North East Derbyshire District Council

Cabinet

15 January 2026

Medium Term Financial Plan 2025/26 to 2029/30

Report of the Deputy Leader of the Council with responsibility for Finance

Classification:	This report is public
Report By:	**Jayne Dethick, Director of Finance and Resources (S151 Officer)**
Contact Officer:	**Jayne Dethick**

PURPOSE / SUMMARY

To seek approval of the Current Budget for 2025/26 and Original Budget for 2026/27 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2025/26 to 2029/30.

To provide Elected Members with an overview of the Council's medium term financial position.

RECOMMENDATIONS

1. That all recommendations below are referred to the Council meeting of 26 January 2026.

   The following recommendations to Council are made:

2. That the view of the Director of Finance & Resources, that the estimates included in the Medium-Term Financial Plan 2025/26 to 2029/30 are robust and that the level of financial reserves are adequate at this time, be accepted.

3. That officers report back to Cabinet and the Services Scrutiny Committee on a quarterly basis regarding the overall position in respect of the Council's budgets.

   General Fund

4. A Council Tax increase of £6.48 will be levied in respect of a notional Band D property (2.99%).

5. The Medium-Term Financial Plan in respect of the General Fund as set out in **Appendix 1** of this report be approved as the Current Budget 2025/26, as the

Original Budget 2026/27, and as the financial projections in respect of 2027/28 to 2029/30.

6. That the General Fund Capital Programme as set out in **Appendix 4** be approved as the Current Budget in respect of 2025/26, and as the Approved Programme for 2026/27 to 2029/30.

7. That budget under spends be transferred to the Resilience Reserve to provide increased financial resilience for future years of the plan.

Housing Revenue Account (HRA)

8. That Council sets its rent levels for 2026/27 in consideration of the Social Housing Rent Standard increasing rents by 4.8% from 1st April 2026.

9. The Medium-Term Financial Plan in respect of the Housing Revenue Account as set out in **Appendix 3** of this report be approved as the Current Budget in respect of 2025/26, as the Original Budget in respect of 2026/27, and the financial projection in respect of 2027/28 to 2029/30.

10. That the HRA Capital Programme as set out in **Appendix 4** be approved as the Current Budget in respect of 2025/26, and as the Approved Programme for 2026/27 to 2029/30.

11. That the Management Fee for undertaking housing services at £13.962m and the Management Fee for undertaking capital works at £1.1m to Rykneld Homes in respect of 2026/27 be approved.

12. That Members note the requirement to provide Rykneld Homes with a 'letter of comfort' to the company's auditors and grant delegated authority to the Council's Director of Finance & Resources (S151 Officer) in consultation with the Deputy Leader of the Council to agree the contents of that letter.

Approved by Cllr P Kerry, Deputy Leader with responsibility for Finance

IMPLICATIONS

Finance and Risk: **Yes**☒ **No** ☐

Details:

The issue of financial risk and resilience is covered throughout the report. In addition, it should be noted that not achieving a balanced budget is outlined as a key risk within the Council's Strategic Risk Register. While officers are of the view that these risks are being appropriately managed it needs to be recognised that the continued budget pressures on the Council's financial position need careful consideration when approving the Medium Term Financial Plan.

The capital programme identifies and recognises the need to maintain the Council's assets in a fit for purpose state and to retain and attract income streams for the Council. The financing of the capital programme is secured for the plan thus minimising the risk of any additional unplanned borrowing.

Section 25 of the Local Government Act 2003 requires that the S151 Officer reports on the robustness of the estimates made and the adequacy of reserves in this financial plan. These requirements are addressed at 2.66 – 2.70 of this report.

All other financial implications are covered in the relevant sections throughout the report.

On Behalf of the Section 151 Officer

Legal (including Data Protection): **Yes**☒ **No** ☐

Details:

The Council is legally obliged to approve a budget prior to the commencement of the new financial year, 1 April 2026. This report together with the associated budget timetable has been prepared in order to comply with our legal obligations.

The recommended budget for the General Fund, Housing Revenue Account and Capital Programme complies with the Council's legal obligation to agree a balanced budget.

There are no Data Protection issues arising directly from this report.

On Behalf of the Solicitor to the Council

Staffing: **Yes**☐ **No** ☒

Details:

There are no staffing issues arising directly from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: **NEDDC:** **Revenue - £125,000 ☐ Capital - £310,000 ☐** ☒ *Please indicate which threshold applies*	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Equality Impact Assessment (EIA) details:	
Stage 1 screening undertaken • Completed EIA stage 1 to be appended if not required to do a stage 2	No, not applicable
Stage 2 full assessment undertaken • Completed EIA stage 2 needs to be appended to the report	No, not applicable
Consultation: **Leader / Deputy Leader ☒ Cabinet ☒** **SMT ☒ Relevant Service Manager ☒** **Members ☒ Public ☐ Other ☐**	Yes Details:

Links to Council Plan priorities; • **A great place that cares for the environment** • **A great place to live well** • **A great place to work** • **A great place to access good public services**
The budget underpins all Council Plan priorities.

REPORT DETAILS

1 Background *(reasons for bringing the report)*

1.1 This report presents the following budgets for Members to consider:

- General Fund – Appendix 1 and 2
- Housing Revenue Account (HRA) – Appendix 3

- Capital Programme – Appendix 4

1.2 In particular financial projections are provided for:

- 2025/26 Current Budget – this is the current year budget, revised to take account of any changes during the financial year that will end on 31 March 2026.

- 2026/27 Original Budget – this is the proposed budget for the next financial year starting 1 April 2026. For the General Fund, this is the budget on which the Council Tax will be based. The HRA budget includes proposals on increases to rents and charges.

- 2027/28 to 2029/30 Financial Plan – in accordance with good practice the Council agrees its annual budget within the context of a Medium-Term Financial Plan (MTFP). This includes financial projections in respect of the next three financial years for the General Fund, HRA and Capital Programme. Once Cabinet has considered this report and the appendices, the recommendations agreed will be referred to the Council meeting of 26 January 2026 for members' consideration and approval.

2. Details of Proposal or Information

General Fund Revenue Budget

2025/26 Current Budget

2.1 In January 2025, Members agreed a budget for 2025/26 to determine Council Tax. At this time there was a requirement to achieve efficiencies of £0.505m to balance the budget, reduced to £0.294m after the approval of the Council Tax increase.

2.2 The Revised Budget was considered by Cabinet at its meeting on 27 November 2025 at which time the budget shortfall had reduced to nil and forecast a contribution back to the Resilience Reserve of £0.432m. There have been no material changes to the budget position since this time.

2.3 The final position will clearly be dependent on the actual financial performance out-turning in line with the current budgets and there may be further changes required as the year progresses.

2026/27 Original Budget and 2027/28 – 2029/30 Financial Plan

Local Government Finance Settlement

2.4 The draft Finance Settlement for 2026/27 was issued for consultation on 18 December 2025. The settlement is for three years from 2026/27 and represents the most significant redistribution of funding in Local Government in 25 years. Since the last major update in 2013/14, there have only been minor updates and several one-year settlements. The funding system is complex and even straightforward updates to datasets can create substantial changes and redistributions.

2.5 This funding review began in 2016, and the current package builds on the work undertaken. It addresses the fundamental way in which funds are distributed. This includes:

- major changes to the main funding formula with a stronger link to levels of deprivation and population.
- many new burdens funding streams have been rolled into the main funding formula instead of being provided as separate grants. This includes ongoing revenue funding for food waste new burdens (see 2.6 below).
- the baseline for retained business rates has been reset in full in 2026/27 (see 2.10 below).
- the New Homes Bonus grant has been abolished.
- several grant pots have been consolidated, including for homelessness prevention, rough sleeping and temporary accommodation.
- transitional funding has been provided, including a minimum funding floor, to protect councils from the full impact of the funding changes (see 2.12 – 2.13 below).
- The Recovery Grant allocations have been preserved at 2025/26 levels for the spending review period (see 2.14 below).

Funding the Legislative Changes for Food Waste

2.6 2.28 of this report highlights the increase to ongoing revenue costs to embed the change in legislation in relation to food waste collections. Traditionally such a change to service delivery enacted through legislation would be funded through a specific grant known as New Burdens. This would provide transitional funding for a fixed period to give time to adapt to the required change in delivery. The decision in the Finance Settlement to roll many new burdens grants into the main funding formula may be administratively simpler but lacks transparency especially in a settlement that includes wide sweeping changes to all aspects of the funding formula. It is therefore impossible to establish whether the annual increase to deliver this service of £0.965m is included within our Revenue Support Grant allocation (see 2.12 below). The District Councils Network continues to lobby MHCLG for full transparency on funding for the cost of food waste new burdens.

2.7 Extended Producer Responsibility (EPR) payments (see 2.8 below) are continuing so have been utilised to meet this additional cost to provide the service with some certainty and sustainability through this period of change.

Extended Producer Responsibility (EPR)

2.8 EPR aims to create a more sustainable and circular economy by ensuring that producers take responsibility for the environmental impacts of their products throughout their lifecycle, effectively shifting responsibility for waste management from consumers and local governments to the producers. Regulations requiring reporting of packaging data have been in place for producers since 2023 and from January 2025 producers have been paying fees to the Department of Environment, Food and Rural Affairs (DEFRA) based on this data.

2.9 DEFRA are redistributing these fees to waste collection and disposal authorities to cover the costs associated with the disposal of packaging waste. It is also intended to help local authorities improve recycling services and reduce waste management costs under the Government's Simpler Recycling waste reforms. The Council's allocation in 2026/27 is £1.253m.

Business Rates

2.10 A full business rates reset has taken place for the first time since 2013/14. The baselines in the funding formulas have been amended to reflect this. This revision effectively removes all growth from the baseline. within the system. This has a significant impact on our ability to generate growth through business rates through this MTFP. The reset and change to the baseline have been anticipated for several years now and growth from business rates has been ringfenced in the Business Rates Reserve to protect against this impact. The reserve is being utilised in the plan to provide such protection.

2.11 Members will be aware that the Council has been a member of the Derbyshire Business Rates Pool since its establishment in 2015/16. Being a member of the pool has allowed us to retain more of our Business Rates income locally. The reduction in growth from the reset also removes any pool benefit in 2026/27 so all Derbyshire councils have elected to revoke the pool for 2026/27. This will be reviewed again ahead of the 2027 budget.

Revenue Support Grant/Transitional Protection

2.12 Since 2013 the national settlement assumption of our "needs" built into the formula for grant support has meant that limited Revenue Support Grant (RSG) has been paid to us during this time. The Fair Funding Review 2.0 and particularly the business rates reset significantly changes this assumption and based on the revised assessment of "needs" the Council will receive significantly increased RSG payments throughout this settlement period.

2.13 The Fair Funding Review 2.0 also includes transitional protection in the form of a funding floor. This ensures that no authority has a cash-terms reduction in their overall funding. We will receive transitional protection support throughout this settlement period.

Recovery Grant

2.14 This grant was introduced in 2025/26 and is being retained throughout this settlement period at 2025/26 levels. It is a highly targeted grant focussing on Councils with high levels of deprivation, high levels of need and low tax bases. Our allocation is £0.203m per annum for the period 2026/27 – 2028/29.

2.15 Appendix one provides a summary of the impact of the Fair Funding Review 2.0 on our funding, showing RSG and transitional support and the loss of growth from business rates.

Local Government Reorganisation (LGR)

2.16 The main uncertainty in this plan is the impact that LGR will have on our financial health and viability, and particularly our reserves. The Case for Change submitted to MCHLG in November identified that implementation costs are estimated at £66m to be funded from shared reserves across Derbyshire. The impact on our reserves is still to be determined so is not included at this time; this analysis is being undertaken jointly by the S151 Officers across Derbyshire over the coming months and will be reported in due course.

2.17 LGR also creates uncertainty as to whether this Council will exist in its current form over the life of this financial plan. It is however important to continue to operate on a going concern basis and remain focussed on funding the delivery of services during this period, ensuring we continue to exercise prudence and good financial governance throughout.

2.18 The financial impact of LGR will be kept under close review and will be reported as further information becomes available.

Council Tax Implications

2.19 Council tax is a local decision taken by Council each year. Council tax income is a significant funding stream for us, providing over a third of the annual income needed to fund the services in the General Fund. It is important to note, the increase each year not only services that year's budget but also increases the base for future years. The national settlement assumes the maximum increase in all their funding calculations. Table 1 below shows the benefit of the indicative increase over the life of the plan:

Table 1

	Original Budget 2026/27 £000	**Planning Budget 2027/28 £000**	**Planning Budget 2028/29 £000**	**Planning Budget 2029/30 £000**
General Fund Shortfall (MTFP)	46	1,248	2,127	3,534
Application of Council Tax increase each year assuming 2.99% (max)	(312)	(624)	(936)	(1,248)
General Fund Shortfall after applying indicative council tax increase	(266)	624	1,191	2,286

Council Tax Base

2.20 In preparation for the budget, the Director of Finance & Resources under delegated powers has determined the Tax Base at Band D for 2026/27 as 33,8713.43.

Council Tax Options

2.21 The Council's part of the Council Tax bill in 2025/26 was set at £216.67 for a Band D property. This was an increase of 2.99%.

2.22 The Government indicate what upper limit they consider acceptable for council tax setting each year. For 2026/27, district councils are permitted to increase their share of the Council Tax by 3% or £5 whichever is the greater, without triggering the need to hold a referendum. Table 2 below shows increase options and the extra annual revenue this would generate:

Table 2

Increase %	New Band D £	Annual Increase £	Weekly Increase £	Extra Revenue £
0%	216.67	0	0	0
1.00%	218.83	2.17	0.04	165,459
2.00%	221.00	4.33	0.08	238,852
2.99%	223.15	6.48	0.12	311,511

2.23 The proposed increase for 2026/27 is 2.99%, generating additional annual revenue of £311,511 (inclusive of tax base growth).

Budget Detail

2.24 In developing the financial projections for the detailed plan several assumptions have been made:

- Budgets are cash limited except where contractual commitments to increase costs exist.
- A pay award of 4% has been included in 2026/27 pay budgets. From 2027/28 pay inflation forecasts include a 3% uplift.
- Energy costs and fuel have been forecast to reflect anticipated price changes.
- Fees and charges – annual service specific increases have been applied in the plan.
- Inflation where required is included in the plan at 2%, in line with Bank of England monetary policy, which forecasts inflation stabilising at 2% in the medium term.
- Interest rates for new treasury management investments will be made at an average rate of around 3.25%, and new long-term loans will be borrowed at an average interest rate of 5.50%.

2.25 The Net Cost of Services detailed in **Appendix 1** is further analysed by type in Table 3 below. **Appendix 2** provides further analysis for each budget area.

Table 3

	Current Budget 2025/26 £000	**Original Budget 2026/27 £000**	**Planning Budget 2027/28 £000**	**Planning Budget 2028/29 £000**	**Planning Budget 2029/30 £000**
Employee related costs	22,736	24,471	25,205	25,973	26,789
Premises related costs	2,150	2,286	2,307	2,335	2,371
Transport related costs	691	835	846	857	869
Supplies and Services	9,883	7,954	8,130	7,882	7,942
Rent rebates/allowances	230	230	230	230	230
Capital Financing costs	887	1,044	1,141	1,173	1,069
Income	(20,232)	(19,022)	(19,262)	(19,481)	(19,699)
Net Cost of Services - NCS (App 1)	**16,345**	**17,798**	**18,597**	**18,969**	**19,571**
NCS transfers to grants/reserves	(894)	(190)	(1,374)	(2,162)	(1,989)
NCS transfers from grants/reserves	0	(46)	0	0	(1,581)
NCS after movements in grants/reserves	**15,451**	**17,562**	**17,223**	**16,807**	**16,001**

2.26 Table 2 above shows that except for pay related costs, cash limiting maintained across all expenditure budgets means there are only minor variations throughout the life of the plan. Some of the above costs are funded by grants and reserves and some of the income needs to be moved to grants and reserves to fund future expenditure commitments. Therefore, these movements are included in the table to show the “true” position.

2.27 Like many other public bodies the main ongoing budget pressure relates to pay costs; namely the annual NJC pay award. An additional £0.89m was needed in 2025/26 with a further £0.991m forecast in 2026/27. Additional costs of £0.965m are required to fund the new Food Waste collection service, under the Government’s plans for Simpler Recycling. Extended Producer Responsibility (EPR) payments of £1.253m whilst not specifically intended to fund these changes (see 2.6 above) provide the means to do so.

2.28 A combination of ongoing prudent budget management alongside the certainty of funding arising from the multiyear settlement and planning for the loss of business rates growth in anticipation of the reset means the unplanned call on reserves in the plan are limited. Budget pressures continue to increase throughout the plan largely because of pay inflation, overall the net cost of services increases by 10% to 2029/30.

2.29 It remains important to ensure that financial management remains prudent and ongoing savings continue to be identified and implemented to maintain this position. Shortfalls do increase throughout the plan and in 2029/30 the uncertainty surrounding funding, following the end of this settlement, re-occur.

Reserves

2.30 It is widely accepted that use of reserves to meet funding shortfalls remains an acceptable short-term measure whilst long term solutions are identified, however, use of reserves to fund revenue budgets is not a sustainable or prudent solution for the medium term for any organisation. Given the current level of reserves and balances held, we do have a reasonable period in which to recover budget shortfalls or meet short term uncertainty should it be necessary.

2.31 A planned response to addressing budget pressures is more conducive to sound financial management and more importantly it limits the detrimental impact upon our ability to deliver the planned and agreed level of services to residents. We have been operating in a challenging financial climate for several years and have an excellent track record of both identifying and delivering service efficiencies as required alongside a strong commitment to financial resilience and good financial governance.

2.32 The main un-ringfenced financial reserves are held in the General Fund Balance and the Resilience Reserve. The latter was specifically created to provide financial resilience in instances where unforeseen expenditure cannot be contained within existing approved budgets whilst longer term solutions are found.

2.33 The level of the General Fund Balance has been maintained at £2m in the plan. This is a risk-based reserve and represents a working balance of resources that could be used at short notice or to meet a major financial issue.

2.34 The Resilience Reserve had an opening balance of £3.60m on 1 April 2025 and estimates for 2025/26 are forecast to increase this to £4.03m by the end of the current financial year. The planned contribution from the reserve in 2026/27 of £0.046m will reduce this to £3.984m. This reserve is not forecast to be utilised again until the final year of the plan (2029/30) largely because this is when uncertainty surrounding national funding re-occurs with the end of the current multiyear settlement. This reserve was created for this very purpose and will continue to be utilised to provide financial resilience to the general fund in future years as required by Medium Term Financial Plan. The final contribution from the Resilience Reserve each year will clearly be dependent on the actual financial performance. Efforts will continue, as in previous years, to identify efficiencies to reduce the need to utilise the reserve.

2.35 The Business Rates Reserve is an earmarked reserve created from surplus growth to protect against the impact of lost growth, either through a change in the economic climate or through changes to the business rates retention system. It is the latter that is forecast to have a significant impact on business rates income from April 2026 because of the business rates reset. The reserve is being utilised from 2027/28 to provide such protection.

2.36 The Invest to Save Reserve is utilised to fund innovation and development that will yield efficiencies in the medium to long term. The reserve had an opening balance of £2.43m on 1 April 2025. Commitments already made against this reserve for future years amount to £0.17m leaving £2.26m uncommitted. There is likely to be a call on this reserve to fund the implementation costs of LGR (see 2.16 above).

Housing Revenue Account (HRA)

2025/26 Current Budget

2.37 In January 2025, Members agreed a budget for 2025/26 including setting of rent levels in consideration of government regulations. HRA fees and charges were also set, effective from the same date.

2.38 The Revised Budget was considered by Cabinet at its meeting on the 27 November 2025. There have been no material changes to the budget position since this time.

2.39 The estimated surplus in the year will be dependent on the actual financial performance out-turning in line with the revised budgets. The surplus will be utilised to fund additional homes and/or improved services to tenants in future financial years so all surpluses will be transferred to reserves.

2.40 The HRA balance is being maintained at £3m in line with the level of financial risk facing the HRA. Maintenance of this balance is necessary as it will help ensure the financial and operational stability of the HRA which is essential to maintain the level of services and quality of housing provided to tenants. We continue to work closely with Rykneld Homes (RHL) to ensure the continued sustainability of the HRA over the life of the 30-year Business Plan.

2026/27 Original Budget and 2027/28 to 2029/30 Financial Plan

2.41 The proposed budget for 2026/27 currently shows a balanced position. **(Appendix 3).** The HRA budget makes the same assumptions as the General Fund budget for staff costs and inflation. There are however, some additional assumptions that are specific to the HRA. The main factors considered in developing the financial plans for the HRA are set out within the sections below.

Level of Council Dwelling Rents

2.42 Social housing rents in England will follow a new 10-year settlement from April 2026 allowing annual increases of CPI + 1% with a mechanism for properties below formula rent to catch up via an extra convergence uplift. This replaces the current CPI+1% cap and brings a long-term strategy for rent setting, focusing on fairness and convergence towards formula rent levels over the decade, with specific caps for different property sizes. Landlords retain the option to apply lower increases, freeze rents, or even reduce them if needed, considering local market conditions and tenant affordability.

Rent Increase 2026/27

2.43 The updated Social Housing Rent Standard applies in 2026/27. CPI in September was 3.8% so the maximum permitted increase from April 2026 will be 4.8%. As in previous years, landlords continue to be free to apply a lower increase if they wish to do so. The standard directs providers to consider the local market context when deciding on the level of rent increase as well as the levels of Housing Benefit or Universal Credit available to claimant households who might occupy their properties.

2.44 The impact of the affordability of increased rents for tenants is an important consideration. In addition, consideration must be given to increasing cost pressures on the HRA. There is a statutory requirement that the HRA breaks even each year, and rental income is the main source of revenue to meet the costs of management and maintenance. It also must be sufficient to cover the cost of servicing debt each year, both historic and for funding new build schemes and major works.

2.45 We pride ourselves on providing our tenants with homes that are well managed and maintained, safe, and of a good quality and have recently been recognised for this by the Regulator of Social Housing awarding the highest grade of C1 rating for our housing services, delivered in partnership with Rykneld Homes. However, regulation and compliance are having a significant impact on the cost of delivery. To meet the cost of ongoing compliance requirements the HRA needs to fund an additional £1.543m per annum from 2026/27.

2.46 Table 4 below shows increase options and the extra annual revenue this would generate:

Table 4

Increase %	New Average Weekly Rent £	Weekly Increase £	Extra Revenue £
0%	93.74	0	0
3.8%	96.74	3.00	1.1m
4.2%	97.68	3.94	1.5m
4.8%	98.24	4.50	1.7m

2.47 Taking all the above into consideration, a rent increase of 4.8% is being recommended in the budget for 2026/27.

Other Fees and Charges

2.48 Although the main source of income for the HRA is property rents, there are other charges such as heating and rents for garages and plots. Heating charges are set on the principle that wherever possible they will reflect the cost of providing those services.

Rykneld Homes Ltd Management Fee (Revenue)

2.49 The majority of the funding available to Rykneld Homes (RHL) is provided by way of a management fee from the Council for delivery of services in line with the Management Agreement. The Management Agreement sets out the financial framework for the relationship between the Council and RHL and Schedule 3 of the agreement sets out the arrangements for the calculation of the annual fee for services undertaken by RHL

2.50 The calculation of the management fee each year is informed by the annual business planning and budget setting process. External pressures driven by changes to regulation, increased demand for services and the ongoing impact of the economic climate are putting considerable pressure on the delivery of housing services.

2.51 The impact of regulation and compliance as detailed in 2.45 above is having a significant impact on the cost of delivery. These are a combination of both capital and revenue pressures and have been built into the capital programme and repairs management fee respectively.

2.52 The proposed management fee for 2026/27 is £13.962m. This is contained within two budgets – Repairs and Maintenance (£6.565m) and Supervision and Management (£7.396m).

2.53 A further issue needs to be brought to the attention of Cabinet which concerns the fact that Rykneld Homes is a company wholly owned by the Council. As such the company's external auditors seek from the Council on an annual basis at the time of the audit of the Company's accounts a Letter of Comfort from the Council as the parent company. That letter of comfort fundamentally seeks reassurance regarding the fact that the Council will continue to provide financial support to the company over the coming financial year (which in the case of the 2025/26 accounts will be the 2026/27 financial year). On the basis that this report is approved then it is reasonable to provide such a letter of comfort. In addition it may be the case that specific representations are required in order to support the Auditors view that the Company remains a going concern. The reasonableness of providing such assurances will need to be considered at that point in time when the Company's auditors approach the Council, and it is therefore recommended that delegated powers be granted to the Director of Finance & Resources in consultation with the Leader of the Council to provide a response on behalf of the Council.

Financial Reserves – HRA

2.54 The HRA has a working balance of £3m, which like the general fund is a risk-based reserve and is calculated on a per property basis. In addition to the Working Balance there are further reserves for the HRA specifically used to fund the HRA capital programme. These are the Major Repairs Reserve and the Development Reserve. An Insurance Reserve is also held to cover claims excesses and self-insured claims.

Capital Investment Programme

2.55 There will be a separate report to Council on 26 January 2026 concerning the Treasury Management suite of Strategies. That report will consider capital financing such as borrowing which enables the proposed capital programme budgets to proceed.

2025/26 Current Budget

2.56 In January 2025, Members approved a Capital Programme in respect of 2025/26 to 2028/29. Scheme delays and technical problems can often cause expenditure to slip into future years and schemes can be added or extended as a result of securing additional external funding. All slippage from 2024/25 has been accounted for in the 2025/26 revised position.

2.57 The Revised Capital Programme was considered by Cabinet at its meeting on the 27 November 2025. There have been no material changes to the budget position since this time, some reprofiling between years has taken place.

General Fund Capital Programme 2026/27 to 2029/30

2.58 The proposed Capital Programme for the General Fund totals:

- £4.97m for 2026/27;
- £4.15m for 2027/28;
- £2.31m for 2028/29;
- £3.22m for 2029/30.

The budget in 2026/27 includes the Warm Homes Local Grant project, as well as the cyclical Vehicle Replacement Programme along with the annual Asset Management Programme.

HRA Capital Programme 2026/27 to 2029/30

2.59 The proposed Capital Programme for the HRA totals:

- £28.9m for 2026/27;
- £26.5m for 2027/28;
- £16.7m for 2028/29;
- £15.7m for 2029/30.

2.60 The proposed programme for HRA capital works totals £87.8m over the four-year programme. The budget includes the HRA's Warm Homes Social Housing

Fund and includes the annual fee paid to RHL for delivering all HRA capital works (£1.1m).

2.61 The programme includes a regeneration budget of £2.5m proposed for smaller regeneration schemes.

2.62 The regeneration project at Stonebroom continues into 2026/27 with an estimated completion during 2027/28.

2.63 In addition, £4m has been included across the four-year programme to fund the ongoing commitment to purchasing affordable houses in the district to replace those lost through right to buy sales.

2.64 An analysis of all the schemes and associated funding are attached at **Appendix 4** to this report.

Robustness of the Estimates and Adequacy of Reserves

2.65 This section of the report is prepared in accordance with Section 25 of the Local Government Act 2003, which requires the S151 Officer to report on the robustness of the estimates made for the purposes of budget setting and the adequacy of the financial reserves.

2.66 In forming an opinion on the robustness of the estimates, the S151 Officer has considered the following factors:

- The robustness of the budget setting process and the assumptions underpinning the budget such as inflation. This includes consultation with all budget managers and senior management.
- Employee costs are based on the approved establishment.
- Investment income is in line with the Treasury Management Strategy.
- Income budgets are achievable.
- The financial management and control frameworks in place.
- The risks associated with the budget and the measures in place to mitigate those risks.
- The alignment of the budget with the council's strategic priorities and objectives.
- The impact of external influences on the estimates such as changes in government policy or legislation.

2.67 In consideration of the above, the Section 151 Officer is satisfied that the estimates are robust and prudent. Estimates in respect of national policy change are based on best available data at the time of setting the budget and funding has not been included where there is insufficient certainty to do so.

2.68 The council's reserves are held to manage financial risks and to ensure financial stability. The key reserves are detailed at 2.30 – 2.36 above.

2.69 In consideration of the above, the Section 151 Officer is satisfied that the levels of reserves are adequate to fund planned expenditure and potential issues and risks that face the Council at this time. Based on current assumptions there are sufficient reserves to meet the requirements in the medium-term financial plan should they be required.

Financial Resilience

2.70 Financial Resilience has become a significant issue for local authorities over recent years. CIPFA issued their Financial Management Code in 2019 designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. One of the key areas of focus in the Code is financial performance monitoring and demonstrating that financial resilience is being assessed on an ongoing basis. Three key areas are analysed to aid this:

- Revenue Health
- Capital Health
- Funding Sensitivities

2.71 Performance against these metrics is monitored and benchmarked on a regular basis and reported to the Services Scrutiny Committee. The latest analysis shows healthy results for both revenue and capital health. The low taxbase position presents a risk to financial resilience as it limits the income that can be generated through council tax. Exposure to interest rate risk is also rising due to an increasing reliance on borrowing externally which results in increased exposure to rises in interest rates.

3 Reasons for Recommendation

3.1 This report presents a budget for consideration by Cabinet. It seeks to secure approval to recommend budgets to Council in respect of the General Fund, the Housing Revenue Account, and the Capital Programme.

4 Alternative Options and Reasons for Rejection

4.1 The Council is required to set a budget each year. There are no alternative options being considered at this time.

DOCUMENT INFORMATION

Appendix No	**Title**
Appendix 1	General Fund MTFP – Summary 2025/26 to 2029/30
Appendix 2	General Fund MTFP – Detail 2025/26 to 2029/30
Appendix 3	HRA MTFP 2025/26 to 2029/30
Appendix 4	Capital Programme MTFP 2025/26 to 2029/30
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers)	
None	