g

Report to Finance, Assets & Performance Scrutiny Committee

17 September 2026

Medium Term Financial Strategy (MTFS) 2027/28 to 2031/32

Lead Member:

Cllr Graham Shaw – Deputy Leader and Cabinet Member for Finance

Lead Officer:

Craig Turner – Service Director for Finance (Section 151 Officer)

Key Decision: Yes

Ward(s): All

Appendices: Appendix A – MTFS 'Gaps'

Report Assurance:

	Name	Date
Lead Officer	Craig Turner	7/9/26
Monitoring Officer	Olwen Brown	9/9/26
Section 151	Craig Turner	7/9/26
Cabinet Member	Cllr Graham Shaw	9/9/26

Report Summary

The Council has a statutory duty to set a balanced budget by February 2027. Best practice is for financial planning to take place over a 5-year period in the form of a MTFS that sets out how the Council plans to allocate resources to meet its objectives.

This report refreshes the assumptions regarding financial pressures facing the Council and sets out the strategy for development of the 2027/28 budget and MTFS for 2027/28 to 2031/32.

The table below sets out the key dates of the events to take place before the budget for 2027/28 is finally approved:

Event	Committee/Board	Date
Draft MTFS	FAPSC	17 September 2026
First draft savings proposals	Cabinet	1 December 2026
Budget Strategy Board	September to mid October	
Budget consultation	Mid November to mid December	
Scrutiny of first draft savings proposals	FAPSC	10 December 2026
Approval of final MTFS & consideration of draft budget proposals	Cabinet	19 January 2027
Scrutiny of draft budget proposals	FAPSC	21 January 2027
Final budget proposals recommended for approval by Full Council	Cabinet	2 February 2027
Full Council to approve budget	Full Council	17 February 2027

Recommendations

That the Committee:

1. Note the funding pressures of £0.777m in 2027/28 and £1.470m over the 5 year period covered by the MTFS.

2. Note the approach regarding the development of savings and income generation proposals in the medium term.

1. Background

1.1. Full Council agreed a MTFS for the period 2026/27 to 2030/31 in February 2026 as part of the budget setting process. This report refreshes the assumptions regarding financial pressures facing the Council from that time and sets out the strategy for development of the 2027/28 budget and MTFS for 2027/28 to 2031/32

1.2. The current forecast around financial pressures facing the Council is for a gap in 2027/28 of £0.777m and a gap over the 5-year period of the MTFS of £1.470m. Further details are shown in Appendix A.

1.3. Pressure will continue to be placed on local government finances in the medium term. These include inflation and interest rates that place pressure on the public sector in terms of fuel and utilities, contractor costs, supplies and services and borrowing costs.

1.4. In addition to the above, a budget pressure in respect of Local Government Reorganisation was recognised when setting the budget for 2026/27, £400,000 is currently held in the Local Government Reorganisation reserve, a further £200,000 is provided for in the MTFS for 2027/28. It is not yet known whether these allocations will be sufficient for any works and backfilling of posts that may be required, therefore this will be closely monitored and updated as the process progresses.

1.5. The MTFS has been prepared against the back drop of Local Government Reorganisation, it is recommended that in addition to balancing the budget for 2027/28, the Council aims to balance the MTFS for the four years thereafter to ensure that the Council's financial position at vesting day provides sustainability over the medium term.

1.6. Cabinet resolved on 23 June 2026 that work will not be progressed on the development of a new Local Plan for the Borough until the outcomes and implications of Local Government Reorganisation are known, a balance held in the Business Rates Reserve will be set aside until such outcomes and implications are known.

2. Purpose

2.1. To present an update regarding the financial pressures facing the Council for the period 2027/28 to 2031/32.

3. Strategic Approach

2.1 The MTFS provides an overarching framework for the allocation of resources to the Council's key priorities as set out in the Council Plan.

2.2 The financial strategy will continue to focus on the need for the Council to remain self-sustaining through developing a strong and growing tax base and making best use of its resources, promoting an 'everyone's responsibility' culture in which there continues to be widespread internal ownership of the Council's financial position and a robust financial position.

2.3 Work on the detail of the 2027/28 budget including investment and savings proposals is well underway and is being overseen by a Budget Strategy Board chaired by the Leader of the Council. Draft savings proposals will be presented to Cabinet and the Finance, Assets and Performance Scrutiny Committee (FAPSC) in December.

2.4 The Budget Strategy Board process will include challenge sessions for each of the Cabinet Portfolios involving Cabinet Members, the Corporate Leadership Team and Service Directors.

2.5 Based on this work, key themes for further exploration are anticipated to include commercial opportunities, net zero, asset management and budget prioritisation.

4. Finance & Resources

4.1. The current forecast around financial pressures facing the Council is for a gap in 2027/28 of £0.777m and a gap over the 5-year period of the MTFS of £1.470m. Further details are shown in Appendix A.

4.2. It should be noted that this forecast includes assumptions around the tax base for both Council Tax and Business Rates, previously this has been included in the strategy for closing the gap.

4.3. A full risk assessment is being carried out on the Council's reserves. A preliminary assessment suggests that the current General Fund reserve of £2.225m will be required in full to provide sufficient cover for potential risks. Further consideration of the levels of other reserves held will be considered as part of this assessment.

4.4. The Council agreed a capital programme in February 2026 for the 3 year period 2026/27 to 2028/29. The capital programme sets out how the Council will invest capital resources to support service delivery and facilitate the achievement of key objectives. The capital programme has been reviewed and updated including expected capital receipts from asset disposal and the profiling of expected spend, it will be subject to further review, amendment and updates throughout the Budget Strategy Board process.

4.5. In line with the period of the MTFS it is intended that a 5 year capital programme will be agreed as part of the budget setting process.

4.6. Work on the detail of the 2027/28 budget including investment and savings proposals is well underway and is being overseen by a Budget Strategy Board chaired by the Leader of the Council. Draft savings proposals, including those relating to the removal of Net Zero related projects and the associated savings in borrowing costs, will be presented to Cabinet and the Finance, Assets and Performance Scrutiny Committee (FAPSC) in December.

5. Legal & Governance

5.1. The Council is required to set its Council Tax for 2027/28 by 10 March 2027, per Section 30(6) of the Local Government Finance Act 1992. It is planned to approve the final budget and Council Tax rates on 17 February 2027.

5.2. Section 25 of the Local Government Acts 2003 places a duty on the Section 151 Officer to report on the robustness of the budget. The main risks to the budget include spending in excess of budget; income falling short of the budget (including capital receipts from disposal of assets); and unforeseen elements such as changes to Government funding and costs associated with Local Government Reorganisation. In the context of uncertainty regarding Government funding reforms there are significant budget risks that will need to be managed. It will be essential the Council has sufficient reserves to call on if required.

6. Supporting Information

6.1. Report to Council 11 February 2026 – Revenue and Capital Strategies 2026/27 (link).