

**COUNCIL
4 DECEMBER 2025**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: MEDIUM TERM FINANCIAL STRATEGY 2026-30

REPORT OF: *Director: Resources*

EXECUTIVE MEMBER: *Resources*

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

This report recommends the Medium-Term Financial Strategy (MTFS) for 2026/27 to 2029/30 to guide and inform the Council's Business Planning Process. The four year period of the MTFS reflects the timelines related to Local Government Reorganisation.

The MTFS details a high level of uncertainty in our future funding, but that this should be resolved by the end of December. There will need to be an adapt as we go through the budget setting process.

The MTFS supports and is supported by the Council Plan. This reflects that the Council can only deliver priorities and projects that it can afford and should prioritise its spending around delivering its priorities.

2. RECOMMENDATIONS

- 2.1. That Council approve the Medium Term Financial Strategy, as attached at Appendix A.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Adoption of a Medium Term Financial Strategy (MTFS) and communication of its contents will assist in the process of forward planning the use of Council resources and in budget setting for 2026/2027 onwards, culminating in the setting of the Council Tax precept for 2026/27 in February 2026. Alongside the Council Plan, this will support the Council in setting a budget that is affordable and aligned to Council priorities.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Council needs to have a strategy for setting its budget to ensure that it meets its statutory duty to set a balanced budget over the medium term, and ensure that spend is prioritised towards delivering statutory services and its strategic aims (as set out in the Council Plan).
- 4.2 In line with the Financial Management Code (published by the Chartered Institute of Public Finance and Accountancy), the Council aspires to set a longer-term financial

strategy (e.g. 10 years) that considers the various risks and plans scenarios to deal with them. However, this MTFS deliberately takes a shorter-term view, which reflects the impact of Local Government Reorganisation (LGR). The LGR timelines would mean that this Council would no longer exist from April 2028, but we need to consider the impact of our financial position on the successor Authority.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Executive Member for Resources has been consulted in developing this Strategy.
- 5.2 No direct external consultation has been undertaken in the preparation of this report. However, over the Summer, we did a budget survey. The results of that consultation will be considered as part of the budget setting process. A brief summary is included in Appendix A.
- 5.3 As in previous years, Member workshops are being held in November to discuss budget proposals and priorities in advance of them being considered by Cabinet. Due to the intentional delay to preparing this MTFS, those workshops also took place prior to this report being considered.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1 The Council is required to set a balanced budget each year. This can include using reserves if this is affordable over the medium term. The Council therefore sets a Medium Term Financial Strategy each year to help determine the approach that it will take to setting the detailed budget for the following year. This explains why the period of the MTFS is different to the period covered by the Council Plan. However they strongly align in terms of the actions required to deliver a medium-term balanced budget.

8. RELEVANT CONSIDERATIONS

- 8.1 The Medium Term Financial Strategy (MTFS) is attached as Appendix A. It details the uncertainties and assumptions used to estimate our future finances. It notes that the high uncertainty over our future funding will be resolved by the end of December. This means that there will be a need to adapt as go through the budget setting process.
- 8.2 Our reserves can be used in a managed way to support the implementation of savings required. But they can not be used in the medium term without a plan to achieve a balanced budget.
- 8.3 Council are asked to approve the wording of the MTFS (as per Appendix A). The Communications Team will then work on improving the presentation (e.g. images, colour) prior to it being published on our website.
- 8.4 At Finance, Audit and Risk Committee there was a discussion on the impact on General Fund reserves of the two funding scenarios presented in the MTFS, if no further savings

were identified and delivered. This information was provided to Cabinet and included at Appendix B to this report.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet's terms of reference include at 5.7.38 the power, by recommendation "to advise the Council in the formulation of those policies within the Council's terms of reference". Council's terms of reference include at 4.4.1(b) "approving or adopting the budget". The MTFS is part of the budget setting process. Paragraph 2.7 of the Council's Financial Regulations (Section 19 of the Constitution) details that "[t]he Medium Term Financial Strategy ... require[s] approval by Full Council".
- 9.2 Councillors are reminded of the requirement, under section 30 of the Local Government Finance Act 1992, to set a balanced budget prior to the commencement of the financial year in question; and also that the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of estimates and the adequacy of reserves allowed for in the budget.

10. FINANCIAL IMPLICATIONS

- 10.1 Revenue financial implications are covered in Appendix A.
- 10.2 The main purpose of the Medium Term Financial Strategy is to consider the revenue funding, income and expenditure for the Council. This includes considering the revenue implications of capital expenditure.

11. RISK IMPLICATIONS

- 11.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2 The key risks within the budget assumptions are referred to in Appendix A.
- 11.3 There are financial and reputational risks involved in arriving at a balanced budget against the uncertainty surrounding levels of government funding. We seek to mitigate the risks through the use of the established corporate business planning process and early involvement of members in the process.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 The MTFS attempts to align resources to the delivery of the Council Plan, which sets the corporate objectives. Through its corporate objectives the Council is seeking to address equality implications in the services it provides and through the remainder of the Corporate Business Planning Process will carry out Equalities Impact Assessments for relevant efficiency or investment options.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that directly apply to this report.
- 14.2. The MTFS attempts to align resources to the delivery of the Council Plan, which sets the corporate objectives. Through its corporate objectives the Council is seeking to address the impacts of climate change in the services it provides and through the remainder of the Corporate Business Planning Process will carry out Environmental Impact Assessments for relevant efficiency or investment options.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1. The MTFS makes assumptions in relation to pay inflation. As the actual rate of inflation will be subject to national pay bargaining, the actual costs will depend on the results of those negotiations. The budget also makes assumptions around funding for increments. Whilst the MTFS references our pay competitiveness, the budget does not currently make any allowance for any costs that could be incurred in addressing this (e.g. pay increases above inflation).
- 14.2. The delivery of projects to deliver council objectives depends on having adequate people resources with the requisite skills.
- 14.3. The development of budget proposals will take up staff time. As they are developed these budget proposals will identify the ongoing impact on staff.

16. APPENDICES

- 16.1. Appendix A- Medium Term Financial Strategy 2026-30
- 16.2. Appendix B- Potential General Fund balance forecasts

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1. None