

## **Economy & Environment Directorate**

# **2026/27 Budget Position Statement**

Key pressures, challenges and savings proposals for 2026/27

# Economy & Environment Directorate

## Key Revenue Budget Pressures

- Demographic changes driving increased tonnage and additional costs in waste collection and disposal services
- Increasing demand and costs of home to school transport service provision and subsidised public transport routes
- Achievement of development planning income targets linked to planning reform and conditions in the county
- Reduced occupancy resulting in reduced Commercial Services rental income
- Climate change and severe weather events which result in flooding, road defects and impact on seasonal gritting services

## Key Savings Proposals

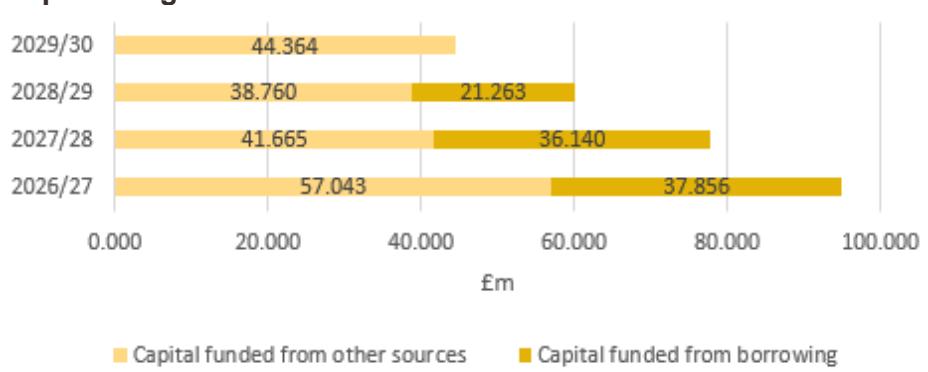
- Control of costs to secure reductions and efficiencies across service budgets
- Increasing income, to maximise commercial activity and return in traded services
- Managing demand through increased community engagement and partnership working
- Delivering efficiencies through grant utilisation and reallocation and review of directorate staffing vacancies

## Key Capital Projects

- Resurfacing Herefordshire Highways
- Hereford Western Bypass Phase 1
- Strategic/Emergency Housing Capital Projects
- Historic Building Fund
- Estates Building Improvement Programmes
- Levelling Up Fund (LUF) Projects

Revenue Budget	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
<b>Opening budget</b>	40,992	38,291	44,748	48,430
<b>Pressures:</b>				
Demographic growth	6,984	660	663	666
Inflation	319	2,125	1,746	1,781
Other pressures	(2,800)	3,672	1,273	300
<b>Savings</b>				
Cost control	(2,875)	-	-	-
Increasing income	(1,200)	-	-	-
Managing demand	(500)	-	-	-
Delivering efficiencies	(2,629)	-	-	-
<b>Closing budget</b>	<b>38,291</b>	<b>44,748</b>	<b>48,430</b>	<b>51,177</b>

## Capital Programme



# Economy & Environment Directorate

## Strategic Priorities

The council's priority is to create the conditions to deliver sustainable growth across the county and to protect and enhance our environment and ensure that Herefordshire is a great place to live.

The Economy & Environment directorate aims to develop Herefordshire as a place for growth and prosperity where communities thrive; by expanding infrastructure, improving connectivity, increasing opportunities for housing, inward investment and supporting residents to access skills development, training and employment opportunities.

The directorate mission is to support Herefordshire's vision for a sustainable and successful future: as a vibrant, healthy, zero carbon and inclusive place to live, work, study and visit at all stages in life.

## Key Services

- Highways and transport services: including public and home to school transport, flood response, street cleansing, parks and highways maintenance.
- Technical services: including building control, parking, CCTV, property services, bereavements, registrations, coroners and markets, fairs and street trading.
- Regulatory, environment and waste services: including planning and regulatory services (environmental health, trading standards and licensing, school attendance and absence), waste collection and disposal services, climate and sustainability activities.
- Enabling housing development and growth.
- Economic development programme prioritising conditions for economic growth, business support, advice and guidance, development of skills and inward investment.
- Infrastructure delivery: including flood alleviation, cycling, walking and highway improvements and schemes.

- The number of homeless households is increasing in Herefordshire; driven by increased eviction notices, lack of appropriate private rental accommodation and lack of affordable housing. Whilst responding to this need is a key priority for the council, future mandatory targets for housing growth will place pressure on existing infrastructure and resident services.
- Herefordshire has the lowest county tier productivity (Gross Value Added per hour) in England and the second lowest in the UK, with averages wages 13% below the national average, which affects quality of life, health and living standards.
- With the fourth lowest population density in England, the residents of Herefordshire are unevenly distributed over a large area and this, alongside poor transport connectivity, represents challenges for inward investment, travel, productivity and economic growth.
- Continued investment to improve and maintain the condition and resilience of the road infrastructure across the county is essential.
- The costs of providing home to school transport services has significantly increased; attributable to both increases in the number of children and young people becoming eligible for this service, including those with complex needs who require specialist transport and economic factors including inflation, wage costs and fuel prices.
- Responding to flood and severe weather events which cause disruption across the county represents a continuing challenge for the council; requiring partnership working and engagement to strengthen community resilience and improve support for residents.
- Regulatory and legislative changes, including proposed reforms and changes to the National Planning Policy Framework, will have an impact on the delivery of key services in the Economy & Environment directorate.
- Coordination of elements required to deliver growth across Herefordshire including economic growth, housing, transport and infrastructure requires collaboration across a variety of stakeholders and local partners.

## Key Challenges and Risks to Service Delivery

# **Economy & Environment Directorate**

## **Appendices**

**Appendix A: Revenue Budget by Service**

**Appendix B: Revenue Budget Movements**

**Appendix C: 2026/27 Savings Proposals**

**Appendix D: Capital Projects**

## Appendix A: Revenue Budget by Service

Service Description	Net Budget 2025/26 £'000	Gross Budget 2026/27 £'000	Income £'000	Earmarked Reserves £'000	Net Budget 2026/27 £'000	Net Budget 2027/28 £'000	Net Budget 2028/29 £'000	Net Budget 2029/30 £'000
Directorate Management	141	808	-	(137)	671			
Resident Services: Highways, Environmental & Waste	23,063	45,474	(19,116)	(6,701)	19,657			
Commercial Services	3,309	8,514	(5,848)	-	2,666			
Economy and Growth	1,679	5,906	(3,516)	(988)	1,402			
Resident Services: Regulatory and Technical	60	4,015	(4,215)	(15)	(215)			
<b>Sub-total</b>	<b>28,252</b>	<b>64,717</b>	<b>(32,695)</b>	<b>(7,841)</b>	<b>24,181</b>	<b>-</b>	<b>-</b>	<b>-</b>
Resident Services: SEN and HTST Transport	12,735	15,798	(1,688)	-	14,110			
<b>Total</b>	<b>40,987</b>	<b>80,515</b>	<b>(34,383)</b>	<b>(7,841)</b>	<b>38,291</b>	<b>44,748</b>	<b>48,430</b>	<b>51,177</b>

## Appendix B: Revenue Budget Movements

Title	Detail	2026/27 £'000
Waste reserve - new waste collection contract	Withdrawn 2025/26 one-off reserve funding	2,014
Phosphate reserve	Withdrawn 2025/26 one-off reserve funding	500
Extended Producer Responsibility (EPR) grant	New grant allocated to Directorate	(4,200)
New weekly soft plastics collection	Funded from EPR grant	800
Contribution to waste reserve	Funded from EPR grant	600
New weekly food waste collection service	New service to commence in 2026/27	2,607
Waste reserve – new food waste collection service	One-off reserve funding in 2026/27	(2,607)
New fortnightly garden waste collection service	New service to commence in 2026/27	809
Waste reserve - new garden waste collection service	Reserve funding will off-set subscription fees	(809)
SEN transport - increase in students and costs	2025/26 growth and projected 2026/27 growth	2,736
Public transport subsidised routes	Additional retendered contracts commissioned	751
HTST transport - increase in students and costs	2025/26 growth and projected 2026/27 growth	491
Pay inflation	Estimated pay award	319
HTST - Extended Rights for Free Transport grant	Grant withdrawn	196
Flood Risk Management	New service - establishment costs	107
Transportation ICT	Flexi-route replacement software	77
Movement in pay estimates	Various	40
Miscellaneous	Various	72
<b>Total</b>		<b>4,503</b>

## Appendix C: 2026/27 Savings Proposals £7,204k

Ref	Savings Description	Proposed activity	TOTAL 2026/27 £'000	On 01/04/26 £'000	Over 2026/27 £'000
<b>CONTROL COSTS £3,875k</b>					
C1	<b>SEN and Home to School transport review</b>	Continuation of review of contract prices to secure reductions in taxi journey costs, increased partnership working with schools to explore shared transport options, development of in-house delivery model to provide a council managed service for routes transporting 1-4 passengers.	2,000	-	2,000
C2	<b>Service budget reductions:</b> 5% reduction in controllable spend across directorate budgets	5% reduction across a range of service budgets where there is controllable spend. For example a 5% reduction in the property maintenance budget achieved through identifying efficiencies and/ or prioritisation of activity.	500	500	-
C3	<b>Public Realm contract:</b> LEAN efficiencies in services delivered through public realm contract	As in previous years, contract efficiencies will be sought from the Public Realm Contract as part of the Annual Plan approval process.	375	375	-
C4	<b>Car-parking:</b> income arising covering costs from increasing activity from existing sources to better cover costs increasing costs associated with parking and highways	Review of parking charges to include introduction of pop and shop, increasing some parking charges to cover additional expenses from price freeze since 2023 and reviewing enforcement.	900	-	900
C5	<b>Realigning developer contributions to cover costs:</b> additional income from reassigning S278 (Highways Act) developer fees and fees and commuted sums from developers from S38 agreements under the Highways Act 1980	Increase in fees connected with new highway works to serve developments.	100	-	100
<b>INCREASE INCOME £200k</b>					
I1	<b>Inflationary uplifts:</b> to increase income from fees and charges across the directorate	Inflationary increase across traded services.	200	-	200
<b>MANAGE DEMAND £500k</b>					
D1	<b>Subsidised public transport:</b> review of public transport subsidised routes to reflect demand and usage of current routes	Review all public transport to seek cost reductions and potential for commercial routes to reduce subsidies. Explore better use of BSIP.	500	-	500
<b>DELIVER EFFICIENCIES £2,629k</b>					
E1	<b>Vacancy management:</b> deletion of vacant posts across Directorate	Review of vacant posts that can be deleted from the structure, achieved through re-prioritisation of activity, and or utilisation of technology/ new ways of working.	500	500	-
E2	<b>Grant utilisation:</b> additional utilisation of the Local Transport grant (LTG)	Reassign LTG to cover eligible activity.	50	50	-

Ref	Savings Description	Proposed activity	TOTAL 2026/27 £'000	On 01/04/26 £'000	Over 2026/27 £'000
E3	<b>Reallocation of directorate reserves:</b> to maintain expenditure for Public Rights of Way (£250k), Drainage (£445k) and Lengthsman Scheme (£250k) added to base budget in 2024/25 on receipt of additional funding at Final Local Government Settlement	Reallocation of reserves into revenue budget.	945	945	-
E4	<b>Waste stock:</b> reduction in levels held of household waste collection stock	Reducing number of receptacles held in stock.	60	-	60
E5	<b>Energy costs:</b> reduction in energy budget resulting from efficient usage and lower kw prices	Efficient energy usage.	80	-	80
E6	<b>Grant utilisation:</b> review of application of the Public Health Ringfenced Grant (PHRG) against eligible directorate expenditure	Reassign external grant funding, review staffing resource subsidised by PHRG.	294	-	294
E7	<b>Grant utilisation:</b> utilisation of Bus Services Improvement grant (BSIP) on Public Subsidised Routes	Assign BSIP funding to socially necessary subsidised bus routes.	500	500	-
E8	<b>Transfer:</b> transfer of toilet facilities to parish council	Capital investment to improve public toilet provision followed by transfer of maintenance responsibilities to the relevant parish council (in agreement with the Parish Council).	200	-	200
			7,204	2,870	4,334

## Appendix D: Capital Projects 2026/27 to 2029/30

Project	2026/27		2027/28		2028/29		2029/30	
	Total £'000	Funded by borrowing £'000						
Warm Homes Grant	1,003	-	982	-	-	-	-	-
Herefordshire Flood Risk Mitigation	1,805	1,055	-	-	-	-	-	-
UK Shared Prosperity Fund*	-	-	-	-	-	-	-	-
HWGTA - Development of Vocational Work Based Skills Investment*	-	-	-	-	-	-	-	-
Employment Land & Incubation Space in Market Towns	1,460	-	8,360	6,307	-	-	-	-
Rural Prosperity Fund*	-	-	-	-	-	-	-	-
Strategic/Emergency Housing Capital Projects	2,650	-	3,900	3,895	3,450	3,450	-	-
Historic Building Fund	-	-	5,000	5,000	-	-	-	-
Work to Shirehall Annex (Care Leavers Base)*	-	-	-	-	-	-	-	-
Estates Capital Programme 2019/22*	-	-	-	-	-	-	-	-
Residual property works (2019 condition reports)*	-	-	-	-	-	-	-	-
Estates Building Improvement Programme 22-25*	-	-	-	-	-	-	-	-
Estates Building Improvement Programme 23-25	990	756	-	-	-	-	-	-
Estates Building Improvement Programme 24-27	483	483	-	-	-	-	-	-
Building works from 2022 Condition Surveys	974	974	350	350	-	-	-	-
Shirehall Improvement Works	3,750	2,000	-	-	-	-	-	-
Property Improvements in Care Homes	484	484	-	-	-	-	-	-
Estates Building Improvement Programme 26-29	1,809	809	1,121	1,121	35	35	-	-
Estates Building Improvement Programme 25-28	2,622	2,222	526	326	-	-	-	-
<b>Total</b>	<b>94,898</b>	<b>37,856</b>	<b>77,804</b>	<b>36,140</b>	<b>60,023</b>	<b>21,263</b>	<b>44,364</b>	<b>-</b>

\*Spend in prior years