REPORT of
DIRECTOR OF FINANCE

to
STRATEGY AND RESOURCES COMMITTEE
24 SEPTEMBER 2026

MEDIUM TERM FINANCIAL STRATEGY UPDATE

1. PURPOSE OF THE REPORT

1.1 This report presents the revised Medium Term Financial Strategy as the framework within which the budget for 2027/28 will be prepared.

2. RECOMMENDATIONS

That Members:

(i) endorse the timetable for budget preparation for 2027/28;

(ii) consider the risks the Council faces and how the MTFS helps to address those;

(iii) endorse the overall financial strategy proposed and the actions arising.

3. SUMMARY OF KEY ISSUES

3.1 **Timetable**

3.1.1 The proposed timetable for preparing the budget for 2027/28 is set out below. This timetable proposes initial work over the summer period to identify options for budgets which can be revised and revised through the autumn. The settlement has already been published as a draft (indicative) position as part of the multi-year settlement set out by government in December 2025.

July	Member priorities identified for 2027/28 budgets.
August-September	Senior Leadership Team (SLT) work on developing plans in line with Member priorities
October	First draft of options
November	Second draft of options
December	Final draft of options (pre settlement)
January	Budget proposals (post settlement)
February Council	Budget Council meeting – budget and council tax for 2027/28

3.2 **Risks and opportunities**

3.2.1 The key risks faced by the Council including the need to prepare for Local Government Reorganisation (LGR); a reduction in funding between 2025/26 and

2026/27; and ongoing inflationary pressures. Given recent announcements on LGR, preparing for different possible outcomes is essential.

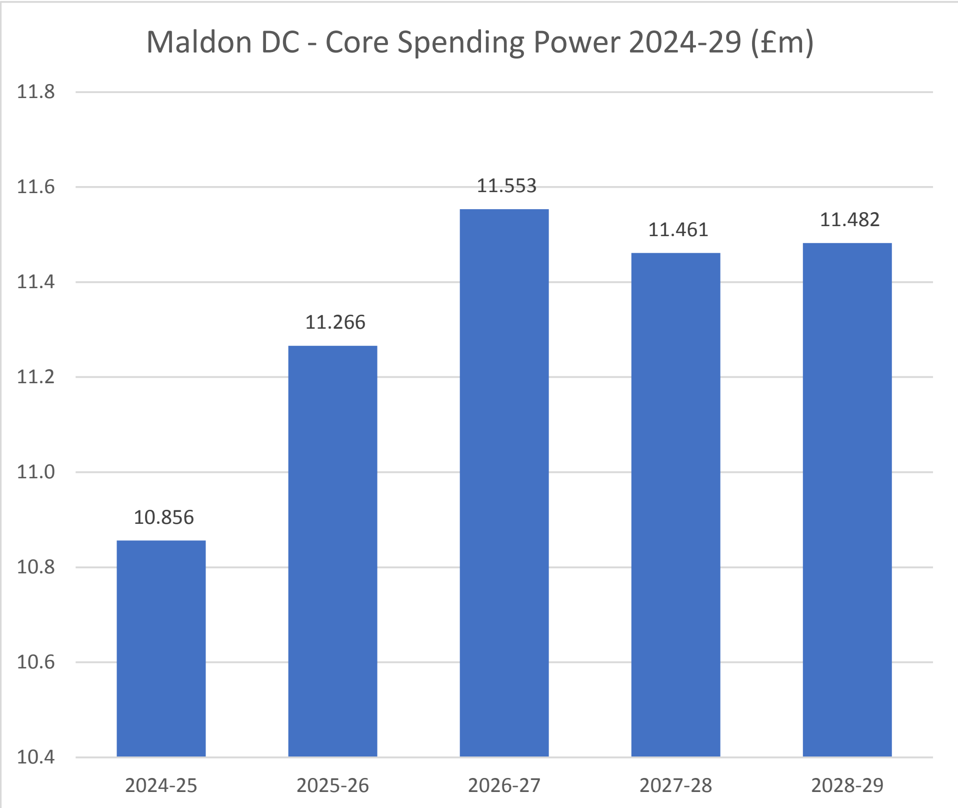
3.3 Funding gap

3.3.1 Government funding is reduced between 2025/26 and 2026/27 by £100k. In previous years, a level of inflationary growth of around £300k has been provided, but that is not indicated in the multi-year settlement. The loss of £100k of cash plus the absence of inflationary funding growth of £300k indicates an overall funding loss of £400k. Inflationary pressures usually amount to around £1.1m year-to-year. Taken together, with no other changes the budget position for 2026/27 therefore starts with effective pressures of £1.5m.

3.3.2 Summary of current estimated funding gap.

		£m	£m
Inflation pressures	Pay	0.840	
	Non-pay (contracts, utilities)	0.796	
	Income (fees and charges)	(0.517)	
	Subtotal		1.119
Funding reduction	Loss of inflation funding	287	
	Loss of cash funding	92	
	Subtotal		379
Total pressures			1,498

3.3.3 Summary chart of total Core Spending Power, 2024/25 to 2028/29. This shows how, after two years of inflation-related growth (the change between 2024/25 and 2025/26 and then to 2026/27), the coming two years see a ‘flat cash’ position, with the overall funding remaining around £11.5m per year, and so no uplift for inflationary funding being included.



3.3.4 Detail of indicative Core Spending Power from 2026/27 Financial Settlement. This highlights how the increase in council tax across all years is offset in the coming two years (2028/29 and 2029/30) by reductions in government funding.

Maldon					
Illustrative Core Spending Power of Local Government					
	2024-25 £ millions	2025-26 £ millions	2026-27 £ millions	2027-28 £ millions	2028-29 £ millions
Fair Funding Allocation	-	-	4.431	3.945	3.435
Baseline Funding Level	-	-	1.570	1.606	1.638
Revenue Support Grant	-	-	2.861	2.339	1.796
Legacy Funding Assessment	4.603	4.670	-	-	-
Legacy Business Rates	3.182	3.446	-	-	-
Legacy Grant Funding	1.421	1.224	-	-	-
Council tax requirement	5.947	6.230	6.536	6.856	7.192
Homelessness, Rough Sleeping and Domestic Abuse	0.156	0.183	0.341	0.378	0.399
Total Transitional Protections	-	-	0.117	0.283	0.457
95% income protection	-	-	-	-	-
100% income protection	-	-	0.117	0.283	0.457
Grants rolled in to Revenue Support Grant[12]	0.151	0.183	-	-	-
Adjustment Support Grant	-	-	0.129	-	-
Core Spending Power	**10.856**	**11.266**	**11.553**	**11.461**	**11.482**

3.4 Impact of LGR

3.4.1 Previously, LGR had been expected to lead to the end of the Council as a statutory public body in April 2028 – which caps financial risks and opens alternative ways to handle those risks. However, the recently announced review of the decision means that there remains some uncertainty over the timing of LGR. This Council must therefore proceed on the assumption that LGR takes place (as indicated in the ‘rewiring the state’ policy statement made by the Prime Minister) while also preparing a position that would be sustainable in the event that LGR is deferred or delayed. For planning purposes, it is now assumed that the effective date will be moved to April 2029.

3.5 Options

3.5.1 This presents some high-level options for the financial strategy of the Council. These are set out below. Based on Member consideration at the Finance Working Group, option 3 is recommended.

Option	Considerations	Recommendation
1 – Use of Reserves **(Budget shortfall is funded from reserves.)**	This would leave a significant gap to be dealt with by the successor authority (under LGR) or by the council (if LGR is delayed or deferred). Eventually, savings or spending reductions would be required.	Reject. This option defers addressing the problem in a way that increases the problem.

Option	Considerations	Recommendation
2 – Savings/cuts **(Budget shortfall is met through savings or cuts.)**	Residents and partner organisations would not be well served if cuts were applied to balance base budgets despite reserves being available. The services passed to a successor under LGR, or retained if LGR was delayed or deferred, would be struggling and possibly unfit for purpose.	Reject. This option would retain funds available yet see services reduced.
3 – Blend of reserves (1) and savings (2) **(Budget shortfall is reduced through review of budget structures, with any remaining gap being funded from reserves.)**	This solution would see steps taken to reduce the budget shortfall with the balance remaining being funded from reserves. This keeps a balance between good service delivery and prudent use of reserves. It either passes 'fit for purpose' council services to a successor or enables the council to continue in a sustainable manner if needed.	Accept. This balances cost control with appropriate use of reserves. It plans to secure good service delivery now and in the future for residents in a sustainable manner.

3.6 **Proposed strategy**

3.6.1 Developing option 3, a viable financial strategy is therefore proposed which combines elements of budget review, savings, and cost control, with prudent use of reserves.

3.6.2 This would secure two key policy objectives identified by Members:

1) that the Council prepares properly for LGR and is ready for its services to be handed over in good order; and

2) ensuring a locally sustainable financial base should LGR be delayed or deferred.

3.6.3 An updated summary MTFS is set out below (with detail in **APPENDIX 1**). This updated summary includes funding based on the known indicative values for Core Spending Power and the current estimates for inflation pressures.

Operational Budgets	2026/27	2027/28	2028/29	2029/30
	£000s	£000s	£000s	£000s
Net Cost of Services	**13,096.1**	**14,185.4**	**15,304.4**	**16,423.4**
Total non-service budgets	**(824.1)**	**(600.0)**	**(500.0)**	**(350.0)**
Net operational spending	**12,272.0**	**13,585.4**	**14,804.4**	**16,073.4**
Funding	**2026-27**	**2027-28**	**2028-29**	**2029/30**
	£000s	**£000s**	**£000s**	**£000s**
Core Spending Power	(11,554.0)	(11,462.0)	(11,483.0)	(9,893.3)
EPR Funding	(698.7)	(698.7)	(698.7)	(698.7)
Reserves funding	(19.3)	0.0	0.0	0.0
Total Funding	**(12,272.0)**	**(12,160.7)**	**(12,181.7)**	**(10,592.0)**
gap	**0.0**	**1,424.7**	**2,622.7**	**5,481.4**

3.7 **Strategy implementation**

3.7.1 Further to Member discussion, it is recommended that Officers are tasked with scrutinising the 2026/27 budgets and forecast actual spending to identify options to reduce the predicted gap arising through inflation and other factors.

3.7.2 To secure a balance of financial prudence and service resilience it is proposed to target spending reductions (or income increases) in order that the net cost of services is reduced towards the level of core spending power plus EPR (Extended Producer Responsibility) funding (around £12.2m), with the balance being funded from general reserves.

3.7.3 Options to support reducing the gap include

(i) removing planned spending where this is not fully aligned to corporate objectives including LGR readiness

(ii) moving some budget provision out of ongoing base budgets and into earmarked reserves where these budgets are to be used for unpredictable, periodic costs (such as appealed planning decisions).

(iii) fees and charges can also be reviewed to identify options to increase incomes, for example where a freeze in a tariff leads to increased take-up and so increased overall income

(iv) review of how government grants are being applied to spending to maximise use of grant funding.

3.7.4 Given the size of the Council, it is quite possible to keep clear oversight of planned spending across the whole authority and to review spending plans as the year develops. This will support clarity in understanding all aspects of spending and facilitate robust cost control. Services will not be at risk as there will be no specific targets applied for savings. Rather, the basic ongoing expenditure of the Council can be scrutinised and more closely managed.

3.7.5 These steps are aligned to the new organisational structure in place from April 2026 and the changes that have arisen as a result of the Council Annual General Meeting (Statutory Annual Council) in May.

3.8 **Next steps**

3.8.1 It is proposed that officers are requested to undertake a detailed scrutiny of planned spending and to engage proactively in peer-to-peer ‘check and challenge’ of spending plans. This will build on the progress made already in creating consistent staffing structures and ensuring that SLT is at the heart of delivering political priorities. It is also proposed that revised budgets are presented to the Committee in November 2026, including options to reduce base budgets and overall planned spending while ensuring that needed and valued services continue to be available to residents.

4. CONCLUSION

4.1 This report presents proposed steps to be undertaken by officers in preparation for budget setting for 2026/27 further to discussion of policy priorities with Members.

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

5.1 **Delivering good quality services**

5.1.1 The report presents options for delivering good quality services while also enhancing overall cost control.

6. IMPLICATIONS

(i) **Impact on Customers** – There should be no noticeable impact on customers, other than the available funding be more effectively deployed.

(ii) **Impact on Equalities** – None directly.

(iii) **Impact on Risk (including Fraud implications)** – The report highlights key risks and how these may be mitigated.

(iv) **Impact on Resources (financial)** – The subject of the report.

(v) **Impact on Resources (human)** – None directly – proposed activity will be undertaken through a refocusing of current resources not through a new workstream being developed.

(vi) **Impact on Devolution / Local Government Reorganisation (LGR)** – The proposals in this report will support sufficient preparation for LGR while ensuring that the Council remains sustainable in the even that LGR is delayed or deferred.

Background papers: None.

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