



Supplement for

EXECUTIVE - WEDNESDAY, 11TH FEBRUARY, 2026

Agenda No Item

8. **Budget 2026/27 & medium term financial strategy (Pages 3 - 4)**

Purpose:

This report provides an update on the budget for 2026/27 following the provisional government funding settlement on 17 December 2025.

To consider:

1. The Draft Base Budget for 2026/27
2. The Council's Capital Programme for 2026/27 to 2030/31
3. The level of Council Tax for 2026/27
4. The Medium-Term Financial Strategy (MTFS)
5. The Capital Strategy 2026/27
6. The Investment Strategy 2026/27
7. The Treasury management Strategy 2026/27
8. The Responses from the Statutory Budget Consultation 2026/27
9. The Pay Policy Statement 2026/27

Recommendations:

That the Executive resolves to:

1. Note the Parish Precepts and Tax Levels set out in Annexes G.

And resolves to recommend to Council to:

1. Approve the General Fund Revenue Budget as Summarised in Annex A.
2. Approve the Updated Medium Term Financial Strategy in Annex B.
3. Approve the Capital Programme for 2026/27 to 2030/31 as set out in Annex C.
4. Approve the Council's Pay Policy Statement as set out in Annex I
5. Approve the Level of District Council Tax for 2026/27 for a Band D property of £134.38 as shown in Annexes D-G.

Briefing Note: The Final Local Government Finance Settlement 2026/27-2028/29

The final local government finance settlement was published on 9th February and shows the government's methodology for the calculation of Business Rates pooling in the Funding Floor baseline has been adjusted, with the result that there is a reduction in funding of £2.318m over the three year funding period, when compared to the provisional settlement.

The Business Rates pooling gain is still included in Core Spending Power, but they have changed the methodology to calculate it to give 50% to the Counties. In the provisional settlement the Districts (Billing Authorities) were awarded 100%.

The good news is that a new Adjustment Support grant has been introduced for 2026/27 to ensure that no Council receives less Core Spending Power than announced in the provisional settlement. This means that the final version of the budget published to Executive last week does not need to be changed and we will still deliver a balanced budget. This Adjustment Settlement grant, introduced for 2026/27, is not expected to extend beyond a single year and the revised MTFS reflects this.

The table below explains the movement in the elements of funding between the provisional settlement announced in December and the final settlement announced on Monday.

MTFS Line item	2026/27	2027/28	2028/29	Total
Prov Finance Settlement	£	£	£	£
Revenue Support Grant	7,522,982	5,218,704	2,849,655	15,591,342
Business Rates Share	2,490,393	2,547,518	2,598,911	7,636,822
Income Protection Floor	776,198	2,721,460	4,666,340	8,163,998
Total	10,789,573	10,487,682	10,114,906	31,392,161

MTFS Line item	2026/27	2027/28	2028/29	Total
Final Finance Settlement	£	£	£	£
Revenue Support Grant	6,769,325	4,837,844	2,849,655	14,456,824
Business Rates Share	2,490,393	2,547,518	2,598,911	7,636,822
Adjustment Support Grant	1,053,102	0	0	1,053,102
Income Protection Floor	476,754	1,959,266	3,490,893	5,926,912
Total	10,789,573	9,344,628	8,939,459	29,073,660

Change in Funding	0	1,143,054	1,175,447	2,318,502
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We knew that the provisional settlement was more generous than we had expected, so this revision was not really a surprise. The effect on the MTFS is below. Ultimately, we can still hand over the Council to the new Unitary in a good financial state.

Funding	2026/27	2027/28	2027/28
Revenue Support Grant	(6,769,325)	(4,837,844)	(2,849,655)
Adjustment Support Grant	(1,053,102)	0	0
Business Rates Share	(2,429,163)	(2,547,518)	(2,598,911)
Renewables	(393,831)	(393,831)	(393,831)
Income Protection Floor	(476,754)	(1,959,266)	(3,490,893)
Extended Producer Responsibility (Waste)	(2,990,216)	0	0
Government Grants & Business Rates	(14,112,390)	(9,738,459)	(9,333,290)
Investment Income - Pooled Funds	(1,156,227)	(924,982)	(832,483)
Contribution to/(from) earmarked reserves	4,046,436	(2,176,243)	(2,000,000)
Collection Fund	(180,988)	(110,000)	(110,000)
Council Tax	(6,660,086)	(6,994,243)	(7,332,090)
Total Funding	(18,063,255)	(19,943,927)	(19,607,864)
Use of GF reserves	0	1,401,616	1,877,831
TaxBase	49,561.59	50,181.11	50,783.28
Band D	134.38	139.38	144.38
Tax increase	3.86%	3.72%	3.59%
General fund balance	12,557,909	11,156,293	9,278,461