


Agenda Item No:	6	
Committee:	Cabinet	
Date:	15 December 2025	
Report Title:	Revised General Fund Budget and Capital Programme 2025/26; Draft General Fund Budget Estimates 2026/27 and Draft Medium Term Financial Strategy (MTFS) 2026/27 to 2030/31; Capital Programme 2026/27 to 2028/29	

Cover sheet:

1 Purpose / Summary

To consider and approve:

- the revised General Fund Budget and Capital Programme for 2025/26;
- the Draft General Fund Budget Estimates 2026/27 and the Draft Medium Term Financial Strategy 2026/27 to 2030/31 for consultation;
- Capital Programme 2026/27 – 2028/29.

2 Key issues

- The Provisional Local Government Finance Settlement announcement is expected week commencing 15 December 2025. **Consequently, until the details of the Finance Settlement have been received, the figures detailed in this report should be treated as being provisional.**
- In accordance with the decision of Council at their meeting of 17 July 2023 (Minute C8/23), the cash amount of Council Tax raised has been kept at the current level for 2026/27 and over the MTFS period.
- Council Tax Referendum limits for 2026/27 will remain unchanged from 2025/26 and set at an increase of 3% or £5 whichever is the higher.
- Current forecasts for 2026/27 show a shortfall of £1.972m based on the assumptions detailed in Appendix C, before any adjustment to the level of Council Tax. The MTFS projects shortfall increases year on year, reaching £2.967m in 2030/31. Projected shortfalls in the MTFS are usual, both in FDC and in Local Government generally. They represent the challenge to be faced in future years in reaching a balanced budget position each year. The projected shortfalls are however significantly higher than previous years forecasts and represent significant challenges for the Council. Any decision this year to not increase the level of Council Tax necessarily increases the scale of that challenge.
- At this time, more detailed work is required on a number of issues which could potentially impact on these figures, both positively and negatively (as detailed in paragraph 7.15 of the report). Further information is expected over the next few weeks, and this will be incorporated where possible, into the final budget report in February 2026.

- **Although there are currently many uncertainties regarding the budget for 2026/27 and the MTFS, there remains a significant structural deficit which the Council will need to address**
- Any final deficits for 2025/26 and 2026/27 will have to be funded from Council reserves (current balances shown in Appendix E). At this stage, due to the many uncertainties around the potential deficits, there is no requirement to formally approve any amounts to be funded from reserves.
- An updated Capital Programme for 2025/26 and for the medium term 2026/27 - 28/29 is proposed.
- Further work is required on the potential new capital schemes identified in Appendix D(ii) and the final proposals will be considered as part of the final budget report in February 2026.

3 Recommendations

It is recommended that:-

- (i) the revised General Fund Budget and revised Capital Programme for 2025/26 be approved;
- (ii) the draft budget proposals for 2026/27 outlined in this report be approved for consultation;
- (iii) the proposed Capital Programme for 2026/27 – 2028/29 be approved.

Wards Affected	All
Portfolio Holder(s)	Cllr Chris Boden, Leader and Portfolio Holder, Finance
Report Originator(s)	Peter Catchpole, Corporate Director and Chief Finance Officer (S.151 Officer) Sian Warren, Chief Accountant
Contact Officer(s)	Paul Medd, Chief Executive Peter Catchpole, Corporate Director and Chief Finance Officer (S.151 Officer) Sian Warren, Chief Accountant
Background Paper(s)	Provisional Finance settlement – Ministry of Housing, Communities & Local Government (MHCLG). Autumn Statement 2025 (HM Treasury) Medium Term Financial Strategy working papers. Government announcements since February 2025.

Report:

1 INTRODUCTION

- 1.1 This report sets out the financial implications of the council's priorities described in the draft Business Plan 2026/27. Revenue budget estimates are draft at this stage and along with the draft Business Plan will be subject to public and stakeholder consultation prior to final budget and council tax setting for 2026/27 in February 2026.
- 1.2 Much of the financial information provided is necessarily based on a number of assumptions which are wholly or partly influenced by external factors. Some of these factors, such as the outcome of the Local Government Finance Settlement will not be known until after this Committee meeting. In addition, actual Business Rates income will not be finalised until the completion of the 2026/27 NNDR1 return by the deadline of the end of January 2026. Both of these could have a significant impact on the figures detailed in this report. Other issues as detailed in paragraph 7.15 of this report will also impact on the MTFs and any amendments will be reported to Cabinet and Council at the February 2026 budget setting meeting.

2 AUTUMN BUDGET 2025

- 2.1 On 26 November 2025, the Chancellor delivered her Autumn Budget confirming the Government's spending plans for 2026/27.
- 2.2 The relevant points for this Council from these announcements are as follows:

Council Tax

- It has been confirmed since then that the Council Tax referendum limit will be set at increases of up to 3% (or £5 whichever is the higher), together with an additional 2% increase for authorities with responsibilities for Adult Social Care (the same as for 2025/26).
- A new High Value Council Tax Surcharge will be introduced in 2028/29. Owners of properties valued in excess of £2m will have to pay the surcharge. There will be a consultation on the operation of the scheme in early 2026.
- The Budget says that the revenues raised by the surcharge will "support funding for local government services". It is anticipated that Local Authorities will be allowed to keep the additional revenues, but these revenues will be deducted from the funding allocations.
- Billing Authorities will receive new burdens funding.

Business Rates

- From April 2026 the Government will reset the Business Rates Retention System (BRRS) as a core part of the Fairer Funding Review (FFR) 2.0 to ensure that the local government funding system is fit for the future.
- This will better align funding across the county to the areas that need it. This includes the growth currently retained by the authority over current Base Funding Levels (BFLs), and the grant compensation that has been awarded in respect of government relief schemes and for historic under-indexation of business rates multipliers. However, as part of the reset, this funding will be distributed differently across the sector from 1 April 2026.

- From 2026/27 onwards, ministers have used their new powers over the multiplier to set **new sectoral multipliers**, with permanently lower multipliers for RHL properties. Lower multipliers for these sectors will be paid for by higher multipliers for businesses with properties with rateable values of more than £500,000;
- The five business rates multipliers have been set for 2026-27:
 - National small and standard multipliers have been set considering: 2026 Revaluation and an allowance for appeals. The impact of either revaluation or appeals on the multipliers are unknown at present.
 - The RHL multipliers will be set 5p lower than their national equivalents.
 - The higher multiplier will be 2.8p above the standard national multiplier.

Table – 2026/27 Multipliers

Multiplier	2025-26	2026-27	Scope
Small business RHL multiplier		38.2p	RHL hereditaments with RVs under £51,000
Standard RHL multiplier		43.0p	RHL hereditaments with RVs between £51,000 and £499,999
National small business multiplier	49.9p	43p	Non-RHL hereditaments with RVs under £51,000
National standard multiplier	55.5p	43.2p	Non-RHL hereditaments with RVs between £51,000 and £499,999
High-value multiplier		48.0p	All hereditaments with RVs of £500,000 or above

Other Changes in Business Rates

- There are various other changes to the business rates system from 2026-27:
 - Business rates Transitional Relief Supplement. 1p supplement from 1 April 2026 for those businesses not receiving Transitional Relief or Supporting Small Business Scheme.
 - Various Supporting Small Business schemes. To provide transitional support to small businesses losing from the transition from RHL relief, and small business rates relief and rural rate relief. .
 - Extension of SBRR grace period.
 - 100% relief on eligible electric vehicle charging points, and electric vehicle charging points

Core Spending Power and Other Announcements

- There will be a 2.6% real-terms increase in Core Spending Power (CSP) in 2026/27. This is higher than for other major services, other than the NHS. The CSP projections imply that there are grant increases for 2026/26 of £1.4billion, £0.5billion in 2027/28 and £0.5billion in 2028/29. It is still not clear whether this funding will be distributed via the Settlement Funding Allocation (SFA) or through specific grants. There still needs to be confirmation that this represents additional spending power.

- Settlement Funding Assessment (SFA). The assumption was that SFA would be cash-flat but there is potentially funding for the inflation-linked uplifts that has been seen in every financial year since 2020. On balance, it may now move towards indexing SFA in line with the increase in line with CPI.
- Full details of the allocation of funding within CSP will be announced later this month in the 2026/27 Finance Settlement. The expectation is that the Minimum Funding Guarantee (MFG), Recovery Grant and the New Homes Bonus will be rolled into the SFA in 2026/27 without any uplifts.
- It is important to note that the bulk of the increase in resources within CSP will come from council tax increases. It is estimated that 76% of the increase will be funded by council tax (less in the first year). This puts pressure on local authorities to uplift their Band D in line with the maximum threshold.
- The Extended Producer Responsibility (EPR) scheme commenced in 2025/26, and local authorities should receive an estimated £1.1bn in additional income in the current year. The Treasury will guarantee authorities' funding streams in 2025/26 and 2026/27 with local authorities taking the risk on any changes in income from 2027/28 onwards. The Council has now received confirmation of the payment and are due to receive the first two quarters in December 2025.

Local Government Funding : Fair Funding 2.0

- The Government has confirmed that they will go ahead with most of the changes in funding proposed in the original Fair Funding Review including:
 - major changes to the main funding formula with a stronger link to levels of deprivation and population. The current bespoke formulae and adjustments for flood defence, coastal protection and sparsity will be removed.
 - many new burdens funding streams will be rolled into the main funding formula instead of being provided as separate grants. This includes ongoing revenue funding for food waste new burdens.
 - reset the baseline for retained business rates in full in 2026-27.
 - abolish the New Homes Bonus.
 - simplify and consolidate several grant pots, including for homelessness prevention, rough sleeping and temporary accommodation.
 - provide transitional funding, including a minimum funding floor, to protect councils from the full impact of the funding changes.
- The government is also looking to simplify the wider local funding landscape, reducing the number of grants and consolidating them into the Local Government Finance Settlement, as well as moving towards a multi-year settlement so local authorities can plan more effectively.

Local Government Reorganisation

On 16 December 2024, the White Paper on English Devolution was published, outlining extensive reforms to the local government framework across England. These changes include increased devolution from central government to strategic authorities and local government reorganisation in two-tier areas, and in some adjoining Unitary Authority areas.

As set out in the White Paper, the Government intends to implement local government reorganisation in all two-tier areas and in some adjoining Unitary Authority areas. All Councils in an area have been expected to collaborate on unitary proposals that serve the best interests of the region.

Leaders and Chief Executives of the 7 Councils in Cambridgeshire and Peterborough have been working together on the LGR process. Members had meetings in both March and July 2025, to discuss progress on LGR and to give feedback on the emerging proposals.

Various options have been discussed with some excluded in line with the criteria set by the government, either because they were less financially viable or because they did not meet the requirements of our Combined Authority geography (which must include at least two unitaries).

Members were requested to consider and review the information available on each Option and provide feedback on the suitability for the Fenland area, and for Cambridgeshire and Peterborough as a whole. It should be noted that the government requires proposals that provide a solution for the whole geography of Cambridgeshire and Peterborough, not just the area that includes our own district.

The Government set deadlines for the LGR process, and a joint letter was submitted on 28 November 2025 which has stated the individual preference of the 7 Councils.

Following the receipt of submissions, it is anticipated in early 2026, the Government will commence a statutory consultation process on the Options for unitarisation in Cambridgeshire and Peterborough. This will provide another important opportunity for Members individually and collectively to provide feedback to Government on their favoured outcome for Local Government Reorganisation in Cambridgeshire and Peterborough.

3 LOCAL GOVERNMENT FINANCE SETTLEMENT

- 3.1 The Provisional Finance Settlement for 2026/27 is expected to be announced during the week commencing 15 December 2025. Consequently, the figures included in this report are estimates based on previous funding announcements. It is therefore, almost certain that the figures announced in the Provisional Settlement will be different from those detailed in this report. An update on any changes will be given to members as soon as they are available.

Local Government Policy Statement 2026/27

- 3.2 The Local Government Policy Statement 2026/27 was published on 20 November 2025 and provides more details on how funding will be allocated in the 2026/27 settlement although actual funding allocations will not be announced until the provisional settlement itself.

- The main funding formula has been changed in three ways:
 - It now reflects the 2025 Index of Multiple Deprivation (IMD) data. The IMD methodology in the latest data has changed and factors in housing costs more heavily.
 - The weighting for visitor and commuter population has been reduced relative to the weighting for permanent residents.

- The adjustment for remoteness has been removed, except for adult social care costs. This disadvantages more rural and remote councils, especially if they do not have responsibility for social care.
- Major changes to the main funding formula with a stronger link to levels of deprivation and population. The current bespoke formulae and adjustments for flood defence, coastal protection and sparsity will be removed.
- Various grants will be rolled into RSG in 2026/27 which will include the Social Care Grant, New Homes Bonus, Funding Floor, and Employer National Insurance Contribution.
- Simplify and consolidate several grant pots, including for homelessness prevention, rough sleeping and temporary accommodation grant but is not part of the RSG.
- Provide transitional funding, including a minimum funding floor, to protect councils from the full impact of the funding changes
- Settlement Funding Assessment (SFA) will be indexed in the usual way. Revenue Support Grant will increase in line with the Consumer Price Index (CPI) (1.7%), and the Baseline Funding Level (BFL) will be uplifted in line with the increase in the standard business rates multiplier. Under-indexing (of the small business rates multiplier) will be funded through the cap compensation grants.
- Targeted Deprivation Fund (“Recovery Grant”). The Government will preserve the Recovery Grant as at 2025/26 levels for the whole of the spending review period. This is a new proposal. It will benefit the Council which has high levels of deprivation but will be rolled into the SFA.
- Council Tax Band D thresholds. Thresholds will increase as we expected (2.99% core increase, 2% ASC Precept). Both shire districts and fire authorities will be able to increase by the higher of 2.99% or £5. Police and Crime Commissioners (PCCs) will be able to increase their precepts by £14 (higher than the £13 which has been available to PCCs in the past two years).
- New Homes Bonus (NHB). NHB has been abolished in 2026/27.
- There will continue to be “no negative RSG”.
- In line with the previous two years, the Government has made available for authorities impacted by Internal Drainage Board levies funding support which has been increased to £5m in 2026/27. The allocations for this funding will be announced in due course.
- The government has committed to provide support for departments and other public sector employers for additional employer NICs costs. This applies to those directly employed by the public sector, including local government. This grant has been rolled into the SFA.
- The statement also confirms that there will be a full package of funding reforms in 2026/27, and that this will be the start of a multi-year settlement. The funding reforms will build on “the previous government’s” Fair Funding Review, and there will also be a full business rates baseline reset. The statement is careful to note that they “will move gradually towards an updated system” and will consult on “possible transitional arrangements”. The statement “begins the process of redirecting as much funding as possible to the places that need it most”.

- 3.3 The provisional settlement will also detail any allocations from the additional grant funding announced in the budget and detailed in section 2 and the Policy Statement announcements detailed in paragraph 3.2 above.

4 BUSINESS RATES

- 4.1 Members will be aware that the Business Rates Retention system was introduced in April 2013. Under this system, authorities would benefit if their actual Business Rates income collected in a year was higher than the baseline funding determined by government.
- 4.2 There has been real business rates growth in Fenland over the last eight years, however how this impacts on the resources available to this Council is complex, due to the rules and the operation of the current 50% Business Rates Retention system. The complexity of the system has been exacerbated by the number of business rates relief schemes and multiplier caps and freezes implemented by the government over the last few years.
- 4.3 A whole package of changes to the Business Rates Retention Scheme (BRRS) will be implemented in 2026/26 including baseline reset, 2026 Revaluations and new five multipliers as shown in paragraph 2.2.

Business Rates Pooling Arrangement – 2024/25 and 2025/26

- 4.4 The Council joined with the County Council, Peterborough City Council, Fire Authority, East Cambridgeshire and South Cambridgeshire to become part of a pooling arrangement for business rates from 2020/21 up to and including 2023/24.
- 4.5 As a result of further detailed analysis of forecast business rates income, the pool members decided that the most financially beneficial arrangement for 2024/25 would be a pool without Fenland. As recompense for not being in the pool, agreement was reached with the other pool members that Fenland would be no worse off as a result of the revised pooling arrangement for 2024/25.
- 4.6 Consequently, an amount of £350k per annum has been included in 2024/25 and 2025/26 as a 'pooling' benefit.
- 4.7 In November 2026 based on the Business Rates Reform proposed in the Autumn Budget published on 26th November 2025 the current 'Pool' members have reviewed the implications and have decided that there will be no Pool Arrangement in 2026/27 onwards. This has meant the Council will not receive the £300k which was included in the future years budgets so has been removed. This will leave the Council with a £300k shortfall in 2026/27 and future budgets.

Business Rates Reset – 2026/27 onwards

- 4.8 As stated earlier, major changes will take place in 2026/27. The Baseline Funding Level of all Councils will be reset with all 'growth' income being considered nationally and redistributed in the new system. In the budget for 2025/26 and the medium term forecasts, around £1.4m of business rates above the Council's Baseline Funding Level is being retained. Under the BRRS reset the Baseline Funding Level have been changed but the nett impact is similar to previous years and does appear to have any major changes to the BR the Council are due after this reset.
- 4.9 The Council will receive further details about the BRRS reset in the Financial Settlement but are not expecting any major changes to the funding levels although the presentation may change.

4.10 In addition, the current system of retaining 100% of business rates from businesses generating Renewable Energy (estimated £1.598m in 2026/27) has been included in the 2026/27 budget but the benefits from current pooling arrangements (estimated £400k in 2025/26) have been removed as previously explained in paragraph 4.4.

4.11 **At the time of writing, local government funding reforms, the implementation of Business Rates Reform is a major risk area for this Council over the medium term.**

5 FORECAST OUTTURN 2025/26

5.1 The approved budget set by Council in February 2025, showed a deficit of £1.432k and it was balanced by utilising the Budget Equalisation Reserve.

5.2 The latest projected outturn for 2025/26 is set out at Appendix A and shows a reduction in the budgeted deficit of £1.432k by £1.125k to £307k by the end of this financial year.

5.3 There have been numerous significant variations during this year to date which have contributed to the projected reduction in the budget deficit.

5.4 The main additional cost variations compared with the February 2025 budget include the following:

- Reduction in Internal Drainage Board levies of £433k (£226k less levies plus £207k additional government grant);
- Increase in Extended Producer Responsibility (EPR) funding of £579k against the budget of £958k
- £398k lower financing as a result of re-profiled capital spend and timing of new borrowing;
- Saving of £171k transferring the funding of the Transport Service to external grant funding;
- Increase of £50k for the NNDR Pooling Arrangement
- £145k of additional income from the VAT/RTB sharing arrangement with Clarion Housing;
- Increase in net additional cost of the difference between Housing Benefit paid and subsidy reclaimed from DWP of £411k. Officers are progressing a number of initiatives to increase the amount of subsidy reclaimed;
- Loss of £362k of the closure of the Federated Hermes Trust Property Fund due to a merger undertaken which would not accept Treasury Deposits.

5.5 There are still many uncertainties around the potential shortfall for 2025/26 and there is no requirement at this time to formally approve an amount to be funded from reserves. At the present time, Corporate Management Team, Senior Managers and the Accountancy Team are managing and monitoring the position carefully and will continue to review spending levels to ensure where possible, the amount to be funded from reserves at the year-end is minimised.

5.6 Use of reserves to fund any potential shortfall in 2025/26 will have a consequential impact on the Council's ability to fund any shortfall in 2026/27 from reserves. Details of the Council's reserves are at Section 10 and Appendix E.

6 DRAFT BUDGET ESTIMATES 2026/27 AND MTFS

- 6.1 The Council's MTFS has to ensure that the commitments made in the Business Plan are funded not only in the year for which formal approval of the budget is required (2026/27) but for forecast years as well, within a reasonable level of tolerance.
- 6.2 The impact of the Provisional Local Government Finance Settlement (expected to be announced during week commencing 15 December 2025) will also need to be clarified and the figures in this report make no assumptions about any potential changes to government funding.
- Extended Producer Responsibility**
- 6.3 This Council received its provisional notice of assessment of the pEPR payment due in 2025/26 on 28 November 2024. This amounted to £958,000. Since that date the payment has been reassessed and the Council will now receive £1,536,888 for 2025/26 and an estimated £1,572,348 in 2026/27.
- 6.4 Whilst the 2026/27 payment resulting from the collection of producer fees may still change, to provide certainty to authorities, the government has guaranteed that in 2025/26 we will receive the revised amount. For 2027/28 onwards, this amount will be adjusted to reflect actual figures.
- 6.5 Officers are still assessing any costs associated with our obligations to maximise the collection and recycling of packaging material and any other conditions attached to the above payment.
- 6.6 In 2026/27 the EPR funding is assumed to be included in the RSG amount of £3.161k.
- 6.7 Taking all the above into account, the Council's medium term forecasts are shown at Appendix B and summarised in Table 2 below. The table includes for Council Tax income to remain at 0% increase from 2026/27 onwards.

Table 2 - MTFS – Council Tax income constant level from 2026/27 onwards

Summary Medium Term Financial Plan					
	Estimate	Forecast	Forecast	Forecast	Forecast
	2026/27	2027/28	2028/29	2029/30	2030/31
	£000	£000	£000	£000	£000
Expenditure					
Net Service Expenditure	17,467	17,820	18,104	18,229	18,579
Corporate Items	2,169	2,044	1,673	2,103	2,390
Contribution to/from(-) Earmarked Reserves	0	-189	-189	-111	-89
Net Expenditure (before use of balances)	19,636	19,675	19,588	20,221	20,880
Funding					
Revenue Support Grant	-1,589	-1,500	-1,500	-1,500	-1,500
Business Rates Funding <i>(detailed in Appendix B)</i>	-7,910	-7,893	-7,983	-8,078	-8,170
Business Rates Collection Fund Deficit (+)	46	0	0	0	0
Council Tax Collection Fund Surplus(-)	-18	-50	-50	-50	-50
Council Tax <i>(0% increase)</i>	-8,193	-8,193	-8,193	-8,193	-8,193
Total Funding	-17,664	-17,636	-17,726	-17,821	-17,913
Surplus(-)/Shortfall(+) before use of balances	+1,972	+2,039	+1,862	+2,400	+2,967
Contribution to Budget Equalisation Reserve	0	0	0	0	0
Shortfall(+) after use of balances	+1,972	+2,039	+1,862	+2,400	+2,967

- 6.8 Government support for 2026/27 will be announced as part of the provisional finance settlement. The projections for 2026/27 onwards are based on the best estimates and information available and are consistent with the announcements in the Autumn Budget 2025 and the Policy Statement issued on 26 November 2025. However, subject to further clarity on the detailed implementation of the announcements there remains significant uncertainty in these projections.
- 6.9 The net budget requirement for 2026/27 is currently estimated at £19,635m after all identified savings, contingencies and reserve transfers are included. This includes the assumptions detailed at Appendix C. With the provisional funding assumptions and Council Tax income remaining at current levels, a shortfall of £1.875m is currently forecast for 2026/27.
- 6.10 The development of the Commercial and Investment Strategy has the potential to generate additional significant returns over the MTFS. Currently, recharges to Fenland Future Ltd (FFL) for officer time, loan interest receipts and future dividends from current FFL developments have been included in the forecasts at Appendix A and B. These are based on the current business plan of FFL over the next three years. Additional returns may also be realised depending on the type and timing of investment opportunities. These are however limited at the current time due to high interest rates and the current policy of the PWLB not to lend for purely investment for yield projects. Consequently, no allowance for any further potential returns (over and above the recharges, loan interest and dividends from FFL) have been included in the MTFS at the current time.
- 6.11 As mentioned in Section 5 above, officers are progressing a number of initiatives to increase the amount of Housing Benefit subsidy reclaimed and together with the anticipated reduction in temporary accommodation costs (partly resulting from the additional houses purchased with assistance from the Local Authority Housing Fund and also from other properties to be purchased from the Council's own resources), **a significant increase in subsidy reclaimed and lower temporary accommodation costs of £600k has been included in the estimates for 2026/27.** As the timings of these initiatives are uncertain, this remains a significant risk in the 2026/27 estimates.
- 6.12 Members will be aware that the Transformation Agenda 2 (TA2) programme is now underway and is critical in achieving the necessary savings over the course of the MTFS. An amount of £170k has currently been included in the 2025/26 estimates as savings from the TA2 programme, increasing to £372k per annum by 2030/31. Significant savings over and above these will be required from this programme over the MTFS period.
- 6.13 Taking into account the proposals in the Table 2 above, the estimated net budget requirement in 2026/27 is detailed in Appendix A. The level of forecast resources available to the Council and the estimated levels of expenditure over the medium term are set out in detail in Appendix B. **These show a funding gap of £1.972m in 2026/27 rising to £2.967m by the end of 2030/31.**
- 6.14 There is still considerable uncertainty around the estimates for 2026/27 and the forecasts for the medium term. Currently there are a number of 'unknowns' which could both positively and negatively impact on the forecasts including:

Risks associated with the MTFS forecasts:

- Potential impact of the Provisional Finance Settlement (announcement in mid-December 2025) on 2026/27 and the medium term;

- Impact of the longer-term changes to the Business Rates Retention system from April 2026;
 - Impact of pay awards higher or lower than currently allowed for in the MTFS (2% increase included for 2026/27 onwards);
 - Impact of potential additional costs and income in 2026/27 from the Extended Producer Responsibility scheme for managing packaging waste;
 - Impact of potential net costs of the governments' Food Waste Strategy;
 - Impact on income streams being greater than anticipated due to external factors such as Port Income;
 - Impact of the current review of Port operations and the future liability of the quay at Wisbech Port;
 - Continuing impact of homelessness temporary accommodation costs in 2026/27 and the medium term and the impact on recovery of housing benefit subsidy;
 - Impact of increases in Fees and Charges (where feasible) on the 2026/27 estimates and MTFS;
 - Impact of service developments eg. Car Parking Enforcement (CPE);
 - Revenue impact of funding new capital schemes not currently included in the capital programme. There are currently a number of significant unfunded capital schemes which will need to be considered over the MTFS;
 - Potential impact of the Council's future transformation programme with associated savings. Further detailed work is required to quantify the extent of these savings;
 - Review of the recharge of staff time to the LATCO (Fenland Future Ltd) to quantify potential revenue savings. Currently recharges of £125k in 2026/27 onwards have been assumed in the MTFS;
 - Potential net benefits from FFL of loan interest and dividends from future developments over and above already included in the MTFS generating revenue income;
 - Commercial and Investment Strategy and future potential positive returns to the Council;
 - Review of the General Fund Balance and Earmarked Reserves to ensure they align with the future requirements of the Council.
- 6.15 Further details relating to several of the above issues should become clearer with the publication of the Provisional Finance Settlement expected to be announced in mid-December 2025.
- 6.16 Between now and the final budget report in February 2026 further analysis will be carried out on the impact of the issues detailed above, as and when further information becomes available. Consequently, the estimate for 2026/27 could change significantly from that detailed at Appendix A.
- 6.17 **Whatever impact the above issues may have however, there will remain a significant structural deficit for the Council to address over the medium term.**
- 6.18 The forecasts for the years 2027/28 – 2030/31 are provisional at this stage and should be considered with extreme caution. The Provisional Finance Settlement

announcements regarding local government funding are imminent and therefore, the figures could be different to those included in the forecast. Future announcements and consultation outcomes will also determine government policy and therefore the funding in the future years

- 6.19 As detailed earlier in this report, Business Rates Retention reform, Local Government Funding reform could have a significant impact on the Council's forecast resources over term of the MTFS. Further to the risks associated with these externally determined funding streams the Council should also ensure that income budgets are achieved, and new income streams considered and implemented for medium to long term sustainability in combination with any operational and transformational benefits that the Council realises. The use of general reserves to support revenue expenditure adds to the overall risks to the Council as such reserves can only be used once but the cumulative impact of such use will continue to be felt into the future.

Other Risks

Capital Programme – Future Funding

- 6.20 The Council is increasingly relying on borrowing (Internal and Prudential) to fund its future programme as the amount of capital receipts and the level of reserves available to fund the capital programme are reducing considerably over the next two years. Consequently, any new capital schemes (which do not generate a return to repay borrowing costs) will have to be funded through borrowing which will result in revenue costs and therefore will impact on the MTFS and future shortfalls.
- 6.21 For example, a £1m scheme with a 20 year life, funded by prudential borrowing, would result in around an additional £108,500 per annum in interest (5.85%) and repayment costs.
- 6.22 Consequently, a review of the current capital programme together with potential new schemes (as detailed in Section 11) and the ongoing revenue cost impact will need to be undertaken prior to the final budget report in February 2026, to ensure the final approved programme is sustainable within the context of the Council's Medium Term Financial Strategy.

7 FEES AND CHARGES

- 7.1 The Overview and Scrutiny Panel will consider all fees and charges for 2026/27 at its meeting on 19 January 2026 and recommend the Schedule of Fees and Charges to Cabinet at its meeting on 26 January 2026.
- 7.2 For the purposes of this report, no increase in fees over and above what has already been agreed (eg. Planning Fees and Garden Waste Subscriptions) has been included in the estimates for 2026/27 and the medium term. Income forecasts within the figures in this report are based on current fees and projected activity levels.
- 7.3 Members will be aware that several of our fees and charges are set by government or other bodies and we have no discretion to amend these. The number of fees and charges which we have discretion to amend and the extent to which any increases significantly impact the Medium Term Forecasts detailed in this report are limited.

8 COUNCIL TAX – 2026/27

- 8.1 The government has set the referendum limit for 2026/27 at 3% or £5, whichever is higher for District Councils (the same as 2024/25). A 3% increase on the Band D Council Tax equates to £7.83 per annum.
- 8.2 Social care authorities, such as Cambridgeshire County Council can also increase their element of council tax by a further 2% (5% in total which would equate to £85.03 on the County Council's Band D Council Tax if increase taken in full).
- 8.3 Council at its meeting on 17 July 2023, agreed to re-position the MTFS by keeping the cash level of Council Tax raised at the current level rather than the previously adopted 0% increase, while recognising that the Council continues to face significant financial challenges and uncertainties that may not allow this ambition to be met.
- 8.4 Members of the Council need to act responsibly each year when setting the precept to balance the ambition of keeping Council Tax income at its' current level with the legal need to balance the budget. It was agreed that raising Council Tax in any of the next four years will be a last resort in order to minimise the financial effects of Council Tax on all of Fenland's households.
- 8.5 For information, an additional 1% increase in Council Tax in 2026/27 would generate in the region of £83k of revenue per annum to the Council. Even with this additional revenue included the estimates for future years show a significant shortfall (see Table 4 below).

Council Taxbase

- 8.6 The amount of Council Tax income recognised in the estimates is determined by the Council Taxbase (Band D equivalents) and the level of Band D Council Tax. For 2026/27, the Council Taxbase has been calculated using the number of dwellings (as notified by the Valuation Office Agency), the impact of exemptions and discounts (eg. Single Person discount) and the amount of Council Tax Support awarded as reported in the Council Tax Base return submitted to MHCLG in October 2025.
- 8.7 In addition, an allowance for growth and for non-collection is included together to produce the estimated taxbase. For 2026/27, the draft taxbase has been calculated as 32,535 (Band D equivalents), an increase of 381 (1.18%) on 2025/26.
- 8.8 The number of dwellings included on the VOA valuation list will be kept under review together with further analysis of growth within the district to ensure the final taxbase calculation reflects the latest position.
- 8.9 In line with the motion agreed by Council on 17 July 2023, assumed Council Tax income has remained at its' current level for 2026/27 and over the period of the MTFS.
- 8.10 At this level of Council Tax, there will be a significant deficit to fund over the period of the MTFS. Consequently, the Council will need to continually consider its strategy to meet the estimated shortfalls shown at Table 2 and in Appendix B.
- 8.11 The implications of not increasing Council Tax over the MTFS is that the Council will be reducing its financial base permanently as it would not be able to recover potential revenue foregone due to the cumulative year on year impact. The consequences of setting Council Tax at its' current level and not achieving the necessary savings/additional income have been clearly demonstrated by the events at other Councils. The ability to achieve significant year on year savings (without

increasing existing and/or introducing new revenue streams together with transformational change) to balance the budget becomes progressively difficult without eventually impacting on front-line services and delivery.

- 8.12 Council can of course agree to an increase up to the referendum limit of 3% and a 1% increase in Council Tax raises around £83k revenue per annum. Table 4 shows the implications of increasing the Council Tax in 2026/27 by 2.97% per annum and thereafter compared to keeping the Council Tax income constant and compared to freezing the Council Tax in 2026/27 and throughout the MTFS period.

Table 3: MTFS Deficits at Differing Council Tax levels in 2026/27 onwards

Deficits based on different levels of Council Tax	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Deficits at CT with 0% increase p.a.(as shown in Table 2/Appendix B)	+1,972	+2,039	+1,862	+2,400	+2,967
Additional CT with 3% increase p.a. from 2026/27	-246	-498	-752	-1,006	-1,260
Deficits at 3% increase	+1,723	+1,541	+1,110	+1,394	+1,707

9 REVIEW OF GENERAL FUND BALANCE AND EARMARKED RESERVES

- 9.1 An important part of any budget strategy is the review and consideration of reserves. Earmarked Reserves are typically held and used in a planned way to deal with issues where it is foreseen that resources need to be set aside to meet a specific need, but the exact amount and timing is not known. General Reserves are held to cushion the impact of an event or events that cannot be foreseen whilst maintaining these resources at a consistent and reasonable level over the medium term.
- 9.2 Sufficient levels of reserves are necessary to provide for various contingent and unplanned items that could include:-
- significant increased costs of providing statutory services
 - significant increased contractual costs
 - an unexpected and/or significant event or disaster, e.g. civil emergency
 - an unexpected major liability in law
 - the need to make significant payments in relation to prior year adjustments under the direction of the external auditor
- 9.3 The Council's current uncommitted General Fund Balance is £2m. It is good practice to keep the balance on this reserve under review alongside ensuring that the purposes for which other earmarked reserves were allocated remain consistent with and relevant to the Council's Medium Term Financial Strategy.
- 9.4 Consequently, a review of the level of the General Fund Balance and the number and purpose of the earmarked reserves will be undertaken and any amendments will be presented to Cabinet and Council in the final budget report in February 2026.
- 9.5 The Budget Equalisation Reserve was established in 2019/20 to provide a smoothing mechanism between financial years which could provide resources to help achieve balanced budgets in future years whilst maintaining a 0% Council tax increase each year. The current balance on this reserve is £2.213m and is available

to meet potential budget shortfalls for 2025/26 and 2026/27. Funding the £307k current projected shortfall for 2025/26 from this reserve would reduce the balance available for future years to £1.816m.

9.6 In previous reports, the Leader has stated that one of the main purposes of the Budget Equalisation Reserve was to facilitate a form of feedback loop to counter what he described as the Council's systemic historic outturn surpluses. However, the deficit incurred in 2023/24 of £212k was the first for several years and demonstrated the challenging financial environment all Councils are currently experiencing. Table 5 below, details the historic surpluses prior to 2023/24 and the movement to a deficit position from 2023/24 although there was small surplus in 2024/25. This deficit position is projected to worsen in 2026/27 and increase significantly in 2027/28. It is, ultimately, a matter of political interpretation whether the pattern of historic repeated outturn surpluses was evidence of taxing residents more than we need to each year, or if it bears a different interpretation. That is entirely a political matter for Cabinet and Full Council to consider. It is though quite clear that the pattern of historic surpluses will not be repeated and there will be significant deficits over the MTFS for the Council to address.

9.7 At a time of much personal financial pressure for households across Fenland, the Leader proposed, and Full Council approved at their budget meeting in February 2023, a one-off 2% reduction in Council tax in 2023/24. Subsequently, Council at its meeting on 17 July 2023, agreed to re-position the MTFS by keeping the cash level of Council Tax raised at the current level and adopted a 0% increase, while recognising that the Council continues to face significant financial challenges and uncertainties that may not allow this ambition to be met. The decisions by Council in February and July 2023 was considered a more effective and appropriate way to eliminate the Council's pattern of outturn surpluses, and that the fact that the Budget Equalisation Reserve now stands at £2.213m (before any potential use to fund any shortfall in 2025/26) provides a limited facility to smooth any short term revenue account budget pressures in any year(s) over the term of the MTFS. The scale of the forecast deficits in the current year, 2026/27 and over the MTFS are significantly higher than what will be available to fund from the Budget Equalisation Reserve and further significant cost savings and/or income generation (eg. Council Tax increases) will be required to set a legally balanced budget.

Table 4: Net Deficit/Surplus(-) transferred from/(to) Budget Equalisation Reserve

	Budget £000	Outturn £000	Outturn Transferred to(+)/from(-)	
			Budget Equalisation	Reserve Balance
2025/26	1,432	307 (projected)	-307	1,477
2024/25	-3	-130	130	1,784
2023/24	-4	212	-212	1,654
2022/23	203	-800	800	1,866
2021/22	842	-584	584	1,066
2020/21	0	-167	167	482
2019/20	151	-115	115	315
2018/19	73	-200	200	

9.8 The analysis of reserves at Appendix E details the projected General Fund and earmarked reserves position as at 31 March 2026 and 31 March 2027 before any

use of these reserves to fund the potential shortfalls detailed at Appendix A. The final budget report to be considered by Cabinet and Council on 23 February 2026 will consider the use of these reserves.

10 CAPITAL PROGRAMME

- 10.1 Capital Expenditure and Income plans have been prepared through the Council's service and financial planning cycle. The Council's capital resources are dependent on government funding, external grants or through the ongoing disposal of assets.
- 10.2 Since February 2025, Members have continued to receive regular updates on several high-profile schemes including Wisbech High Street. In addition, Cabinet at their meetings of 30 September 2024 and 15 November 2024, have approved the purchase of additional properties to help support the Council's housing duties and these are included in Appendix D(i).
- 10.3 An updated Capital Programme for 2025-29 is presented at Appendix D(i) for approval. The programme has been updated to ensure it adequately reflects the cost and anticipated timing of schemes previously approved. **At this stage, no further capital schemes over and above those already approved have been included in the updated programme and no further financing costs included in the MTFs.**
- 10.4 No allowance has yet been made for any potential new schemes detailed in Appendix D(ii). These schemes will be subject to further review by officers and members prior to determining the final budget proposals in February 2026. **The potential additional revenue costs associated with any new schemes will increase the financial challenges facing the Council over the MTFs period.**
- 10.5 In addition, no allowance has yet been made for the following developments which will also significantly impact the Council's capital programme.

Fenland Inspire

- 10.6 Following the approval by Cabinet in February 2025, the initialisation of the Fenland Inspire! Project was progressed and borrowing earmarked and agreed by Full Council was £30m over a three-year period.
- 10.7 The Fenland District Council Business Plan 2025/26 outlines the list of these initiatives identified by Cabinet Members under the Fenland Inspire! banner. It is envisaged that these projects will enhance sports, leisure, and heritage facilities, promote healthy lifestyles and preserve the district's unique character.
- 10.8 There is the potential for certain Fenland Inspire! projects to generate an income for the Council, although this information is not yet available. Work will continue to develop supplementary funding strategies, including grant funding opportunities. However, in some cases, grant funding will not only dictate the scope of the project (potentially in contrast to the original Member vision), but it will also require an upfront investment in the design brief to secure.
- 10.9 Planning permission is required for a number of projects and in some cases listed building consent will be needed. Whilst in all cases of planning applications there is a risk that conditional approval may require an increased spend. Biodiversity net gain may be a consideration within some projects.
- 10.10 In December 2024, Central Government delivered the 'White Paper – Local Government Reorganisation' stating that all District Councils will cease to exist from 1 April 2028. This announcement contributed to the decision to undertake the

Fenland Inspire! programme with an aim to deliver all projects within the timeframe Central Government has specified for LGR. Therefore, it has been proposed that all Fenland Inspire! projects are completed by the deadline of 31 March 2028

- 10.11 Should resources from external funding and/or capital receipts not generate the level of receipts forecast, or there is a delay in disposal of assets, then the capital programme will need re-visiting to ensure funding is sufficient to meet proposed expenditure including through borrowing. Reviews of the programme and resources available are carried out regularly during the year.
- 10.12 The Council's Borrowing Strategy which is incorporated into the Council's Treasury Management Strategy Statement, recognises that prudential borrowing will be required over the life of the capital programme. Details of the estimated borrowing required is detailed at Appendix D. The projected annual revenue costs for the Council of the current approved programme are reflected in the medium term forecasts at Appendix B.
- 10.13 As stated earlier, a review of the current and future capital programme and its ongoing revenue cost impact will be undertaken to ensure the programme is sustainable within the context of the Council's Medium Term Financial Strategy.

11 RISK ASSESSMENT

- 11.1 There is an element of risk inherent in any process that looks into the future to make forecasts, particularly in the current economic climate and other national and international events now or in the future that may impact on the Council either directly or indirectly. The Council has a strong track record in good financial management as recognised in the recent Annual Audit Letter. This risk is further minimised by adopting the following methodology when preparing the estimates:-
- Service managers and the Accountancy Team working together to define likely service income/expenditure patterns matched with service delivery plans;
 - Maintaining "earmarked" reserves for expenditure that it is known will occur but the exact amount and timing of the expenditure is not known;
 - Maintaining an adequate level of general reserves to meet sudden and or unforeseen expenditure;
 - Adopting clear guidelines and control systems (robust revenue and capital budget management and monitoring procedures, Financial Regulations and Contract Procedure Rules etc.) to alert service managers, and members before variances reach tolerance levels;
 - Using professional and expert advice and economic forecasts where these are available, e.g. treasury management, interest rates;
 - Maintaining a rolling review of forecast estimates beyond the current year.
- 11.2 These assumptions are made with all available information but are necessarily calculated based on broad assumptions. In the current economic climate, some of these assumptions are particularly volatile. The MTFs will be prepared annually on a rolling basis so that as information becomes more certain the figures will be updated, and early consideration can be given to any action or changes in direction that may be required.

12 CORPORATE DIRECTOR AND CHIEF FINANCE OFFICER (\$151 Officer) STATEMENT

- 12.1 The proposed budget is set against the context of significant economic uncertainty, the current cost of living crisis, together with considerable uncertainty regarding government funding over the MTFS. The Government intends to make fundamental changes to the funding system for Local Government through the introduction of a new needs based fairer funding formula and the introduction of business rates. In addition, the New Homes Bonus has been abolished in 2026/27 and there is still uncertainty around the net impact of the Food Waste and the Simpler Recycling reforms. The cumulative impact of these changes and lack of visibility on any transition or damping arrangements means that financial planning for 2026/27 and the medium term is very uncertain.
- 12.2 Although there are still many uncertainties around the estimates for 2026/27 and over the medium term to 2030/31 detailed in this report, there are undoubtedly significant challenges facing the Council over the next few years. The report also highlights several major areas of risk which could also adversely affect the estimates over the MTFS. Of particular concern is the additional revenue impact of any new capital schemes which may be included in the final budget in February 2026.
- 12.3 As detailed in the report, Council Tax over each year of the MTFS has been included at its' current level in accordance with the decision by Council at its' meeting on 17 July 2023. At this level, there are currently estimated shortfalls of £1.972m in 2026/27, rising to £2.967m in 2030/31.
- 12.4 These represent a significant challenge for the Council and it is therefore, imperative that a robust savings strategy is in place to meet these challenges.
- 12.5 Consequently, the delivery of the planned savings and major business projects **is critical** to the successful delivery of the Council's budget strategy. **Even with these, the scale of the forecast deficits over the MTFS period means that the current Council Tax strategy of having as a 0% increase per annum, is unsustainable and future increases in Council Tax inevitable to help deliver a balanced budget.** Table 4 in Section 9 of this report exemplifies the impact of increasing Council Tax by up to 3% (the current referendum limit) on the shortfalls over the MTFS detailed in Appendix B.
- 12.6 Given the uncertainties detailed in this report, it is imperative that the Council maintains sufficient resources to cover any in-year unforeseen expenditure. A risk based approach to the consideration of the level of reserves is a component of the Council's overall risk management framework. Operational risks should be managed within Services' bottom line budgets and thus will not normally result in any further call on the Council's General Balances, as detailed in Section 10 above.

APPENDIX A

FENLAND DISTRICT COUNCIL
Summary of Revenue Estimates

	Council 24.02.25 Original Estimate 2025/26 £	Cabinet 15.12.25 Projected Outturn 2025/26 £	Cabinet 15.12.25 Draft Estimate 2026/27 £
Service Summary			
Growth & Infrastructure	1,459,230	1,162,736	945,949
Communities, Environment, Leisure & Planning	6,611,090	6,269,583	6,270,552
Resources & Customer Services	10,495,204	10,172,566	10,622,598
ERS NI Contributions - Government Grant	-123,812	0	0
Vacancy Factor (1.5%)	-239,000	0	0
Transformation & Service Review Programme savings	-550,000	0	-372,000
NET COST OF GENERAL FUND SERVICES	17,652,712	17,604,885	17,467,099
Corporate Items			
Internal Drainage Board Levies	2,468,240	2,242,621	2,354,740
Internal Drainage Board Levies Grant	-313,000	-520,000	-520,000
Contributions to/ (from) Earmarked Reserves	-1,034,595	-692,014	0
RTB/VAT Sharing Income	-20,000	-164,505	-50,000
Financing Charges - <i>Interest on External Borrowings</i>	1,169,467	824,452	1,655,480
Financing Charges - <i>MRP current Capital Programme</i>	652,000	652,000	945,666
Investment Income and Property Funds Income	-660,000	-575,000	-210,000
Property Funds Costs	0	362,948	0
New Homes Bonus	-592,628	-592,628	0
Recovery Grant	-435,149	-435,149	-435,149
Extended Producer Responsibility Payment -pEPR	-958,000	-1,536,888	-1,572,348
Corporate Items	276,335	-434,163	2,168,389
Net Expenditure	17,929,047	17,170,722	19,635,488
Contribution to/from(-) Budget Equalisation Reserve	-1,432,283	0	0
NET EXPENDITURE after use of balances	16,496,764	17,170,722	19,635,488
Core Funding			
Revenue Support Grant	-203,673	-203,673	-1,588,597
Business Rates - Income due in Year			
Business Rates Funding	-11,580,863	-11,580,863	-12,095,352
Tariff Payment to Government	7,636,697	7,636,697	7,682,874
Renewable Energy Rates Retained	-1,578,437	-1,578,437	-1,597,705
Business Rates Pool - FDC Share of Benefit	-350,000	-400,000	0
Business Rates S31 Grants due in year	-2,999,641	-3,372,954	-2,598,064
Business Rates Levy due in year	775,691	801,029	698,331
Business Rates Levy Account Surplus allocation	-31,046	0	0
	-8,127,599	-8,494,528	-7,909,916
Business Rates Collection Fund Deficit(+)/Surplus(-)	45,154	45,154	45,692
Council Tax Collection Fund Deficit(+)/Surplus(-)	-18,133	-18,133	-18,133
Council Tax	-8,192,513	-8,192,513	-8,192,513
Business Rates and Council Tax Funding	-16,496,764	-16,863,693	-17,663,466
Surplus(-)/Shortfall(+)	0	307,029	1,972,022

APPENDIX B
(Council Tax income level 0% onwards)

Medium Term Financial Strategy	Estimate 2025/26 £000	Estimate 2026/27 £000	Forecast 2027/28 £000	Forecast 2028/29 £000	Forecast 2029/30 £000	Forecast 2030/31 £000
<u>Expenditure</u>						
Service Expenditure/Income						
Gross Service Expenditure	29,297	29,095	30,020	30,514	31,020	31,656
Gross Service Income	-11,692	-11,255	-11,753	-11,924	-12,299	-12,579
Vacancy Factor (1.5%)	0	0	-244	-250	-256	-262
Transformation Programme - additional savings	0	-372	-203	-236	-236	-236
Total Net Service Expenditure	17,605	17,468	17,820	18,104	18,229	18,579
Corporate Items						
Corporate Expenditure/Savings						
Internal Drainage Board Levies	2,243	2,355	2,482	2,606	2,736	2,873
Internal Drainage Board Levies Grant	-520	-520	-520	-520	-520	-520
Financing Charges - Interest on External Borrowing	824	1,655	1,755	1,310	1,360	1,460
Financing Charges - MRP Current Capital Programme	652	945	751	801	851	901
	3,199	4,435	4,468	4,197	4,427	4,714
Corporate Income Items						
Contribution to(+)/from(-) Earmarked Reserves	-692	0	-458	-558	-480	-458
RTB/VAT Sharing Income	-165	-50	-20	-20	-20	-20
Investment and Property Fund Income	-575	-210	-500	-500	-400	-400
Property Fund Costs	363	0	0	0	0	0
New Homes Bonus	-593	0	0	0	0	0
Recovery Grant	-435	-435	-435	-435	-435	-435
Extended Producer Responsibility Payment -pEPR	-1,537	-1,572	-1,000	-1,000	-900	-900
Contribution to/from(-) Budget Equalisation Reserve	0	0	0	0	0	0
	-3,634	-2,267	-2,413	-2,513	-2,235	-2,213
Total Corporate Items	-435	2,168	2,055	1,684	2,192	2,501
Gross Service/Corporate Expenditure	32,496	33,158	34,041	34,225	34,955	35,872
Gross Service/Corporate Income	-15,326	-13,522	-14,166	-14,437	-14,534	-14,792
Net Budget Requirement	17,170	19,636	19,875	19,788	20,421	21,080
<u>Funding - RSG, Business Rates & Council Tax</u>						
Revenue Support Grant	-204	-1,589	-1,700	-1,700	-1,700	-1,700
Business Rates						
Business Rates Baseline Funding	-11,581	-12,095	-12,111	-12,309	-12,510	-12,715
Tariff Payment to Government	7,637	7,683	7,850	8,007	8,167	8,330
Renewable Energy Rates Retained	-1,578	-1,598	-1,598	-1,606	-1,619	-1,628
Business Rates Pool - FDC Share of Benefit	-400	0	0	0	0	0
Business Rates S31 Grants due in year	-3,372	-2,598	-2,673	-2,692	-2,711	-2,730
Business Rates Levy due in year	801	698	639	617	595	573
Business Rates Collection Fund Deficit/Surplus(-)	0	0	0	0	0	0
Total Business Rates Funding	-8,493	-7,910	-7,893	-7,983	-8,078	-8,170
Council Tax						
Council Tax Collection Fund Surplus(-)/Deficit	27	28	-50	-50	-50	-50
Council Tax <i>(Constant level 2025/26 onwards)</i>	-8,193	-8,193	-8,193	-8,193	-8,193	-8,193
Total Council Tax Funding	-8,166	-8,165	-8,243	-8,243	-8,243	-8,243
Total Funding - RSG/Business Rates/Council Tax	-16,863	-17,664	-17,836	-17,926	-18,021	-18,113
Surplus(-)/Shortfall(+)	+307	+1,972	+2,039	+1,862	+2,400	+2,967

Assumptions built into Budget and Medium Term Financial Strategy (MTFS)

Within the forecasts are a number of assumptions which are necessary to produce the overall budget strategy. However, there is an element of risk associated with this process although the aim is to mitigate these risks as detailed in section 12 of the main report.

The main assumptions are as follows:

- Council Tax income has been included at its current level over the period of the MTFS (£8.193m in 2026/27 and thereafter). With the estimated increases in the Council Tax base, this equates to a reduction in Band D Council Tax levels of £2.98 or 1.17% for 2026/27 with further similar reductions in the following years. The cumulative reduction in Council Tax by 2029/30 would be around £14.94 or 5.86%. (For comparison, a 0% increase would generate £83k resources and a 3% increase around £246k of resources in 2026/27).
- 1.18% increase in Council Tax base in 2026/27 (Tax-base 32,535) and thereafter (increase of 500 Band D equivalent properties in 2027/28 rising to 530 in 2030/31).
- Inflation increases in Retained Business Rates income from 2026/27 onwards. Future net benefits or reduced retained income from Business Rates will be dependent upon the impact of the system re-set and other changes from April 2026 onwards.
- Based on the Business Rates Retention System from April 2026 the Cambridgeshire Business Rates Pool has been demolished in 2026/27 which means that the Council's share (£350k) of the potential benefit in previous years has been removed from the 2026/27 and future years budgets.
- The New Homes Bonus has been abolished in 2026/27, and the total amount of funding will now be included within the overall Finance Settlement.
- 2% pay award has been built into the 2026/27 but the Council has recently received a pay claim from the NJC Trade Unions which may change this for February's Budget Report.
- Employer's Pension Contributions – following the triennial valuation as at 31.03.2025, the contribution rate for 2026/27 – 2028/29 increased to 21.4% of salary (17.6% in 2025/26). The Council have previously paid an additional past deficit lump sum payment of £922k for 2023/24, £884k for 2024/25 and £845k for 2025/26 representing an overall increase of 1% p.a. in total contributions but this has not been confirmed at the time of this report and therefore the 17.6% has been used in the salaries calculation.
- Specific allowance for inflation where required eg: employee costs (as detailed above), business rates, external contracts, energy and water, fuel costs etc. Otherwise, no allowance for inflation has been included.
- Estimated 5% increase in Internal Drainage Board Levies in 2026/27 and thereafter. The actual levies are not set by the Drainage Boards until after we have set our budget and Council Tax levels. To help off-set these increases, the government is once again allocating £5m nationally to the worst affected authorities. In 2025/26 we were allocated £520k of IDB grant and the same amount has been confirmed for 2026/27 which has been included.

- Investment interest rates are forecast to remain at current levels of 4% until Q1, 2026 before subsequently decreasing back to 3.6% in Q4, 2026 (£210k estimated income from temporary investments in 2026/27).
- Investment income includes the £2m investment in property funds in March 2022 (£65k p.a. income net of costs in 2026/27).
- Forecast income levels from fees and charges in 2026/27 include increases in fees already approved (eg. Garden Waste subscriptions) together with a review of activity levels. Final fee levels will not be set until the Cabinet meeting in January 2026.
- For 2026/27 onwards, provision has been included for a reduction in costs/increase in housing benefit subsidy reclaimed of £600k relating to temporary accommodation. This is a result of various initiatives currently progressing, in conjunction with current providers and from the impact of the additional houses purchased with support from the Local Authority Housing Fund and the current capital programme.
- Recharges to Fenland Future Limited to reflect the use of FDC officer time on the company's behalf has been included (£125k in 2022/23 and future years). This amount could vary depending on the amount of time and types of activities being carried out for the company.
- Potential net benefits from Fenland Future Ltd of loan interest and dividends from future developments have been included. These amounts could vary depending on the timing and profitability of developments being carried out by the company.
- No allowance has been made in the medium term forecasts for the potential impact of the government's waste strategy particularly relating to Food Waste.
- The additional income (or costs) from the Extended Producer Responsibility scheme for managing packaging waste (effective from 2025/26) has been included. Although we have been allocated £1.537k for 2025/26 and a proposal of £1,572k for 2026/27, we are not able to predict the EPR for the future years.
- £372k of in-year savings have been included in 2026/27 for potential savings from the Transformation Agenda 2 programme and 2027/28 onwards.
- Estimated financing costs (Interest and MRP) of the current capital programme as detailed in Appendix D(i) are included in the MTFs. No allowance has been made for any additional new capital schemes.

APPENDIX D(i)**CAPITAL PROGRAMME AND FUNDING 2025 - 2029**

	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000
CURRENT FORECAST EXPENDITURE	20,861	19,094	19,294	0
FORECAST RESOURCES AVAILABLE				
Capital Grants	5,996	1,494	3,694	0
Usable Capital Receipts - In Year	250	250	250	0
Reserves used in year to fund Capital	214	0	0	0
Section 106s and Other Contributions	0	0	0	0
Borrowing (Internal and Prudential) - Capital Programme	9,526	10,350	15,350	0
Borrowing (Prudential) - CIS	4,875	7,000	0	0
TOTAL FORECAST RESOURCES	20,861	19,094	19,294	0

	2025/26	Slippage from 2024/25		Capital Grants	Capital Receipts	Reserves	S106 Contributions	Borrowing (internal & External)	Total Funding	2026/27	Capital Grants	Capital Receipts	Reserves	S106 Contributions	Borrowing (internal & External)	Total Funding	2027/28 £000							
Brought Forward	3,129	2,669	5,798	2,438	-	-	-	3,360	5,798	300	300	-	-	-	-	300	2500	2,500	-	-	-	-	-	2,500
Port																								
19 Wisbech Port Structural Works - Suspended Quay	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles and Plant																								
20 Vehicles	1,262	198	1,460	1,062	200	-	-	198	1,460	200	-	200	-	-	-	200	200	-	200	-	-	-	-	200
ICT System Replacement Programme & Upgrades																								
21 Replacement & Upgrade Programme	241	124	365	-	50	-	-	315	365	100	-	50	-	-	50	100	100	-	50	-	-	-	50	100
Bartec Upgrade - Trade Waste Module	-	-	14	-	-	14	-	-	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Improvement of Assets																								
22 Sewage Treatment Works Refurbishment	500	33	533	-	-	-	-	533	533	300	-	-	-	-	300	300	300	-	-	-	-	-	300	300
23 March Moorings Renewals	70	-	70	-	-	-	-	70	70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24 Lattersey Nature Reserve - Capping Layer	50	-	50	-	-	-	-	50	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic Estates																								
25 Longhill Industrial Estate - Roof - Urgent Works	200	-	200	-	-	200	-	-	200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy																								
Net Zero Villages	0	93	93	93	-	-	-	-	93	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Sector Housing Support																								
#### Private Sector Renewal Grants	40	-	40	40	-	-	-	-	40	40	40	-	-	-	-	40	40	40	-	-	-	-	-	40
#### Disabled Facilities Grants/Loans	1,754	419	2,173	2,173	-	-	-	-	2,173	1,154	1,154	-	-	-	-	1,154	1,154	1,154	-	-	-	-	-	1,154
Prospective New Capital Projects																								
#### Prospective New Capital Projects - Contingency Sum	5,000	-	5,000	-	-	-	-	5,000	5,000	10,000	-	-	-	-	10,000	10,000	15,000	-	-	-	-	-	15,000	15,000
Commercial and Investment Strategy Schemes																								
1 Local Authority Housing Fund (LAHF) 2 & 3	675	190	865	190	-	-	-	675	865	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Purchase of Properties to Support Housing	1,200	-	1,200	-	-	-	-	1,200	1,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Loans to Fenland Future Ltd/Other Investment Opportunities	3,000	-	3,000	-	-	-	-	3,000	3,000	7,000	-	-	-	-	7,000	7,000	-	-	-	-	-	-	-	-
Total - Approved Programme	17,121	3,726	20,861	5,996	250	214	0	14,401	20,861	19,094	1,494	250	0	0	17,350	19,094	19,294	3,694	250	0	0	15,350	19,294	

POTENTIAL NEW CAPITAL SCHEMES 2025/26 - 2027/28								APPENDIX D(ii)
		2025/26 £000	2026/27 £000	2027/28 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders and FDC Reserves/S106
Leisure Centres								
1	Manor Leisure Centre	2,500	0	0	2,500	2,500	0	Pending outcome of Leisure Centre Facility Strategy
2	Hudson Leisure Centre	700	0	0	700	700	0	Pending outcome of Leisure Centre Facility Strategy
3	George Campbell Leisure Centre	600	0	0	600	600	0	Pending outcome of Leisure Centre Facility Strategy
4	Cardio Gym Kit Replacement	100	0	0	100	100	0	
5	Resistance Gym Kit Replacement	0	500	0	500	500	0	
Parks and Open Spaces								
6	North Drive Park Path	12			12	12	0	
7	Park Infrastructure (paths / gates etc)	350	0	0	350	350	0	
8	Play Park Re-furb Programme	405	0	0	405	405	0	
9	Tree Works	100	0	0	100	100	0	
Cemeteries								
10	Remedial Works in Open Cemeteries	240	0	0	240	240	0	
11	Flood Management Programme - Eastwood Cem, March	100	0	0	100	100	0	
Highways								
12	Algores Way, Wisbech - Road Resurfacing Works	300	0	0	300	300	0	
13	Europa Way, Wisbech - Road Resurfacing Works	275	0	0	275	275	0	
14	Brewin Chase, March - Road Resurfacing Works	250	0	0	250	250	0	
Port								
15	Small Twin Screw Tug, Wisbech Port	500	0	0	500	500	0	Pending outcome of Port Operations Review
16	Suspended Quay Works	1,733	0	1,420	3,153	3,153	0	Pending outcome of Port Operations Review
Vehicles and Plant								
17	Vehicles (additional to current programme)	639	532	665	1,836	1,836	0	
18	Bring Banks							Budget and Funding to be decided
Improvement of Assets								
19	West End Park Moorings, March	155	0	0	155	155	0	
20	Boat House, Wisbech							Budget and Funding to be decided
21	Creek Hostel - Roof							Budget and Funding to be decided
22	Accommodation Review							Pending outcome of Accommodation Full Business Case
23	11 -12 High Street, Wisbech	5,220	0	0	5,220	720	4,500	£1m NLF: £2m Towns Fund; CPCA £1.5m
Car Parks								
24	Chapel Road Car Park, Wisbech	750	0	0	750	750	0	
Total - Potential New Schemes		14,929	1,032	2,085	18,046	13,546	4,500	

EARMARKED AND GENERAL RESERVES - Revised 2025/26 and Estimated 2026/27

APPENDIX E

Reserve Name	Balance 01.04.25 £	Revenue Contributions to(+)/from(-) 2025/26 £	Capital Funding £	Revised Balance 31.03.26 £	Revenue Contributions to(+)/from(-) 2026/27 £	Capital Funding £	Estimated Balance 31.03.27 £	Comments / Conditions of Use
Travellers Sites	542,481	22,678		565,159	34,920		600,079	Can only be used for specific future maintenance liabilities.
CCTV - Plant & Equipment	61,128			61,128			61,128	Available for future CCTV maintenance & replacement liabilities.
Station Road, Whittlesey - Maintenance	16,000			16,000			16,000	Required for future road maintenance.
Management of Change	27,623	-14,400		13,223			13,223	Available for the effective management of any organisational changes required to meet the Council's future priorities.
Business Rates Equalisation Reserve	800,516			800,516			800,516	Available to assist the Council in smoothing out volatility in the business rates retention system.
Capital Contribution Reserve	116,117			116,117			116,117	Available to fund specific spending commitments in future years.
Port - Buoy Maintenance	145,798			145,798			145,798	Available for future buoy maintenance to service windfarms.
Repairs and Maintenance	808,706	-18,000		790,706			790,706	Available to provide funding for one-off schemes, not covered by the normal Repairs and Maintenance revenue budgets.
Heritage Lottery Fund (HLF) - Wisbech	49,235			49,235			49,235	To manage the Heritage Lottery Funded scheme in Wisbech.
Highways Street Lighting	82,523			82,523			82,523	Available to fund future repairs and maintenance relating to street lighting.
Solid Wall Remediation	100,000			100,000			100,000	Available to fund potential costs linked to solid wall installations in the District.
Investment Strategy Reserve	1,340,168			1,340,168			1,340,168	Established to provide future funding for Commercial and Investment Strategy projects.
Budget Equalisation Reserve	2,212,647			2,212,647			2,212,647	Year-end surpluses are transferred to this reserve. If a deficit is forecast this reserve can be used to offset the expected shortfall.
Planning Reserve	663,673	244,931		908,604			908,604	Available to fund additional planning costs not reflected in the annual budget, including the development of the Local Plan.
Elections Reserve	107,832	-34,110		73,722			73,722	Available to fund four-yearly District-wide elections. Transfers are made to this reserve each year to fund the cost of the next District-wide election.
Port - Pilots Staff Development Training	11,875			11,875			11,875	Available to fund the training of maritime pilots to fulfill the authority's statutory functions.
Cambridgeshire Horizons	1,802,544	-507,570		1,294,974			1,294,974	Available for the Council's future use in accordance with the conditions attached to the receipt.
Specific Government Grants (received in previous years)	2,297,132	-385,543	-200,000	1,711,589	51,190		1,762,779	Available to fund specific spending commitments in future years.
TOTAL EARMARKED RESERVES	11,185,996	-692,014	-200,000	10,293,982	86,110	0	10,380,092	
General Fund Balance	2,000,000			2,000,000			2,000,000	Unallocated general reserve required for various and unplanned for contingencies, to mitigate risks associated with future financial planning as well as for general day to day cash flow needs.
TOTAL RESERVES	13,185,996	-692,014	-200,000	12,293,982	86,110	0	12,380,092	

NB: In accordance with the Council's Financial Rules and Scheme of Financial Delegation (Part 4, Rule 6 of the Constitution), paragraphs B57 - B60 delegates authority to the Chief Finance Officer to approve expenditure from these reserves in accordance with their approved use as detailed above.