Inflation Fund has been established for 2026/27 to provide additional oversight of inflationary uplifts in contracts for goods and services and monitor variances. Capital budgets include an element of contingency relevant to the individual project to manage cost pressures.</p> <p>The council is a joint owner of West Mercia Energy, a local purchasing organisation, which provides cost-effective, risk managed energy solutions. This arrangement means the council is able to benefit from efficient and economic arrangements for the purchase and supply of energy.</p>			
<p>Supplementary Question: None</p>			
<p>Supplementary Response:</p>			



Title of report: Q4 2025/26 Budget Report

Meeting: Cabinet

Meeting date: Thursday 21 May 2026

Cabinet Member: Cabinet member finance and corporate services

Report by: S151 Officer

Report Author: Director of Finance (S151 Officer)

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose

To report the provisional financial outturn position for 2025/26 for revenue and capital budgets, subject to external audit. The results for 2025/26 report a balanced revenue outturn position after the use of reserves and implementation of recovery plan actions.

Recommendation(s)

That: Cabinet

- a) **reviews the balanced revenue financial outturn for 2025/26, as set out in the appendices A-D, and identifies any additional actions to be considered to achieve future improvements; and**
- b) **approves the proposed transfers to/from reserves outlined in paragraphs 11 to 13; and**
- c) **notes the capital outturn position for 2025/26 of £86.0 million investment in Council priorities.**

Alternative options

1. Cabinet may choose to review financial performance more or less frequently; or request alternative actions to address any identified areas of variance from budget, including referral to the relevant scrutiny committee.

Key considerations

Revenue Outturn

2. This report sets out the Revenue and Capital provisional outturn position for the financial year ended 31 March 2026 (2025/26). The outturn is a **balanced revenue outturn position**, after the use of reserves and recovery actions implemented by management during the year. Detailed explanations for variances from budget are set out in Appendix A, by Directorate and Service area.
3. The revenue outturn position for 2025/26 by Directorate, is shown in Table 1 below.

Table 1: 2025/26 Revenue Outturn

2025/26 Revenue Outturn			
	Revenue Budget £m	Outturn £m	Variance £m
Community Wellbeing	90.4	94.1	3.7
Children & Young People	58.8	57.6	(1.2)
Economy & Environment	28.1	27.3	(0.8)
SEN/Home to School Transport	12.7	15.3	2.6
Corporate Services	23.4	24.8	1.4
Directorate Total	213.4	219.1	5.7
Central	18.1	12.4	(5.7)
Total	231.5	231.5	-

4. The council has experienced continuing cost pressures in 2025/26 as a result of increasing complexity of need and intensity of care for the county's ageing population, increased demand for temporary accommodation and increasing demand and costs in Special Educational Needs (SEN) and home to school transport budgets.
5. The Directorate total outturn position reflects these cost pressures with resulting overspends reported in Community Wellbeing and school transport budgets. Activity and cost data in these areas have been used to inform the 2026/27 revenue budget requirement and measures to manage demand and control costs in these services represent key elements of the 2026/27 approved savings and the council's future financial strategy.
6. The home to school transport review will continue in 2026/27 with focus on review of contract prices to secure reductions in taxi journey costs, increased partnership working with schools and development of an in-house delivery model to provide a council-managed service for routes transporting 1-4 passengers.

7. Proposed activity to deliver savings in the Community Wellbeing Directorate in 2026/27 include increased and robust market engagement to control costs for residential, nursing, home care and supported living contracts and further work alongside an external specialist partner to identify, design and implement transformation activity to deliver recurrent savings is planned.
8. Central budgets comprise financing transactions, interest payable and receivable, Minimum Revenue Provision (MRP) and other corporate budget items including pension costs, costs in respect of the administration of housing benefit and council tax and business rate collections, income from the council's business rate pooling arrangement and other contractual and investment income sources.
9. The Central outturn position for 2025/26 is an underspend of £5.7 million after proposed allocations of £0.7 million noted in paragraph 11. This is an improvement on the forecast position reported at Quarter 3 as a result of income and expenditure confirmed in the final quarter of the year and year end reconciliations completed as part of year-end closedown procedures. Key variances include:
 - I. £1.0 million net Treasury Management income (interest receivable above budget net of interest payable and banking charges above budget)
 - II. £0.5 million MRP underspend as a result of reduced capital outturn confirmed at 31 March 2026.
 - III. £0.2 million underspend in billing fund administration budgets and pension transactions confirmed at 31 March 2026.
 - IV. £0.3 million additional income from the council's Business Rate pooling arrangement, confirmed in Quarter 4.
 - V. £4.4 million in investment and contractual income confirmed in Quarter 4.
10. The outturn position includes the proposed recommendations.
11. It is recommended that £0.7 million of the Treasury Management income above budget in 2025/26 is allocated to increase the council's bad debt provision (£0.1 million) with the balance (£0.6 million) transferred to the Treasury Management Reserve to manage volatility in inflation and mitigate capital financing costs in 2026/27. This will increase the reserve balance to £1.1m at 31 March 2026. The remaining net underspends in Central budgets will be used to offset the net Directorate overspend in 2025/26.
12. The outturn position for the Children & Young People Directorate is an underspend of £2.6 million as a result of robust management of expenditure to deliver services and forecast delivery of savings in full. As noted in the Quarter 3 Budget Report presented to Cabinet in March, it is proposed that the reserve contribution of £1.4 million, approved in the 2025/26 Revenue Budget, is repaid in the year ended 31 March 2026, a year earlier than previously planned.
13. The forecast outturn position reported at Quarter 3 proposed a transfer of £2.8 million from the Budget Resilience Reserve to mitigate cost and demand pressures in adult social care and temporary accommodation budgets. At Quarter 4, the outturn position for Community Wellbeing of £3.7 million includes a reduced transfer of £1.8 million from the Budget Resilience Reserve.
14. This transfer reduces the Budget Resilience Reserve balance from £7.0 million to £5.2 million at 31 March 2026; of which £1.0 million will be retained in this reserve and carried forward to provide

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resilience against budget pressures in future years. As per the approved 2026/27 revenue budget, £4.2 million will be transferred on 1 April 2026 to support the centrally held Contract Inflation Fund to manage inflation across Directorates in 2026/27.

Delivery of Savings

15. Council approved a total of £3.9 million of savings for 2025/26 comprising targets in the Children & Young People Directorate aligned to refresh of the 3 Year Financial Plan.
16. Savings of £11.9 million, representing savings not delivered recurrently in previous years, were carried forward into 2025/26 for continued monitoring of delivery. A focused review of the original proposals and planned activity was undertaken during Quarter 1 and revised savings plans were developed, where appropriate, to confirm activity to deliver savings in 2025/26.
17. The outturn position confirms that 2025/26 Children & Young People approved savings of £3.9 million have been delivered in full. Of the £11.9 million savings brought forward from previous financial years, £9.3 million have been delivered recurrently in 2025/26 with a balance of £2.6 million to be carried forward for delivery alongside approved savings in 2026/27.
18. The total value of savings delivered in 2025/26 is £13.2 million (84%) of the combined target for the year. The status of individual savings plans is included at Appendix D; a summary by Directorate is noted in Table 3 below.

Table 3: Delivery of Savings 2025/26

	Savings Target £m	Delivered £m	Not Delivered £m
Community & Wellbeing	3.2	2.3	0.9
Children & Young People	3.9	3.9	-
Economy & Environment	0.4	0.4	-
SEN/Home to School Transport	0.5	0.3	0.2
Corporate Services	0.5	0.4	0.1
Council-wide Savings	7.3	5.9	1.4
Total	15.8	13.2	2.6
	100%	84%	16%

Dedicated Schools Grant (DSG)

19. The cumulative DSG deficit is accounted for as an unusable reserve on the council's Balance Sheet, as permitted via statutory instrument, which will remain in place until 31 March 2028. This enables all local authorities to ring-fence the DSG deficit from the overall financial position in the statutory accounts. Beyond the period of the statutory override, the expectation is that any balance on the DSG Unusable Reserve will transfer back to the council's total Earmarked Reserves.
20. On 1 April 2025, the cumulative deficit brought forward was £20.0 million. The outturn position

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for 2025/26 is an overspend of £16.3 million within the High Needs Block of the DSG, increasing the cumulative deficit to £36.3 million at 31 March 2026.

21. Measures to contain the deficit and mitigate future cost and demand pressures continue to be managed by the Service through the DSG Deficit Management Plan and the financial impact of agreed mitigations will be monitored and reported throughout the year as part of the council's routine budget monitoring processes.
22. The Final Local Government Settlement published on 9 February 2026 confirmed the proposed treatment of DSG deficits as part of wider SEND reform. The first phase of support will be to address historic deficits with a High Needs Stability Grant to cover 90% of High Needs-related DSG deficit accrued up to the end of 31 March 2026.
23. Service and Finance teams are currently developing the council's Local SEND Reform Plan for submission by 19 June 2026. Subject to Department for Education (DfE) approval, the Plan will evidence eligibility for the High Needs Stability Grant to cover approx. £32.7 million (90%), with the remaining balance of £3.6 million (10%) to be a liability of the council once the statutory override period ends in March 2028.
24. It is expected the grant will be paid to the council in Autumn 2026, subject to approval. The receipt of the grant in 2026/27 will have a positive impact on the council's borrowing requirement and reduce the level of borrowing and corresponding interest payable expenditure in 2026/27 and over the medium-term period. It is proposed that the reduction in interest payable expenditure will be transferred to a DSG repayment reserve to manage the 10% (£3.6 million) remaining deficit which will not be met by the government grant at 31 March 2028.

Capital Outturn

25. The 2025/26 approved capital budget of £155.2 million has been revised to £113.8 million. The revised capital budget includes £11.7 million of unspent project budgets brought forward from 2024/25, removal of projects £7.5 million, £14.7 million additional grants and a reduction of £60.3 million where budgets have been reprofiled to future years. A summary breakdown is shown in Table 5 below.

Table 5: Revised Capital Budget 2025/26 to 2029/30

	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m	Total £m
25/26 Approved Capital Programme	155.2	87.5	38.6	0.2	-	281.5
Removal of Wye Valley Trust Project	(6.0)	-	-	-	-	(6.0)
Removal of projects at Council 2026	(1.5)	(9.7)				(11.2)
24/25 Carry Forward	11.7	6.0	-	-	-	17.7
Reprofile Budget	(60.3)	25.0	22.0	12.7	0.6	-
Additional Grant	14.7	20.7	23.5	38.6	43.7	141.2
Revised Capital Budget	113.8	129.5	84.1	51.5	44.3	423.2
Final Expenditure 25/26	86.0					
Variance from Budget	(27.8)					

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26. The final spend position is £86.0 million which represents an underspend of £27.8 million against a budget of £113.8 million; an increase in underspend of £8.0 million from the position reported at Quarter 3. Full details for each project are in Appendix B, Table A. This underspend consists of £2.8 million projects that have delivered below the project budget or not being carried forward and £25.0 million in respect of project budgets to be rolled forward for delivery 2026/27 (£20.2 million) and 2027/28 (£4.8 million). The full capital programme analysed by project for current and future years can be seen in detail by Appendix B Table B.
27. In accordance with best practice, capital budgets were reprofiled at Quarter 2 to reflect the revised expected profile of project delivery. Forecast spend has been monitored by reference to the reprofiled budget from Quarter 2. The full capital programme analysed by project for current and future years can be seen in detail by Appendix B, Table B and explanations for the reprofile were reported at Quarter 2.
28. Key risks to the capital programme include delays in delivery, limitations in market capacity resulting in a reduced number of bidders, reduced competition and choice, and inflationary increases to costs. Where capital projects are funded by external grants, there is further risk that delays in delivery mean that grant conditions and time constraints cannot be met resulting in the loss or clawback of grant. All projects are monitored robustly to mitigate the risks to project budgets, delivery of benefits and potential loss of grant funding.
29. The council projects with significant grant funding are detailed below:
- i. Highway Maintenance Block: an annual grant provided by the Department for Transport (DfT), regular monitoring of spend ensures maximum use of the grant in each financial year (£21.3 million in 2025/26). This was fully spent in year.
 - ii. Levelling Up Fund (LUF): this grant funds a number of capital projects to the north and south of the river as well as the Hereford Transport Hub. The grant allows flexibility to move the match funding between projects to ensure application of grant funding is prioritised.
 - iii. Local Transport Grant: an annual allocation to support investment in local transport maintenance and enhancements and deliver more ambitious transport projects. This grant was spent in full in 2025/26.
 - iv. Stronger Towns Fund: the Herefordshire Stronger Towns Partnership includes 3 council projects which are part-funded by the Stronger Towns Fund: Hereford Museum & Art Gallery, the Library & Learning Centre and Greening the City. For each of these projects, the application of grant funding is managed to reduce the risk of grant clawback. Following simplification of this funding source in 2025, expenditure must be committed by 31 March 2028.
 - v. Bus Service Improvement Grant: the grant allocation must be spent by the end of March for the following financial year of award. Some of the work planned for 2025/26 will now take place in 2026/27.

Community impact

30. In accordance with the accepted code of corporate governance, the council must ensure that it has an effective financial control framework to support delivery of services within the agreed budget. The council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition, the council has an overarching

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responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

Environmental Impact

31. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire’s outstanding natural environment.
32. This report is to review the financial outturn for 2025/26 so will have minimal environmental impacts; however consideration has been made to minimise waste and resource use in line with the council’s Environmental Policy.

Equality duty

33. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying ‘due regard’ in our decision making in the design of policies and in the delivery of services.
34. The mandatory equality impact screening checklist has been completed for this activity, and it has been found to have no impact for equality.

Legal implications

35. There are no direct legal implications arising from this report.

Risk implications

36. The risks associated with the council’s business are recorded on the relevant service risk register and escalated in accordance with the council’s Performance Management Framework and Risk Management Plan. The highest risks are escalated to the council’s Corporate Risk Register.
37. The outturn position and actions recommended in this report will impact and/or mitigate the council’s Corporate Risks as identified below:

Corporate Risk R2: Demand for client-based services continues to increase resulting in increased budget pressures and poor outcomes for those people in receipt of our services.	
Risk score at Q4	Impact of report recommendations and actions
Risk Rating: High Inherent Risk Score: 16 Residual Risk Score: 12	Demand-led social care budgets are identified as high risk budget areas and financial support is targeted in these areas. This report identifies the impact of actions to mitigate the risk of overspends including continued Directorate expenditure controls and planned use of the Budget Resilience Reserve.
Corporate Risk R3: Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand.	
Risk score at Q4	Impact of report recommendations and actions

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<p>Risk Rating: High Inherent Risk Score: 16 Residual Risk Score: 12</p>	<p>This report identifies the impact of cost pressures in SEND transport provision and the High Needs block of the Dedicated Schools Grant on the council's financial position.</p> <p>Proposed activity through the future capital programme, DSG deficit management plan, continued Home to School transport review alongside wider SEND reform, including the High Needs Stability Grant, is expected to have a positive impact on local sufficiency and the council's future financial position.</p>
<p>Corporate Risk R4: Failure to deliver capital and major projects within identified resources and planned timeframes resulting in significant overspend and reduced project outcomes.</p>	
<p>Risk score at Q4</p>	<p>Impact of report recommendations and actions</p>
<p>Risk Rating: High Inherent Risk Score: 16 Residual Risk Score: 12</p>	<p>This report identifies key risks to the capital programme at paragraph 28 above. These include delays in delivery, market capacity, inflationary increases and clawback of grant funding.</p> <p>Activity to ensure robust management of the capital programme and monitoring of external borrowing requirements are in place to mitigate risks to the council's financial position.</p>
<p>Corporate Risk R5: Failure to deliver a sustainable financial strategy that supports delivery of the Council Plan priorities.</p>	
<p>Risk score at Q4</p>	<p>Impact of report recommendations and actions</p>
<p>Risk Rating: High Inherent Risk Score: 16 Residual Risk Score: 12</p>	<p>This report identifies the key continuing cost pressures in adult social care, temporary accommodation and SEN/Home to School transport budgets alongside planned activity to manage demand and control costs in 2026/27.</p> <p>The report highlights reduced use of reserves at Quarter than proposed during 2025/26 and notes increased contributions to reserves to manage future financial risks.</p>

Resource Implications

38. The financial implications are as set out in the report. The council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from its resources. This includes taking properly informed decisions and managing key operational and financial risks in order to deliver objectives and safeguard public money.

Consultees

39. None in relation to this report.

Appendices

Appendix A – Revenue outturn

Further information on the subject of this report is available from
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Appendix B – Capital outturn

Appendix C – Treasury management outturn

Appendix D – Savings delivery

Appendix E – Earmarked reserve balances

Background papers

None Identified

Appendix A: 2025/26 Revenue Outturn Quarter 4 (March 2026)

2025/26 Revenue Outturn at Quarter 4 (March 2026)			
	2025/26 Approved Revenue Budget	Q4 Outturn	Q4 Outturn Variance
	£m	£m	£m
Community Wellbeing	90.4	94.1	3.7
Children & Young People	58.8	57.6	(1.2)
Economy & Environment	40.8	42.6	1.8
Corporate Services	23.4	24.8	1.4
Directorate Total	213.4	219.1	5.7
Central	18.1	12.4	(5.7)
Sub-Total	231.5	231.5	-

Community Wellbeing	2025/26 Approved Revenue Budget £'000	Q4 Outturn	Q4 Outturn Variance
Director and Community Services	(10,801)	(11,678)	(877)
Adult Social Care and Housing	82,016	87,011	4,995
All Ages Commissioning	18,245	18,126	(119)
Public Health	932	583	(349)
Directorate Total	90,392	94,042	3,650

Key variances from budget (> £250k) at Q4:

£6.5m overspend - Increase in demand for Adult Social Care - Residential, Nursing, Homecare and Personal Budgets

£1.8m underspend - Use of Budget Resilience Reserve

£0.8m underspend - Increased Better Care Fund

Children & Young People	2025/26 Approved Revenue Budget £'000	Q4 Outturn	Q4 Outturn Variance
Central Children Directorate Costs	1,680	2,846	1,166
Education Skills & Learning	3,983	4,056	73
Corporate Parenting	42,014	40,042	(1,972)
Safeguarding and Family Support	11,196	10,778	(418)
Directorate Total	58,873	57,722	(1,151)

Key variances from budget (> £250k) at Q4:

£1.2m overspend - Residential Placements

£0.3m overspend - Amended DSG Corporate Recharge

£1.4m overspend - Repayment of the Budget Resilience Reserve

£1.1m underspend - Complex Needs

£0.7m underspend - Unaccompanied Asylum Seeking Children

£0.6m underspend - Supported Accommodation

£0.3m underspend - Short Breaks

£0.5m underspend - Fostering In-house and External Placements

£0.2m underspend - Staffing/Agency

Economy & Environment	2025/26 Approved Revenue Budget £'000	Q4 Outturn	Q4 Outturn Variance
Director Management	141	186	45
Resident Services - Environment, Highways and Waste	22,884	22,229	(655)
Resident Services - Regulatory and Technical	60	333	273
Commercial Services	3,295	3,701	406
Economy and Growth	1,679	786	(893)
Sub-Total	28,059	27,235	(824)
Residential Services - SEN & Home to School Transport	12,735	15,371	2,636
Directorate Total	40,794	42,606	1,812

Key variances from budget (> £250k) at Q4:

£2.6m overspend - Home to School/College & SEN Transport

£0.3m overspend - Reduced Crematorium Fees

£0.2m underspend - Additional Car Parking Fees

£0.4m underspend - Economic Development

£0.5m underspend - Development Control Planning Fees

Corporate Services	2025/26 Approved Revenue Budget £'000	Q4 Outturn	Q4 Outturn Variance
Transformation and Strategy Services	7,475	8,699	1,224
Governance & Legal	6,391	6,243	(148)
Strategic Finance	7,468	7,859	391
HR & Organisational Development	2,035	2,025	(10)
Directorate Total	23,369	24,826	1,457

Key variances from budget (> £250k) at Q4:

£1.5m overspend - 2024/25 c/fwd outstanding Saving Plans not delivered

£0.4m overspend - Increased Council Insurance Premiums

£0.2m underspend - Council ICT

Central	2025/26 Approved Revenue Budget £'000	Q4 Outturn	Q4 Outturn Variance
Central Total	18,081	12,310	(5,771)

Key variances from budget (> £250k) at Q4:

£0.7m - Transfer of Treasury Management income above budget to TM Reserve (£0.6m) and increase Bad Debt Provision (£0.1m)

£1.0m underspend - Treasury Management Income

£0.5m underspend - MRP

£0.2m underspend - Billing fund administration and pension transactions

£0.3m underspend - Additional income from Business Rates pooling

£4.4m underspend - Additional investment and contractual income

Appendix B

Table A - 2025/26 Capital Programme
Outturn

					2025/26				
Adjustments include 24/25 carry forwards and additional grants allocations	2025/26 Original Budgets £000s	Adjustments in Year £000s			Current Capital Budget £000s	Q3 Forecast £000s	Outturn £000s	Outturn Variance to Current Budget £000s	Reason for Forecast Variance to Current Capital Budget
		2024/25 C/Fwd	Reprofile Table C	Grant & Other changes Table B					
Disabled facilities grant	2,200	558	0	813	3,571	3,373	3,220	-351	Additional grant funding was received in February which increased the budget, but the works could not be completed by the year end.
Empty Property Investment & Development	600	0	-20	0	580	818	682	102	Additional roof works were required at Blackfriars Street with a consequential lead in time required to design and erect the scaffolding.
Acquisition Fund for Housing Provision	2,500	2,389	-2,300	0	2,589	1,714	1,226	-1,363	John Venn – Agreeing the terms of the lease took longer than anticipated. Buttercross – the time needed to secure phosphate mitigation credit was not fully appreciated in the programme. Both projects expected to be completed within original programme timescales.

Merton Meadow - Brownfield Land Release Fund	1,400	207	0	0	1,607	1,607	620	-987	Contractor on site, with works due to be completed in May 2026. Delays encountered due to significant and prolonged rainfall in January.
Swimming Pool Support Fund	0	0	0	60	60	60	60	0	
Libraries Improvement Fund	19	11	0	0	31	21	16	-15	
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	5,690	0	-4,150	0	1,540	1,540	1,552	12	
Stronger Towns Library & Learning Centre relocation to Shirehall	2,063	-22	-1,890	0	152	62	90	-62	Delivery of this project is currently under review
Community Capital Grants Scheme	1,530	116	-270	0	1,376	326	384	-992	Revised payment schedules have been received from grant recipients now the grants have been awarded
Total Community Wellbeing Including Housing	16,003	3,261	-8,630	873	11,507	9,522	7,851	-3,656	
Windows Server Upgrades	36	1	0	0	37	37	36	0	
Device and Ancillary kit replacement programme	415	0	-185	0	230	162	128	-102	Spend deferred into 2026/27 due to a review of the renewal programme timings, and extending the use of devices for as long as possible to ensure value for money. Work continues into 2026/27
M365 E5 Implementation	43	36	0	0	79	63	61	-18	Complete under budget without use of contingency
Planning & Regulatory Services software	726	0	-376	0	350	288	319	-31	
Contact Centre Telephony Replacement	0	67	0	0	67	67	44	-22	
Wide Area Network (WAN) Replacement	0	121	0	0	121	102	35	-86	Expected to complete under budget without use of contingency

School Route Planning Software	50	0	0	0	50	50	50	0	
IT System Upgrades & Server Replacements 2025-26	500	0	-182	0	318	301	107	-211	Upgrade work deferred into 26/27 to enable prioritisation aligned with the emerging Transformation plan. Expecting profiling of spend to complete once plan has been finalised in Q1 and Q2
CCTV Equipment Upgrades	89	0	0	0	89	89	86	-3	
Total Corporate Services (IT & Transformation)	1,859	224	-743	0	1,340	1,158	866	-474	
Schools Capital Maintenance Grant	2,795	22	0	379	3,196	3,126	2,760	-436	The contingency budget was not spent in year, as well as no emergency winter schemes and projects coming in under budget, carried forward to 26/27.
Peterchurch Area School Investment	6,595	6	-78	0	6,523	4,698	4,722	-1,801	Programme is currently on track, however a revised cashflow from the contractor is now reflected in the forecast spend
Brookfield School Improvements	2,570	1,070	0	0	3,641	3,362	2,986	-655	Project anticipated to deliver under budget and a small delay into May 26
High Needs Grant	2,000	102	0	0	2,103	1,700	1,396	-707	S106 has provided funding for one project in place of the use of this grant, contingency budget across a number of projects has not been needed. Along with a revised cashflow for the work at Hampton Dene.

Basic Needs Funding	8,000	0	-6,500	0	1,500	1,200	1,198	-302	Due to delays in receiving planning for the build at Aylestone School the works have started later than anticipated
Childcare Expansion Capital Grant 2023-24	296	-13	-130	0	153	239	183	30	Projects have been able to deliver earlier than anticipated
School Accessibility Works	1,143	-93	-500	0	551	551	536	-15	
Children's residential homes for 11 to 18 year olds	424	0	0	0	424	424	424	0	
C & F's S106	2,369	0	-1,550	0	819	1,137	1,076	257	Projects have been able to deliver earlier than anticipated
Total Childrens & Young Peoples (Including Schools)	26,193	1,094	-8,758	379	18,908	16,436	15,280	-3,628	
Work to Shire hall Annex (Care Leavers Base)	0	15	0	0	15	15	5	-10	
Estates Capital Programme 2019/22	331	432	0	0	763	763	736	-27	
Residual property works identified in the 2019 condition reports	0	365	0	0	365	100	87	-278	All 24 projects will have been completed; a number were delivered under budget and the £90k contingency and £75k for Three Elms Roofing were not required.

Estates Building Improvement Programme 22-25	1,053	26	0	0	1,079	750	592	-488	Underspend due to a combination of projects being delivered under budget and re-programming of works to account for receipt of statutory approvals and delivery during seasonal restrictions. Some additional safety works are being delivered in 2026 on one project.
Estates Building Improvement Programme 2023-25	1,768	201	-1,450	0	519	400	304	-214	Underspend due to delays commissioning projects and some schemes being delivered under budget.
Estates Building Improvement Programme 2024-27	1,525	212	-740	0	997	800	860	-137	Underspend due to delays commissioning projects and some schemes being delivered under budget.
Building works from 2022 Condition Surveys	1,050	6	-860	0	196	196	137	-59	Underspend due to delays commissioning projects and some schemes being delivered under budget.
Shire hall Improvement Works	2,935	0	-2,685	0	250	0	0	-250	There have been delays to the project while an option review has taken place
Property Improvements in Care Homes	604	325	-285	0	644	544	597	-47	Projects delivered under budget.
Estates Building Improvement Programme 2025-28	1,327	0	-830	0	497	100	118	-379	Underspend due to delays in commissioning projects and receiving statutory approvals.
Total Economy & Environment (Council Asset Investment)	10,593	1,582	-6,850	0	5,325	3,668	3,437	-1,888	

Highway Maintenance Block DfT (previously LTP)	15,466	0	0	5,882	21,348	21,348	21,348	0	
Resurfacing Herefordshire Highways	10,000	81	0	0	10,081	10,081	9,771	-311	The contingency budget was not required and therefore created an underspend, but the budget will be carried forward to 26/27
City and Market Town Public Realm Investment	1,200	0	0	-1,200	0	0	0	0	This work will now be funded by Local Transport Grant to reduce the borrowing amount in the capital programme
Highways Infrastructure Investment	6,485	816	0	0	7,301	7,263	6,514	-786	BBLP have asked to carry some budget forward for delivery that will slip into 26/27 due to the wet weather at the start of 2026
Public Realm Improvements for Ash Die Back	494	-17	0	0	477	553	551	74	Works are progressing faster than expected so there will be accelerated spend against 26/27 budget
E & E's S106	3,904	0	-2,403	0	1,501	1,841	1,594	93	The CCG income was not passported over as anticipated at Q4
Play Area Investment	500	0	-250	0	250	200	0	-250	£500k from 25/26 will be repurposed to allow the use of funding without requirement for CAT. The £500k for 26/27 is earmarked to be spent in full.
Public Realm Services Fleet	0	0	0	0	0	0	0	0	
Public Realm Mobilisation	0	0	0	0	0	0	0	0	
Road Safety Schemes	1,500	0	-1,180	-320	0	0	0	0	This work will now be funded by Local Transport Grant

Traffic Signal Obsolescence Grant and Green Light Fund	271	267	0	0	538	538	473	-66	BBLP have asked to carry some budget forward for delivery that will slip into 26/27
Total Economy & Environment (Highways & Public Space)	39,820	1,147	-3,833	4,362	41,496	41,824	40,250	-1,246	
Integrated Wetlands	1,686	0	0	0	1,686	1,339	1,337	-349	Dilwyn wetland and Lucton PTP schemes are proving to be unviable for delivery and funding is likely to be reallocated pending decisions in 26/27
Natural Flood Management	373	-4	-40	0	329	329	255	-74	Wet weather caused delays to both the implementation of the NFM measures, and the value of claims processed under the grant scheme. We anticipate these measures being delivered by the end of 2026.
Local Electric Vehicle Infrastructure Capital Fund (LEVI)	424	0	-424	0	0	0	0	0	
LEVI Pilot Fund Grant	96	0	-60	0	36	21	0	-36	All sites proposed by the contractor have been approved by the councils' internal project team however due to significant delays from the contractor spend has been reprofiled.
Wye Valley National Landscape	0	44	0	889	934	900	930	-3	
Solar Photovoltaic Panels	535	0	-385	0	150	0	0	-150	Spend reprofiled whilst work is undertaken to review project in context of changes in solar photovoltaic technology

									conversion rates and efficiencies.
Yazor Brook	260	0	0	0	260	50	53	-207	The scope of works required, agreed by all parties, has considerably reduced and therefore there is an underspend on the original budget to deliver the works
Waste	11,393	0	-6,200	0	5,193	1,882	397	-4,796	Expenditure for introduction of new food waste service delayed due to Government funding announcement delays and expenditure on purchase of bins for garden waste service reduced in this financial year to half until subscriptions increase sufficiently to order more. Garden Waste vehicles have arrived later than forecast
Home Upgrade Grant	0	70	0	0	70	70	70	0	
Warm Homes Grant	0	0	0	501	501	648	692	192	Due to effective delivery of the programme more grant has been awarded in year
Herefordshire Flood Risk Mitigation	1,055	0	-805	0	250	250	40	-210	Spend during 2025/26 was lower than anticipated due to the onboarding of new officers and responses to several significant flood events, which reduced capacity for option development. Scheme

									development funding and new modelling software are supporting the assessment of viable interventions.
Total Economy & Environment (Environmental)	15,822	110	-7,914	1,390	9,409	5,489	3,775	-5,634	
UK Shared Prosperity Fund	0	0	0	401	401	401	401	0	
HWGTA - Development of Vocational Work Based Skills Investment	2,000	0	0	0	2,000	0	0	-2,000	We are awaiting the final business case from HWGTA before this project can commence
Employment Land & Incubation Space in Market Towns	11,318	0	-5,304	-2,053	3,961	1,193	1,047	-2,914	Spend re-profiled into 26/27 due to works starting on-site later than planned, Jan/Feb '26 following programme adjustment by contractor to account for planning infrastructure approvals.
Rural Prosperity Fund	0	0	0	512	512	512	512	0	
Total Economy & Environment (Economic Growth)	13,318	0	-5,304	-1,140	6,874	2,106	1,960	-4,914	
Hereford City Centre Transport Package	7,875	196	-3,029	0	5,042	2,000	2,330	-2,712	No requirement to remove contaminated soil from site as initially considered.
Hereford ATMs and Super Cycle Highway	711	0	-711	0	0	0	0	0	
Active Travel Fund 4	0	172	0	0	172	172	172	0	
Active Travel Fund 5	0	0	-99	99	0	0	0	0	
Consolidated Active Travel Fund	0	0	-265	265	0	0	0	0	

Hereford Western Bypass Phase 1	8,620	0	-6,520	0	2,100	2,100	1,026	-1,074	The original land purchase programme did not fully reflect the extent of the role of the pre-construction services contractor in the process, particularly in relation to how and when land is vacated
Stronger Towns Fund - Greening the City	0	288	0	0	288	288	288	0	
LUF - Active Travel Measures (north of river)	3,053	0	-1,326	0	1,727	1,451	907	-819	Aylestone Hill and Commercial Road schemes paused to avoid major town centre disruption whilst Holme Lacy Road and Cadent schemes progress
LUF - Active Travel Measures (south of river)	5,029	3,634	-6,000	0	2,663	809	1,777	-887	Holme Lacy Road scheme was delayed whilst traffic management was fully considered
Local Transport Grant	0	0	0	5,862	5,862	5,837	5,862	0	
Council school transport fleet	350	0	-350	0	0	0	0	0	
Bus Service Improvement Plan	0	0	0	1,108	1,108	1,108	210	-898	This project is now on target for activity in June 2026 following initial delays in the appointment of a contractor and procurement challenge
Total Economy & Environment (Transport)	25,638	4,290	-18,300	7,334	18,962	13,765	12,572	-6,390	

Total	149,247	11,708	-60,332	13,198	113,820	93,968	85,991	-27,830
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Projects likely to be delayed into 26/27, some with no decisions yet made on spend, others with delays in delivery.

-25,015

Project to deliver under budget or not spend full grant allocation

-2,814

-27,830

Table B – Overall Capital Programme position 2025/26

Scheme Name	Prior Years £000s	2025/26 budget £000s	2026/27 budget £000s	2027/28 budget £000s	2028/29 budget £000s	2029/30 budget £000s	Total budget £000s
Disabled facilities grant	0	3,571	2,200	2,200	0	0	7,971
Empty Property Investment & Development	0	580	286	0	0	0	866
Acquisition Fund for Housing Provision	111	2,589	2,300	0	0	0	5,000
Merton Meadow - Brownfield Land Release Fund	393	1,607	0	0	0	0	2,000
Swimming Pool Support Fund	0	60	0	0	0	0	60
Libraries Improvement Fund	31	31	0	0	0	0	62
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	2,883	1,540	10,525	5,581	0	0	20,529
Stronger Towns Library & Learning Centre relocation to Shire hall	340	152	2,064	450	0	0	3,005
Community Capital Grants Scheme	4	1,376	600	20	0	0	2,000
Total Community Wellbeing Including Housing	3,761	11,507	17,975	8,251	0	0	41,493
Windows Server Upgrades	293	37	0	0	0	0	330
Device and Ancillary kit replacement programme	0	230	578	185	0	0	993
M365 E5 Implementation	491	79	0	0	0	0	570
Planning & Regulatory Services software	3	350	923	120	0	0	1,396
Contact Centre Telephony Replacement	15	67	0	0	0	0	82
Wide Area Network (WAN) Replacement	165	121	0	0	0	0	286
School Route Planning Software	0	50	0	0	0	0	50
IT System Upgrades & Server Replacements 2025-26	0	318	182	0	0	0	500
CCTV Equipment Upgrades	0	89	0	0	0	0	89
Total Corporate Services (IT & Transformation)	967	1,340	1,683	305	0	0	4,296
Schools Capital Maintenance Grant	0	3,196	1,200	1,200	0	0	5,596
Peterchurch Area School Investment	953	6,523	3,377	0	0	0	10,853
Brookfield School Improvements	2,181	3,641	0	0	0	0	5,822

High Needs Grant	483	2,103	6,784	0	0	0	9,369
Basic Needs Funding	560	1,500	11,810	5,006	0	0	18,877
Childcare Expansion Capital Grant 2023-24	13	153	130	0	0	0	296
School Accessibility Works	759	551	1,193	0	0	0	2,503
Children's residential homes for 11 to 18 year olds	0	424	0	0	0	0	424
C & F's S106	0	819	1,297	1,550	0	0	3,665
Total Childrens & Young Peoples (Including Schools)	4,949	18,908	25,790	7,756	0	0	57,404
Work to Shirehall Annex (Care Leavers Base)	85	15	0	0	0	0	100
Estates Capital Programme 2019/22	5,119	763	0	0	0	0	5,882
Residual property works identified in the 2019 condition reports	957	365	0	0	0	0	1,322
Estates Building Improvement Programme 22-25	1,927	1,079	0	0	0	0	3,007
Estates Building Improvement Programme 2023-25	1,558	519	990	0	0	0	3,067
Estates Building Improvement Programme 2024-27	689	997	483	0	0	0	2,169
Building works from 2022 Condition Surveys	4	196	974	350	0	0	1,524
Shire hall Improvement Works	0	250	3,750	0	0	0	4,000
Property Improvements in Care Homes	225	644	285	0	0	0	1,154
Estates Building Improvement Programme 2025-28	0	497	2,622	526	0	0	3,645
Total Economy & Environment (Council Asset Investment)	10,564	5,325	9,104	876	0	0	25,870
Highway Maintenance Block DfT (previously LTP)	0	21,348	23,967	27,449	29,695	33,948	136,407
Resurfacing Herefordshire Highways	0	10,081	0	0	0	0	10,081
City and Market Town Public Realm Investment	0	0	0	0	0	0	0
Highways Infrastructure Investment	7,354	7,301	6,385	0	0	0	21,040
Public Realm Improvements for Ash Die Back	581	477	240	118	0	0	1,416
E & E's S106	0	1,501	4,207	2,429	0	0	8,137
Play Area Investment	0	250	750	0	0	0	1,000
Public Realm Services Fleet	0	0	1,322	0	218	0	1,540
Public Realm Mobilisation	0	0	450	0	0	0	450
Road Safety Schemes	0	0	0	0	0	0	0
Traffic Signal Obsolescence Grant and Green Light Fund	3	538	0	0	0	0	541

Total Economy & Environment (Highways & Public Space)	7,939	41,496	37,321	29,996	29,913	33,948	180,612
Integrated Wetlands	2,676	1,686	398	0	0	0	4,760
Natural Flood Management	555	329	390	0	0	0	1,274
Local Electric Vehicle Infrastructure Capital Fund (LEVI)	0	0	120	240	120	644	1,124
LEVI Pilot Fund Grant	24	36	60	0	0	0	120
Wye Valley National Landscape (previously AONB)	0	934	0	0	0	0	934
Solar Photovoltaic Panels	1,064	150	535	385	0	0	2,134
Yazor Brook	0	260	0	0	0	0	260
Waste	0	5,193	0	6,200	0	0	11,393
Home Upgrade Grant	0	70	0	0	0	0	70
Warm Homes Grant	0	501	1,003	982	0	0	2,485
Herefordshire Flood Risk Mitigation	0	250	1,805	0	0	0	2,055
Total Economy & Environment (Environmental)	4,318	9,409	4,311	7,807	120	644	26,609
UK Shared Prosperity Fund	0	401	0	0	0	0	401
HWGTA - Development of Vocational Work Based Skills Investment	0	2,000	0	0	0	0	2,000
Employment Land & Incubation Space in Market Towns	866	3,961	1,460	8,360	0	0	14,648
Rural Prosperity Fund	0	512	0	0	0	0	512
Total Economy & Environment (Economic Growth)	866	6,874	1,460	8,360	0	0	17,561
Hereford City Centre Transport Package	38,908	5,042	3,029	0	0	0	46,979
Hereford ATMs and Super Cycle Highway	0	0	1,000	0	0	0	1,000
Active Travel Fund 4	134	172	0	0	0	0	306
Active Travel Fund 5	0	0	99	0	0	0	99
Consolidated Active Travel Fund	0	0	499	234	234	234	1,202
Hereford Western Bypass Phase 1	356	2,100	13,584	11,700	12,560	0	40,300
Stronger Towns Fund - Greening the City	116	288	0	0	0	0	404
LUF - Active Travel Measures (north of river)	1,097	1,727	716	926	0	0	4,466
LUF - Active Travel Measures (south of river)	533	2,663	6,000	0	0	0	9,197
Local Transport Grant	0	5,862	5,975	6,966	7,775	8,584	35,162

Council school transport fleet	0	0	0	0	0	0	0
Bus Service Improvement Plan	0	1,108	900	918	936	954	4,815
Total Economy & Environment (Transport)	41,144	18,962	31,802	20,744	21,505	9,772	143,930

Total	74,508	113,820	129,447	84,096	51,538	44,364	497,774
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	2025/26 Budget £000s	2026/27 Budget £000s	2027/28 Budget £000s	2028/29 Budget £000s	2029/30 Budget £000s	Total
February 2025 Council Approved Budget	155,247	87,507	38,599	218	-	281,571
Reprofile Budget	-60,332	24,979	22,029	12,680	644	0
Project Removal Council February 2026	-1,520	-9,682	-	-	-	-11,202
Removal of WVT Project	-6,000	-	-	-	-	-6,000
24/25 Carry Forwards	11,708	5,978	-	-	-	17,686
Additional Grants	14,718	20,665	23,468	38,640	43,720	141,211
Revised Capital Budget	113,820	129,447	84,096	51,538	44,364	423,266

Grant Additions since approval of Capital Programme by Council in February 2025	2025/26	2026/27	2027/28	2028/29	2029/30	£000s
MHCLG - UKSPS 25/26 Grant	401					401
DfT - Active Travel Fund 5 Grant	99					99
DfT - Additional 25/26 LTP Grant	5,882					5,882
DfT - CATF Grant	265	234	234	234	234	1,202
DfT - BSIP Grant	1,108	900	918	936	954	4,815
DESNZ - Warm Homes Grant	501	1,003	982			2,485
DEFRA - Rural Prosperity Fund 25/26	512					512

Sport England - Swimming Pool Fund	60					60
DfE - Additional Schools Maintenance Grant 25/26	379					379
DfE - High Needs Grant		2,466				2,466
DfE - Basic Needs Grant		1,587	1,006			2,593
DfT - Local Transport Grant 25/26	5,837					5,837
Employment Land - unsecured grant	- 2,053					(2,053)
WVNL - Welsh Gov and DEFRA Grants	889					889
HMAG - Clore Duffield			200			200
HMAG - Salix			1,075			1,075
HMAG - NHLF			104			104
DfT - Local Transport Grant 26/27 to 29/30		5,975	6,966	7,775	8,584	29,300
DfT - Highway Maintenance Block 26/27 to 29/30		8,501	11,983	29,695	33,948	84,127
EA - Flood Grant	25					25
MHCLG - Additional DFG 25/26	813					813
Total grant additions since approval by Council in February 2025		14,718	20,665	23,468	38,640	43,720
						141,211

Funding by Capital Grants that have to be spent in year or following year (may be part funding)



APPENDIX C TREASURY MANAGEMENT REPORT 2025/26

Introduction

- 1.1 Treasury Management is the management of the council's borrowing, investments and cash flows, including 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.
- 1.2 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly. The Local Government Act 2003 also requires that the council produce an annual review of treasury management activities comparing actual activity during the year with the Treasury Management Strategy approved prior to the start of the year. This report, therefore, ensures the council is implementing best practice in line with the Code.

Economic Context

- 2.1 The final quarter of the year saw:
 - Gross Domestic Produce remains low at 0.1% for the final quarter of the year, giving 1.0% overall growth for the financial year.
 - Unemployment is currently 4.9%, with annual wage inflation at 4.2%.
 - Consumer Price Index (CPI) inflation has increased in the last quarter of the financial year to 3.3% in March after the war in Iran caused the largest jump in petrol and diesel prices in over three years.
 - Borrowing has become more expensive over 2025/26. Public Works Loan Board (PWLB) rates are based on gilt yields, which rose materially in March 2026, more than reversing the falls earlier in the financial year.
- 2.2 In March, the Bank of England voted to keep interest rates unchanged at 3.75% but suggested that rates may need to rise if inflation picks up markedly. The latest projections from our treasury management advisors suggest they are likely to put equal weight on higher inflation and weaker growth and that interest rates are likely to maintain at 3.75% for the 2026/27 financial year.

Investments

3.1 At 31 March 2026, the council held investments as shown in table 1.

Table 1 Investment Portfolio

Treasury investments	Term	Maturity date	Interest rate	Amount invested £m
Instant Access Accounts:				
NatWest	N/A	N/A	1.75%	0.94
Instant Access Money Market Funds:				
Federated	N/A	N/A	3.84%	10.00
Aberdeen Standard	N/A	N/A	3.82%	10.00
Insight	N/A	N/A	3.77%	10.00
Invesco	N/A	N/A	3.79%	8.00
CCLA	N/A	N/A	3.75%	1.56
Fixed Term Deposits:				
Uttlesford District Council	28 days	07/04/2026	6.15%	4.60
Surrey County Council	33 days	13/04/2026	6.00%	2.00
London Borough of Bexley	32 days	27/04/2026	7.00%	5.00
London Borough of Newham	32 days	27/04/2026	7.00%	5.00
Total treasury investments			Average 4.60%	57.10

3.2 The council applies the credit worthiness service provided by MUFG Corporate Markets. This service employs a modelling approach utilising credit ratings from three main credit rating agencies (Fitch, Moody's and Standard and Poor's). This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system to which MUFG allocate a series of colour coded bands with suggested maximum durations for investments. These are detailed in the Treasury Management Strategy for 2025/26 as approved by Council in February 2026.

3.3 The council has earned interest on its investments as shown in table 2. There is a revenue budget of £0.552 million for 2025/26 resulting in an underspend of £1.982 million within the Central budget line before allocation of interest to schools and other balances.

Table 2: Interest earned

Month	Average amount invested £m	Average rate of interest earned	Amount of interest earned £m
Apr 25	52.1	4.54%	0.194
May 25	60.9	4.39%	0.227
Jun 25	62.7	4.28%	0.203
Jul 25	70.7	4.54%	0.266
Aug 25	77.6	4.10%	0.271
Sep 25	71.0	4.03%	0.235
Oct 25	68.0	4.04%	0.233
Nov 25	64.3	4.02%	0.212
Dec 25	57.3	3.96%	0.193
Jan 26	53.2	3.84%	0.174
Feb 26	42.9	3.81%	0.124
Mar 26	58.5	4.06%	0.202
Total			2.534
Budget			0.552
Underspend variance			1.982

- 3.4 In addition to the investment income, the council earns interest on the provision of loan finance to the waste disposal PFI provider. This has generated loan interest of £1.8 million in 2025/26 and has been credited to the waste reserve.

Borrowing

- 4.1 The council can only borrow up to its Authorised Borrowing Limit which represents the affordable limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements. The Authorised Borrowing Limit for external borrowing (excluding PFI and leases) for 2025/26 is £350 million which was approved in the Treasury Management Strategy.
- 4.2 In the quarter 3 report, it was reported that significant planned further borrowing will be undertaken in the final quarter of the financial year, due to actual expenditure within the capital programme and the ongoing impact of financing the DSG deficit.
- 4.3 At 31 March 2026, the council held long-term borrowing of £185.1 million; this includes a new long-term loan of £55.0 million which has been secured during the final quarter of the financial year (10-year repayment term at 4.83% interest). The council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR), this is the capital expenditure that has not yet been paid for by revenue or other resources. The council's CFR at 31 March 2026 is £330.8 million, which demonstrates that the Council has significant internal borrowing when compared to the actual long-term borrowing (excluding PFI liabilities) of £185.1 million.
- 4.4 In line with the Treasury Management Strategy, the council will use short-term borrowing from other local authorities for short-term liquidity needs. During the financial year, the council has undertaken two short term loans from other local authorities of £5.0 million each with an interest rate of 4.55%, including broker's commission of 0.10%. Each loan is for 182 days to be repaid in June 2026.
- 4.5 The current capital financing budget position is shown in table 3. The underspend has arisen from utilisation of internal borrowing over external borrowing, alongside a slippage in the capital investment budget spend.

Table 3: Summary of borrowing budget

	Budget £m	Outturn £m	(Surplus)/deficit £m
Minimum Revenue Position (MRP)	11.8	11.3	(0.5)
Interest Payable on loans	5.8	6.0	0.2
Total	17.6	17.3	(0.3)

Compliance with Treasury and Prudential Limits

- 5.1 During the quarter ended 31 March 2026, the council has operated within the treasury and prudential indicators set out in the Treasury Management Strategy for 2025/26. Actual values for quarter 4 are shown in table 4.
- 5.2 Treasury indicators for quarter 4 are shown as actual values as at 31 March 2026, e.g. for PI4 (authorised limit for external debt), the actual value of external debt as at 31 March 2026 of £231.1 million is shown against a Treasury Indicator limit of £420.0 million as approved in the Treasury Management Strategy. This means that actual debt is lower than the approved limit and the council is operating within agreed boundaries.

5.3 Prudential indicators (PI) for quarter 4 are shown as actual outturns for the financial year 2025/26, e.g. for PI1 (capital expenditure), the outturn spend for the financial year 2025/26 of £86.0 million is shown against a Prudential indicator value approved in the Treasury Management Strategy of £155.2 million. This means that capital expenditure for 2025/26 outturn is lower than was budgeted for at the start of the year.

Table 4: Prudential and Treasury indicators for 2025/26 as at 31 March 2026

Ref	Treasury indicators	Description	2025/26 Budget/Limit £000	Actual as at 31 March 2026 £000	Compliance result
PI4	Authorised limit for external debt	To set an authorised limit for its gross external debt for the forthcoming financial year (includes PFI liabilities)	420,000	231,160	Within limit
PI5	Operational boundary for external debt	To set an operational boundary for its gross external debt for the forthcoming financial year (includes PFI liabilities)	400,000	231,160	Within limit
PI8	Upper limit for principal sums invested over 364 days	To set an upper limit for total principal sums invested over 364 days	5,000	NIL	Within limit
PI7	Maturity structure upper and lower limits:	To set upper and lower limits for the maturity structure of its borrowing			
	Under 12 months		0-10%	7%	Within limit
	12 months to 2 years		0-10%	7%	Within limit
	2 to 5 years		0-25%	15%	Within limit
	5 to 10 years		0-35%	28%	Within limit
	10 years and above		0-80%	43%	Within limit
Ref	Prudential indicators	Description	2025/26 Budget £000	2025/26 Actual £000	Compliance result
PI1	Capital expenditure	A reasonable estimate of the total capital expenditure that it plans to incur during the forthcoming financial year	155,247	85,991	Under budget
PI2	Capital financing requirement (CFR)	A reasonable estimate of the total capital financing requirement at the end of the forthcoming financial year	378,079	330,810	Under budget
PI3	Gross debt and CFR	To ensure that the total gross debt does not, except in the short term, exceed the total of capital financing requirement	64%	70%	Below 100%, within limit
PI6	Ratio of financing costs to net revenue stream	To estimate the proportion of financing costs to net revenue stream for the forthcoming financial year	10%	10%	In line with budget
PI9	Ratio of net commercial and service investments income to net revenue stream	To estimate the proportion of net income from commercial and service investments to net revenue stream for the forthcoming financial year	1%	1%	Low reliance on this income

Appendix D: Progress against 2025/26 approved Savings as at 31 March 2026 (Quarter 4)

2025/26 Approved Savings: Total Savings of £3.9 million for 2025/26 were approved by Council on 7 February 2025.

The outturn of the delivered approved savings as at 31 March 2026 (Quarter 4) is noted below:

Directorate	Approved Savings £m	Delivered £m	Not Delivered £m
Children & Young People	3.9	3.9	-
Total Approved Savings	3.9	3.9	-
	100%	100%	0%

At 31 March 2026 (Quarter 4), £3.9 million (100%) of approved savings for 2025/26 have been delivered. The status of individual savings as per Appendix B of the Council Report approved on 7 February 2025, is shown in **Annex 1** below.

2025/26 Brought Forward Savings: Savings not delivered recurrently in previous years have been carried forward into 2025/26. A focused review of the original proposals and planned activity has been undertaken, and revised savings plans have been developed, where appropriate, to confirm activity to deliver savings in 2025/26.

Directorate	Savings Target £m	Delivered £m	Not Delivered £m
Community Wellbeing	3.2	2.3	0.9
Economy & Environment	0.4	0.4	-
Corporate Services	0.5	0.4	0.1
Home to School/SEN Transport	0.5	0.3	0.2
Transformation	7.3	5.8	1.4
Total Brought Forward Savings	11.9	9.2	2.6
	100%	78%	22%

At 31 March 2026 (Quarter 4), £9.2 million (78%) of the £11.9 million brought forward savings have been delivered, and £2.6 million (22%) were outstanding. The status of individual savings as per Appendix B of the Council Report approved on 7 February 2025, is shown in **Annex 2** below.

Annex 1: Status of delivery of approved savings at 31 March 2026 (Quarter 4)

Children & Young People 2025/26 Saving Targets Q4 Outturn	Target £'000	At Risk £'000	In Progress £'000	On Target £'000	Delivered Recurrent £'000
S1 Reduction and redesign in workforce	1,577	-	-	-	1,577
S2 Reduction in Placements	1,567	-	-	-	1,567
S3 Reduction in Social Work Agency posts	785	-	-	-	785
Total Children and Young People	3,929	-	-	-	3,929
		0%	0%	0%	100%
Total 2025/26 Savings Targets	3,929	-	-	-	3,929

RAG Rating – to show confidence in delivery of savings

Red	Delivery in 2025/26 at risk. Recovery action to identify mitigations required.
Amber	Activity to deliver savings in 2025/26 is in progress.
Green	Activity to deliver savings expected to be delivered in 2025/26 is on target.
Blue	Savings achieved in 2025/26.

Annex 2: Status of delivery of brought forward savings at 31 March 2026 (Quarter 4)

Brought forward prior year Saving Targets Q4 Outturn	Target £'000	At Risk £'000	In Progress £'000	On Target £'000	Delivered Recurrent £'000
S1 (23/24)* Stable Engaged Workforce - Replaced	-	-	-	-	-
S1 (24/25)* Workforce Service Review - Replaced	-	-	-	-	-
S2 (24/25)* Deletion of vacant posts - Replaced	-	-	-	-	-
NEW target 25/26 - Additional income generation	965	685	-	-	280
S4 (24/25)* Review of high-cost packages in Adult Social Care	649	-	-	-	649
S5 (24/25)* Better utilisation of existing care contracts	200	-	-	-	200
S3 (23/24)* New Integrated Models of Care	480	222	-	-	258
S5 (23/24)* Digital and Technology	255	-	-	-	255
S6 (23/24)* Respite Provision	300	-	-	-	300
S7 (23/24)* Process efficiency: Block bed contracts	100	-	-	-	100
S12 (23/24)* Process Efficiency - Brokerage	100	-	-	-	100
S16 (23/24)* Supported Living	169	-	-	-	169
Total Community Wellbeing	3,218	907	-	-	2,311
S6 (24/25)* Inflationary Increases in Fees and Charges	267	-	-	-	267
S8 (24/25)* Transfer of functions from the Local Enterprise Partnership (LEP)	100	-	-	-	100
Total Economy & Environment	367	-	-	-	367
S3 (24/25)* Oxygen Finance solution	60	60	-	-	-
S5 (24/25)* Automation of Council Tax and Business Rate processes	100	-	-	-	100
S36 (23/24)* Transformation of Programme Management Office (PMO)	300	-	-	-	300
Total Corporate Services	460	60	-	-	400
S4 (24/25)* SEN Transport Efficiencies	200	-	-	-	200
NEW target 25/26 SEN Transport Efficiencies – Target stretched	300	200	-	-	100
Total Home to School/SEN Transport	500	200	-	-	300
S6 (24/25)* Reduction in Hoople SLA contract value and workforce service reviews	1,900	1,476	-	-	424
S1 (24/25)* Mutual Early Resignation Scheme (MERS24) - Reduced	502	-	-	-	502
S2 (24/25)* Transformation: Thrive Programme Savings - Replaced	-	-	-	-	-
S3 (24/25)* Transformation: Target Operating Model - Replaced	-	-	-	-	-
NEW target 25/26 – Directorate Budget Efficiencies	4,929	-	-	-	4,929

Brought forward prior year Saving Targets Q4 Outturn	Target £'000	At Risk £'000	In Progress £'000	On Target £'000	Delivered Recurrent £'000
Total Transformation	7,331	1,476	-	-	5,855
Total 2025/26 Savings Targets	11,876	2,643	-	-	9,233
	100%	22%	0%	0%	78%

(S 24/25)* - balance of 2024/25 approved savings target not delivered recurrently (no change to proposed source of activity to deliver saving in 2025/26)
[2024/25 Approved Savings Plans](#)

(S 23/24)* - balance of 2023/24 approved savings target not delivered recurrently (no change to proposed source of activity to deliver saving in 2025/26)
[2023/24 Approved Savings Plans](#)



EARMARKED RESERVES AND GENERAL FUND BALANCES 01 APRIL 2025 TO 31 MARCH 2026

Reserve	01 April 2025 £m*	Transfers out £m	Transfers in £m	31 March 2026 £m
Business rates risk	(13.3)	3.0	(2.3)	(12.6)
Waste disposal	(7.1)	3.4	(2.1)	(5.8)
Budget resilience reserve	(7.0)	2.8	(1.0)	(5.2)
Enterprise zone business rates growth	(3.0)	1.5	(2.0)	(3.5)
Fastershire clawback	(2.7)	-	(0.6)	(3.4)
Financial resilience	(2.3)	-	(0.2)	(2.5)
Settlement monies	(2.0)	0.1	(0.3)	(2.2)
Whitecross school PFI	(1.8)	-	(0.2)	(2.0)
Public realm project	(1.6)	0.7	-	(0.9)
RNC campus	(1.2)	-	(0.2)	(1.4)
Treasury management	(0.5)	0.7	(1.3)	(1.1)
Unused grants carried forward	(18.0)	5.0	(1.8)	(14.8)
Other reserves individually under £1 million	(8.5)	3.4	(1.3)	(6.4)
Total reserves excluding schools	(69.0)	20.6	(13.3)	(61.7)
Schools' balances	(11.7)	12.4	(9.9)	(9.2)
Total earmarked reserves	(80.7)	33.0	(23.2)	(70.9)
General fund balance	(10.1)	-	-	(10.1)
Total earmarked reserves and general fund	(90.8)	33.0	(23.2)	(81.0)

*audited balances per the Council's statutory accounts

