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| Report subject             | <b>Medium Term Financial Plan (MTFP) Update</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Meeting date               | 24 June 2026                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Status                     | Public Report                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Executive summary          | <p>This report:</p> <ul style="list-style-type: none"> <li>• Aims to ensure the council presents a legally balanced 2027/28 budget.</li> <li>• Presents an update to the MTFP</li> <li>• Proposes a budget planning process and timeline for key financial reports.</li> <li>• Proposes a financial strategy to support the delivery of a robust and financially sustainable budget for the medium term.</li> </ul>                                                                                                    |
| Recommendations            | <p><b>It is RECOMMENDED that Cabinet:</b></p> <ol style="list-style-type: none"> <li>a) Endorse the scenario planning exercise set out in Appendix 1 that guides the potential level of activity that may now be needed to present a legally balance budget for 2027/28.</li> <li>b) Approve the budget timetable and process as set out in Appendix 2.</li> <li>c) Approve the financial strategy designed to support the ongoing delivery of a balanced 2027/28 Budget and MTFP as set out in Appendix 3.</li> </ol> |
| Reason for recommendations | <p>To comply with accounting codes of practice and best practice which requires councils to have a rolling multi-year medium term financial plan.</p> <p>To comply with the Councils Constitution and the requirement to have as a minimum a 3-year Medium Term Financial Plan</p> <p>To provide Cabinet with the latest high-level overview of the medium-term financial plan.</p> <p>To present a proposed financial strategy to support the ongoing delivery of a balanced budget for 2027/28.</p>                  |

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| Portfolio Holder(s): | Cllr. Mike Cox, Portfolio Holder for Finance                          |
| Corporate Director   | Aidan Dunn, Chief Executive                                           |
| Report Authors       | Matthew Filmer, Interim Director of Finance and Chief Finance Officer |
| Wards                | Council-wide                                                          |
| Classification       | For Decision                                                          |

## MTFP Update

1. The Council's medium-term financial position remains under significant pressure. The latest update set out in Appendix 1 shows a more uncertain outlook, driven by rising demand, inflation, borrowing costs and continued volatility in national funding and pay assumptions.
2. The risk associated with the Dedicated School Grant has lessened thanks to the confirmation from government to support 90% of the accumulated deficit. But there remains uncertainty over timing of the grants payments and how the Council will fund the remaining 10% (c£38m) from asset disposals. This continues to present a material threat to long-term financial sustainability.
3. Elsewhere on the Cabinet agenda is the outturn for 2025/26 which recorded a £4.6m overspend, the first overspend the Council has reported. This is almost entirely driven by demand-led pressures in adults' and children's services and underlines the limited resilience in the base budget.
4. The update also recognises the poor condition of the Council's assets which is becoming an increasing risk following sustained underinvestment in repairs and maintenance. Appendix 1 sets out initial steps to remedy this.
5. The updated MTFP position overall is £31.9m gap, with a deficit of £8.3m in 2027/28. The report recognises the need to develop a long-term view of saving and efficiencies the council needs to make which are considered and planned for the longer term to bring financial sustainability. For the 2027/28 budget, the council will adopt a more strategic, programme-led approach through the Continuous Improvement and Innovation Programme (CIIP). This represents a shift from short-term savings measures to a structured pipeline of transformation, service redesign and efficiency activity. The financial strategy for this is set out in Appendix 3 with a detailed timetable set out in Appendix 2.
6. Overall, the financial outlook remains highly sensitive to relatively small changes in assumptions. Further savings options are therefore being developed as a precaution, alongside continued close monitoring of the major risks. The direction of travel is clear: the Council must continue to plan cautiously, manage spending tightly and prepare early for further decisions as the position develops.

## **Options Appraisal**

7. Ultimately the budget process results in a consideration of alternative savings, efficiency, income generation and service rationalisation proposals. This may include consideration of alternative council tax strategies.

## **Summary of financial implications**

8. Any financial implications of the report's recommendations are considered, alongside alternative options, elsewhere within this report.

## **Summary of legal implications**

9. The council has a fiduciary duty to its taxpayers to be prudent in the administration of the funds on their behalf and an equal duty to consider the interests of the community which benefit from the services it provides.
10. It is the responsibility of councillors to ensure the council sets a balanced budget for the forthcoming year. In setting, such a budget councillors and officers of the council have a legal requirement to ensure it is balanced in a manner which reflects the needs of both current and future taxpayers in discharging these responsibilities. In essence, this is a direct reference to ensure that Council sets a financially sustainable budget which is mindful of the long-term consequences of any short-term decisions.
11. As a billing authority, failure to set a legal budget by 11 March each year may lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999. It should however be noted that the deadline is, in reality, the 1 March each year to allow sufficient time for the council tax direct debit process to be adhered to.

## **Summary of human resources implications**

12. There are no direct human resources implications associated with this report. However, the 2027/28 budget is likely to have a direct impact on the level of services delivered by the council, the mechanism by which those services are delivered and the associated staffing establishment.

## **Summary of sustainability impact**

13. The 2026/27 approved budget protected the staffing resources associated with climate change and ecological emergency activity. In addition, as at the 31 March 2026 £833k was available in an earmarked reserve to support project activity.

## **Summary of public health implications**

14. The Department of Health and Social Care have announced the Council's Public Health grant allocation for 2026-27 is £27.485m. Public Health funding now consolidates previously standalone ringfenced grants for Smoking Cessation and Drug and Alcohol Treatment and Recovery as well as puts new responsibility on local authorities related to Individual Placement and Support for service users. Considering this new burden the increase in funding is 1.71% from 2025/26 allocation.

## **Summary of equality implications**

15. Officers are expected to deliver the services they are responsible for with due regard to the equality's implications. A full equalities impact assessment will be undertaken

as part of the final February 2027 report to members as part of the annual budget process.

### **Summary of risk assessment**

16. The risks inherent in the financial position of the council include the following issues set out in detail as part of the 24 February 2026 report to full council in relating to the 2026/27 budget and medium-term financial plan.

- Accumulating DSG Deficit.
- Interest cost associated with servicing the DSG borrowing position
- Ongoing impact in relation to the new Pay and Grading Structure such as incremental drift
- Council Tax – Taxbase
- Financial Outturn 2025/26
- Legal Claims.
- Uncertainty.
- Pay Award
- Loss or disruption to IT systems and Networks from a cyber-attack.
- Council Owned Companies and Joint Ventures.
- Intervention.
- Children's Services.
- Wellbeing Services.
- Housing: Temporary Accommodation including Bed and Breakfast and supported accommodation
- Delivering savings, efficiencies, and additional income generation.
- Realisation of capital receipts to fund the council's transformation programme and the remaining 10% DSG deficit.

17. These risks will continue to be monitored and where possible and appropriate mitigation strategies considered. At the time of writing this report a particular risk which will continue to be considered is in regard to the uncertainty caused by global macroeconomic factors.

### **Background papers**

18. February 2026: Budget 2026/27 and Medium-Term Financial Plan report  
<https://democracy.bcpccouncil.gov.uk/ieListDocuments.aspx?CId=284&MId=6081&Ve r=4>

### **Appendices**

- Appendix 1 MTFP Update Detail
- Appendix 2 Budget Planning process and timetable.
- Appendix 3 Financial strategy supporting the delivery of the 2027/28 budget.