

REPORT OF THE CABINET

A. MEDIUM TERM FINANCIAL STRATEGY 2025/26 – 2028/29

Introduction

1. This report relates to the Cabinet's consideration of the 2025/26 – 2028/29 Medium Term Financial Strategy (MTFS) which has the following four main elements:-
 - 2025/26 revenue budget;
 - 2026/27, 2027/28 and 2028/29 provisional revenue budgets;
 - 2025/26 – 2028/29 capital programme;
 - Financial strategies and policies including the Capital Strategy, Investing in Leicestershire Programme Strategy, Risk Management Policy and Strategy, Earmarked Reserves Policy, Insurance Policy, Treasury Management and Annual Investment Strategy, and an Equality Impact Assessment.

Background

2. Attached is a report considered by the Cabinet on 7th February 2025 which reflects the changes to the budget since it was approved for consultation in December including the final Local Government Settlement. The MTFS will be updated and rolled forward each year at budget setting time.
3. The report considered by the Cabinet on 7th February also contains the following appendices:

Appendix A	2025/26 Revenue Budget Summary (as amended)
Appendix B	Four Year Revenue Budget 2025/26 to 2028/29 (as amended)
Appendix C	Growth and Savings 2025/26 – 2028/29 (as amended)
Appendix D	Savings under Development
Appendix E	Detailed Revenue Budgets 2025/26 (as amended)
Appendix F	Capital Programme 2025 - 2029
Appendix G	Capital Strategy 2025 - 2029
Appendix H	Investing in Leicestershire Programme Strategy 2025 - 2029

Appendix I	Risk Management Policy Statement and Strategy 2025
Appendix J	Earmarked Reserves Policy 2025-26
Appendix K	Earmarked Reserves Forecasts
Appendix L	Insurance Policy 2025
Appendix M	Council Tax Bands and Precept 2025/26
Appendix N	Treasury Management Strategy Statement and Annual Investment Strategy 2025-26
Appendix O	MTFS Consultation Report
Appendix P	Equality Impact Assessment
Appendix Q	Comments of the Overview and Scrutiny Committees and Scrutiny Commission

Consideration by Scrutiny Bodies and the Corporate Governance Committee

4. As indicated above, the Cabinet's proposals were the subject of reports to Scrutiny bodies. The comments of these bodies are set out in Appendix Q to this report.
5. The Corporate Governance Committee at its meeting on 24th January approved the Risk Management, Insurance and Treasury Management Policies and Strategies which are set out in Appendices I, L and N.

Consideration by the Cabinet

6. On 7th February, the Cabinet considered the comments of the various Scrutiny bodies, the results of the consultations and other developments, including further funding announcements, since it published the draft budget in December 2024.
7. The Cabinet was advised that due to changes arising from the final Local Government Finance Settlement and receipt of final Business Rates information from Leicestershire district councils, the following changes had been made to the 2025/26 budget:
 - (i) The net revenue budget for 2025/26 at recommendation 2(a) had been amended from £617.2m to £615.2m;
 - (ii) Revised Appendices A, B, C and E were to be approved under recommendation 2(b) to reflect changes in Business Rates, grant income and a reduction in the growth contingency, which taken

together have no impact on the use of reserves

8. The recommendations of the Cabinet to the County Council concerning the MTFS including the proposed changes outlined above are set out in the motion which appears below.

Motion to be moved

- (a) That subject to the items below, and following changes arising from the final Local Government Finance Settlement and receipt of final Business Rates information from Leicestershire district councils, approval be given to the Medium Term Financial Strategy (MTFS) which incorporates the recommended net revenue budget for 2025/26 totalling £615.2m as set out in the revised Appendices A, B and E of this report and includes the growth and savings for that year as set out in the revised Appendix C;
- (b) That the revised Appendices A, B, C and E be approved to reflect the changes in Business Rates, grant income and a reduction in the growth contingency, which taken together have no impact on the use of reserves;
- (c) That approval be given to the projected provisional revenue budgets for 2026/27, 2027/28 and 2028/29, set out in the revised Appendix B to the report, including the growth and savings for those years as set out in the revised Appendix C, allowing the undertaking of preliminary work, including business case development, engagement and equality and human rights impact assessments, as may be necessary to achieve the savings specified for those years including savings under development, set out in Appendix D;
- (d) That approval be given to the early achievement of savings that are included in the MTFS, as may be necessary, along with associated investment costs, subject to the Director of Corporate Resources agreeing to funding being available;
- (e) That the level of the general fund and earmarked reserves as set out in Appendix K be noted and the planned use of those earmarked reserves as indicated in that appendix be approved;
- (f) That the amounts of the County Council's Council Tax for each band of dwelling and the precept payable by each billing authority for 2025/26 be as set out in Appendix M;
- (g) That the Chief Executive be authorised to issue the necessary precepts to billing authorities in accordance with the budget requirement above and the tax base notified by the District Councils, and to take any other action which may be necessary to give effect to the precepts;
- (h) That approval be given to the 2025/26 to 2028/29 capital programme, totalling £439m, as set out in Appendix F;

- (i) That the Director of Corporate Resources following consultation with the Lead Member for Resources be authorised to approve new capital schemes, including revenue costs associated with their delivery, shown as future developments in the capital programme, to be funded from funding available;
- (j) That the financial indicators required under the Prudential Code included in Appendix N, Annex 2 be noted and that the following limits be approved:

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Operational boundary for external debt				
i) Borrowing	201	197	232	271
ii) Other long term liabilities	6	6	6	5
TOTAL	207	203	238	276
Authorised limit for external debt				
i) Borrowing	211	207	242	281
ii) Other long term liabilities	6	6	6	5
TOTAL	217	213	248	286

- (k) That the Director of Corporate Resources be authorised to effect movement within the authorised limit for external debt between borrowing and other long-term liabilities;
- (l) That the following borrowing limits be approved for the period 2025/26 to 2028/29:

(i) Maturity of borrowing:-

	Upper Limit	Lower Limit
	%	%
Under 12 months	30	0
12 months and within 24 months	30	0
24 months and within 5 years	50	0
5 years and within 10 years	70	0
10 years and above	100	25

- (ii) An upper limit for principal sums invested for periods longer than 364 days is 20% of the portfolio.
- (m) That the Director of Corporate Resources be authorised to enter into such loans or undertake such arrangements as necessary to finance the capital programme, subject to the prudential limits in Appendix N;

- (n) That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2025/26, as set out in Appendix N, be approved including:
- (i) The Treasury Management Policy Statement, Appendix N; Annex 4;
 - (ii) The Annual Statement of the Annual Minimum Revenue Provision as set out in Appendix N, Annex 1;
- (o) That the Capital Strategy (Appendix G), Investing in Leicestershire Programme Strategy (Appendix H), Risk Management Policy and Strategy (Appendix I), Earmarked Reserves Policy (Appendix J) and Insurance Policy (Appendix L) be approved;
- (p) That it be noted that the Leicester and Leicestershire Business Rate Pool will continue for 2025/26;
- (q) That School funding is subject to a 0.5% transfer of funding to the High Needs Block of the Dedicated Schools Grant;
- (r) That the Leicestershire School Funding Formula is subject to capping at 0.28% per pupil and continues to reflect the National Funding Formula for 2025/26;
- (s) That delegated authority be given to the Director of Children and Family Services, following consultation with the Lead Member for Children and Family Services, to agree the funding rates for early years providers.

7th February 2025

**Mrs D. Taylor CC
Acting Leader of the Council**

Background Papers

Report to the Cabinet 17 December 2024 – Provisional Medium Term Financial Strategy 2025/26 to 2028/29 – Proposals for Consultation

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7512&Ver=4>

Report to the County Council 21 February 2024: Medium Term Financial Strategy 2024/25 – 2027/28

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=7305&Ver=4>

County Council Strategic Plan

<https://www.leicestershire.gov.uk/about-the-council/council-plans/the-strategic-plan>

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