CABINET
TUESDAY, 24 NOVEMBER 2026

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: Medium Term Financial Strategy 2027-30

REPORT OF: Director - Resources

EXECUTIVE MEMBER: Executive Member - Resources

COUNCIL PRIORITY: All Priorities;

1. EXECUTIVE SUMMARY

This report recommends the Medium-Term Financial Strategy (MTFS) for 2027/28 to 2029/30 to guide and inform the Council's Business Planning Process. The three year period of the MTFS reflects the probable timelines related to Local Government Reorganisation.

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 Cabinet recommend to Council the adoption of the Medium-Term Financial Strategy, as attached at Appendix 1.

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 2027/2028 onwards, culminating in the setting of the Council Tax precept for 2027/28 in February 2027. Alongside the Council Plan, this will support the Council in setting a budget that is affordable and aligned to Council priorities.

3.2. Finance, Audit and Risk Committee support the development of the MTFS through reviewing and commenting on the underlying assumptions and risks.

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).

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1. Consultation will take place as part of the overall budget-setting process. As in previous years, Member workshops will have been held in November to discuss budget proposals and priorities in advance of them being considered by Cabinet.

5.2. The Council undertook a budget survey during summer 2025. The results of this were presented alongside setting the 2026/27 budget. The findings from that survey remain relevant in setting the 2027/28 budget.

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. The ultimate decision on adopting the MTFS is taken by Full Council.

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 MTFS each year to help determine the approach that it will take to setting the detailed budget for the following year.

8. RELEVANT CONSIDERATIONS

8.1 The MTFS is attached as Appendix 1. It details the uncertainties and assumptions used to estimate our future finances. The wording of the strategy can be updated if there is more certainty over the Local Government Reorganisation (LGR) process prior to it being adopted.

8.2 Reserves can be used in a managed way to support the implementation of savings required. But they cannot be used in the medium term without a plan to achieve a balanced budget. The MTFS details a principle that the Council should be a good LGR ancestor and provide any successor Council with a balanced budget.

9. LEGAL IMPLICATIONS

9.1 Finance, Audit and Risk Committee's Terms of Reference include at 10.1.5 (b) "[t]o review and recommend the Medium Term Financial Strategy to Cabinet (including, although not limited to consideration of associated procedures, policies and process)".

9.2 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 20 of the Constitution) details that "[t]he Medium Term Financial Strategy … require[s] approval by Full Council".

9.3 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 1.

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 1.

11.3 There are financial and reputational risks involved in arriving at a balanced budget. These risks are mitigated through 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. Equalities Impact Assessments will be carried out 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. All recommendations/actions of the council, and those identified in this report strive for positive impacts on the environment as per the Council’s Sustainability priority. The MTFS supports the delivery of the Council plan which in turn supports the following aims of the Sustainability Strategy:

- Achieve Net Zero by 2030 for the council’s own operations.
- Achieve a Net Zero North Herts district by 2040.
- Ensure all operations and services are resilient to the impacts of climate change.
- Become a district that is resilient to unavoidable impacts of climate change.
- Increase biodiversity in North Herts.

14.2 Positive or negative environmental impacts have not been identified at the time of writing. As specific budget proposals are developed then, where relevant, an Environmental Impact Assessment will be completed.

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.

15.2 The delivery of projects to deliver council objectives depends on having adequate people resources with the requisite skills.

15.3 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 1 - Medium-Term Financial Strategy 2027-30

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

18.1. None