



Report Title: **2026/27 Draft Revenue Budgets, Medium Term Financial Plan and 2026/27 - 2030/31 Draft Capital Programmes**

Report Author(s): **Simon Ball (Finance Manager)**

Purpose of Report:	To present the revised General Fund Annual Budget for 2026/27 and an updated MTFP for 2026/27 to 2030/31. To provide an update on the capital programme for 2026/27. To present the HRA Annual Budget for 2025/26.
Report Summary:	The report outlines the draft General Fund Revenue Budget for 2026/27 which is a balanced budget with no use of the general fund reserve. The draft five-year Medium Term Financial Plan 2026/27 to 2030/31 shows a forecast cumulative surplus of £870k. The report presents the draft Housing Revenue Account budget for 26/27. The report also sets out draft Capital project proposals.
Recommendation(s):	That the Committee: A. Note the contents of the report; and B. To note the intention to increase Housing Rents, Garages and Service Charges by a minimum of 4.8%, pending the outcome of the Rent Convergence review currently underway.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Colleen Warren (Chief Finance Officer / S151 Officer) (0116) 257 2759 colleen.warren@oadby-wigston.gov.uk Simon Ball (Finance Manager / Deputy S151 Officer) (0116) 257 2694 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 the report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)

	Organisational / Transformational Change (CR8)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable.
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:	None.
Background Papers:	• 2025/26 Revenue Budgets, Medium Term Financial Plan, 2025/26 – 2029/30 Capital Programmes – Full Council February 2025 • Budget Setting Approach for 2026/27 and Medium-Term Financial Plan Update – Full Council 23 September 2025
Appendices:	None.

1. Introduction

- 1.1 In February 2025, Full Council approved a report setting the 2025/26 General Fund budget, the five-year Medium Term Financial Plan (MTFP), the 2025/26 HRA budget and the 25/26 General Fund and HRA capital programmes. At that time the MTFP showed a surplus for 2025/26 and a deficit over the MTFP of £1,157K.
- 1.2 During the current financial year work has continued to deliver the sustainability plan and the associated savings to ensure that the budget is balanced. In light of the current increase in the pay award, inflation on contracts and uncertainty around the Government settlement it is forecast that further savings will be required throughout the life of the MTFP.
- 1.3 The Council has followed a detailed budget setting process for 2026/27 and has updated the MTFP forecast. The budget for 26/27 has been balanced utilising the savings achieved through the 24/25 and 25/26 financial years and the sustainability plan. The current proposed changes in local authority funding set out in the Fair Funding Review results in the MTFP forecasting surplus from 2026/27 to 2030/31 totalling £870K prior to any increases in fees and charges or further sustainability plans.

2. The General Fund Budget

- 2.1 The draft general fund budget, taking into account Salary increases, inflation assumptions, contract rises, and other known changes is £8,895,424 an increase of £1,162,642 from the previous year's budget.

General Fund	Budget 2025/26	Draft Budget 26/27	Variance
	£	£	£
Employee Expenses	8,437,678	8,999,640	561,962

Premises Expenses	597,600	636,645	39,045
Supplies and Services	2,310,974	2,430,375	119,401
Transport	284,500	318,600	34,100
Banking & Schemes	2,524,535	2,739,929	215,394
Capital	969,000	955,300	(13,700)
Income	(7,391,505)	(7,185,065)	206,440
Net Revenue Expenditure	7,732,782	8,895,424	1,162,642

2.2 Employee Expenses are the most significant movement between years due to the additional staff required to deliver the food waste project. 3% has been built in for 26/27 as a forecast for the Local Government pay award.

2.3 Inflationary increases have been applied to Supplies and Services and Premises Expenses where required.

2.4 Income has been adjusted to reflect achievable budgets where required, Fees and Charge increases have been proposed and will be reflected within the final budget.

3. Winter Budget

3.1 As of the time this report was published, the 2025 budget was still awaited, and its exact contents are unknown. The late publishing of the Policy Statement has also made forecasting for the draft budget very difficult.

3.2 Indicative announcements regarding the Fair Funding Review and associated financial modelling suggest that we will be able to balance the budget for 26/27 and achieve a surplus over the lifetime of the MTFS, although we will need to wait for the final settlement announcement in December before being able to ascertain the final picture.

4. Council Tax 2026/27

4.1 It is proposed that the Council Tax is increased by 2.99%, this recognises the deficit across the MTFP and equates to an additional £215k of funding to support essential services.

4.2 The Tax base for 25/26 is 18,852 and increase of 257.8 properties when compared to last year.

4.3 Any Surplus/Deficit on the Council tax during 25/26 will affect the Council Tax precepts for 26/27. The current forecast is a surplus of £25k.

5. Business Rates (NNDR) 2026/27

5.1 The Business Rates position will be updated in January on completion of the NNDR1 which forecasts the position for 26/27.

6. Funding Position 2026/27

6.1 The overall funding position for 2026/27 is set out in Table 2

(Continues overleaf)

Table 2 – 2026/27 Draft Budget Funding Position

	Funding 25/26	Funding 26/27
	£	£
Earmarked Reserves	514,239	(145,000)
Retained Business Rates	(2,434,256)	(1,758,502)
Collection Fund (Surplus)/Deficit – BR	178,840	(210,577)
Extended Producer Responsibility	(855,239)	(874,972)
NI increase funding	(72,628)	0
New Homes Bonus	(236,500)	0
Council Tax – OWBC	(4,864,982)	(5,079,858)
Collection Fund Bal – CTax	(56,245)	(25,130)
Revenue Support Grant	0	(1,716,308)
Green Plant and machinery	(7,351)	0
Total Financing	(7,834,122)	(9,810,346)

6.2 Although the outline of the Fair Funding Review was announced on 20 November, we are still analysing the various changes, and we will not have full clarity over the exact allocations of funding until the provisional settlement is published in mid-December. The numbers included are estimates, based on the work done by Pixel Financial Management.

6.3 New Homes Bonus and grants like the NI increase have all been rolled into the Revenue Support Grant.

6.4 There is currently no information on Extended Producer Responsibility beyond 2026/27.

7. Draft Medium Term Financial Plan 2026/27 to 2030/31

7.1 The Draft MTFP has been updated to include salary increases, inflationary increase, contract changes and known changes to services.

7.2 The below table demonstrate the budget gap from 26/27 to 29/30 and its effect on the General fund reserve balance. It does not apply any annual increases in fees and charges but does assume a 2.99% increase in Council Tax.

7.3 Government funding has been assumed at the current amounts although it is the Government's intention to provide a multiyear settlement which we will reflect in the final budget.

	2026/27	2027/28	2028/29	2029/30	2030/31
	£	£	£	£	£
Salaries	8,999,640	9,176,174	9,356,238	9,539,904	9,727,243
Supplies & Services	3,771,168	3,232,138	3,294,544	3,358,198	3,423,124
Utilities	372,280	390,894	410,439	430,961	452,509
Insurances	237,240	249,102	261,557	274,635	288,367
Income	(3,606,904)	(3,471,304)	(3,471,304)	(3,471,304)	(3,471,304)
Selective Licensing	(400,000)	(200,000)	(150,000)	(100,000)	(450,000)
Leisure Management	(478,000)	(478,000)	(478,000)	(478,000)	(478,000)
	8,895,424	8,899,004	9,223,474	9,554,393	9,491,939
Earmarked Reserves	(145,000)	0	0	0	0

Retained Business Rates	(1,758,502)	(1,816,478)	(1,875,410)	(1,935,304)	(1,876,367)
Collection Fund (Surplus)/Deficit – BR	(210,577)	0	0	0	0
EPR	(874,972)	0	0	0	0
Council Tax – OWBC	(5,079,858)	(5,319,386)	(5,563,335)	(5,810,481)	(6,074,214)
Collection Fund Bal – CTax	(25,130)	0	0	0	0
Revenue Support Grant	(1,716,308)	(1,727,121)	(1,729,049)	(1,708,512)	(1,688,142)
Total Funding	(9,810,346)	(8,862,985)	(9,167,794)	(9,454,297)	(9,638,723)
Budget Gap	(914,922)	36,019	55,680	100,096	(146,784)
General Fund Balance	(2,556,328)	(2,520,310)	(2,464,630)	(2,364,534)	(2,511,318)

7.4 The Table shows the increasing levels of reserves over the term of the MTFP.

7.5 In order to ensure that we can continue to provide services we need to ensure that the budgets are balanced annually. Although the indicative funding suggests a balance budget over the lifetime of the MTFS, there are deficits in specific years. Once the Finance settlement is known a more accurate forecast can be presented to ensure that plans are in place to balance these years.

7.6 Use of increasing fees and charges, contract management, invest to save schemes and full recovery of costs where possible will be considered to ensure that the budgets are balanced annually.

8. Housing Revenue Account 2026/27

8.1 Table 6 shows the 2025/26 revised budget and the draft 2026/27 proposed budget for the HRA.

Table 6 - Housing Revenue Account Draft Budget 2026/27

HRA	Revised Budget 2025/26	Draft Budget 26/27	Variance
	£	£	£
Employee Expenses	1,177,400	1,389,070	211,670
Premises Expenses	1,228,100	1,277,969	49,869
Supplies and Services	269,300	255,400	(13,900)
Banking & Schemes	761,400	761,400	0
Capital	1,580,000	1,580,000	0
Income	(6,336,100)	(6,546,700)	(210,600)
Corporate overheads	1,391,300	1,433,000	41,700
Net Revenue Expenditure	71,400	150,139	78,739

8.2 The draft budget for 26/27 is £150k deficit which is £79k more than 25/26. This will be met from the HRA Contingency Reserve.

8.3 The assumption for rental and garage rental is a minimum increase of 4.8%, in line with the national rent increase formula of CPI in September + 1%, pending the outcome of the rent convergence review. The rent convergence review could result in a further increase in housing rent charges.

- 8.4 Employee expenses increased £211k. This is due to three new posts; Asset Management and Information Officer, Housing Inspector – Damp and Mould, and Compliance Assistant; along with a 3% assumption for the pay award. These posts are required due to the work involved in the Regulation of Social Housing inspection.

9. HRA Medium Term Financial Plan

- 9.1 The HRA Medium Term Financial Plan 2026/27 to 2030/31 is forecasting to be in surplus for all but the first year of the MTFP.

10. Capital Programme 2026/27

- 10.1 An indicative capital programme for 2026/27 to 2028/29 was approved in February 2025 and the impact of this is incorporated into the capital financing charges included in the MTFP.
- 10.2 A number of capital bids have been made as part of the budget setting process. The capital bids received do not identify any funding. This means they would either be required to be funded through 'prudential borrowing', or through the use of capital receipts. The use of borrowing would increase the capital charges in the General Fund, as a 'Minimum Revenue Provision' (MRP) is required, which effectively is a method of repaying the capital amount borrowed from revenue over the asset life and interest charges would also increase. As such the use of capital receipts is preferred, with £4.15M of receipts expected by the end of 25/26.
- 10.3 The capital bids received are outlined below; some require more information to enable the schemes to be prioritised. A prioritised list of schemes will be presented for approval in the February Budget report.

Vehicle Refurbishment - £285K

A refuse collection vehicle has reached the end of its life and requires replacement. Another will have its life extended two years through refurbishment. This is in line with the 10 year replacement plan that was approved as part of the 25/26 budget setting process.

Boiler Replacement at Parklands Leisure Centre - £118K

To replace the existing two aging gas boilers with smaller modular boilers, and a like for like replacement of the water heater with provisions to allow future connection to the already installed PV panels. The existing units, installed during the 2015 refurbishment, are becoming increasingly inefficient and prone to maintenance issues. These upgrades will deliver improved energy efficiency, reduce operational risks, and enhance the overall resilience of the Centre's heating and hot water systems.

Replacement of Play Park Equipment - £150k

To replace play equipment that is at the end of its useful life and is no longer safe for use.

IT Replacements – £66K

The Council started its journey to move its IT services in house in late 2020, and the project transition phase was completed in 2021. Since then, there has been no requirement for a capital investment of any hardware, however we have now entered the period where physical hardware, that is due to be end of life, will need replacing. This process began in 2025/26 and will continue through 2026/27 and future years.

This is to replace end of life or damaged equipment across the following key areas:

- Laptop Replacement – 25% of workforce
- Mobile Phones – 50% of workforce
- Apple Mac Mini – To manage Apple products across the whole estate
- Server room replacement and maintenance
- Accessories – Replace keyboards, mouse and/or other minor end user devices.

Footfall Counter - £14K

There is an investment to save project to replace the existing footfall counters in the three town centres with a replacement with lower running costs. This should save circa £8K per year.

Christmas Decorations - £8K

New electricity points are needed to ensure the lights continue to operate, as the network of electrical points installed is now at capacity. Also, additional icicle lights are needed to cover areas that have not already been covered.