



REPORT of DIRECTOR OF FINANCE

**to
STRATEGY AND RESOURCES COMMITTEE
29 JANUARY 2026**

MEDIUM-TERM FINANCIAL STRATEGY

1. PURPOSE OF THE REPORT

- 1.1 To set out the guiding principles governing the Medium-Term Financial Strategy (MTFS) of the Council and the reasons for them, in order to inform detailed annual budget setting.

2. RECOMMENDATIONS

- (i) That the Committee considers the principles of the MTFS set out in the report, agrees any changes, and makes recommendations as appropriate to the Council;
- (ii) That the Committee recognises that the MTFS has been developed through ongoing consultation with the Finance Member Working Group in its meetings from June 2025.

3. SUMMARY OF KEY ISSUES

3.1 Medium term planning

- 3.1.1 It is good practice for a council to prepare a financial strategy covering the coming years. This is often undertaken as an approach covering the 'next year plus 2', 'next year plus 3', or 'next year plus 4'. The next year is always included as it is the framework for the detailed budget in the coming year, to be set as part of the determination of council tax charges for the coming year. The choice over the number of years to follow is made in different ways and often responds to local issues.
- 3.1.2 It has also been recommended that a long-term financial plan is good practice in terms of financial planning. This is particularly useful for larger councils or organisations.
- 3.1.3 Overall, the MTFS process should be understood as a way to identify risks and opportunities in the current year. It is guided by agreed corporate objectives (usually set out as a corporate plan). It begins to define how those objectives can be translated financial and resource quantities. The detailed outcome becomes an outline of the likely financial position in the coming years. It helps ensure that potential opportunities and risks can be planned for in good time.

3.2 **Key issues**

3.2.1 The Council currently faces four key strategic issues. These are:

- Reorganisation;
- Digital;
- Geopolitical;
- Local position.

3.2.2 Figure 1 below sets out key risks and opportunities arising from these.

Figure 1 - risks and opportunities facing the council

Issue	Risks	Opportunities
<p>Local government reorganisation (LGR)</p> <p>The MTFS is prepared on the basis that Greater Essex will be reorganised into 3, 4, or 5 unitary councils from 1 April 2028.</p>	<p>That LGR is delayed.</p> <ul style="list-style-type: none"> - This is mitigated by including the year 28/29 in the MTFS in order that Maldon District Council (MDC) can undertake appropriate planning in the event of a delay. <p>That the new unitary council prioritises social care services, not local services previously delivered by MDC.</p> <ul style="list-style-type: none"> - This is mitigated by investment in council and community assets ahead of LGR, ensuring so far as possible that useful asset lives are extended without reliance on short term repairs and maintenance investments. <p>That a lack of investment in staff, property and other assets, and wider preparation for LGR are detrimental to the future reputation of the council.</p>	<p>Deploying available resources in a timely and managed way to enhance the assets of the council and to extend their estimated useful lives, leaving the district in good order.</p> <p>Ensuring a good reputation is associated with the memory of MDC after reorganisation.</p> <ul style="list-style-type: none"> - Appropriate levels of preparation so that systems, data, staff and other assets are transferred to the successor council in good state. - Ensuring that all services transfer in a managed and prepared way, so that the future reputation of MDC is positive.
<p>Geo-political volatility</p>	<p>That wider geo-political events lead to instability in the global economy, impacting national inflation or bank interest rates. That the impact on the UK government from this leads to policy changes that have an adverse impact on the Council ahead of LGR.</p> <p>Inflation rates in particular have remained stubbornly high after Feb. 22 (invasion of Ukraine) despite successive attempts to reduce it. This impacts the supply chain for MDC and leads to cost pressures.</p>	<p>Ongoing review of the likely position regarding national KPIs such as forecast inflation rates.</p>
<p>Digital</p>	<p>Failure to maintain sufficient levels of cyber-security risk MDC becoming subject to a malware or ransomware attack, diverting substantial effort away from the day to day delivery of services for local people, and incurring substantial costs as the attack is remedied.</p> <p>Failure to deploy AI (Artificial Intelligence) and to develop the ability of staff to make good use of it risks unnecessarily reducing overall</p>	<p>Timely investment in cyber-security measures, to a level comparable with other similar councils will ensure that MDC maintains a reasonable level of cyber-security.</p> <p>Investment in AI, deployment appropriately within the Council, and support to staff to enable them to make good use of it will help embed value for money at MDC as well as supporting staff in the transition into a new authority.</p>

Issue	Risks	Opportunities
	value for money in the council.	
Local factors	<p>There has been a low level of investment in local assets in recent years, prompted by low (below real-terms) growth in funding in successive government funding settlements.</p> <p>The latest funding settlement has confirmed that real-terms funding to 2028/29 will reduce. Government has indicated that it expects lower tier councils losing funding to deploy reserves and to exploit grant flexibilities to sustain services.</p>	<p>MDC has a relatively sparse population living in a coastal area. The local area benefits from significant tourism, with around 0.5m visitors to the Maldon Town area each year.</p> <p>The Council has a strong financial position, including substantial uncommitted reserves, a strong council tax base, and no external borrowing (but capacity to take on borrowing if appropriate).</p> <p>The council is well-placed to invest in local assets to mitigate any detrimental impacts on the local area that might arise through LGR.</p>

- 3.2.3 The recommended financial strategy of the Council therefore includes a number of elements, summarised in figure 2.¹

Element	Implication for the MTFS
Preparation for LGR	Sustainable, planned, and managed investment in assets, staff, and systems to ensure that residents see no obvious interruption to the standard of local services in the period 2026-30
Fees and charges	To continue to increase fees and charges each year in line with inflationary pressures to maintain the income stream for this council and its successor.
Discretionary charges for council tax and business rates; Local Council Tax support scheme.	To maintain the current policies, and to engage actively with the members of the successor council as these become harmonised across a wider footprint.
Use of reserves	To retain a minimum 'safe' level of reserves consistent with risks. To use the 'most economically advantageous' source of funding for capital and revenue investments. To consider externalisation of borrowing should this become necessary.
Investment in repairs and renewals and capital investment	To taper investments in 2027/28 ahead of reorganisation, subject to member decisions.
Core spending power and grants outside aggregate finance	To plan based on the provisions settlement Dec 2025. To assume council tax increases in line with the expectations set out in the settlement. To make reasonable assumptions regarding funding outside core spending power. To continue to review external grants that may be attracted to MDC in order to support capital, infrastructure, or community investments.

Figure 2 - key elements in the MTFS

3.3 Medium term financial plan

- 3.3.1 The medium-term financial strategy provides a review of the medium-term context for MDC financial planning. Translating the MTFS into financial values leads to the construction of the medium-term financial plan (MTFP). The MTFP for the council is set out below.

3.4 Funding

- 3.4.1 Funding is set out below. It shows that the current year overall funding position includes £11.7m of core spending power, which reduces to £11.1m by 2028/29. This is offset by application of reserves.

¹

The elements of the MTFS and the MTFP arising were discussed in meetings with the Finance Member Working Group in July, August, September, October, December (x2) 2025, January 2026. These discussion provided the political direction that informed the update to the MTFS presented to Strategy and Resources committee meetings during the year.

Figure 3 - funding estimates 2026-29

Funding	2025-26	2026-27	2027-28	2028-29
	£000s	£000s	£000s	£000s
New Homes Bonus	(587.1)	0.0	0.0	0.0
Fair Funding allocation		(4,700.0)	(4,100.0)	(3,400.0)
Estimated Yield from Council Tax	(6,230.5)	(6,521.7)	(6,826.4)	(7,145.5)
Homelessness, Rough Sleeping and Domestic Abuse transition		(300.0)	(400.0)	(400.0)
				(200.0)
Renewable Energy	(973.3)			
Business Rates Baseline Funding	(1,275.2)			
Business Rates Growth incl S31	(2,041.0)			
Business Rates levy/benefit	334.5			
NNDR Under-Indexing	(355.2)			
Other Grants	(37.4)			
Funding Floor	(443.3)			
Estimated Collection Fund (surplus)/deficit	(100.1)			
Core Spending Power	(11,708.4)	(11,521.7)	(11,326.4)	(11,145.5)
EPR Funding	(636.0)	(698.7)	(698.7)	(698.7)
Investment Interest	(663.5)	above	above	above
Contribution from Leisure Smoothing Reserves	(72.3)	below	below	below
Reserves funding required to balance	0.0	(51.7)	(591.4)	(1,065.7)
Total Funding	(13,080.3)	(12,272.0)	(12,616.5)	(12,909.8)

3.5 Operational net spending

- 3.5.1 Net spending includes the main spending budgets provided for service delivery, plus locally generated resources (such as service generated fees and charges or government grants outside CSP).
- 3.5.2 Estimated net spending is set out below. It shows that the current year operational spending of £13.080m. This is the basis for planning the starting position for next financial year. There is assurance that the base budget is fundamentally correct, as the reported performance against the base budget in the current year is progressing with only very small variations to budget. This indicates that the basic financial management across the majority of the Council's budgets is robust.
- 3.5.3 Savings, growth and pressures are detailed in the budget report. It is assumed that revenue growth is funded from reserves. Repairs and renewals are included in revenue budgets as they do not constitute capital spending. These budgets are also funded from reserves.
- 3.5.4 Income from invested funds is assumed to reduce year-to-year as reserves are applied to the objectives described above.
- 3.5.5 A small surplus is forecast in the current financial year for the collection fund. This becomes a benefit for the general fund in the coming year. Each year, the position for the collection fund will be monitored to ensure that appropriate provision for any collection fund deficit is made in the general fund.
- 3.5.6 Based on the estimates set out in the two tables, income and expenditure are in balance across the medium-term.

Figure 4 - estimated operational net spending 2026-29

Operational Budget	2025/26	2026/27	2027/28	2028/29
	£000s	£000s	£000s	£000s
	12,931.4	13,080.3	13,096.1	13,116.5
Virement Reversals	(742.3)	0.0	0.0	0.0
reversal of prior year one-off growth	0.0	(206.3)	(479.7)	0.0
Increase in Salaries	518.6	540.1	450.0	450.0
Contract Inflation (incl. Waste)	229.0	712.3	253.4	265.2
Fees & Charges/other	(129.0)	(433.5)	(200.0)	(200.0)
Base budget	12,807.8	13,692.9	13,119.8	13,631.7
Prior Year Approved Savings	(190.5)	0.0	0.0	0.0
New Savings	(503.9)	(824.0)	0.0	0.0
New Recurrent Pressures and Growth	1,278.1	1,198.7	0.0	0.0
New non-recurrent Growth	206.3	479.7	0.0	0.0
Reserve Funding for growth	(439.3)	(1,451.2)	(3.3)	(371.8)
Repairs and Renewals		751.5	300.0	
Repairs and Renewals - funding from reserves		(751.5)	(300.0)	
MTFS	(78.1)	0.0	0.0	0.0
Net Cost of Services	13,080.3	13,096.1	13,116.5	13,259.9
Investment Income		(800.0)	(500.0)	(350.0)
Contribution to Pension Payment		0.0	0.0	0.0
Collection fund (surplus)/ deficit from PFY		(24.1)		
Total non-service budgets		(824.1)	(500.0)	(350.0)
Net operational spending	13,080.3	12,272.0	12,616.5	12,909.9

3.6 Capital investment

3.6.1 Capital investment is set out in the capital programme. This is summarised below. This shows existing capital investment plans of £7.928m, with additional new schemes proposed of £3.271m. The proposed full programme is £11.199m. Funding and the profile year-to-year is also shown.

3.6.2 The detail of capital schemes is included in the capital and investment strategy elsewhere on this agenda.

	Capital programme delivery profile				Original Budget	proposed Capital Programme	Existing capital prog. (Feb 2025)	New schemes proposed (Feb 2026)	Proposed funding			
	2025/26	2026/27	2027/28	2028/29					Reserves	Internal Borrowing	Better Care Fund	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Riverside Park	193	-	275	-	-	275	275	-	275	-	-	275
Promenade Park	899	1,958	930	-	-	2,888	2,012	876	2,888	-	-	2,888
Other Parks and Open Spaces	360	360	-	-	-	360	140	220	360	-	-	360
Playsites	305	660	740	-	-	1,400	-	1,400	-	1,400	-	1,400
All Parks and opens spaces	1,757	2,978	1,945	-	-	4,923	2,427	2,496	3,523	1,400	-	4,923
Leisure centres and Sports pitches	3,966	3,522	435	-	-	3,957	3,635	322	757	3,200	-	3,957
Housing	539	539	539	-	-	1,078	1,078	-	-	-	1,078	1,078
Car Parking	138	30	360	-	-	390	360	30	390	-	-	390
Community Centres	-	55	182	-	-	237	182	55	237	-	-	237
Sports	-	225	-	-	-	225	-	225	225	-	-	225
Cemeteries	-	20	105	-	-	125	105	20	125	-	-	125
I.T	47	47	47	47	-	141	141	-	141	-	-	141
Vehicle & Plant Replacement	181	65	-	-	-	65	-	65	65	-	-	65
Public Conveniences	-	58	-	-	-	58	-	58	58	-	-	58
Princes Road	270											
Total	6,898	7,539	3,613	47	-	11,199	7,928	3,271	5,521	4,600	1,078	11,199

Figure 5 - proposed capital programme 2026-29, summary

3.7 Use of reserves

- 3.7.1 Reserves levels have been estimated to 2028. This is shown below. This model assumes that all proposed investments are approved. If any are removed or reduced, this will increase reserves held on hand. The model also assumes that £10m of borrowing is externalised in 2027/28.

	Total Earmarked Reserves	General reserves	Total usable reserves
Forecast P8	(5,772)	(8,064)	(13,835)
Items not yet included in the 25/26 P8 forecast			
Hyth Quay de-silting allocation	0	100	100
LGR5UA model contribution	24		24
Unspent revenue contingency	0	(325)	(325)
Capital prog 25/26	0	2,600	2,600
EPR unapplied 25/26	0	(350)	(350)
Pension strain	240		240
LGR preparation	(1,000)	1,000	0
revised 25/26	(5,508)	(5,039)	(10,547)
2026/27 start	(5,508)	(5,039)	(10,547)
Local plan top up	0		0
revenue growth	1,744	25	1,769
Leisure contract	(183)		(183)
Capital (new schemes)	1,913	758	2,671
capital (existing cap prog spend in 26/27)	0	2,000	2,000
Capital - internal borrowing	0	3,860	3,860
Repairs and renewals out 26/27	752		752
Tfr for repairs and renewals in 26/27	0		0
Tfr for 27/28	0		0
IN YEAR 26/27	4,226	6,643	10,869
2027/28 start	(1,282)	1,604	322
Revenue growth	0	827	827
Repairs and renewals	300		300
Leisure contract	(514)		(514)
Capital (new schemes in 26/27)	0	633	633
Capital (cap prog internal borrowing)	0	740	740
External borrowing		(10,000)	(10,000)
Services	108		108
IN YEAR 27/28	(106)	(7,800)	(7,906)
2028/29 start	(1,388)	(6,196)	(7,584)

Figure 6- estimated reserves 2026-2028

4. BACKGROUND ANALYSIS

4.1 Key issues

- 4.1.1 Key issues for Maldon are described in the following paragraphs. This analysis is supplemented by charts from the Institute for Government (IfG) 'performance tracker 2025: Local Government'² which provide an overview of the general position for local government and context for the Maldon position.

4.2 Budgetary concerns.

- 4.2.1 Previous budgets have assumed that the lack of real-terms funding growth means that budgets have needed to significantly constrain all expenditure. The prospect of

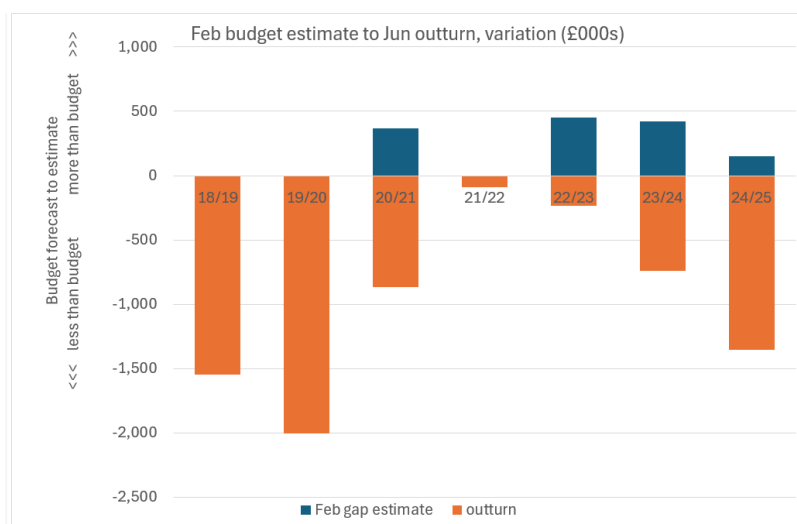
² [Performance Tracker 2025: Local government | Institute for Government](#)

LGR means that it is no longer the case that the council needs to plan for the long-term. Rather, it becomes possible to focus on the short term, knowing that LGR will mean that assets and liabilities will be transferred to a successor body.

4.3 Strong results.

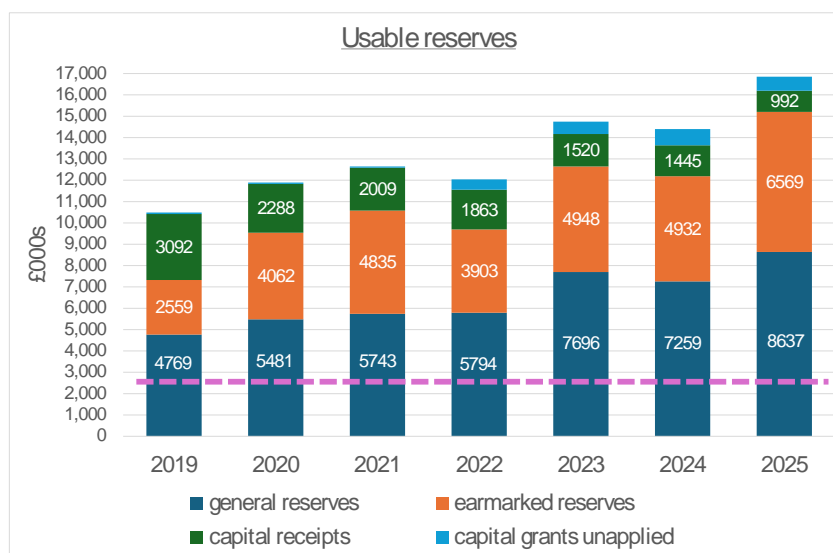
- 4.3.1 Despite the clearly prudent approach to budgets in previous years, actual results have proven to very positive. In the last 7 years, usable reserves have increased by £6.4m, or around £0.8m per year. Planned savings have also been delivered.

Figure 7 - comparison of February assumptions and outturn position, 2018-25



- 4.3.2 These strong results have led to growth in usable reserves across the period.

Figure 8 - usable reserves in the last 7 years, split by core purpose



- 4.3.3 This runs counter to the general trend for lower tier councils, shown in the IoG chart below.

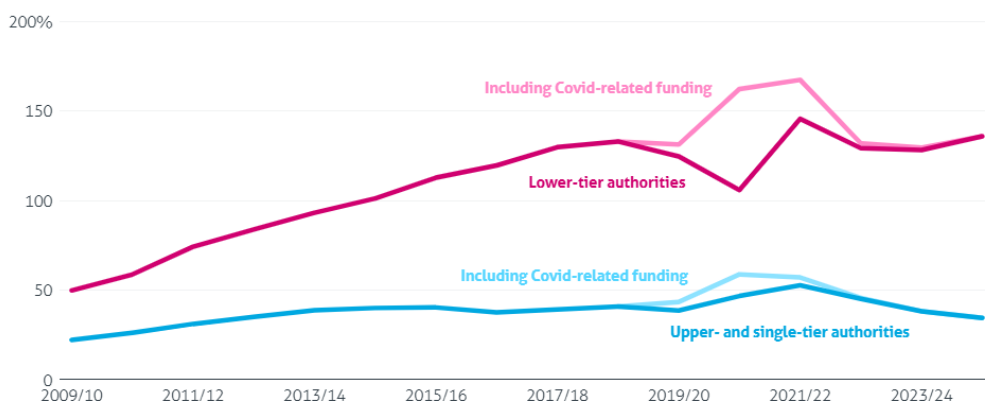


Figure 9 - reserves as a proportion of service spending (Source- IfG)

4.4 Future outlook.

- 4.4.1 The financial settlement published by government in December 2025 covered the coming three years. This was the first multi-year settlement for ten years. This settlement shows that anticipated core spending power (the main elements of council funding from government) will reduce from £11.6m in the current year to £11.3m by 2028/29. This is predominantly due to the introduction of the new 'fair funding' approach by the government. This has focused extensively on securing greater parity between more affluent and less affluent areas of the country.
- 4.4.2 Since Maldon has received funding that is generally higher than average in recent years, this reduction is the result of that being adjusted for. Additionally, government has sought to reduce the variation in 'core spending power per person'. Again, recent years have seen overall funding per person in Maldon being higher than in other areas, and, again, the reduction in core spending power in the period 2026-29 reflects some of the changes in government's funding priorities.

Figure 10 - provisional financial settlement (Dec 2025) showing the position for Maldon Council 2024-29

Maldon					
Illustrative Core Spending Power of Local Government:					
	2024-25	2025-26	2026-27	2027-28	2028-29
	£ millions	£ millions	£ millions	£ millions	£ millions
Fair Funding Allocation ¹	0.0	0.0	4.7	4.1	3.4
Legacy Funding Assessment	4.9	5.0	0.0	0.0	0.0
Council tax requirement ^{6,7}	5.9	6.2	6.5	6.9	7.2
Homelessness, Rough Sleeping and Domestic Abuse ^{8,9}	0.2	0.2	0.3	0.4	0.4
Families First Partnership ¹⁰	0.0	0.0	0.0	0.0	0.0
Total Transitional Protections ¹¹	0.0	0.0	0.0	0.0	0.2
Grants rolled in to Revenue Support Grant ¹²	0.2	0.2	0.0	0.0	0.0
Recovery Grant	0.0	0.0	0.0	0.0	0.0
Recovery Grant Guarantee ¹³	0.0	0.0	0.0	0.0	0.0
Mayoral Capacity Fund	0.0	0.0	0.0	0.0	0.0
Core Spending Power	11.2	11.6	11.5	11.3	11.3
Core Spending Power year-on-year change (£ millions)		0.4	-0.1	-0.2	0.0
Core Spending Power year-on-year change (%)		3.8%	-0.9%	-2.1%	-0.1%

4.4.3 The loG chart below shows the real-terms change in local authority spending power compared to deprivation factors (such as the index of multiple deprivation, IMD). IT shows how he most deprived areas have seen the biggest funding reductions, something that is being corrected in recent years but has not yet been fully mitigated.

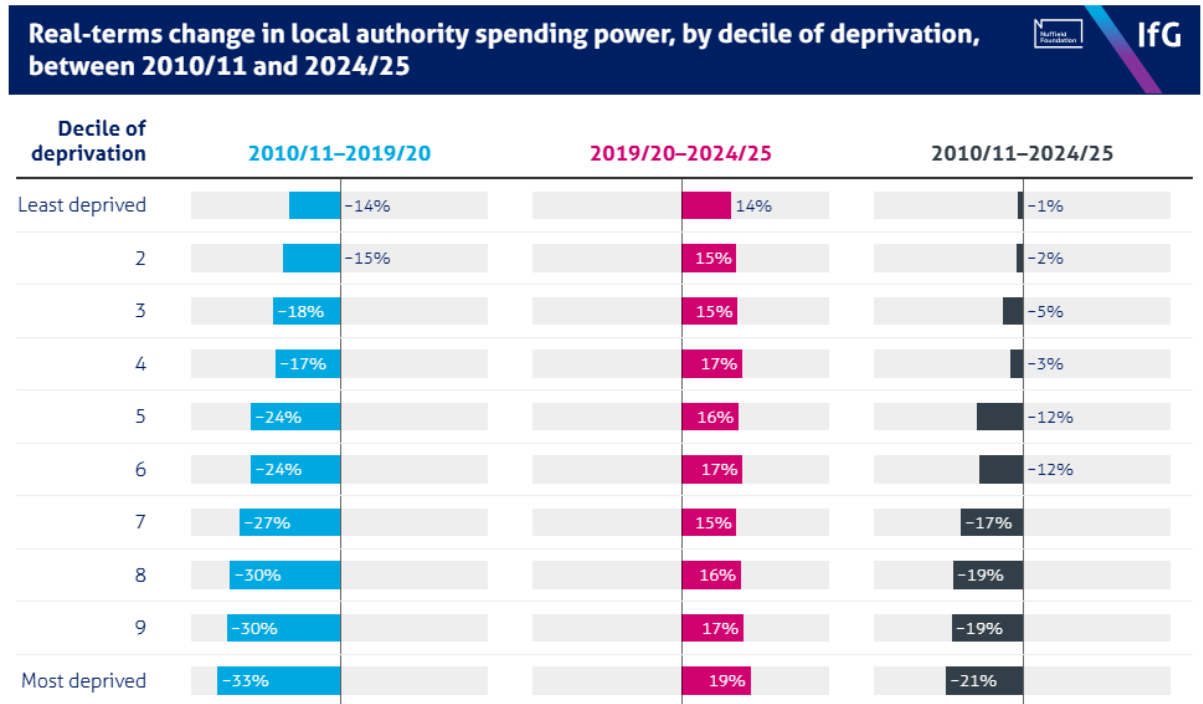
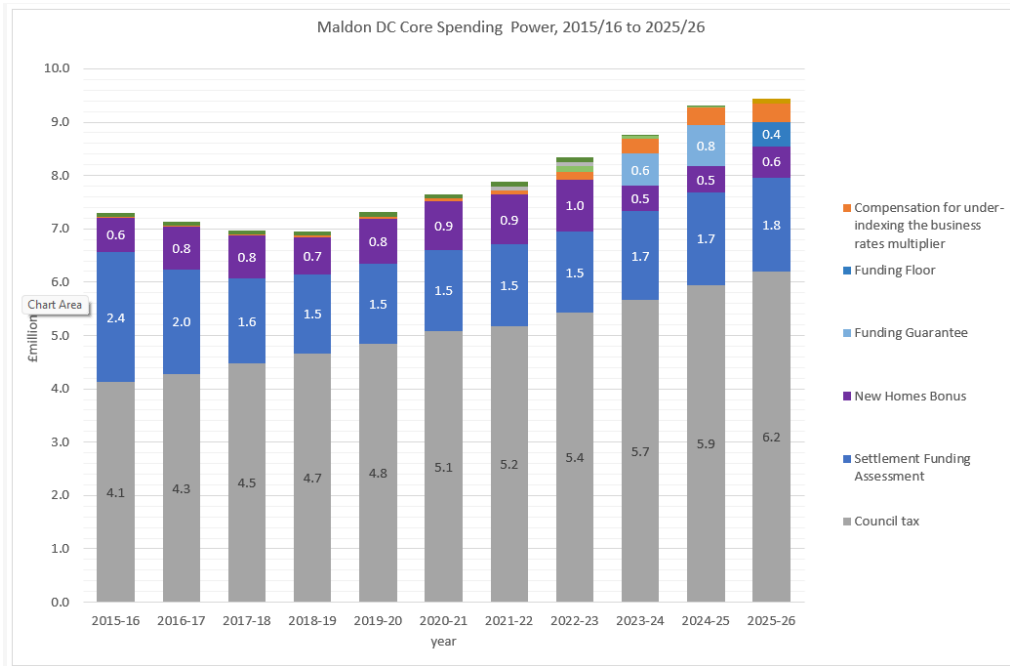


Figure 11- local authority spending power and deprivation since 2010 (source: IfG)

4.4.4 In recent years, the composition of core spending power in Maldon has seen increasing reliance on council tax receipts. This is in common with the wider local authority sector, as shown below.

Figure 12 - elements of core MDC spending power, 2015-26 (source: MHCLG)



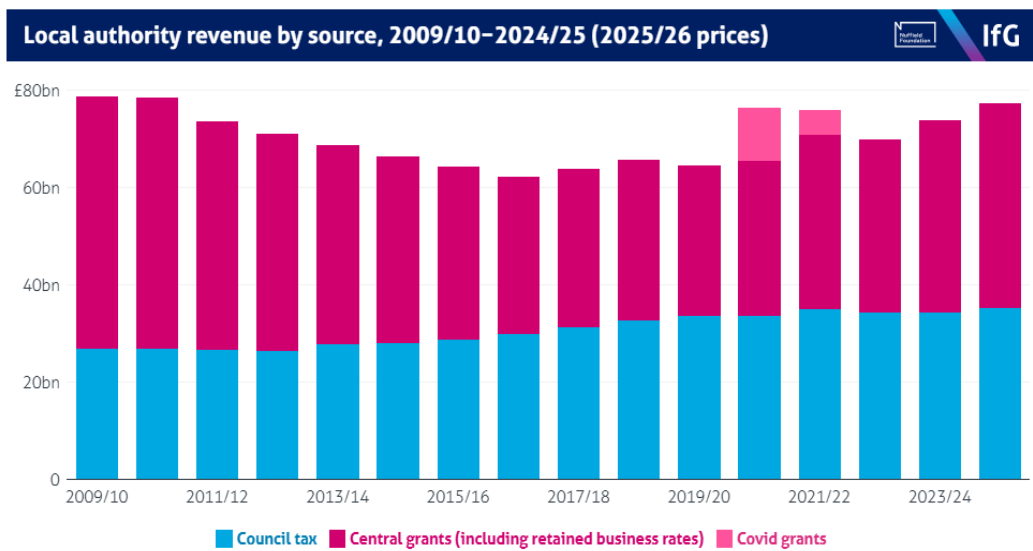


Figure 13 - local authority revenue funding by source since 2010 (IfG)

4.5 Benchmarking.

4.5.1 Part of the review of the operating environment of the council undertaken as part of preparing this MTFS included comparison of council performance with similar councils in the Greater Essex. This shows that council tax charges are very similar, and that core spending power allocations are also similar. By contracts, levels of usable reserves are higher than for similar councils, when compared on a 'per person' basis.

Figure 14 - financial benchmarking data 25/26 (source: MHCLG)



4.6 Value for money and productivity

- 4.6.1 The Council has a duty to review and ensure value for money ('best value') for local services it provides. One way to understand the position is to consider the average level of growth, inflation, and pressure over the last ten years. This is summarised below.
- 4.6.2 The table shows that population growth has average around +1% per year, while pay and price inflation has risen by around 4% per year (greater increases for some specialist and larger contracts such as waste collection). This presents average year-to-year pressures of +5%. In addition, the requirements placed on the council relating to some ongoing areas of service delivery have been increased or extended by government. During the same period, core spending power has increased at around 2% per year (this has varied considerable year-to-year, however).
- 4.6.3 This means that an overall, real terms cost pressure of around 3% per year has been absorbed – for example, through increased efficiency, reduced supply chain costs, some reductions in service scope, deferral of asset maintenance and investment. The same services continue to be delivered consistently across the last ten years, and they have been delivered with little or no interruption. From a resident perspective, it can therefore be argued that largely the same services are being delivered, but from a much reduced real-terms cost base. On this basis, there is a strong argument to be made for the overall productivity of the council.

Figure 15- average funding and price growth per year (source – ONS, Maldon District Council)

10 year averages	Maldon DC	English Shire Districts
<i>Population growth</i>	<i>+1.0% pa</i>	<i>+0.8% pa</i>
<i>Pay and price inflation (CPI)</i>	<i>+4.0% pa</i>	<i>+4.0% pa</i>
<u>Pressures</u> (pop'n + infl'n)	+5.0% pa	+4.8% pa
<u>Funding</u> (Core Spending Power growth pp)	+2.0% pa	+0.7% pa
<u>Gap</u> (met through efficiencies or service constraint or reduced repairs and maintenance)	+3.0% pa	+4.1% pa

- 4.6.4 The year-to-year consistency of MDC revenue spending in the face of population and price growth can also be seen in the chart below, which shows the level of staffing WTE (Whole Time Equivalent) in recent years. This shows that staffing in the post COVID period remains largely the same as in the pre-COVID period, despite local government responsibilities increasing.

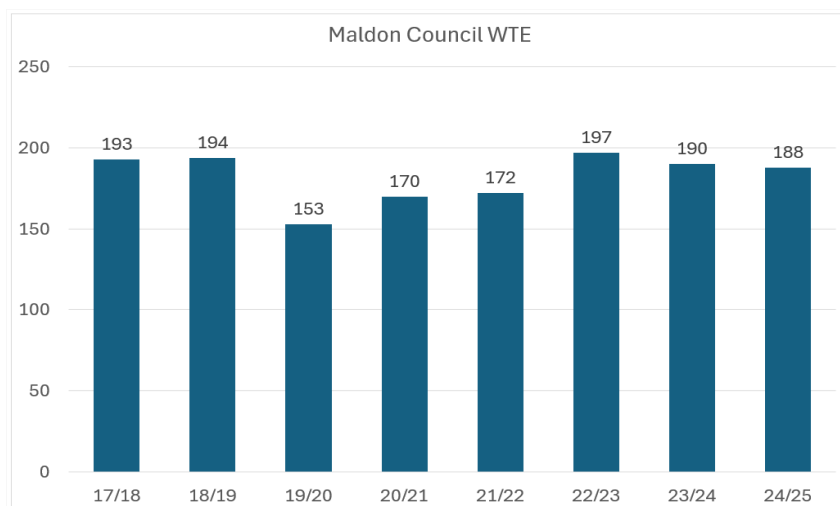


Figure 16 - Maldon Council WTE by year, 2017-2025

4.6.5 This local position is echoed in the wider position as shown by IfG.

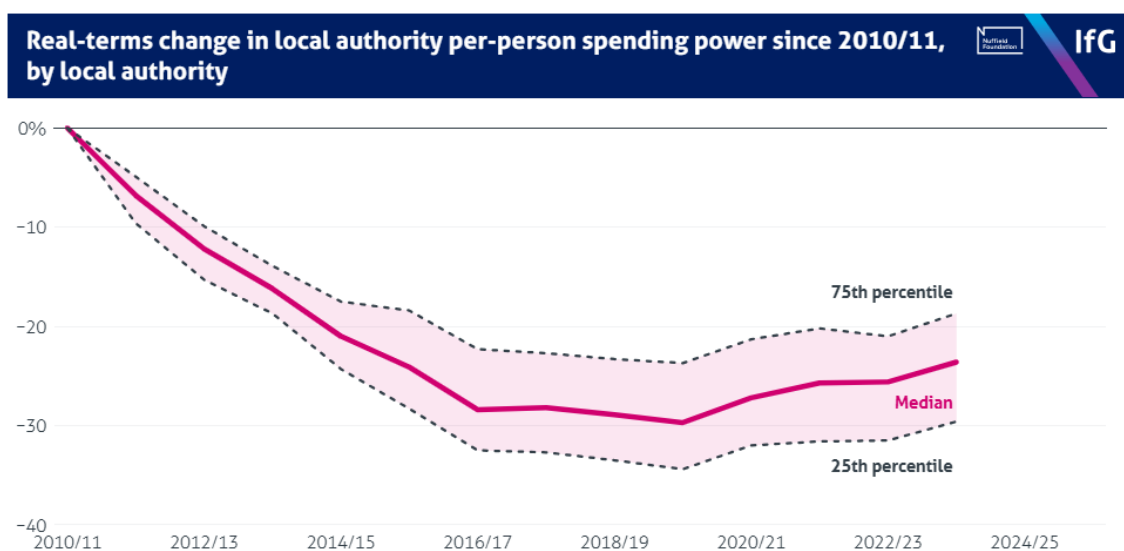


Figure 17 - real terms change in per-person spending power since 2010 (IfG)

5. CONCLUSION

- 5.1 The MTFS sets out the salient themes affecting financial planning for council services in the coming years.
- 5.2 The MTFP sets out the estimated financial values arising from that strategy.
- 5.3 These considerations then inform the detailed planning for the coming year.

6. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2025 - 2028

6.1 Supporting our communities

- 6.1.1 The MTFS supports alignment of resources with this objective. It is not always the case that higher priorities require more funds, but it is the case that all priorities should be reflected in the overall plans.

6.2 Investing in our District

- 6.2.1 The MTFS supports necessary investment in repairs and renewals to sustain council and community assets.

6.3 Growing our economy

- 6.3.1 Investment in the district supports and encourages tourist visits, which themselves support local businesses.

6.4 Protecting our environment

- 6.4.1 Where appropriate and in line with member decisions, funds have been allocated for environmental protection.

6.5 Delivering good quality services

- 6.5.1 Investment in services to meet budget pressures and growth requests helps to ensure that services remain fit for purpose and adapt to the changing operational requirements the council faces.

7. IMPLICATIONS

- (i) **Impact on Customers** – Consideration of the impact on residents and customers is included throughout the MTFS.
- (ii) **Impact on Equalities** – Equalities impact assessments are completed for the overall proposals and MTFS themes, as well as for the details of the MTFP.
- (iii) **Impact on Risk (including Fraud implications)** – Areas of revenue pressure include a range of areas where risk has increased in recent year. Reducing these risks and particularly reducing fraud risks are considered in preparing these estimates.
- (iv) **Impact on Resources (financial)** – The subject of the report. The proposals in the MTFS and also in the detailed budget report include detailed estimates of the expected impact on resources and the implications of that.
- (v) **Impact on Resources (human)** – The proposals include a number of items designed to ensure that staff are properly and appropriately supported and protected. Wherever possible, these items are benchmarked to ensure that the approach is consistent with similar councils elsewhere.

Visibly investing in staff resources is a key aspect of managing adverse LGR impacts. As LGR approaches, it is likely that there will be an increasing level of staff movement between the current and the emerging new councils. Maldon has sometimes struggled to recruit key roles, a fact sometimes attributable to

geography and accessibility or to scale and challenge etc. Investing in staff becomes a 'pull' or retention factor to mitigate this risk, while disinvestment could become a 'push' factor.

- (vi) **Impact on Devolution / Local Government Reorganisation** – Devolution and reorganisation items have been included in the estimates in order to ensure that these are properly covered.

Background Papers:

[Performance Tracker 2025: Local government | Institute for Government](#)

Enquiries to: Ben Jay, Director of Finance (Section 151).