

REPORT OF THE CABINET

A. MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2029/30

Introduction

1. This report relates to the Cabinet's consideration of the 2026/27 – 2029/30 Medium Term Financial Strategy (MTFS) which has the following four main elements:-
 - 2026/27 revenue budget;
 - 2027/28, 2028/29 and 2029/30 provisional revenue budgets;
 - 2026/27 – 2029/30 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 3rd February 2026 which reflects the changes to the budget since it was approved for consultation in December. The MTFS will be updated and rolled forward each year at budget setting time.
3. The report considered by the Cabinet on 3rd February also contains the following appendices:

Appendix A	2026/27 Revenue Budget Summary
Appendix B	Four Year Revenue Budget 2026/27 to 2029/30
Appendix C	Growth and Savings 2026/27 to 2029/30
Appendix D	Savings under Development
Appendix E	Detailed Revenue Budgets 2026/27
Appendix F	Capital Programme 2026/27 to 2029/30
Appendix G	Capital Strategy 2026 - 2030
Appendix H	Investing in Leicestershire Programme Strategy 2026 - 2030
Appendix I	Risk Management Policy Statement and Strategy 2026

Appendix J	Earmarked Reserves Policy 2026-27
Appendix K	Earmarked Reserves Forecasts
Appendix L	Insurance Policy 2026
Appendix M	Council Tax Bands and Precept 2026/27
Appendix N	Treasury Management Strategy Statement and Annual Investment Strategy 2026-27
Appendix O	MTFS Consultation Report
Appendix P	Equality Impact Assessment
Appendix Q	Comments of the Overview and Scrutiny Committees and Scrutiny Commission
Appendix R	Efficiency Review Opportunities

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 23rd January 2026 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 3rd 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 2025.
7. The Cabinet at its meeting recommended a Council Tax increase of 2.99% which is included in the recommendations of the Cabinet to the County Council concerning the MTFS set out in the motion which appears below.

Motion to be moved

- (a) **That subject to the items below, approval be given to the Medium Term Financial Strategy (MTFS) which incorporates the recommended net revenue budget for 2026/27 totalling £613.4m as set out in Appendices A, B and E of this report and includes the growth and savings for that year as set out in Appendix C;**

- (b) That approval be given to the projected provisional revenue budgets for 2027/28, 2028/29 and 2029/30, set out in Appendix B to the report, including the growth and savings for those years as set out in 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;**
- (c) That each Chief Officer, in consultation with the Director of Corporate Resources and following consultation with the relevant Cabinet Lead Member(s), undertake preparatory work as considered appropriate to develop proposals and associated investment required to reduce the financial gap in all four years of the MTFS, to enable the Cabinet, subject to scrutiny processes, to consider a new multi-year transformation programme;**
- (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 risk assessment at paragraph 140 and the Director of Corporate Resources assurance statement at paragraph 155 be noted;**
- (g) That the recommended Council Tax increase of 2.99% for 2026/27 and the resulting precept be approved;**
- (h) That the Chief Executive be authorised to issue the necessary precepts to billing authorities in accordance with (g) 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;**
- (i) That approval be given to the 2026/27 to 2029/30 capital programme, totalling £501m, as set out in Appendix F;**
- (j) That the Director of Corporate Resources following consultation with the Cabinet Lead Member for Resources be authorised to approve new capital schemes and revenue spend to save schemes, including revenue costs associated with their delivery, shown as future developments in the capital programme, to be funded from funding available;**
- (k) That the financial indicators required under the Prudential Code included in Appendix N, Annex 2 be noted and that the following limits be approved:**

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Operational boundary for external debt				
i) Borrowing	194	200	225	255
ii) Other long term liabilities	1	1	1	1
TOTAL	195	201	226	256
Authorised limit for external debt				
i) Borrowing	204	210	235	265
ii) Other long term liabilities	1	1	1	1
TOTAL	205	211	236	266

- (l) 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;
- (m) That the following borrowing limits be approved for the period 2026/27 to 2029/30:

(i) Maturity of borrowing:-

	<u>Upper Limit</u>	<u>Lower Limit</u>
	%	%
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 25% of the portfolio.
- (n) 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;
- (o) That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2026/27, 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;
- (p) 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;

- (q) That it be noted that the Leicester and Leicestershire Business Rate Pool has been revoked for 2026/27;
- (r) That the Leicestershire School Funding Formula is subject to capping and scaling and continues to reflect the National Funding Formula for 2026/27;
- (s) That delegated authority be given to the Director of Children and Family Services, following consultation with the Cabinet Lead Member for Children and Family Services, to agree the funding rates for early years providers for 2026/27.

3rd February 2026

**Mr. D. Harrison CC
Leader of the Council**

Background Papers

Report to the Cabinet 16 December 2025 – Provisional Medium Term Financial Strategy 2026/27 to 2029/30 – Proposals for Consultation

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7882&Ver=4>

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

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

County Council Strategic Plan

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

This page is intentionally left blank