

<b>Title of Report</b>	<b>GENERAL FUND BUDGET AND COUNCIL TAX 2026/27</b>	
<b>Presented by</b>	Cllr Keith Merrie MBE Finance and Corporate Portfolio Holder PH Briefed <input type="checkbox"/> Yes	
<b>Background Papers</b>	<b>Council 20 February 2025:</b> <a href="#">General Fund Budget and Council Tax 2025/26</a>  <b>Corporate Scrutiny Committee 22 January 2025:</b> <a href="#">Draft Budget 2026/27</a>	<b>Public Report:</b> Yes
		<b>Key Decision:</b> Yes
<b>Financial Implications</b>	This report sets out the General Fund Revenue budget, Capital Programme and the Special Expenses budget for 2026/27 to 2028/29, which are needed for the Council to continue to deliver its services to residents and businesses. This is in line with the local government reorganisation. <b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	There are no direct legal implications arising from this report. <b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	The report and its appendices set out plans to create new posts and remove vacant posts from the establishment. <b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	For Cabinet to review the General Fund and Council Tax 2026/27 report and recommend to Council for approval and to also approve the 2026/27 Fees and Charges.	
<b>Reason for Decision</b>	Under the Constitution Cabinet is responsible for drawing up budget proposals for consideration by Full Council. Cabinet is also responsible for setting fees, charges and concession policies.	
<b>Recommendations</b>	<b>THAT CABINET:</b>  <ol style="list-style-type: none"> <li><b>1. ENDORSES THE PROPOSED GENERAL FUND BUDGET AS DETAILED IN THIS REPORT AND ATTACHED APPENDICES AND RECOMMENDS IT TO COUNCIL FOR APPROVAL AT ITS MEETING ON 19 FEBRUARY 2026.</b></li> <li><b>2. APPROVES THE CONTRIBUTION TO A CONTINGENCY BUDGET AS DETAILED IN APPENDIX 1 AND DELEGATES RESPONSIBILITY TO THE CHIEF EXECUTIVE IN CONSULTATION WITH THE STRATEGIC DIRECTOR OF RESOURCES (SECTION 151 OFFICER) AND THE RELEVANT PORTFOLIO HOLDER TO INCUR EXPENDITURE UNDER THAT BUDGET.</b></li> <li><b>3. APPROVES THE FEES AND CHARGES AS SET OUT IN APPENDIX 3.</b></li> </ol>	

	<p><b>4. DELEGATES AUTHORITY TO THE SECTION 151 OFFICER, IN CONSULTATION WITH THE FINANCE AND CORPORATE PORTFOLIO HOLDER TO MAKE AMENDMENTS TO THE BUDGET PRIOR TO ITS CONSIDERATION AT COUNCIL ON 19 FEBRUARY 2026 IN RESPONSE TO ANY REQUESTS FROM PORTFOLIO HOLDERS IN RESPECT OF THEIR PORTFOLIO.</b></p> <p><b>5. APPROVES THE CREATION OF A £2M LEGACY FUND TO SUPPORT COMMUNITIES WITH CAPITAL AND REVENUE PROJECTS.</b></p> <p><b>6. CONSIDERS THE CORPORATE SCRUTINY COMMITTEE COMMENTS AND RECOMMENDATIONS AS DETAILED IN APPENDIX 7.</b></p>
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## **1.0 BACKGROUND AND DISCUSSION**

1.0.1 The Medium-Term Financial Plan (MTFP) sets out the financial strategic direction for the Council and is updated as it evolves and develops throughout the year, to form the framework for the Council's financial planning.

1.0.2 The purpose of the MTFP is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are effectively managed and are able to deliver the aspirations of the Council, as set out in the Council Delivery Plan, over the medium term.

### **1.1 Context**

1.1.1 The Council is setting its budget at a time when it continues to face a range of significant and inter-related challenges. In broad terms these can be split into three categories: economic, local government, and local issues within North West Leicestershire. Each of these is explored below.

### **1.2 Economic**

1.2.1 The most recent Office for Budget Responsibility (OBR) Economic and Fiscal Outlook indicates that the UK economy is expected to experience modest growth over the medium term, with real GDP growth forecast to remain around 1–1.5% per annum across the forecast period. Growth in 2026/27 is expected to remain below the UK's estimated long-term potential rate, reflecting weak productivity growth, subdued business investment and ongoing global economic uncertainty.

1.2.2 Inflation has continued to ease from the elevated levels seen in previous years, however the OBR forecasts that price pressures will remain volatile in the near term, with inflation expected to hover close to, but not consistently at, the Bank of England's 2% target during 2026/27. Fiscal measures announced in recent Budgets, alongside continued pressures on energy, housing and labour costs, are expected to limit the pace at which inflation fully stabilises.

1.2.3 The latest national data shows that the UK economy has experienced periods of very weak or flat growth, with output per head remaining broadly stagnant. This economic

backdrop continues to present challenges for public finances, household incomes and demand for public services, all of which have direct and indirect implications for local government funding and financial resilience.

### 1.3 Local Government

- 1.3.1 Local authorities in England continue to face severe and sustained financial pressures that significantly affect their ability to deliver statutory and discretionary services. Core funding for local government has reduced substantially in real terms since 2010/11, resulting in long-term structural pressures and reduced financial flexibility across the sector.
- 1.3.2 Demand for key local government services, particularly adult social care, children's services, housing and homelessness, continues to rise. Demographic change, cost inflation, labour market pressures and increasing complexity of need have combined to drive expenditure growth well above general inflation.
- 1.3.3 The Government undertook a wide-ranging consultation on its Fair Funding Review and the reset of business rates over the summer period. The consultation sought views from local authorities and stakeholders on proposals to update the formulae used to allocate funding, with a particular focus on ensuring that needs assessments and funding distribution better reflect current service pressures and local circumstances.
- 1.3.4 Key changes included the introduction of updated needs-based formulas, revised weightings for deprivation and population growth, and a move to simplify and integrate a number of historic grants into the main settlement. Significantly, the business rates reset marked a shift from the previous system, which allowed councils to retain a proportion of any growth in business rates income since the last reset, to a model where accumulated growth is redistributed nationally, effectively 'resetting' councils' baselines.
- 1.3.5 As with any major reform to funding distribution, these changes have produced clear winners and losers across the sector.
- 1.3.6 Some councils have seen their relative funding allocations increase as a result of higher assessed needs or favourable adjustments, while others have lost out due to revised formula factors or the redistribution of business rates growth.
- 1.3.7 For North West Leicestershire, the Council has benefitted from the business rates reset due to its strong historic growth in business rates since the last reset. This is because, under the new system, councils with above-average business rates growth have their higher baseline recognised and partially protected before national redistribution, resulting in a higher share of retained income compared to authorities with lower growth.
- 1.3.8 The Council's proactive approach in supporting local economic development and encouraging business expansion has translated into a tangible financial benefit under the reset arrangements, helping to sustain local services amid continuing funding pressures.
- 1.3.9 It should be noted that the transitional arrangements currently in place are scheduled to end after the 2028/29 financial year. As such, it is prudent for the Council to ensure that a balanced budget is maintained beyond this period. Investing heavily in ongoing or recurring expenditure at this stage would not be appropriate, as it risks creating an unbalanced budget once the transitional support is withdrawn, effectively deferring the financial challenge rather than addressing it.
- 1.3.10 Proposals regarding how the available funding is to be utilised are set out in further detail later in this report, ensuring that financial decisions are made with due

consideration to long-term sustainability and the avoidance of future budgetary pressures.

1.3.11 Some local authorities continue to face financial stress within the sector has continued to be evidenced using Exceptional Financial Support (EFS) and other forms of short-term intervention by Government. A growing number of authorities, particularly those with social care responsibilities, have required additional flexibility within the financial framework to remain solvent. This has reinforced concerns that financial risk within local government is no longer isolated, but systemic in nature. In addition, the Government has once again offered exceptional financial support to local authorities for 2026/27. This support is intended to provide councils facing acute financial challenges with access to additional resources or bespoke assistance, helping to maintain essential services and manage budgetary pressures during a period of heightened demand and ongoing economic uncertainty. The continuation of such exceptional measures reflects recognition from central government of the unprecedented pressures impacting the sector and the need for targeted interventions to safeguard critical local services.

1.3.12 The Autumn Budget 2025, announced in October 2025, contained several significant funding announcements for local government in 2026/27, including:

- A projected increase in Core Spending Power (CSP) for local authorities across England of approximately £3.9 billion (around 5.8%) in cash terms compared with 2025/26, assuming typical council tax increases, equivalent to an estimated 3.5% real- terms increase after accounting for inflation.
- As part of the multi- year Local Government Finance Settlement, total Core Spending Power for councils in 2026/27 is expected to rise to around £77.7 billion, an increase of more than £9.2 billion compared with 2024/25.
- Continued integration of grants into the core settlement and reform of the business rates retention and Fair Funding systems will take effect, intended to simplify funding streams and move to a fairer distribution of funding.
- The Autumn Budget reaffirmed flexibilities for council tax referendum rules, maintaining existing principles and supporting council tax income as a key element of Core Spending Power, with additional assumed council tax growth estimated to contribute around £2.4 billion of further revenue in 2026/27 if councils set tax at typical maximum levels.

1.3.13 While additional funding for homelessness and prevention activity is welcome, the continued failure to fully address temporary accommodation subsidy shortfalls and Local Housing Allowance constraints means that councils are likely to continue experiencing significant financial pressures in this area during 2026/27.

1.3.14 The Government's confirmation of a move towards multi-year funding settlements, with 2026/27 anticipated to form part of a longer-term arrangement for local government, is a welcome development. This approach provides greater certainty of funding over the medium term, which is invaluable in supporting the Council as it navigates the transition to local government reorganisation. By enabling improved financial planning and stability, multi-year settlements allow the Council to make more informed decisions regarding service delivery, investment, and resource allocation, thereby strengthening its capacity to manage change and maintain essential services throughout the reorganisation process.

#### 1.4 Local – North West Leicestershire

1.4.1 The Council continues to face significant local financial and operational pressures. Forecasts for 2025/26 indicate that the Council has continued to rely on agency staffing in a limited number of essential roles to ensure continuity of service delivery. This reflects ongoing national labour market challenges within local government, as

highlighted by recent Local Government Association (LGA) analysis. The recruitment market is showing signs of improvement, but some pressures remain in planning and specialist finance roles, where competition for suitably qualified staff continues to be strong. Despite these challenges, the Council continues to maintain a robust level of reserves and remains in a more resilient financial position than a number of authorities that have required Exceptional Financial Support.

- 1.4.2 The move towards a multi-year funding settlement provides the Council with a valuable opportunity to invest in additional capacity where it is most needed, enabling a more strategic approach to resource planning and service delivery. This greater certainty over future funding allows the Council to target investment in key areas, supporting both operational effectiveness and the delivery of essential services without the need for savings or cuts to services.
- 1.4.3 In addition, the Council has implemented improvements to its recruitment procedures, which are already yielding positive results. These enhancements have supported better recruitment and retention outcomes, strengthening the organisation's ability to attract and retain skilled staff.
- 1.4.4 Forecasting income, particularly within planning and development services, continues to be challenging due to the inherent volatility in planning application volumes and wider economic conditions. The budget proposals for 2026/27 seek to reflect a more realistic assessment of income generation and cost pressures, including:
  - Providing for pay award assumptions
  - Adjusting budgets where income targets have proved unachievable
  - Continuing targeted investment in corporate and support services to improve recruitment, retention and resilience.
- 1.4.5 The Council's approach to budget setting for 2026/27 continues to emphasise long-term financial sustainability, reducing reliance on reserves for day-to-day services and strengthening the Medium Term Financial Plan. The Local Government Financial Settlement provides an opportunity for the Council to set a balanced budget in each of the next three years without the need for savings, whilst also maintaining reserves to fund the capital programme and to support economic investment in the district. The Council will retain a healthy and appropriate level of reserves, providing resilience against financial risk and supporting continued service delivery.
- 1.4.6 The Council's external auditors have previously issued disclaimed opinions on historic financial statements, reflecting national issues within the local government audit system. Importantly, these opinions did not identify significant weaknesses in the Council's arrangements for financial sustainability, and work continues to strengthen financial reporting and governance arrangements.
- 1.4.7 This work has included enhancements to the core financial system, a move to a new support and maintenance contract for the core financial system, regular reporting on the council's in-year position to the corporate leadership team and members, and monthly meetings of the capital strategy group to oversee capital investment proposals. These initiatives have collectively strengthened the Council's financial oversight and facilitated more informed, timely decision-making, further underpinning the Council's commitment to transparency and effective resource management.

## 1.5 Principles Underpinning the Budget Strategy

1.5.1 The Council's principles as a basis for financial management and budget planning as follows:

Guiding Principles	Key Strategies for Developing Budget 2026/27 and MTFP 2026-29
Financial Stability and Sustainability	<ul style="list-style-type: none"><li>• Plan ahead for potential Government funding changes (including Business Rates Reset)</li><li>• Do not become overly reliant on Business Rates funding for on-going service provision</li><li>• Use future surpluses in Business Rates funding for future one off investment to reduce ongoing revenue costs or generate income</li></ul>
Resources Focussed on Priorities	<ul style="list-style-type: none"><li>• Align resources to Council Delivery Plan objectives</li></ul>
Maximising Our Sources of Income	<ul style="list-style-type: none"><li>• Fees and Charges maximised in accordance with the Corporate Charging Policy (increased by inflation)</li></ul>
Managing our Risks	<ul style="list-style-type: none"><li>• Acceptable level of risk tolerance</li><li>• Review of reserves strategy and position</li></ul>

## 1.6 Budget Assumptions

1.6.1 The following budget assumptions have been built into the forecast:

- Pay award - 2026/27 onwards to remain as 3%. This appears prudent given recent pay awards and fluctuations in inflation seen in recent years.
- Contracts price increases have been linked to the Consumer Price Index (CPI)/Retail Prices Index (RPI) as per individual agreements
- Inflation – fuel and utilities inflation are very volatile. After reviewing the current prices and future indications based on the best information available, and allowing for reviewing utility contracts, a minimal level of inflation has been included.

Cost	Increase in 2026/27 Budget
Fuel	5%
Gas	5%
Electricity	5%
Water	5%

- Fees and charges – increased by the CPI as at September 2025. Using the CPI, ensures the Council's fees and charges keeps pace with inflation, covering the costs of providing services. See section 2.4 for more detailed information on fees and charges.
- In broad terms, other expenditure has not had any inflationary factor applied with a few exceptions where material costs have had to be increased to keep up with rising prices (e.g. Grounds Maintenance).

1.6.2 This approach is sensible in light of recent pay settlements and the volatility in inflation in recent years. In addition, the Council has incorporated a contingency budget within its financial plans to address any unforeseen price rises, including pay awards that may exceed expectations.

## 2.0 GENERAL FUND BUDGET 2026/27

### 2.1 General Fund Budget Summary

2.1.1 Appendix 1 shows the general fund budget position for 2025/26 and the budget for approval for 2026/27, as well as indicative budgets for 2027/28 to 2028/29 based on known information such as indicative pay awards.

2.1.2 Table 1 below highlights that in 2026/27 the net revenue expenditure has decreased by £649k compared to 2025/26 and the anticipated funding has increased by £15.2m. However there has been some technical changes for example, the Extended Producer Responsibility Payment was included in funding in 2025/26 and in 2026/27 has been netted off the expenditure within the service.

**Table 1: Changes to the General Fund budget from the previous year**

	2025/26 £'000	2026/27 £'000	Movement £'000
Total Funding	(19,074)	(34,293)	(15,219)
Net Revenue Expenditure	19,074	19,698	(624)
<b>Funding (surplus)/deficit</b>	0	(14,595)	<b>(14,595)</b>
Contributions to/(from) reserves	0	14,595	<b>14,595</b>

2.1.3 As outlined in section 1.3 above, the Council has experienced strong business rates growth in recent years, largely due to the business rates reset. This positive outcome has resulted in surplus funding for 2026/27. The surplus of £14m will be split. £2m is being transferred to a new legacy reserve and £12m to the Business Rates Reserve. More information about the legacy reserve can be found below in section 2.6.7. This reserve will support the Council's capital programme and further investment initiatives across the district. The use of these funds ensures the Council can continue to invest in key projects and maintain financial resilience, as well as deliver on its strategic priorities. In addition, the Council is currently in the process of identifying the cost implications of achieving net carbon zero. This cost is expected to be significant and is not yet included within the current capital programme. Any proposals arising from this work will be presented to Council in due course.

2.1.4 Within the Net Revenue Expenditure, there are multiple one-off expenditure proposals and are being met from the Medium-Term Financial Plan (MTFP) reserve and Business Rates Reserve (BRR). These can be identified in Appendix 2. The MTFP reserve was created to maintain financial resilience, allowing it to continue funding important projects while safeguarding its ability to deliver strategic priorities, even in the face of future financial challenges or changes in government funding.

2.1.5 A robust corporate and financial plan is in place to ensure the Council can balance its budget for 2026/27 and over the medium term. This plan should initially focus on being more efficient with the aim of having the same service outcomes at a lower cost. There is a Transformation Programme planned to support this which is detailed in section 2.3.1 below.

## **2.2 Budget Changes to the MTFP**

2.2.1 Appendix 2 sets out the most significant planned changes to the general fund budgets for 2026/27 to 2028/29 and a summary of the significant budget proposals for 2026/27 are detailed below:

- **Savings Agreed (£1,319k) including:**
  - Reduction in Employer Pension Contribution Rate (Actuarial Review) – (£834k)  
Following the latest actuarial review, the employer pension contribution rate has been reduced, generating significant savings without impacting employee benefits or long-term pension fund sustainability.
  - Agency Model for Leisure Contract VAT Treatment – (£50k)  
A revised agency model for VAT treatment within the leisure contract will result in efficiency savings, optimising tax arrangements while maintaining service delivery standards.
  - Everyone Active – Utility Benchmarking & NNDR – (£188k)  
Benchmarking of utility costs and adjustments to National Non-Domestic Rates (NNDR) within the leisure contract should deliver cost reductions, reflecting improved contract management and energy efficiency measures.
  - Land Charges Search Fees – Increased Demand – (£129k)  
Higher demand for land charge searches has generated additional income, contributing to overall savings and supporting the Council's financial sustainability.
- **Additional Income £2.57m including:**
  - Extended Producer Responsibility (EPR) Grant – (£2.1m)  
The EPR Grant began in 2025/26 and was listed under the 'Funding' section of last year's budget summary, with an estimated value of £1.3 million. For the 2026/27 budget, the grant (£2.1) has been applied to reduce expenses within the Waste Services Budget.
  - Food Waste Roll-Out – DEFRA Funding – (£324k)  
As part of the national initiative to improve recycling and reduce landfill, the Department for Environment, Food & Rural Affairs (DEFRA) has provided grant funding to support the implementation of the food waste collection service. This funding contributes towards the costs of new infrastructure, equipment, and communications associated with the roll-out.
  - Summons Income – Revenues – (£90k)  
Increased income has been generated through the recovery of costs associated with the issue of summons for non-payment of Council Tax and Business Rates. This reflects both improved collection processes and a higher volume of enforcement activity, ensuring compliance and protecting the Council's revenue base.
- **Reduction in Income £244k including:**
  - Newmarket & Outdoor Market – Reduced Income – £83k  
Income from market operations has fallen due to reduced trader occupancy and footfall, influenced by broader retail trends and cost-of-living impacts on discretionary spending.

- Trade Refuse – Reduced Income – £67k  
Commercial waste income has declined as businesses seek cost reductions or adjust service levels in response to economic uncertainty, resulting in fewer contracts and lower tonnage collected.

- **Unavoidable cost pressures £4.8m including:**

- Food Waste Roll-Out – £600k  
The implementation of the new food waste collection service has resulted in an increase in staffing and operational costs to ensure compliance with the statutory requirement and will result in improved recycling performance.
- Refuse and Recycling – Increased Agency Costs Due to Sickness – £170k  
Higher-than-anticipated sickness levels within the waste collection workforce have necessitated the use of agency staff to maintain service continuity. This has led to additional expenditure beyond the original budget provision.
- Refuse and Recycling – Increased Overtime/Casual Cover Due to Sickness – £147k  
In addition to agency costs, overtime and casual cover have been required to ensure scheduled collections are completed on time, particularly during peak periods and to avoid service disruption.
- Refuse and Recycling – Hire of Vehicles Due to Ageing Fleet – £150k  
The ageing refuse fleet has experienced increased downtime due to mechanical failures, requiring the short-term hire of vehicles to maintain operational capacity and meet statutory collection obligations.
- Garage/Fleet Services – Increased Parts Costs Due to Ageing Fleet – £175k  
The maintenance of older vehicles has led to higher parts and repair costs, reflecting the need to keep essential fleet assets operational until replacement programmes can be delivered.
- Removal of Earmarked Reserve Funding for Environmental and Sustainability Programme Manager - £84k  
The Environmental and Sustainability Programme Manager, previously funded from earmarked reserves, now requires ongoing revenue funding to ensure delivery of the Council's climate action commitments and sustainability objectives.
- Local Plan Examination – £85k  
Costs associated with the statutory examination of the Local Plan, including inspector fees and legal support, have exceeded initial estimates. This is a critical step in ensuring compliance with national planning requirements.
- Insurance Premium Increase – £297k  
Market conditions and sector-wide risk adjustments have resulted in a significant increase in insurance premiums across all policy areas, impacting the Council's core operating costs.
- Transformation Officer (Previously Funded from MTFP) – £52k  
The Transformation Officer post, essential for driving organisational change and efficiency programmes, now requires permanent funding following the expiry of Medium-Term Financial Plan allocations.
- IT Licences and Maintenance Adjustments – £80k

Inflationary pressures and contractual renewals have led to increased costs for essential IT licences and system maintenance, ensuring continued compliance and service resilience.

- **Local Government Reorganisation – £2m**  
Preparatory work and transitional arrangements for local government reorganisation have generated significant costs, including programme management, legal advice, and stakeholder engagement, to ensure readiness for structural changes.
- **Temporary Accommodation Fund Contingency - £384k**  
A contingency fund has been created within the Strategic Housing - Homelessness budget, which equates to the government funding. This will be used during the year to offset additional expenses incurred.
- **Salaries Adjustments - £376k**  
Salary budgets have been increased to account for scheduled incremental raises and potential pay awards. Additionally, the vacancy factor has been eliminated in several frontline services because it is no longer feasible.
- **Avoidable cost pressures £616k including:**
  - **Asset Protection Plans for Closed Churchyards, Parks, Play Areas – £65k**  
Development and implementation of asset protection plans to ensure the safety, maintenance, and long-term sustainability of closed churchyards, parks, and play areas. This proactive approach mitigates future liabilities and enhances community amenities.
  - **Two-Year Term to Tackle Fly-Tipping and Litter – £99k**  
Establishment of a dedicated GRIT (Grime Reduction and Intervention Team) for a two-year period to address persistent issues of fly-tipping and littering. This initiative aims to improve environmental quality, reduce enforcement costs, and enhance public confidence in local services.
  - **Community Focus Officer - £52k**  
Establishment of a two year fixed-term Community Focus Officer to assist with administering the Legacy fund.
  - **Year-End Support for Accounts Production – £60k**  
Provision of additional resources to support year-end accounts production, ensuring timely and accurate financial reporting in compliance with statutory requirements and audit standards.
  - **Mine Water Combined Heat and Power (CHP) Feasibility Study - £80k**  
Establishment of a fund to conduct a feasibility study regarding the potential utilisation of mine water within the district for Combined Heat and Power (CHP) applications.

## **2.3 The Year Ahead by Service Area**

### **2.3.1 Transformation**

- 2.3.1.1 The Council introduced its Transformation Delivery Plan in June 2024 to address significant financial challenges, including a projected funding gap caused by reductions in government funding, rising service demands, inflationary pressures, and the forthcoming reset of business rates in 2026/27. The plan is a strategic response aimed at ensuring long-term financial sustainability, improving service efficiency, and embedding a culture of continuous improvement across the organisation. It focuses on

modernising processes, embracing digital innovation, and exploring new delivery models to maintain high-quality services for residents while achieving financial resilience.

2.3.1.2 Since its launch, the Transformation Delivery Plan has delivered substantial progress. Early measures, supported by an initial £0.5 million investment, have reduced the medium-term funding gap by approximately 50 percent. This achievement has lowered the projected shortfall for 2028/29 from over £4 million to around £2 million, providing a strong foundation for future savings and validating the Council's approach to transformation.

2.3.1.3 Work is continuing across a range of projects. Service process improvements are being implemented to streamline operations and deliver efficiencies. Digital transformation remains a priority, with initiatives such as expanding online services and digitising customer interactions to reduce manual processing and improve accessibility. In addition, a revised internet and intranet site is under development to enhance communication and user experience, and document management reviews are underway to improve information governance and operational efficiency. Governance enhancements, including compulsory training and strengthened oversight, are being embedded to support robust decision-making. The Council is also diversifying income streams through initiatives like the NWL Community Lottery, which has already generated significant funds for local causes. Alongside these, new service delivery models and technology-driven solutions are being developed to ensure the Council remains agile and responsive to future challenges.

2.3.1.4 The revised internet and intranet sites will provide a more intuitive and accessible platform for both residents and staff, improving engagement and enabling faster access to information and services. Document management reviews will ensure that records are stored and retrieved efficiently, reducing duplication, improving compliance with data protection requirements, and supporting a more streamlined approach to service delivery. Together, these initiatives will strengthen internal communication, enhance transparency, and contribute to the Council's overall efficiency goals.

2.3.1.5 The Transformation Delivery Plan is structured over short, medium, and long-term horizons. Immediate priorities focus on quick wins and cost reductions, while medium-term objectives include rolling out digital solutions and reimagined service models. Longer-term ambitions aim to embed continuous improvement and secure financial resilience well beyond 2028/29. Progress is monitored through regular performance reviews, ensuring transparency and accountability as the Council works towards closing the funding gap and delivering value for the community.

## **2.3.2 ICT**

2.3.2.1 Hybrid/agile working operating model has meant that the service supports 550 officers, including councillors and remote offices, which is a pressure on ICT services to provide a first-class customer support service for the Council's staff and councillors. There have been staffing issues in 2025/26, resulting in the staffing resources being stretched. Staffing issues have now been resolved and the team starts 2026/27 with a fully resourced dynamic IT team to provide the necessary levels of service to the business.

2.3.2.2 There is a greater focus on IT security and IT audits which will continue over the medium to long-term, to ensure that the Council is compliant with ICT standards and practices. IT is a fundamental core pillar for the organisation. Cyber security is an ever-challenging task with new threats and vulnerabilities emerging daily. In 2025/26, ICT officers spent a lot of time in remediating security issues from previous IT health checks. In 2026/27, there will be investment in new endpoint security software to further protect the organisation and renew the Council's Cyber Security accreditation. AI security and

threats is another area of focus for 2026/27. The Council will explore how the use of AI tools can support service improvements. For example, for a new Request for Information (RFI) document will be written to support the Customer Service centre telephony platform.

2.3.2.3 There are a large number of ICT systems which require upgrades as the software reaches end of life or end of contract. Work has already been undertaken in 2025/26 to get these systems updated. 2026/27 will be a further year to complete the remaining system upgrades and move to supported platforms and the cloud as part of the IT roadmap and strategy.

2.3.2.4 There are likely to be several projects emerging from the Transformation Programme which will require ICT support, for example artificial intelligence (AI). The idea of centralising IT budgets has been a topic of conversation for several years, with the aim of achieving greater commercial savings. In 2026/27, the Council intends to explore this further, recognising the significant potential to realise efficiencies by bringing together IT budgets from all services into a single, centralised IT function.

2.3.2.5 The service is in the process of reviewing the numerous ICT contracts in services across the Council with a view to moving them to cloud services, to reduce operating cost as well as ensuring that the systems deliver value for money. Work has already started in 2025/26, with a renewal of the data centre contract saving £480K over five years. Further contracts are due for renewal this year which should deliver savings.

### **2.3.3 Finance and Internal Audit**

2.3.3.1 The Finance Team has continued to face recruitment and retention challenges, however, this seems to be easing during 2025. Despite these issues, the team successfully completed the Statements of Accounts for 2023/24 and 2024/25 ahead of the Government's backstop date.

2.3.3.2 Significant enhancements have also been made to the Unit 4 financial system and other associated systems to improve processes. In the next financial year, the focus will back to business as usual with the completion of the Statements of Accounts for 2025/26 in line with statutory requirements, as the Council aims to rebuild assurance in its financial reporting. Additionally, there will be a continued focus on improving the exchequer and financial planning systems and processes.

2.3.3.3 An extra resource was incorporated into the Internal Audit team during 2025/26, resulting in a substantial increase in the annual number of audit days from 315 to 502.

### **2.3.4 Legal and Support Services**

2.3.4.1 Priorities for the Democratic Services Team in 2026/27 will be to conduct the Community Governance Review by December 2026 and to start preparations for the election to the new unitary authority in 2027.

2.3.4.2 The Legal Services Team will continue to undertake external work to bring in income for the Council, along with conducting the annual constitution review and supporting the Council's regeneration projects.

2.3.4.3 The Communications team will deliver its annual campaigns plan to support on corporate projects, including the Council's transformation programme and local government reorganisation.

### **2.3.5 Organisational Development/ Human Resources**

- 2.3.5.1 In the year ahead, the Human Resources team will focus on addressing recruitment and retention challenges in key parts of the workforce, ensuring the Council remains a place where people want to join and stay. The team will also continue work to reduce sickness absence, supporting a healthier and more productive workforce.

### **2.3.6 Strategic Housing**

- 2.3.6.1 National demand for Homelessness services continues to increase and this is replicated, to some extent, locally. Although this is likely to mean greater costs to the Council, the Council continues to explore ways to manage demand, through its preventative work; look to reduce unit costs of Temporary Accommodation, through the use of local partnerships; minimise the use of expensive, unsupported Bed and Breakfast accommodation and recoup some of the costs through a charging pilot, which will require customers to contribute towards the costs of their temporary accommodation. It is hoped that this will also be a useful mechanism in managing demand. Some increases in costs, around salaries, are anticipated and further discussion around new government funding formulae will necessitate review from 2026/27 onwards.

- 2.3.6.2 Historically, funding for temporary accommodation and homelessness was provided to local authorities as ring-fenced grants, ensuring that these resources were dedicated solely to supporting households in need of such services. However, under the revised funding arrangements for local government, these grants have now been incorporated into the broader Revenue Support Grant. Although nominal calculations have been undertaken to estimate the adequacy of the transferred funding, the Council has taken proactive steps to allocate sufficient budget to temporary accommodation, recognising and responding to the increased demand and financial pressures experienced in recent years.

### **2.3.7 Community Services**

- 2.3.7.1 Community Services includes waste collection, recycling and street cleansing, parks and open spaces, health and wellbeing, licencing, port health, environmental health, community safety, community focus, environmental protection and fleet management.
- 2.3.7.2 Plans are in train to roll out in late 2026 a new recycling container scheme in the district with twin bins and food waste caddies which will conform to the government's Simpler Recycling requirements.
- 2.3.7.3 Work continues with zero carbon measures across the Council and new schemes will be rolled out as business cases are developed for the Council's fleet and buildings particularly in order that the Council can meet its aspiration to be zero carbon by 2030 for its own operations.

### **2.3.8 Planning and Development**

- 2.3.8.1 The key service issue for the Planning Policy team is to continue to progress the new Local Plan. There are associated risks with this complex workstream, including any unanticipated requirement for additional evidential work over and above that currently budgeted for. Resources have also had to be found for external consultants to help manage and support the Local Plan process following the retirement of the Planning Policy and Land Charges Manager in December 2025.

2.3.8.2 The new Local Plan needs to be submitted for Examination by December 2026 and in these circumstances the Local Plan Examination can be expected to start in Quarter 1/Quarter 2 in 2027. If the Local Plan is found 'unsound' at Examination, or if it is not possible to submit by December 2026, the Council will need to decide whether to prepare a Local Plan under the Government's new plan-making system. The costs of this are uncertain but can be expected to be substantial.

2.3.8.3 The key service issue for the Planning and Development Team is to maintain the high level of performance achieved in meeting government targets for the determination of planning applications. Planning application fee income dropped significantly in the first two quarters of 2024/25, but increased in the second two quarters of 2024/25, in particular due to the number of major applications received, so that at the end of 2024/25 fee income received was over and above the projected budget. This additional income will be put in reserve to manage workload peaks and troughs and to balance the Planning and Development budget in future years. The latest projections show that the Planning application fee income 2025/26 is on target for the projected fee income budget to be achieved.

### **2.3.9 Property Services and Economic Regeneration**

2.3.9.1 The Council's portfolio of commercial properties offers an opportunity to generate significant income but the stock needs investment if potential is to be maximised. Consideration will also need to be given to investment in energy efficient measures to meet government regulations.

2.3.9.2 The continuing prioritisation of Regeneration Projects across the District creates a need for capital investment. Central Government grant support for this work would be welcomed and would unlock economic growth.

## **2.4 Fees and Charges**

2.4.1 The Council provides a large number of services to local residents and businesses that incur a fee. Appendix 3(a) to 3(c) sets out key changes to fees and charges for 2026/27. In the main, the fees and charges have been increased by 3.8% which was the Consumer Prices Index (CPI) as at September 2025. There are a few other charges that have increased more than the inflation amount such as, Electrical Vehicle Charging charges and car parking charges. A more details breakdown of these charges can be found in Appendix 3.

## **2.5 Funding**

2.5.1 The Provisional Local Government Finance Settlement for 2026/27 has now been released. The information is based on the settlement documentation and local intelligence. There have been significant changes to the funding formula for local authorities, and these are set out in section 1.3 above.

2.5.2 The key funding changes for 2026/27 are as follows:

- **New Homes Bonus:** The Council will no longer receive New Homes Bonus funding as a separate grant, as it has now been incorporated into the Revenue Support Grant allocation. Accordingly, no standalone income has been included within the budget or Medium-Term Financial Plan for 2026/27 onwards.
- **Council Tax increased by £249k to £6.5m** – Council Tax income assumptions are based on the approved Council Tax Base and proposed Council Tax increase of 2.75% for 2026/27.

- **Non Domestic Rates (Business Rates) decreased by £5m to £3.7m** – the 2026/27 financial year marks a significant Business Rates reset, primarily driven by a major nationwide revaluation of non-domestic properties, changing rateable values, alongside reforms to the 50% business rates retention system and adjustments to multipliers. In addition to this, the Council's new baseline and tariff funding strips out the growth accumulated from previous years.
- **Minimum Funding Guarantee (MFG)** - This grant has ceased and is no longer included within the funding settlement.
- **Extended Producer Responsibility Grant** – Funding for Extended Producer Responsibility has now been transferred to Waste Services, and a total grant of £2.1 million has been confirmed for 26/27. This is likely to reduce each year in line with sustainability drives.
- **Revenue Support Grant (RSG) increased by £18.7m to £18.8m** – The Council will receive RSG of £18.8m in 2026/27. This is now the only core government grant included within the settlement. The settlement confirms the cessation of a number of previous specific grants, with some funding rolled into RSG, increasing the overall allocation but reducing transparency and certainty around future funding levels.
- **National Insurance Grant** – The specific grant previously provided to partially fund National Insurance increases is no longer paid separately. Government information indicates that this funding has been rolled into the Revenue Support Grant allocation. No separate income line has therefore been included within the budget.
- **95% Income Protection Floor of £4.9m** – Under the provisional Local Government Finance Settlement, the government is introducing transitional protections to limit how far a Council's funding can fall as the new Fair Funding reforms are phased in. The 95% Income Protection Floor is one of these protections, In simple terms, it guarantees that a qualifying local authority will not see its post-reform income fall below 95% of its 2025-26 income baseline.
- **Homelessness, Rough Sleeping and Domestic Abuse Grant - £384k** – In the provisional settlement, the government has consolidated several previous funding streams into a single grant. The new consolidated grant brings together the prevention element of the Homelessness Prevention Grant, Rough Sleeping funding and Domestic Abuse funding.

## 2.6 General Fund Reserves

- 2.6.1 The Medium-Term Financial Plan (MTFP) reserve is to help manage deficits and funding volatility. The value of this reserve is forecast to be £5.4m as at 31 March 2027.
- 2.6.2 In addition to this reserve, the Council also has earmarked reserves estimated to be £22.6m as at 31 March 2027, increasing to £45.1m by 31 March 2029 and general balances of £1.5m. A Legacy reserve of £2m is being created in 26/27 from part of the surplus budget with spend forecast to be £1m in 2026/27 and £1m in 2027/28. A summary of these reserves can be found in Table 2 below.
- 2.6.3 In addition, the Council will build up its reserves over the medium-term to support the funding of the capital programme. This prudent approach will ensure that sufficient resources are available to meet future investment needs whilst maintaining financial stability.

**Table 2: Summary of estimated reserves 2026/27 – 2028/29**

<b>Reserve Name</b>	<b>Estimated Balance as at 1/4/26 £'000</b>	<b>Commitments &amp; Budget Proposals 26/27 £'000</b>	<b>Estimated balance as at 31/3/27 £'000</b>
Earmarked Reserves - General Fund	4,155	(580)	3,576
MTFP Reserve	7,418	(264)	7,154
Business Rates Reserve	11,341	(267)	11,074
Legacy Reserve	0	1,000	1,000
General Balance (minimum level of reserves)	1,544	0	1,544
<b>Total Reserves</b>	<b>24,459</b>	<b>(111)</b>	<b>24,348</b>

- 2.6.4 Earmarked reserves are those reserves that have been earmarked for a specific purpose. The estimated balances include items currently committed. A table showing details by service can be found in Appendix 5.
- 2.6.5 The MTFP reserve is expected to be £7.2m after taking into account the funding of one-off budgets for 2026/27. It will be used to mitigate unbudgeted pressures, pump-priming invest to save opportunities and the transformation programme, as well as funding the capacity to deliver a medium-term financial plan.
- 2.6.6 The net reduction into the business rates reserve is expected to be £267k in 2026/27 and a contribution of £23.8m across the next three years. The spend is mainly to fund the capital programme and also some one-off revenue expenditure. The additional contributions into the reserve are from the surplus budget. This leaves an estimated balance of £34.9m at 31/3/29.
- 2.6.7 General balances are the minimum level of reserves that is prudent to hold.
- 2.6.8 As the Council prepares for Local Government Reorganisation, currently scheduled for 2028, there is a clear intent to make the most of the funds presently at our disposal to invest in important community projects across the district. The Council intends for this significant investment to be accessible, ensuring that every area benefits from the opportunities provided. This approach underlines the Council's commitment to supporting local priorities and delivering meaningful outcomes for residents throughout the district, both in the immediate term and as it transitions into the new governance arrangements.
- 2.6.9 Therefore, the Council's intention is to establish a £2m Legacy Grant Fund, designed to support projects that the Council may have delivered in the absence of Local Government Reorganisation. The fund will be available for the 2026/27 financial year, with grants ranging from £10k to £250k, and will be open to applications that align with existing Council strategies, such as regeneration, cycling and walking, and broader community enhancement objectives.
- 2.6.10 The scheme will offer both revenue and capital funding, providing flexibility to support a wide range of initiatives. Robust governance arrangements will be put in place, including the appointment of a Senior Responsible Officer and clear accountability throughout the grant lifecycle. The application process will be accessible and well-publicised, with a strong emphasis on monitoring, evaluation, and value for money in line with government guidance.

- 2.6.11 Applications will be invited from May 2026, with a potential second call in October 2026 if funds remain. Grants will be processed efficiently, with small grants managed by Community Services and larger grants by the Economic Development Team. Up to £100k will be allocated for administration to ensure effective delivery.
- 2.6.12 The fund will be financed from the Business Rates Reserve. Consideration will be given to including areas subject to special expenses, with appropriate legal and procedural safeguards to ensure compliance and transparency.
- 2.6.13 A further, more detailed report will be brought back to Cabinet in due course, setting out the full operational details of the scheme, including eligibility, assessment criteria, and governance arrangements.

### **3.0 CAPITAL PROGRAMME 2026/27 TO 2028/29**

#### **3.1 General Fund and Special Expenses Capital Programme**

##### **3.1.1 Capital Strategy**

- 3.1.2 The Capital Strategy includes a few key changes and improvements for the 2026/27 and future years' programme.
- 3.1.3 A key change introduced in 2023/24, is the reduction in the use of external borrowing to fund programmes. This will minimise the Council's exposure to increases in interest rates. Schemes would be funded from internal sources such as reserves, (mainly the Business Rates Reserves), capital receipts, and revenue contributions. External grant applications would be made for schemes which qualify for such funding.
- 3.1.4 The capital programme is divided into two parts – active projects and schemes in a development pool. The active projects are schemes which have been approved by Council (in-year or in previous years) and currently being delivered. Some new schemes have been added to the active pool as part of the budget process.
- 3.1.5 Projects in the development pool are subject to a full business case being developed before moving to the active category. The business case is scrutinised by the Capital Strategy Group before going onto Cabinet or Council for full approval in line with the Constitution.
- 3.1.6 The Capital Strategy is available within the Capital Strategy, Treasury Strategy and Prudential Indicators report on the same agenda.

#### **3.2 2026/27-2028/29 Capital Programme**

- 3.2.1 The proposed General Fund capital programme is outlined in Appendix 4. The three-year programme totals £18.57m and £9.6m for 2026/27. A summary of the higher value schemes for 2026/27 are:

##### Active Programme

- **Marlborough Centre purchase and renovation:** The Marlborough Centre project commenced in 2021 following the acquisition of the building for conversion and refurbishment. At the time of purchase, the Council relied on an early cost estimate based on the building's known condition and acquisition price. Since then, planning permission for the conversion and refurbishment has been secured, and a contractor has been engaged under a Pre-Construction Services Agreement. Through this process, significantly more detail is now available regarding the scope of works and the constraints that must be managed, including impacts on neighbouring properties,

existing tenants, and the need to protect Marlborough Square. Using this updated information, the Council's Cost Consultants and the contractor have developed a revised cost estimate at RIBA Stage 4. This latest estimate indicates that the likely cost to complete the project will be approximately £2.4 million higher than originally anticipated.

The key reasons for this increase are:

- Additional works identified following detailed inspections and surveys undertaken post-purchase.
  - Compensation payments required for tenants unable to trade during periods of conversion and refurbishment.
  - Construction cost inflation between 2021 and 2026.
- **Capitalisation of Salaries:** The salaries and on costs of the Economic Development and Regeneration Team who are supporting the implementation of Coalville Regeneration Projects will be capitalised. This is estimated to be £500k per year.
  - **HR/Payroll Project:** Capital investment is required in the Council's HR/Payroll system to move to more modern fit for purpose system, to replace the Council's existing iTrent platform, which reaches the end of its contract term in March 2026. The new system will provide improved automation, enhanced self-service capabilities for employees and managers, and reduced manual processing. It will also support the continuation of the Council's long-standing payroll services with Harborough District Council under a renewed delegation agreement. The total capital cost of the project is estimated around £95k, with implementation required ahead of the planned go-live date of July 2026. £30k of the capital costs will be recharged to Harborough District Council.
  - **Laptop replacements:** To maintain operational efficiency and security, outdated laptops that no longer meet performance standards or software requirements will be replaced. This ensures staff have reliable, secure devices to deliver services effectively and reduces the risk of system failures.
  - **Refuse bins:** Investment in new household waste bins is essential to support waste collection services. Many existing bins are damaged or at end-of-life, impacting service quality and compliance with health and safety standards. Replacements will improve durability and maintain cleanliness across the community.
  - **Property portfolio backlog maintenance:** This project addresses essential maintenance across the Council's property portfolio, tackling overdue repairs and compliance issues. Proactive investment will prevent further deterioration, reduce long-term costs, and ensure buildings remain safe, functional, and fit for purpose.

#### Development Pool (require further Cabinet approval)

- **Coalville Regeneration Framework – Wolsey Road Regeneration – Phase 2:** to deliver projects set out in the Coalville regeneration framework document which is one of the strategic business objective of the Council.
- **Fleet Replacement Programme:** A programme to replace old vehicles with environmentally friendly fleet for services such as waste, parks and housing. The old vehicles would be sold and the receipts from sales re-invested in the programme.
- **Stenson Square:** This is a £2m investment across two years to create a new public realm. This scheme will invest in Council-owned land at Stenson Square and London Road car park to create improved facilities for the general public. The first year investment was included in the 2025/26 Capital Programme.
- **Enterprise Park:** This is a £3.7m project across two years from 2025/26 which is to create serviced employment land and the Council in turn will rent or sell to end users

thereby generating capital receipts and/or ongoing income. The first year investment was included in the 2025/26 Capital Programme. This project is unlikely to commence until 2026/27.

### **3.3 Funding the Capital Programme**

3.3.1 The capital programme is funded from a variety of sources, including revenue, reserves, grants and borrowing. Table 3 below summarises the current identified funding sources for each year of the general fund capital programme.

**Table 3: Sources of funding for the General Fund capital programme**

<b>Funding Sources</b>	<b>Total £ '000</b>
Grants / Contributions	4,763
Revenue Contributions	355
Business Rates Reserve	13,457
<b>Total</b>	<b>18,574</b>

### **4.0 SPECIAL EXPENSES 2026/27**

4.1 The Council currently operates six special expense accounts where it provides additional services specific to some areas of the district. The Council's Special Expense Policy sets out the criteria and services that are classified as special expenses.

4.2 The special expenses budget includes a three-year Planned and Preventative Maintenance (PPM) programme which should provide sufficient budget to cover future planned maintenance along with a programme for play equipment replacement. The PPM programme has been reviewed and updated as part of the budget preparation.

4.3 It should be noted any increases in council tax for special expense areas are considered as part of the District Council's proportion of the council tax when calculating and considering the Referendum Principles for increases in council tax.

4.4 As part of the budget process the net expenditure requirements for each special expense area have been reviewed against the level of funding available through precepts, grants, S106 Funding and earmarked reserves. In line with statutory requirements for the Council it is important that each special expense area produces a balanced budget and is financially sustainable. A key element of good practice financial sustainability is to have a minimum level of balances for each special expense area, which is recommended at circa 10% of reoccurring expenditure.

### **4.5 2026/27 Budget Setting**

4.5.1 A budget requirement covering the period 2026/27 to 2028/29 has been produced for each special expense area and is available at Appendix 6. Also included in Appendix 6, is the movement from the 2025/26 to 2026/27 base budget and details of the Planned and Preventative Maintenance (PPM) included in the budget.

4.5.2 All of the special expense areas include a budget for PPM which should provide sufficient funding to cover future planned maintenance along with a programme for play equipment replacement (where applicable). The PPM programme has been updated as part of the budget preparation.

## 4.6 Special Expense Precepts 2026/27

- 4.6.1 The Council is required to set a balanced budget for each special expenses account. It is good practice to have a minimum level of balances, which is recommended at circa 10% of reoccurring expenditure. With the exception of Whitwick, all special expense accounts have sufficient balances forecast for 2026/27.
- 4.6.2 For Whitwick, the deficit has arisen due to a reduction in previous years burial fee income. The proposal is to increase the precept over the next two years along with a review of the Planned and Preventative Maintenance (PPM) to enable the recovery of the deficit.
- 4.6.3 Table 4 below shows the proposed Band D Council Tax for the special expense areas.

**Table 4 – Band D Annual Precept for each Special Expense Area**

Special Expense Area	Council Tax Band D 2025/26	Increase/ (Decrease)	Council Tax Band D 2025/26
Coalville	81.20	1.62	82.82
Coleorton	2.88	(0.58)	2.30
Hugglescote/Donington-le-Heath	9.93	1.99	11.92
Oakthorpe, Donisthorpe and Acresford	12.20	(1.22)	10.98
Ravenstone with Snibston	1.04	(0.21)	0.83
Whitwick	8.41	4.21	12.62

- 4.6.4 Special expense budgets, just like all Council budgets, are subject to the inflationary pressures of the current economic environment. To ensure a balanced budget is proposed and mitigate any funding gaps, action has been taken to minimise PPM expenditure. As well as seeking to increase income from Section 106 contributions and fees and charges.
- 4.6.5 There are potential risks in these mitigating actions. For example, minimising PPM expenditure in 2026/27 by deferring non-essential spend to future years, may lead to higher routine maintenance in the short term. This may take time to implement the impact of reductions in service levels which could lead to short-term cost pressure on the wider general fund.

## 5.0 KEY RISKS TO THE BUDGET

- 5.1 Table 5 below provides an assessment of the key risk areas to determine the robustness of the estimates and adequacy of reserves included in the General Fund budgets:

**Table 5: Key Risks to the Budget**

Area	Y/N	Comments
<p>Is performance against the current year's budget on track and where variances are evident, ongoing and unavoidable, are they appropriately reflected in the plans?</p>	Y	<p>The 2025/26 budget includes investments in areas that previously had overspending. Additionally, extra resources have been allocated to departments experiencing increased demand.</p> <p>The ongoing and unavoidable pressures, alongside potential reductions in reserve levels, have been factored into budget plans for 2026/27 and the medium term.</p> <p>The Provisional Local Government Finance Settlement provides a multi-year settlement which will ensure that the Council sets a balanced budget over the medium term and is in a position to build its reserves to ensure investment in the capital programme without the need to borrow.</p>
<p>Are arrangements for monitoring and reporting performance against the savings plans robust?</p>	Y	<p>Prior to the 2024/25 financial year, the Council had not been required to make significant savings to maintain its financial position.</p> <p>To support closing the anticipated funding gap over the medium-term, the Council has developed a Transformation Programme that will deliver savings to services, as well as improvements to service delivery.</p> <p>In addition, there are a range of budget options proposed for the General Fund Budget 2026/27. Delivery of savings/efficiencies will be monitored throughout the financial year and reported to the Corporate Leadership Team and Portfolio Holders alongside the financial monitoring reports on a quarterly basis, this being a key recommendation outlined in the external auditor's report for the 2022/23 Statement of Accounts.</p> <p>The Transformation Programme has monitoring and tracking arrangements to ensure that projects are delivering against intended outcomes. These are reported as part of the quarterly performance reports to Cabinet Members.</p>
<p>The reasonableness of the underlying budget assumptions</p>	Y	<p>All budget proposals have been justified by service managers, reviewed by the Finance team and subject to budget challenge sessions in the new process. There have also been several budget workshops with Cabinet Members.</p>

Area	Y/N	Comments
		<p>External review has also been undertaken by the treasury advisers, Arlingclose, on the Treasury Management Strategy.</p>
<p>The alignment of resources with the Council's service and organisational priorities</p>	Y	<p>Resources are aligned to the current priorities of the Council.</p> <p>The Council Delivery Plan (CDP) was approved by Council on 14 November 2023. The CDP is aligned to the resources available and risks faced by the Council.</p> <p>The Council's ambition to be carbon neutral by 2030 is likely to require additional investment, however, the Council will look to maximise grant funding made available to it to support this priority. The Council is aware of the investment required over this period.</p>
<p>A review of the major risks associated with the budget</p>	Y	<p>The major risks within the budget have been assessed and are set out in the budget report, including mitigations and strategies about how these are being managed.</p>
<p>The availability of un-earmarked reserves to meet unforeseen cost pressures</p>	Y	<p>The Council has a minimum level of reserves for both its General Fund (£1.5m) and HRA (£1m). In the Audit Commission's 'Striking a Balance' report published in 2012, the majority of Chief Finance Officers at the national level regarded an amount of between three and five per cent of council's net spending as a prudent level for risk-based reserves. Over the medium term the Council's forecast figure is 8%.</p> <p>The General Fund position has been risk assessed to take account of potential unforeseen pressures.</p> <p>The Provisional Local Government Finance Settlement provides an opportunity for the Council to build reserves to support the capital programme and one-off investment.</p>
<p>Have realistic income targets been set and 'at risk' external funding been identified?</p>	Y	<p>An assessment of income targets has been undertaken as part of the development of the draft budget. The income areas which have the greatest risk (including business rates, council tax, planning and leisure) have had greater focus.</p> <p>Where income targets have been deemed unrealistic, these have been addressed as part of the 2026/27 budget.</p> <p>Fees and charges have been increased, where it is appropriate to do so, in</p>

Area	Y/N	Comments
		accordance with the Council's Corporate Charging Policy.
Has a reasonable estimate of demand cost pressures been made?	Y	The enhanced budget process used in the development of the draft budget has improved the reasonableness of estimates.
Has a reasonable estimate of future income been made?	Y	<p>The budget proposals presented by services were reviewed by finance and subject to budget challenge sessions.</p> <p>The Government's provisional finance settlement enables the Council to set a balanced budget without requiring any additional savings. However, it should be noted that there is likely to be a significant financial challenge, or 'cliff edge', following the end of the current settlement period in 2028/29.</p>
Have one-off cost pressures been identified?	Y	All pressures have been reviewed to assess if they are one-off or ongoing in nature. One-off proposals are to be funded from reserves. Services will need to ensure exit plans exist for one-off expenditure.
Is there a reasonable contingency available to cover the financial risks faced by the Council?	Y	<p>The Council has incorporated estimates for pay awards, inflation and demand pressures into its budget. It has also made provisions for key income streams not materialising for business rates and council tax.</p> <p>It is prudent to create a contingency budget to meet unforeseen demand pressures and to support a balanced in-year budget position</p>
Is there a reasonable level of reserves, which could be used to mitigate any issues arising and are they reducing as the risks decrease?	Y	The Council has a range of earmarked, MTFP and minimum levels of reserves to ensure its financial stability.
The strength of the financial management function and reporting arrangements?	Y	<p>The Council implemented a new financial system in April 2023 to improve its reporting. Enhancements to the system have been made, however, the Finance Teams are still catching up on delays caused by the system implementation. A move to a new supplier for support and maintenance of Unit4 provides an opportunity to enhance the reporting arrangements.</p> <p>Training for all budget holders in the use of Unit4 is in progress.</p> <p>A review of the Financial Procedures Rules has been undertaken.</p>

Area	Y/N	Comments
Have the previous years Accounts been signed off by external audit to verify balances?	N	The Council's position in respect of its completion of the Statement of Accounts has been reported to the Audit and Governance Committee. The Statement of Accounts 2023/24 and 2024/25 were published in August 2025 and January 2026 respectively ensuring compliance with the backstop dates.
Has there been a degree and quality of engagement with colleagues and councillors in the process to develop and construct the budget?	Y	There has been a continuation of the improvements introduced to the budget setting process in previous years. This has included a series of budget challenge sessions between the Directors and Heads of Service, as well as engagement with Corporate Leadership Team, Portfolio Holders and Strategy Group, with all Member briefings scheduled.

## 6.0 CONSULTATION

### 6.1 Consultation with Members

- 6.1.1 The Corporate Scrutiny Committee considered the General fund budget at the meeting on the 22 January 2026. Appendix 7 details the comments made by the committee and the officers' responses at the meeting along with four recommendations to be considered by Cabinet.

### 6.2 Public Consultation

- 6.2.1 As part of the budget consultation, the Council launched an online survey from 14 January 2026 to the 1 February 2026 to seek the views of residents and businesses on the main changes within the budget. The survey was promoted via social media and set out the key changes to the budget and asked responders to state the extent to which they supported the proposed changes. Residents could also provide additional comments if they wanted to. At the time of publication of this agenda, the public consultation was still active. Appendix 8 presents an overview of the initial consultation responses. A revised version of the appendix will be circulated before the Cabinet meeting, providing a summary of the full consultation feedback.

## 7.0 CONCLUSIONS

- 7.1 Based on the assumptions made in the Budget 2026/27 and MTFP 2026-29 for income and expenditure, the Council can set a balanced proposed budget for 2026/27.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The budget provides funding for the Council to deliver against all its priorities.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	Equality impact assessments have been conducted by services on relevant proposals during the budget setting period.
Customer Impact:	Customers are likely to be impacted by the changes to fees and charges and District and special expenses precepts set out in this report.
Economic and Social Impact:	The General Fund capital programme allocates £7.1m to investing in Coalville Regeneration Projects over three years.
Environment and Climate Change:	The Council is currently in the process of identifying the cost implications of achieving net carbon zero. This cost is expected to be significant and is not yet included within the current capital programme. Any proposals arising from this work will be presented to Council in due course.
Consultation/Community Engagement:	Corporate Scrutiny Committee – 22 January 2026 Public consultation ran from 14 January to 1 February 2026 Parish and town councils, trade unions and the Federation of Small Businesses - 14 January to 1 February 2026.
Risks:	The budgets will be monitored throughout the year to ensure the Council remains within its funding envelope and planned budget savings are delivered. Key risks to the budget are discussed in further detail in section 5 of the report.
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