Assistant Director Finance & Asset

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I'm providing this budget update to give Members an overview of our current financial position, the work underway to develop the 2026/2027 budget, and the main challenges and opportunities we're managing as part of that process.

Current Position

The finance team are currently progressing on three main areas of work, Capital Bids, Revisiting budget projection assumptions, and reviewing the treasury management strategy. We have received the request for additional to the capital programme for 2026/2027 – these are currently being considered, and work is being progressed internally by the finance team before bringing these proposals before CLT. We are also currently revisiting the budget projections for 2026/2027. In this process group accountants are meeting with budget holders to determine whether their budgets remain appropriate ahead of 2026/2027. We are also revisiting our treasury strategy ahead of 2026/2027 ensuring that it remains appropriate in our operational and the wider economic climate.

As well as the above, proposals for savings and additional income are being sought from the wider group of Assistant Directors with some early indications of additional revenue generation and budget efficiencies have been received.

Challenges, Pressures, and Opportunities

Changing environment and financial planning assumptions

The external financial environment continues to evolve, and the timing of key Government announcements has shifted. The initial dates suggested for the Provisional Local Government Finance Settlement have been revised, creating uncertainty around funding assumptions for 2026/27 and beyond. It is anticipated that we will receive the draft settlement in the week commencing 15 December 2025

Domestic waste contract – addition of food waste collections

The Council is preparing to implement weekly separate food waste collections in line with new national requirements under the Government's Simpler Recycling reforms. The introduction of this additional service presents a significant financial pressure on the revenue budget. This service is currently being negotiated as an incorporation within the existing domestic waste contract with Serco.

Costs are expected to rise due to the need for new collection vehicles, caddies, and required depot upgrades. Although the Government has indicated that new burdens funding will be made available to support councils with implementation, the details, timing, and adequacy of this funding remain uncertain. Officers are working with Serco and other local authorities to plan implementation efficiently and to minimise the ongoing revenue impact once the service becomes operational.

Additional income generation – North Lodge Park Car Park

There are also opportunities to strengthen the Council's income base. The development of the North Lodge Park Car Park is progressing, with operational commencement anticipated during the 2026/27 financial year. The scheme contributes to improved visitor access and local economic activity in the surrounding area. Also, once operational, the facility is expected to generate a steady stream of income to support core services and offset some of the wider financial pressures.

Funding uncertainty – Fair Funding Review and Business Rates Reset

The Government has indicated that both the Fair Funding Review and the Business Rates Reset are now expected to be implemented in the 2026/2027 financial year. While this provides a clearer planning horizon than in previous years, there remains considerable uncertainty around the detailed methodology, redistribution impacts, and potential transitional arrangements.

Both reforms have the potential to significantly reshape the Council's future funding position – particularly through changes to baseline needs assessments and the resetting of business rates growth accumulated since 2013. To help assess the potential implications, the Council is working with Pixel Financial Management to model a range of scenarios and understand the likely financial impact once further information becomes available. These insights will feed into the next refresh of the Medium Term Financial Strategy, ensuring the Council remains well prepared for potential changes to the funding landscape.

Engagement

The Council continues to place strong emphasis on engagement and transparency throughout the budget-setting process. During 2025/2026, there has been ongoing engagement with Members, CLT, and the wider Management Team to ensure that financial planning remains responsive to emerging pressures and opportunities.

As the national and local financial context continues to evolve, CLT and Management Team have been regularly updated on changes to budget modelling and forecasting to support informed decision-making. This iterative approach allows key officers to assess the impact of new information – such as government announcements, funding updates, or service-level pressures.

The Overview & Scrutiny Committee has continued to play an active role in financial oversight, receiving both the 2024/2025 outturn reports and the 2025/2026 in-year budget monitoring reports. This regular reporting enables Members to scrutinise financial performance, understand key variances, and challenge emerging risks and mitigations in a transparent and constructive manner.

Next Steps

The proposed next steps are as follows:

- Finalisation of capital programme proposals
- Food waste contract negotiations
- Completion of budget review meetings
- Generations of savings and income proposals
- Treasury strategy review
- Keeping up to date to changes in the modelling and funding updates
- Continue active engagement with key stakeholders