



**Policy, Finance and
Development
Committee**

**Tuesday, 09
September 2025**

**Matter for
Information and
Decision**

Report Title: Budget Setting Approach for 2026/27 and Medium-Term Financial Plan Update (Urgent Item)

Report Author(s): Colleen Warren (Chief Finance Officer / Section 151 Officer)

Purpose of Report:	To consult Members on the approach for setting the 2026/27 budget and to update Members on the Medium-Term Financial Plan (MTFP) position.
Report Summary:	This report seeks approval of the approach to set the annual budget for 2026/27 and provides an update on the MTFP budget gaps and progress on the Sustainability Programme.
Recommendation(s):	That the Committee: A. Agrees and recommends to Council the Budget Approach for 2026/27; and B. Note the updated MTFP budget gaps.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Colleen Warren (Chief Finance Officer / Section 151 Officer) (0116) 257 2759 colleen.warren@oadby-wigston.gov.uk Simon Ball (Finance Manager / Deputy S151 Officer) (0116) 257 2624 simon.ball@oadby-wigston.gov.uk
Strategic Objectives:	Our Council (SO1)
Vision and Values:	"Our Borough - The Place To Be" (Vision) Resourceful & Resilient (V4)
Report Implications: -	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out in this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Political Dynamics (CR3) Reputation Damage (CR4) Regulatory Governance (CR6) Organisational / Transformational Change (CR8)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.

Statutory Officers' Comments: -	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	<ul style="list-style-type: none"> • Senior Leadership Team.
Background Papers:	<ul style="list-style-type: none"> • Medium Term Financial Strategy (MTFS 2024 -2029) to Full Council 22 September 2024 • 2025/26 Revenues Budget, Medium Term Financial Plan and 2025/26 and 2029/30 Capital Programme to Full Council 20th February 2025
Appendices:	None.

1. Background

- 1.1 The Council's Constitution includes the Budget and Policy Framework Rules. This requires that each year the Council will agree a process for the development of the annual budget and policy framework and that the programme will be widely published.
- 1.2 The Local Government Act 1992 requires the councils that are billing authorities complete and approve their budgets and set a council tax before 11 March immediately prior to the start of the financial year on 1 April. The budget timetable (see section 3 of this report) will ensure these statutory deadlines are achieved.
- 1.3 The Council approved a new Medium-Term Financial Strategy (MTFS) in February 2024, the Medium-Term Financial Strategy is a five-year assessment of the resources required to deliver the Council's services over that period. It sets out the projected budget gaps over the period and a Sustainability Plan for delivering savings to mitigate these gaps. The Medium-Term Financial Plan (MTFP) for 2025/26 to 2029/30 provided an updated gap position and was reported to Council in February 2025. The annual budget approach for 2026/27 will update the indicative position with a detailed budget following the budget approach set out in section 2.
- 1.4 As was stated in the February 2025 budget report the Sustainability Programme savings included in the MTFP, did not meet the budget gap. The achievement of the Sustainability Programme savings included were still to be identified. Given the significant challenge in the financial position for 2025/26 and future years, it is key that SLT and members continue to focus efforts on delivering savings and this has been taken into account in the budget approach outlined below.

2. Approach and Key Principles

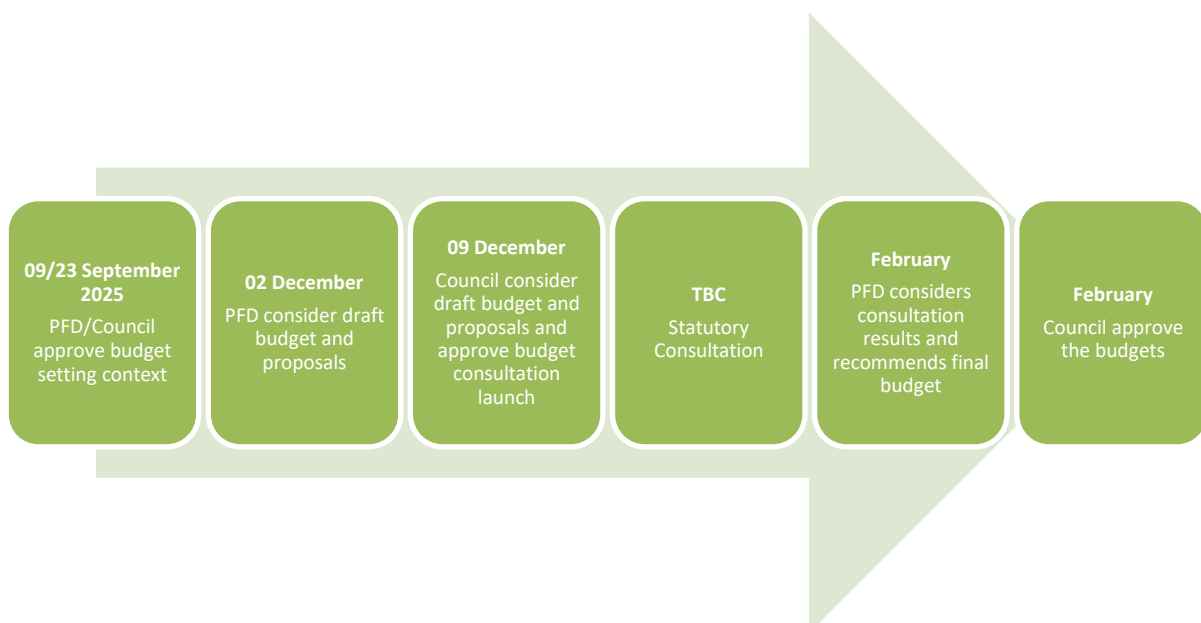
- 2.1 The 2025/26 revised budget will form the base budget for 2026/27.
- 2.2 Inflation assumptions will be made based on latest information, in respect of:
 - Salaries
 - Utilities
 - Fuel
 - Contracts (as per Contract terms)

- Interest rates (investment/borrowing)

- 2.3 **There will be no further revenue growth** – any pressures (cost inflation on supplies and services, in addition to those in 2.2), any growth (additional staff) or reduction in income due to reduced demand or fees should, insofar as is possible, be “self-funding”. This means services should try as far as is reasonably practical to off-set increases in financial resources by making savings in other areas.
- 2.4 **Review of budgets to identify savings** - historical budgets and actuals are to be reviewed to identify any consistent budget underspends with a view to removing these budgets to create savings. This will have to be considered in the context that the underspend may have been offsetting overspends, in which case budgets will need to be realigned.
- 2.5 **Capital Growth** - any additions to the capital programme must be funded by grant OR have a revenue payback OR be essential for the maintenance of service delivery. Ideally, if we are creating or enhancing an asset, it should be because it will better the council’s financial position through reducing spend or generating income, or it must be because we need to do this to maintain services.
- 2.6 **Sustainability Programme** - the projects identified under the Sustainability Programme will continue to progress to identify savings
- Financial Management
 - Service Reviews
 - Asset Management
 - Income Generation – including review of fees and charges in line with charging policy
 - Contracts

3. Timetable

- 3.1 The key dates for Members in relation to the budget approach are outlined in the proposed timetable below:



4. MTFP Update

- 4.1 The MTFS set out the approach for reviewing the MTFP and the Sustainability Programme. This will be reviewed before budget setting and as the budget is set.
- 4.2 Table 1 below shows the MTFP budget gaps approved at Full Council on 20th February 2025, this was the projected position after sustainability programme savings:

Table 1 – Budget Gap as of February 2025

Financial year	In-year gap	Cumulative gap
2025/26	(126,353)	(126,353)
2026/27	170,098	43,745
2027/28	290,069	333,814
2028/29	330,274	664,088
2029/30	366,977	1,031,065

- 4.3 As at Quarter 1 the current projected use of reserves is £361,891. Due the forecast MTFS budget gaps this will leave us in a very difficult position by the end of 2027/28. Further sustainability plans will be needed along with income generation to try and close the budget gaps and balance the budgets over the life of the MTFS.
- 4.4 The main challenges to the Council currently are the costs of Homelessness and Homelessness prevention. These costs are putting a substantial strain on the Councils balances. In mitigation work is continuously being carried out to try and identify ways to reduce the cost of homelessness.
- 4.5 The MTFP and budget gaps will continue to be reviewed and updated as the budget approach for 2026/27 progresses and assumptions in the MTFP are reviewed and updated.