

<b>Scrutiny Board:</b>	Budget and Corporate Scrutiny Management Board
<b>Report Title</b>	Budget 2026/27
<b>Date of Meeting</b>	Wednesday, 28 January 2026
<b>Report Author</b>	Claire Spencer, Service Director - Finance
<b>Lead Officer</b>	Alex Thompson, Executive Director - Finance & Transformation
<b>Wards Affected</b>	(All Wards);
<b>Identify exempt information and exemption category</b>	N/A
<b>Appendices (if any)</b>	1. Medium Term Financial Strategy and Draft Budget 2026/27

## 1. Executive Summary

- 1.1 At its meeting of 4<sup>th</sup> February 2026, the Cabinet will be asked to approve the council's Medium-Term Financial Strategy and Draft Budget 2026/27 and will be asked that the corresponding report be submitted to Full Council on 24<sup>th</sup> February 2026 for consideration and approval.
- 1.2 In advance of the Cabinet meeting, the Budget and Corporate Scrutiny Management Board is asked to review the Medium-Term Financial Strategy and Draft Budget materials and to identify any recommendations that it wishes to make. Any such recommendations will be reported to the Cabinet.

## 2. Recommendations

- 2.1 That the Budget and Corporate Scrutiny Management Board considers and comments upon the information presented and determines whether it wishes to make any recommendations to Cabinet.

### 3. **Background and Context**

3.1 In October 2025, the Council endorsed its Medium-Term Financial Strategy (MTFS) for 2026/27 to 2030/31 and authorised the commencement of a period of consultation on the efficiency and income generation proposals contained within it. The draft MTFS included indicative financial estimates and a forecast balanced budget for the 2026/27 financial year, subject to consultation on, and implementation of, the efficiency and income generation measures for 2026/27 that were proposed.

3.2 The forecast budget gap for the 2026/27 financial year, prior to efficiency and income generation proposals, was £8.4m, and proposals totalling £8.4m were presented for consultation in order to close the budget gap.

3.3 Consultation on the draft budget proposals included a series of Budget and Corporate Scrutiny Management Board meetings whereby Scrutiny Board members were able to review, test and challenge both budget growth and efficiency and income generation proposals included within the draft MTFS.

3.4 Since October, the MTFS has been reviewed and updated, following the completion of the budget consultation period and as new information has come to light. This reflects the ongoing refinement of planning assumptions.

3.5 Principally, since October, the MTFS has been reviewed and updated to take account of:

- Feedback from the budget consultation
- The impact of the Provisional Local Government Finance Settlement
- The impact of the Chancellor's Budget announcement
- Latest assumptions relating to pay inflation, price inflation, pension costs and demographic growth
- Latest assumptions relating to the Collection Fund
- Budget pressures that have emerged within the council's quarter 2 budget monitoring position
- The calculation and approval of the Council Tax Base for 2026/27

3.6 Refinement of planning assumptions and updated information have reduced the forecast budget gap for 2026/27, prior to efficiency and income generation proposals, to £7.8m in January 2026. The total value of the suite of efficiency and income generation proposals has been reduced accordingly in order to offset this revised forecast budget shortfall.

3.7 Budget and Corporate Scrutiny Management Board members now have the opportunity to consider the revised proposals and assumptions within the MTFS and Draft Budget 2026/27 that will be presented to Cabinet on 4<sup>th</sup> February 2026, and to consider whether the Board wishes to make any recommendations to Cabinet in advance of the Cabinet meeting. Effective

scrutiny of the council's financial position and strategy is integral to the council's ability to achieve a sustainable budget that is aligned to its strategic priorities.

3.8 Following the Cabinet meeting and receipt of the Final Local Government Finance Settlement, the MTFS and Draft Budget 2026/27 will be presented to Council for final approval on 24<sup>th</sup> February 2026.

#### **4. Consultation**

4.1 Between 16<sup>th</sup> October 2025 and 28<sup>th</sup> November 2025, the council undertook a comprehensive consultation on the proposals within the draft MTFS, in order to ensure that any subsequent decisions on those proposals were fully informed and reasoned.

4.3 Further details of the budget consultation are set out within the attached report to Cabinet and appendices.

#### **5. Financial Implications**

5.1 Details of all implications of the MTFS are set out in the attached report to Cabinet and appendices.

#### **6. Legal and Governance Implications**

6.1 Details of all implications of the MTFS are set out in the attached report to Cabinet and appendices.

#### **7. Risks**

7.1 Details of the risks within the MTFS are set out in the attached report to Cabinet and appendices.

#### **8. Equality and Diversity Implications (including the public sector equality duty)**

8.1 Further details of the implications of the MTFS are set out in the attached report to Cabinet and appendices.

#### **9. Other Relevant Implications**

9.1 Further details of the implications of the MTFS are set out in the attached report to Cabinet and appendices.

#### **10. Background Documents**

10.1 Draft Medium Term Financial Strategy 2026/27 to 2030/31 – 15<sup>th</sup> October 2025

## **11. How does this deliver the Outcomes in the Council Plan?**

- 11.1 The financial position of the authority determines the affordability of all of the authority's activities. This underpins the resources available to achieve the objectives of the Council Plan.
- 11.2 The proposals within the report to Cabinet support the objectives of the Council Plan by ensuring that the council aligns available resources most efficiently to meet its strategic policy and performance commitments. This ensures that the council's best value obligations are met.