



CABINET – 15th July 2025

**MEDIUM TERM FINANCIAL STRATEGY UPDATE – SPENDING
REVIEW AND FAIR FUNDING CONSULTATION**

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to provide the Cabinet with an update on the Spending Review and Fair Funding consultation, both issued in June, and their potential impact on the County Council's financial position
2. The report also provides an update on the approach to updating the Council's Medium Term Financial Strategy ahead of the budget setting process for 2026/27
3. A supplementary report setting out a more detailed update is currently being finalised to ensure that it includes all the required information, particularly in relation to Fair Funding, and this will be circulated to members and published on the County Council's website as soon as it is available.

Recommendation

4. The Cabinet is asked to note this and the supplementary report.

Reasons for Recommendation

5. To inform the Cabinet of the key announcements arising from the Spending Review and Fair Funding consultation and, where possible, give indications of the likely impact on the County Council's financial position.
6. To enable the Council to continue to make progress in closing the current MTFS gap and maintaining a sustainable financial position.

Timetable for Decisions

7. The Cabinet will consider a further MTFS update in September ahead of draft budget proposals being submitted to the Cabinet in December.

Policy Framework and Previous Decisions

8. The County Council approved the 2025/26 to 2028/29 Medium Term Financial Strategy (MTFS) in February 2025. The key aim of the Strategy is to ensure

that the Authority has appropriate resources in place to fund key service demands over the next few years. The Strategy includes the establishment of earmarked reserves and the allocation of ongoing revenue budget and capital resources for key priorities. The Strategy is refreshed annually to take account of the most up to date information and assumptions.

9. The Spending Review sets out the Government's departmental spending plans over the current parliament to 2028/29. This gives an indication of local government funding at a national level, but does not provide any individual Council allocations. This will not be known until the Local Government Finance Settlement is announced, which in previous years has been in December.

Resource Implications

10. The Medium Term Financial Strategy is the key financial plan for the Council. It currently shows an estimated deficit of £90m by 2028/29, of which nearly £40m falls in 2026/27. It is currently being updated to reflect latest information on costs, demand and funding implications.
11. Both the Spending Review and Fair Funding consultation will have a significant impact on the Council's financial position, although not all information is available to be able to assess the impact in any detail. MHCLG is due to issue a policy statement in September which may provide further information ahead of the Local Government Finance Settlement.
12. The Council will need to identify further savings opportunities at pace to ensure that a balanced budget can be set for 2026/27 and that the Council's financial position remains sustainable over the medium term.
13. The Director of Law and Governance has been consulted on the report.

Equality Implications

14. There are no equality implications arising from this report.

Human Rights Implications

15. There are no human rights implications arising from this report

Circulation under the Local Issues Alert Procedure

16. The report will be circulated to all members.

Background Papers

Report to the County Council on 21 February 2025 - Medium Term Financial Strategy 2025/26 – 2028/29

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=7391&Ver=4>

Officers to Contact

Declan Keegan, Director of Corporate Resources
Tel: 0116 305 7668
Email: declan.keegan@leics.gov.uk

Simone Hines, Assistant Director of Corporate Resources
Tel: 0116 305 7066
Email: simone.hines@leics.gov.uk

This page is intentionally left blank