

Slough Borough Council

Information needed	Details
Report To:	Corporate Improvement Scrutiny Committee
Date:	4 th February 2026
Subject:	2026/27 Budget and Medium-Term Financial Strategy - Draft Proposals
Chief Officer:	Ian O'Donnell, Interim Executive Director of Corporate Resources (S151 Officer)
Contact Officer:	Mark Hak-Sanders, Director of Financial Management and Strategy
Ward(s):	All
Exempt:	No
Appendices:	Appendix 1 – Proposed Budget Pressures Appendix 2 – Proposed Savings Appendix 3 – Proposed Capital Programme

1. SUMMARY AND RECOMMENDATIONS

- 1.1. Cabinet, in accordance with the Council's budget process as set out in the Constitution, are required to propose a balanced budget for 2026/27 and Medium-Term Financial Strategy (MTFS) for consideration by Full Council, which is scheduled for 26th February 2026. The proposed MTFS covers three years, aligned to the Government's three-year funding settlement. Full budget proposals will be published prior to Cabinet on 16th February in advance of Council on 26th February.
- 1.2. Corporate Improvement Scrutiny Committee's terms of reference include a role to scrutinise and contribute to the Council's budget-setting cycle. This report sets out an overview of the Cabinet's draft General Fund budget proposals for 2026/27 and the medium-term to 2028/29, building on the report to CISC on 9th December 2025, which included draft proposals on pressures and savings.
- 1.3. The Cabinet's final budget proposals will include consideration of recommendations from CISC as well as feedback from engagement with residents and businesses on the draft proposals published in December.
- 1.4. The draft proposals are also subject to Commissioner review, which may result in amendments prior to final publication.

Recommendations:

That CISC Members:

- a. Review the contents of the draft budget proposals set out in this report.
- b. Make recommendations to Cabinet for consideration in the budget proposals, based on the contents of this report and the work of the Budget Task and Finish Group, reported separately on this agenda.

Commissioner Review

The report content and timing reflect the revised timetable necessary for setting the 2026/27 Budget, primarily driven by significant in year financial instability and external pressures attributed to rapidly increasing demand for statutory services.

The committee should objectively consider the most recent iteration of the draft Budget and Medium-Term Financial Strategy proposals and draft Capital Programme, assess the strengths and weaknesses of the budget pressures, savings proposals and capital projects, seek any explanation or information needed to better understand the proposals, and the impact that the proposals will have on local people.

Between now and budget setting, should committee members or party groups want to take proposals off the table for policy reasons or propose the addition of proposals to the schedule to bridge the residual budget gap, in the context of ensuring a balanced budget can be achieved, it is critical that they seek to identify alternative options in a timely manner to enable the proposal to be appropriately evaluated and impact assessed, to secure long term financial sustainability.

Commissioners are content for this report to be considered.

2. EXECUTIVE SUMMARY

- 2.1. The Council's financial position is challenging, and work has taken place to improve financial sustainability and provide a balanced MTFs over the medium term.
- 2.2. Like all local authorities, the Council is having to manage increasing demand in Adult Social Care, Special Education Needs and, particularly, Temporary Accommodation. Ongoing pressures are also evident within Children's Social Care, which are met through Slough Children First and feature in the Council's budget as an increased contractual payment to the company.
- 2.3. The strategic approach to the Council's MTFs can be summarised as follows:
 - To establish financial stability by prudently recognising emerging budget pressures based on the most robust available data and demand modelling, mitigating limitations in that data through scenario planning, adequate reserves and sustainable contingencies.
 - To benchmark service cost and quality and take steps toward providing assurance that both compare favourably to similar authorities.
 - To establish a three-year rolling savings programme that consists of a combination of the following key elements:
 - **Financial Grip** – to ensure budget pressures are robust and justified, budgets are regularly reviewed and put to most effective use, and that income due to the Council is collected effectively.
 - **Operational Improvements** – to recognise opportunities to release efficiencies, generate income and reduce spend in the Council's day-to-day operations.

- **Transformation** – to fundamentally review the Council’s operating model and relationship with the town, its people and partners in order to reduce financial demands on the Council through preventative activities, achieving best value and improving outcomes for residents.
 - To model the beneficial impact of the Government’s Fair Funding Review and the three-year settlement, noting that transitional arrangements mean that the full benefit is not felt until 2028/29.
 - To hold reserves at a prudent level.
 - To plan a capital programme based on external funding and developer contributions, minimising any additional borrowing and focussing on critical investment or invest-to-save proposals.
 - To use Exceptional Financial Support once all avenues have been exhausted, to fund transformation and stabilise the budget until the full benefits of Fair Funding Review changes are released.
- 2.4. The proposed balanced budget is based upon a 4.99% increase in Council Tax and subject to Exceptional Financial Support for 2026/27 of £42.9m – in the form of a capitalisation direction to be approved by government. Government will not announce their decision until late February.
- 2.5. In addition to the £42.9m requested for 2026/27, a further £22.4m is proposed for 2027/28. The Council’s proposed MTFs is balanced by 2028/29 with no further reliance on EFS as set out in the table in section 3 below.
- 2.6. The provisional Local Government Finance Settlement (LGFS) was published 17 December 2025, but the final LGFS will not be published until February 2026. Taken in total, the LGFS indicates £57m of additional funding over the medium-term, consisting of Council Tax, increased grant income as a result of the Fair Funding Review and a reset to the Business Rates Retention system. However, only c£20m of the increase falls in 2026/27. The remaining increase is phased in over the following two years as a result of transitional arrangements that effectively leave the Council underfunded in 2026/27. Whilst Government’s Core Spending Power publication indicates a £57m increase, this is based on historic tax-base growth assumptions. Local assumptions on collection fund and tax base growth show an overall increase of £46.5m as set out in the table overleaf.

3. 2026/27 Budget and MTFs Projections

- 3.1. The following table provides the proposed budget 2026/27 and MTFs projections, proposing a balanced budget for each financial year, with no EFS planned for 2028/29.

MTFS Overview	2026/27 £m	2027/28 £m	2028/29 £m	Total £m	Report & Appendix Reference
Removal of CD PY CD Support	15.709	42.899	22.433		
2025/26 Ongoing Budget Pressures	25.059	0.000	0.000	25.059	Section 7.8 Appendix 1a
Replenish Reserves for 2025/26 Overspend	10.000	(8.000)	(2.000)	0.000	
Revised Opening Position	50.768	34.899	20.433	25.059	
2026/27 PRESSURES					
Directorate growth and pressures	9.554	10.080	9.853	29.487	Section 7.8 Appendix 1b
Pay Award & Contract Inflation	4.896	3.205	2.984	11.085	Assumptions set out below
MRP, Assets, Time Limited Budgets, Pension Deficit, Companies, Reserves, Interest, Contingency	1.104	(0.493)	2.069	2.680	Corporate Assumptions Highlighted in Section 6
TOTAL NEW PRESSURES	15.555	12.792	14.905	43.252	
TOTAL GROWTH / PRESSURES	66.323	47.691	35.338	68.311	
FINANCING					
Grants, including provisional settlement	(6.637)	(9.471)	(9.383)	(25.491)	Section 4 and 5
Council Tax Income	(3.714)	(5.079)	(5.349)	(14.142)	
Council Tax Collection Fund (Surplus) / Deficit	5.763	(4.434)	0.000	1.329	
Business Rates - Local Share	(6.720)	(1.126)	(1.014)	(8.860)	
Business Rates Collection Fund (Surplus) / Deficit	(3.064)	5.064	0.000	2.000	
Collection Fund Savings	(6.038)	4.684	0.000	(1.354)	
TOTAL FINANCING	(20.410)	(10.362)	(15.746)	(46.518)	
SAVINGS (INCL FEES & CHARGES)					
Operational Savings	(4.165)	(6.421)	(3.181)	(13.766)	Section 7.9 & Appendix 2
Transformational Savings	(5.249)	(10.595)	(15.514)	(31.357)	
Contingency (20% of Transformational Savings)	1.400	2.119	3.103	6.622	
SUBTOTAL SAVINGS	(8.013)	(14.897)	(15.592)	(38.502)	
Transformation Implementation Resources	5.000	0.000	(4.000)	1.000	
GAP - EFS REQUEST	42.899	22.433	0.000	65.332	

3.2. The Council's MTFS over future years will be balanced without EFS by 2028/29. The MTFS recognises that expenditure exceeds its available funding for 2026/27 and 2027/28, but that over the three-year period a combination of additional funding and a significant savings proposal will return the Council to a sustainable financial position without EFS. The balanced budget for 2026/27 is underpinned by the assumption of £65.332m EFS request submitted to the Ministry of Housing, Communities and Local Government (MHCLG). Note that the below profile is subject to MHCLG approval for amounts in 2026/27 & 2028/29.

	Up to 2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Exceptional Finance Support	313.397	23.078	15.709	42.899	22.433	0	417.516

4. LOCAL GOVERNMENT FINANCE SETTLEMENT

4.1. The draft Local Government Finance Settlement (LGFS) was published on 17 December 2025 and the budget balances on that basis. The final version will be published in February 2026 but any differences between the provisional and final settlement is expected to be minimal and should not cause the budget to fall out of balance. Key funding assumptions are set out in the following sections.

5. CORE FUNDING ASSUMPTIONS

5.1. The following table outlines the core funding assumed in the 2026/27 Budget and MTFS Position:

Funding Source	2026/27 £m	2027/28 £m	2028/29 £m
Council Tax Income	(91.193)	(96.272)	(101.621)
Council Tax (Surplus) / Deficit	4.181		
Business Rates - Local Share	(49.113)	(50.239)	(51.253)
Business Rates (Surplus) / Deficit	(9.495)	0.000	0.000
Revenue Support Grant	(31.999)	(47.005)	(57.353)
Families First Partnership	(3.027)	(3.027)	(2.585)
CSP Grants (including LA Better Care Grant from 2026/27)	(10.278)	(5.442)	(5.516)
Extended Producer Responsibility	(2.796)	(2.097)	(1.500)
Core Funding	(193.720)	(204.082)	(219.828)
Capitalisation Direction	42.899	22.433	0.000
Total Funding	(236.619)	(226.515)	(219.828)

5.2. The table uses both the core spending power information provided as part of the draft LGFS in December but also incorporates local information especially with regards to projections of council tax income and collection fund deficits

COUNCIL TAX

5.3. The following table outlines the council tax estimates within the MTFS and the calculation for the 26/27 Budget.

	2026/27	2027/28	2028/29
Council tax base (Band D Equivalent Properties)	45,166.3	45,415.6	45,660.5
Band D (£)	2,019.05	2,119.80	2,225.58
Collection Rate assumed in the above	98.25%	98.25%	98.25%
Council Tax £m	91.193	96.272	101.621
Collection Fund deficit	(4.181)	0.000	0.000
Total resources from Council Tax	87.012	96.272	101.621

5.4. Assumptions within the Council tax estimates are as follows;

- a. An increase of 4.99% (standard increase 2.99% and adult social care increase of 2.00%), rising from band D £1,923.09 in 2025/26 to £2,019.05 in 2026/27;
- b. Future years assume a 4.99% council tax increase;
- c. Council tax collection rate remains at 98.25%
- d. 0.05% Tax Base growth for each year.
- e. Each 1% increase in Council Tax, taking account of the impact of the collection rate, nets an additional £0.912m in 2026/27.

5.5. Under legislation, the Council manages the collection of council tax through the collection fund. Based on the past performance of the collection fund, the Council is required to recognise a collection fund deficit into the General Fund of £4.181m in 2026/27. This recognises the timing differences between setting the council tax for the forthcoming financial year and the performance of growth assumptions and collection rates. The MTFS for future years does not assume a further collection fund surplus or deficit for the later years. The deficit for 2026/27 consists of:

- 2023/24 and previous: £2.004m deficit. When the same calculation was undertaken for setting the 2025/26 budget, the 2023/24 accounts had not been finalised, and this number was not known.
- 2024/25: £0.422m lower growth than anticipated. Growth was estimated in the second half of the year which didn't materialise. This year's calculation has excluded any such growth.
- 2024/25: £0.739m bad debt provision top up higher than forecast. The year-end top-up was higher than estimated this time last year
- 2025/26: £1.017m in-year position not as favourable as budget.

BUSINESS RATES – (National Non-Domestic Rates – NNDR)

5.6. The following table outlines the business rates estimates within the MTFS. These have been updated following completion of the NNDR1 form for 2026/27 which formally estimates the business rates income for the year and is shared with central government and the Berkshire Fire Authority who receive a share of the business rates collected.

	2026/27 £m	2027/28 £m	2028/29 £m
Business Rates	(49.113)	(50.239)	(51.253)
Estimated (surplus) relating to prior years	(9.495)	0.000	0.000
Total	(58.608)	(50.239)	(51.253)

The local government finance policy statement in November 2025 announced the intention to “reset” the business rates retention system in 2026/27. This is alongside the government’s planned review of “Relative Needs and Resources” will also be implemented in 2026/27, although transitional arrangements are in place.

5.7. Assumptions within the Business Rate estimates are as follows;

- a) Estimated business rates funding matches the baseline funding levels provided by government, including growth of c.2% per annum.
- b) Local growth may exceed this, which would provide a temporary upside for the budget and MTFs until the next business rates reset.
- c) The surplus for 2026/27 will be £9.495m as set out below.

The Council has procured a supplier to identify missing or incorrect Business Rates Rateable Value and properties due for Council Tax. From this work already completed in reviewing Slough’s Business Rates list they have identified over £16m in missing RV for the Council. Of that the Council would retain 49% before the impact of the collection fund calculation on Tariff, S31 and Levy.

In 2025/26 there is a potential requirement for the Council to fund a total of £3.409m consisting of a net change in business rates income to the General Fund (levy payments offset by additional S31 grant) and the one-off fee to the supplier. In this case there would be a one-off benefit in 2026/27 £7.840m. The mechanics of collection fund accounting mean that the Council cannot draw it into the General Fund until 2026/27. When the one-off costs in 2025/26 are repaid, an estimated net one-off benefit of an estimated £4.431m is generated for 2026/27.

This is part of the £9.495m net surplus set out above, which is the net surplus over 2025/26 and 2026/27 from the RV exercise and other upsides within the collection fund.

6. CORE EXPENDITURE ASSUMPTIONS

6.1. In developing the draft budget for 2026/27 and MTFs the following assumptions have been incorporated:

	2026/27	2027/28	2028/29
Pay Award	3.00%	2.00%	2.00%
Inflation CPI	3.80%	2.00%	2.00%
Inflation RPI	4.50%	2.80%	2.80%
Contract Specific	Various according to specific contracts.		

Finance & Commercial Interest Rates	5.00%	5.00%	5.00%
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7. BUDGET PROPOSALS 2026/27

- 7.1. In December, Cabinet considered growth and saving proposals as part of the path towards proposing a balanced budget. This work has since been refined further and details of each growth and saving proposal can be seen in Appendices 1 and 2.
- 7.2. Proposals that change the staffing structure or have an impact on services (or both) will include the appropriate consultation with staff or residents (or both) and an equality impact assessment, to be considered by the appropriate decision maker. The budget includes appropriate contingencies for instances where further consultation and decision making may not deliver the level of saving initially assumed.
- 7.3. The Budget Pressures set out for 2026/27 include a £1.7m reduction from the equivalent figures submitted in December. This includes £1.2m reduction in Adult's Services resulting from further work on data modelling and a £0.5m reduction in Housing, where proposed investment has been met by Government Grant included in Core Spending Power. The total decrease over the MTFS is c.£4m.
- 7.4. The reductions set out above were part of a financial grip review undertaken by EY with Officers in Finance. Work to continue the tightening of financial grip will continue in 2026/27 as the first stage in delivering planned savings for 2027/28 and 2028/29, in addition to the transformation programme.
- 7.5. Many of the pressures within the 2026/27 budget are ongoing budget pressures that became apparent as part of the 2025/26 overspend. The most significant pressure within that is a need to rebase the non-HRA rent rebate budget (the Housing Benefit for households in temporary accommodation). An overspend of £15.047m is forecast for 2025/26, and the 2026/27 base budget has been amended to reflect this.
- 7.6. In addition, a rebasing of the ASC budgets is required to reflect current levels of forecast expenditure and income. Included within this pressure are the Provider Fee Uplifts & Future Demand for new packages of care incurred during 2025/26.
- 7.7. As well as the ongoing pressures from 2025/26 there are also a set of new pressures included to reflect the position in 2026/27 and the later years of the MTFS. This includes forecast increase in volumes modelled by Directorates and other service pressures.
- 7.8. As well as the pressures identified by Directorates, placeholder budget pressures of £5m and £4m respectively have been included for the latter two years of the MTFS. These have been included to ensure a £10m annual allowance for Directorate pressures. Pressures arising for 2027/28 and 2028/29 will be subject to approval as part of the respective budget setting process.

Budget Pressures	2026/27	2027/28	2028/29	Total
	£m	£m	£m	£m
Ongoing Budget Pressures from 2025/26	25.059	0.000	0.000	25.059
New Budget Pressures for 2026/27 and future years.	9.554	5.080	5.853	20.487
Additional Estimated Pressures Placeholder	0.000	5.000	4.000	9.000
Total Directorate Budget Pressures	34.613	10.080	9.853	54.546
Reduction in Pressures since December as part of Financial Grip	1.686	1.200	1.200	4.086

- 7.9. Offsetting the pressures, a range of saving proposals have been put forward to support the balanced MTFs position. In addition to the transformational savings and operational savings for 2026/27, placeholder savings totalling £8m have been included across 2027/28 and 2028/29 averaging at £4m / c.2% per year.

Budget Savings	2026/27	2027/28	2028/29	Total
	£m	£m	£m	£m
	£m	£m	£m	£m
December Cabinet Savings	12.029	(3.178)	1.352	10.203
Additional Proposed Savings	3.422	9.365	14.162	26.949
Subtotal identified savings (Appendix 2)	15.451	6.187	15.514	37.152
Projected inflationary increase to fees and charges assumed in 2027/28 & 2028/29 (2026/27 being part of a transformational review)	0.000	0.645	0.681	1.326
Placeholder for Operational Improvement and Financial Grip Savings	0.000	5.500	2.500	8.000
Less contingency	(1.400)	(2.119)	(3.103)	(6.622)
Total Savings	14.051	10.213	15.592	39.856
Of which total Transformation	5.248	10.595	15.514	31.357

*Negative saving in 2027/28 due to reversal of the one-off Rateable Value Finder saving from 2026/27.

8. CAPITAL PROGRAMME

- 8.1. The draft General Fund capital programme 2026/27 to 2030/31 follows extensive work with services reviewing the current programme

and determining what schemes can be removed, as well as what new externally funded schemes can be added and what additional capital expenditure is required to maintain the delivery of the Council's core operations and services.

8.2. Expenditure proposals must be affordable, sustainable and prudent, and aligned to the Council's corporate plan priorities, with a focus on the following:

- Maximisation of external funding sources to minimise borrowing.
- Business critical – investment for safe delivery of essential services to residents and staff.
- New legislation – Investment required to comply with new legislative requirements.
- Invest to save – investment that transforms operational efficiency and generates a cashable positive return on investment.

8.3. All schemes that require new external borrowing will be subject to Capital Board review and sign off (chaired by the Director of Finance - Corporate and Commercial). External Borrowing will also then require approval and sign off from the Section 151 officer and the Finance Commissioner in line with the terms of the Council's EFS from MHCLG before expenditure is committed and any funds are borrowed.

8.4. A summary of the draft programme is set out in the table below:

General Fund Capital Programme	25/26	26/27	27/28	28/29	29/30	30/31	Total
Directorate	Revised Budget	Draft Estimate	26/27-30/31				
	£m	£m	£m	£m	£m	£m	£m
Adults	1.847	1.415	1.415	1.415	1.415	1.415	7.076
Children's Services	8.519	5.921	5.776	3.342	3.041	3.170	21.251
Regen, Housing and Env't	12.485	27.721	16.008	8.454	7.634	3.112	62.929
Corporate Resources	0.522	1.308	0.540	0.360	0.360	0.360	2.928
General Fund Capital Exp Total	23.374	36.366	23.739	13.572	12.451	8.057	94.184
Transformation Investment	4.000	8.000	9.000	3.000	-	-	20.000
Capitalisation Directions	15.709	42.899	22.433	-	-	-	65.332
General Fund: Total Expenditure	43.083	87.265	55.172	16.572	12.451	8.057	179.516
Funding							
Grant	(19.842)	(29.922)	(16.944)	(9.068)	(9.805)	(4.722)	(70.460)
s106	(1.838)	(0.393)	(1.029)	(0.879)	(0.041)	(0.200)	(2.542)
Capital receipts	-	(1.000)	-	-	-	-	(1.000)
Total External Funding	(21.680)	(31.315)	(17.973)	(9.947)	(9.846)	(4.922)	(74.002)
Prudential Borrowing (Service Capex Programme)	(1.694)	(5.051)	(5.766)	(3.625)	(2.605)	(3.135)	(20.182)
CD - Transformation Investment	-	(8.000)	(9.000)	(3.000)	-	-	(20.000)
Capital receipts (ND) to fund Transformation	(4.000)	-	-	-	-	-	-
Capitalisation Directions	(15.709)	(42.899)	(22.433)	-	-	-	(65.332)
Capital Financing Requirement	(21.403)	(55.950)	(37.199)	(6.625)	(2.605)	(3.135)	(105.514)
General Fund: Total funding	(43.083)	(87.265)	(55.172)	(16.572)	(12.451)	(8.057)	(179.516)

8.5. A scheme-by-scheme breakdown of the capital programme can be found in Appendix 3.

9. Next Steps

9.1. The full set of Cabinet budget proposals will be published prior to Cabinet on 16th February 2026, with further dates as follows:

Meeting / Deadline	Date
Cabinet Publication Deadline	6 th February 2026
Cabinet Meeting	16 th February 2026
Council Papers	18 th February 2026
Council Meeting	26 th February 2026

Appendices

- 1 Proposed Budget Pressures**
- 2 Proposed Savings Programme**
- 3 Proposed Capital Programme**