



CABINET - 3 FEBRUARY 2025

PROVISIONAL MEDIUM TERM FINANCIAL STRATEGY 2026/27 TO 2029/30

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. This purpose of this report is to present the County Council's proposed 2026/27 to 2029/30 Medium Term Financial Strategy (MTFS) following consideration of the draft MTFS by the Cabinet in December 2025 and by the Overview and Scrutiny bodies in January 2026, and receipt of the provisional Local Government Finance Settlement on 17 December 2025.
2. A supplementary report setting out the detailed final MTFS proposals is being prepared and will be circulated to members and published on the County Council's website as soon as it is available.

Recommendations

3. The Cabinet is asked to note this and the supplementary report and approve the Medium Term Financial Strategy for 2026/27 to 2029/30 for submission to full Council for consideration.

(KEY DECISION)

Reasons for Recommendations

4. The recommendations in the supplementary report will enable the County Council to meet its statutory requirements with respect to setting a balanced budget and Council Tax precept for 2026/27, to allow efficient financial administration during 2026/27 and to provide a basis for the planning of services over the next four years.

Timetable for Decisions (including Scrutiny)

5. On 16 December 2025, the Cabinet agreed the proposed MTFS, including the 2026/27 revenue budget and 2026/27 to 2029/30 capital programme, for consultation. The Overview and Scrutiny Committees and the Scrutiny Commission considered the proposals at their meetings in January 2026 and their comments will be circulated separately.

6. The County Council meets on 18 February 2026 to consider the MTFS including the 2026/27 revenue budget and capital programme. This will enable the 2026/27 budget to be set before the statutory deadline of the end of February 2026.
7. There is a requirement for the precept to be approved by the Council and notified to the billing authorities (the district councils) by no later than 1 March 2026.

Policy Framework and Previous Decisions

8. The MTFS is a rolling financial plan that is updated annually. The current MTFS was approved by the County Council on 19 February 2025.
9. The County Council's Strategic Plan (agreed by the Council on 18 May 2022) summarises the Council's vision for Leicestershire through five strategic outcomes and a single line vision statement. The outcomes represent long-term aspirations for Leicestershire which may not be achieved in full during the four-year course of the Strategic Plan. Therefore, the Plan also includes specific aims for the Council to achieve by 2026 in order to progress towards each outcome. It also sets out some of the key actions which the Council will deliver to achieve these aims. The five outcomes are:
 - Clean, green future
 - Great communities
 - Improving opportunities
 - Strong economy, transport and infrastructure
 - Keeping people safe and well
10. The MTFS, along with other plans and strategies such as the Transformation Programme, the Capital Strategy, the Treasury Management Strategy, the Corporate Asset Management Plan and the Risk Management Strategy, aligns with these aims and underpins the Strategic Plan's delivery.
11. The Cabinet at its meeting on 12 September 2025 inter alia noted the significant financial challenges faced by the Council and agreed the approach to updating the MTFS.

Legal Implications

12. The Director of Law and Governance has been consulted on this report.
13. The Council's Constitution provides that the budget setting is a function of the Council which is required to consider the budget calculation in accordance with the provisions set out in Local Government Finance Act 1992.
14. The Council is required to set a balanced budget each year following the processes set out in the Local Government Finance Act 1992. The Director of Corporate Resources as the Council's Section 151 Officer has a number of duties relating the Council's financial administration and resilience including to report on the robustness of the Council's budget estimates and the adequacy of its reserves. There is a further duty to issue a formal report if the s151 Officer

believes that the Council is unable to set or maintain a balanced budget. In addition, there is a requirement set out in the Local Government Act 2003 and relevant regulations for the Council when carrying out its duties to have regard to the Prudential Code for Capital Finance in Local Authorities.

15. The Council is further charged with a duty to secure best value by making 'arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness'. This duty is supplemented by statutory guidance to which the Council must have regard.
16. The function of the County Council in setting its budget will engage the Public Sector Equality Duty and this will be addressed in the supplementary report.
17. The Council is required to consult representatives of business rate payers on the proposed MTFS. Proposals arising from the MTFS in relation to a change of provision/service may require public consultation before any final decision is made.
18. Section 106 of the Local Government Finance Act 1992 applies: a member [councillor] who has not paid an amount due in respect of Council Tax for at least two months after it has become payable is subject to various restrictions if they attend a meeting at which matters relating to the calculation of the precept are considered. The effect of the restriction means that a member in this position must declare this fact and they cannot vote. It is an offence to vote or to fail to make this declaration.

Resource Implications

19. The MTFS is the key financial plan for the County Council. The County Council's financial position has been challenging for a number of years due to over a decade of austerity combined with significant growth in spending pressures, particularly from social care and special education needs. This was exacerbated by the impact of the Covid-19 pandemic and significant increases in inflation.
20. More detail on other issues affecting the Council's financial position will be set out in the supplementary report.

Circulation under the Local Issues Alert Procedure

21. This and the supplementary report will be circulated to all Members of the County Council.

Equality Implications

22. There are no equality implications arising from this report. The supplementary report will detail the proposed MTFS and any equality implications arising from it.

Human Rights Implications

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

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Background Papers

Report to the Cabinet on 16 December 2025 - Medium Term Financial Strategy
2026/27 to 2029/30 - Proposals for Consultation.

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7882>

Report to the County Council on 19 February 2025: Medium Term Financial Strategy
2025/26 - 2028/29.

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

County Council Strategic Plan.

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