

**Public**  
**Key Decision – Yes**

## **HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** 2026/27 Revenue Budget & Medium-Term Financial Strategy (2027/28 to 2029/30); including the Capital Programme

**Meeting/Date:** Council - 25<sup>th</sup> February 2026

**Executive Portfolio:** Executive Councillor for Finance and Resources  
Cllr Brett Mickelburgh

**Report by:** Corporate Director for Finance and Resources

**Ward(s) affected:** All

---

### **Executive Summary:**

In order for the Council to:

- Set the Council Tax for the area, the Council is required to set an annual Budget for the forthcoming year;
- Ensure the effective financial planning, the Council approves the Medium-Term Financial Strategy (MTFS) for the subsequent 3 years.

To enable the Council to achieve the above, set before Council is a robust balanced budget for the financial year 2026/27. Changes in central government funding, the sources of funding and the ongoing challenges of the economic climate continue to impact on the Councils ability to set and deliver a sustainable budget for the new financial year.

Ensuring the Council has a balanced budget is not only a legal requirement, but also vital to allow the Council to continue to deliver against its corporate priorities without putting the financial viability of the Council at risk.

The approval of the capital programme by the Council is required to ensure it is also able to deliver against the corporate priorities whilst remaining affordable, transparent and in understanding the financial exposure of risk.

The Medium-Term Financial Strategy assesses the financial health of the Council over the next three years, identifying any areas of concern and allowing for early intervention and plans to be put in place in good time. This is a shorter period than in previous years and covers the period up to transition for LGR.

**Recommendation(s):****Council approval of the:**

- Overall budget 2026/27 as set out in within this report;
- Approve the 2026/27 – 2029/30 Capital Programme as set out in Appendix 2b
- Set the Band D Council Tax rate for Huntingdonshire at £170.86, representing a £5 (3.01%) increase to the current charge.
- Approve the Medium-Term Financial Strategy 2027/28 – 2029/30, Capital Strategy, Investment Strategy, Treasury Management Strategy
- Approve the Council Tax Resolution as set out in Appendix 8,
- Endorse the statement of the Section 151 Officer on the robustness of the budget and the adequacy of the Council's reserves as set out in Appendix 9.
- Note the fees and charges 2026/27 as set out in Annexe B1 and B2
- Note the proposals for the setting of future parking charges and proposals within the main body of this report.

## **PURPOSE OF THE REPORT**

- 1.1 To provide Council with the detail of the final Revenue and Capital Budget for approval and MTFS for consideration.
- 1.2 The process of setting the 2026/27 budget was launched in July 2025. Members and officers have undertaken a thorough period of challenge and review, considering all the know pressures and opportunities, service demands, financial commitments and economic conditions.
- 1.3 Proposals for “growth bids” were considered in the context of whether they represented an “unavoidable pressure” (ie an increase in a necessary cost or an additional statutory responsibility) or whether they were an item where there were organisational and political choices to be made. These informed the initial assessment of the authorities ongoing revenue and /or capital costs.
- 1.4 The remaining bids have then been presented to Members, in the context of the strategic objectives of the Council as set out in the Place Strategy; Corporate Plan and Service Plans. This creates an alignment “the golden thread” between strategic aims – corporate objectives – MTFS – service delivery.
- 1.5 Challenges such as salary increases, general inflation and unavoidable service pressures have resulted in an overall increase in 2026/27 from the 2025/26 original budget of £1.595m (11.5%).
- 1.6 However, the overall settlement within the Core Spending Power (CSP) has increased by 5.7%, together with a planned Council Tax increase of £5 (equating to 3.01%) for 2026/27 have mitigated the overall impact of these pressures.
- 1.7 The Government during the process of the budget setting confirmed its intention to move away from two-tiered local government structures.
- 1.8 The move from a two-tiered structure (from April 2028) will inevitably give rise to significant one-off transitional costs and the budget proposals have taken this into account and has proposed a further £3m is set aside to cover these – particularly in relation to work needing to be undertaken prior to vesting day.
- 1.9 Whilst Local Government Reorganisation (LGR) will not prevent Huntingdonshire from continuing to deliver local projects and corporate plan priorities it will undoubtedly create additional pressures on staff and the leadership team.
- 1.10 Having concluded this process, Council is presented with the final revenue budget, medium-term financial strategy, capital strategy and programme, fees and charges, treasury management and investment strategy and the Council Tax resolution for the financial year 2026/27.

## **2.0 BACKGROUND**

- 2.0 It is a legal requirement for the Council to set a “Balanced Budget” each year.

- 2.1 The financial climate continues to be challenging, with inflation and interest rates remaining elevated by historical standards and ongoing global instability continuing to place pressure on energy, food and construction costs. These factors continue to impact on the Council's finances through unavoidable cost increases and increased demand for services from residents experiencing similar financial pressures.
- 2.2 Portfolio Holders and budget managers have continued to review service delivery arrangements to mitigate these pressures where possible, whilst ensuring that services continue to deliver effective outcomes and value for money.
- 2.3 Strong Prudential Financial management in previous and current financial year, with the success of funding bids and the commercialisation withing services has all helped to deliver a positive outturn position.
- 2.4 The Provisional Local Government Settlement, announced in December 2025, marked a significant departure from recent practice by introducing a three-year settlement, following a period in which settlements have been issued on a one-year only basis since 2016/17. This multi-year approach also introduced the Fair Funding Review 2.0 reforms on a phased basis across the three-year period with some transitional protections (Damping).
- 2.5 A key change was the removal of the remoteness factor from most Relative Needs Formulae (RNF) and an increased emphasis on deprivation, resulting in a shift of funding towards more urban authorities with areas of higher deprivation. Other changes included confirmation that the New Homes Bonus has ended, as was anticipated, and a move away from ad-hoc short-term grants with greater emphasis on funding through assessed need. For shire district councils, this introduces greater forward certainty but also increases exposure to redistribution and baseline resets, reinforcing the need for prudent financial planning.
- 2.6 The settlement claims an increase in Core Spending Power (CSP) of 5.7% in 2026/27, 4.3% in 2027/28, and 4.4% in 2028/29. However, these levels of increase are highly dependent on assumed taxbase growth and maximum council tax increases.
- 2.7 Within this settlement, each of the latter two years will still be subject to review, however the settlement represents a minimum level of funding, and any changes will be upwards.
- 2.8 The much-anticipated NNDR reset, the first since the Business Rates Retention Scheme (BRRS) was introduced in 2013/14, has resulted in a full baseline reset including major changes to all the RNF and the consolidation of many grants.
- 2.9 The Council generates a significant proportion of its funding locally through the delivery of services. These income streams include One Leisure, car parking, commercial estates, planning, licensing and other statutory and

discretionary services. Service-specific income assumptions are reflected in the detailed service budgets later in this report.

2.10 The Council also generates income from a range of corporate activities, principally:

- **Treasury Management**, where higher interest rates in recent years have delivered improved investment returns. The MTFS for 2026/27 takes a prudent approach, reflecting forecasts that interest rates will gradually reduce over the medium term.
- **Commercial Estates**, where the Council continues to actively manage and enhance its property portfolio to deliver a resilient medium to long-term revenue stream, supporting service delivery and providing a hedge against inflation. A review of the Commercial Investment Strategy was completed in 2025 but is ongoing to ensure the portfolio remains aligned with prevailing market conditions and the Council's risk appetite and to drive income generation.

2.11 A key challenge for the 2026/27 budget and MTFS remains the ongoing economic uncertainty arising from global and national factors. Assumptions used in previous years have been reviewed and, where appropriate, updated to ensure that the financial forecasts remain robust and realistic.

2.12 Growth in the budget arises for three main reasons:

- **Inflation on employee costs**: the MTFS incorporates a notional 5% increase in staffing costs for 2026/27, followed by 5% per annum for the remainder of the MTFS period.
- **Non-employee non-controllable growth**: the most significant pressure remains waste processing costs associated with the Materials Recycling Facility contract procured by Cambridgeshire County Council. An additional £1.3m has been assumed across the MTFS period to reflect this pressure.
- **Controllable growth**: where additional budget provision has been approved to support service priorities and statutory responsibilities.

A list of supported budget bids can be found at Annexe A1

A list of unavoidable service pressure can be found at Annexe A2

2.13 All of the savings, income generation and growth are summarised in the service budget pages later in this report. The total Service Proposals for 2026/27 are £2.893m and **Table 1** below shows how this is allocated by service and portfolio.

<b>Table 1a</b>	<b>Savings and Growth Proposals</b>		
<b>Service</b>	<b>Budget Savings £m</b>	<b>Budget Growth £m</b>	<b>Total £m</b>
Chief Digital Information Officer	(0.141)	0.190	0.049
Chief Executive Officer	-	(0.049)	(0.049)
Communications, Engagement & Public Affairs	0.000	0.092	0.092
Customer Change Director	(0.363)	0.487	0.124
Democratic Services & Monitoring Officer	0.042	0.343	0.385
Economy, Regeneration & Housing	0.224	(0.074)	0.150
Environmental Services	(0.155)	2.414	2.259
Finance	(2.123)	1.356	(0.767)
Human Resources & Officer Development	(0.098)	0.318	0.220
Leisure, Health & Environment	(0.564)	0.356	(0.208)
Planning, Infrastructure & Public Protection	(0.694)	0.808	0.114
Policy, Performance & Emergency Planning	(0.123)	0.197	0.074
Property & Facilities	0.025	0.425	0.450
<b>Total</b>	<b>(3.970)</b>	<b>6.863</b>	<b>2.893</b>

<b>Table 1b</b>	<b>Savings and Growth Proposals</b>		
<b>Portfolio</b>	<b>Budget Savings £m</b>	<b>Budget Growth £m</b>	<b>Total £m</b>
Climate, Transformation & Workforce	(0.678)	0.722	0.044
Communities, Health & Leisure	(0.368)	0.487	0.119
Economic, Regeneration & Housing	(0.017)	(0.011)	(0.028)
Finance & Resources	(2.122)	1.828	(0.294)
Governance & Democratic Services	0.042	0.341	0.383
Leader	0.019	0.279	0.298
Parks & Countryside, Waste & Street Scene	(0.127)	2.331	2.204
Planning	(0.435)	0.561	0.126
Resident Services & Corporate Performance	(0.284)	0.325	0.041
<b>Total</b>	<b>(3.970)</b>	<b>6.863</b>	<b>2.893</b>

2.14 The 2026/27 budget, as shown in table 5 and later in section 8, remains set to provide a breakeven position. The most recent 2025/26 forecast outturn indicates a £1,234m contribution to general reserves for 2025/26. This contribution of £1.234m, together with the proposed transfer of (£3m) from general reserves to the Local Government Reorganisation reserve, results in a net reduction in general reserves of (£1.766m)

2.15 The favourable 2025/26 forecast outturn is due to a variety of factors including, brought forward budgets of £308m, increased interest receipts, and a mix of overspends and the additional use of earmarked reserves. The detail behind the underspend can be found in the Q3 Forecast report but the biggest reason for the underspend is the planned use of £2.627m of earmarked reserves to fund specific costs. This includes the use of £1.514m from the Leisure Facilities Reserve to fund the development of our leisure facilities, £0.347m from the Local Plan Reserves to fund additional expenditure within the local plan, £0.153m from the LGR reserve to fund the costs of LGR

consultancy, and £0.120m from the Civil Parking Enforcement reserve to fund the Civil Parking Enforcement project.

- 2.16 Tables 1a and 1b show that through the Finance Service area and Finance Portfolio, adjustments have been made to reflect that the interest from investments is not expected to be as high in 2026/27 as it has been in 2025/26. This is a prudent approach based on economic forecasts that interest rates will continue to fall over 2026/27.

A list of supported budget bids can be found at Annex A1

A list of unavoidable service pressures can be found at Annex A2

### **Commercial Investment Strategy**

- 2.17 A key part of the Council's previous budget strategy has been the Commercial Investment Strategy (CIS), which was refreshed and approved, most recently, in February 2025. The Council's Commercial Investments contribute a significant proportion of income to our budgets, though income is forecasted to drop in 2026/27 due to market conditions. The property market remains challenging, never more so than in the current climate. Whilst financial interest rates remain high, there is no reward for taking on additional risk through alternative investments. Due to the continued uncertain economic conditions, particularly around industrial and office spaces, it is difficult to predict how the market will evolve, although it should be stressed that the Council's portfolio is built around investments it plans to hold for the medium to long term.
- 2.18 The table below illustrates the contribution that the CIS makes to the Council's revenue budget.

<b>Actual 2024/25</b>	<b>Budget 2025/26</b>	<b>Forecast 2025/26</b>	<b>Budget 2026/27</b>	<b>Budget 2027/28</b>	<b>Budget 2028/29</b>	<b>Budget 2029/30</b>
<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
(3.100)	(3.338)	(2.564)	(2.935)	(3.335)	(3.417)	(3.500)

### **Capital – Revenue Implications**

- 2.19 The revenue budget contains any implications from the proposed capital programme for 2026/27 and the MTFS, whether that comes from savings arising from investments or rephasing of projects, additional running costs or the cost of borrowing (Minimum Revenue Provision).

### **Summary of all budget changes – comparing Final Budget 2025/26 to Final Budget 2026/27**

- 2.20 Overall, the revenue changes to the budget in respect of Savings & Additional Income, Service Growth and Capital have resulted in a net increase in the Council's budget of £1.595m (6%) when compared to the 2025/26 Original Budget and an increase of £0.465m (2%) when compared to the 2025/26 Forecast Outturn. A service-by-service and portfolio-by-portfolio summary is shown in Table 2 below.

Table 2a Service	Summary of Total Budget Movements (Original Budget for 2025/26 to Base Budget 2026/27)									
	2025/26		2026/27						Variance	
	Forecast Outturn	Original Budget	Previously Approved	Unavoidable Pressures	Revenue Bids	Inflation & Employee Related Growth	Other Operational Adjustments	Proposed Budget	To 2025/26 Forecast	To 2025/26 Budget
	£000	£000	£000	£000	£000	£000	£000	£000	%	%
Chief Digital Information Officer	3.195	3.090	3.163	0.105	0.014	0.085	(0.155)	3.212	1%	4%
Chief Executive Officer	1.172	1.021	1.031	-	-	(0.049)	-	0.982	(16%)	(4%)
Communications, Engagement & Public Affairs	0.363	0.247	0.252	-	-	0.092	0.000	0.344	(5%)	39%
Customer Change Director	4.852	4.945	5.037	0.050	(0.146)	0.437	(0.217)	5.161	6%	4%
Democratic Services & Monitoring Officer	2.333	1.744	1.788	0.200	-	0.143	0.042	2.173	(7%)	25%
Economy, Regeneration & Housing	0.049	(0.195)	(0.338)	(0.084)	0.090	0.010	0.134	(0.188)	(484%)	(4%)
Environmental Services	3.990	4.397	4.570	2.156	0.064	0.258	(0.219)	6.829	71%	55%
Finance	6.134	7.618	7.256	1.225	-	0.131	(2.123)	6.489	6%	(15%)
Human Resources & Officer Development	1.083	0.984	0.893	0.132	-	0.186	(0.098)	1.113	3%	13%
Leisure, Health & Environment	2.452	1.084	0.028	0.157	(0.640)	0.199	0.076	(0.180)	(107%)	(117%)
Planning, Infrastructure & Public Protection	2.360	2.794	2.739	0.411	(0.301)	0.397	(0.393)	2.853	21%	2%
Policy, Performance & Emergency Planning	1.073	0.955	0.916	-	-	0.197	(0.123)	0.990	(8%)	4%
Property & Facilities	(1.463)	(2.221)	(2.170)	0.439	0.025	(0.014)	-	(1.720)	18%	(23%)
<b>Net Expenditure</b>	<b>27.593</b>	<b>26.463</b>	<b>25.165</b>	<b>4.791</b>	<b>(0.894)</b>	<b>2.072</b>	<b>(3.076)</b>	<b>28.058</b>		
Forecast Outturn	27.593			0.465				28.058	2%	
Budget		26.463		1.595				28.058		6%

Table 2b Portfolio	Summary of Total Budget Movements (Original Budget for 2025/26 to Base Budget 2026/27)									
	2025/26		2026/27						Variance	
	Forecast Outturn	Original Budget	Previously Approved	Unavoidable Pressures	Bids Generating Income/ Savings	Inflation & Employee Related Growth	Other Operational Adjustments	Proposed Budget	To 2025/26 Forecast	To 2025/26 Budget
	£000	£000	£000	£000	£000	£000	£000	£000	%	%
Climate, Transformation & Workforce	4.877	4.499	4.412	0.237	(0.304)	0.484	(0.376)	4.453	(9%)	(1%)
Communities, Health & Leisure	2.854	1.441	0.698	0.012	(0.164)	0.475	(0.204)	0.817	(71%)	(43%)
Economic, Regeneration & Housing	0.879	0.738	0.841	-	0.090	(0.011)	(0.107)	0.813	(7%)	10%
Finance & Resources	2.596	3.117	2.649	1.771	-	0.057	(2.122)	2.355	(9%)	(24%)
Governance & Democratic Services	2.290	1.781	1.806	0.200	-	0.141	0.042	2.189	(4%)	23%
Leader	1.160	0.978	0.871	-	-	0.279	0.019	1.169	1%	19%
Parks & Countryside, Waste & Street Scene	3.991	4.446	4.288	2.097	(0.070)	0.235	(0.057)	6.492	63%	46%
Planning	1.419	1.671	1.616	0.424	(0.392)	0.137	(0.041)	1.744	23%	4%
Resident Services & Corporate Performance	7.527	7.792	7.984	0.050	(0.054)	0.275	(0.230)	8.026	7%	3%
<b>Net Expenditure</b>	<b>27.593</b>	<b>26.463</b>	<b>25.165</b>	<b>4.791</b>	<b>(0.894)</b>	<b>2.072</b>	<b>(3.076)</b>	<b>28.058</b>		
Forecast Outturn	27.593			0.465				28.058	2%	
Budget		26.463		1.595				28.058		6%

## 3.0 National and Local Policy

### Local Government Reorganisation

- 3.1 The Government has confirmed its intention to move away from two-tier local government structures, with proposals currently under consideration that would result in the replacement of existing district and county councils in Cambridgeshire and Peterborough with new unitary authorities from April 2028. For Huntingdonshire District Council, this represents a material uncertainty within the Medium-Term Financial Strategy, as any reorganisation would involve the transfer of responsibilities, assets, liabilities, and workforce to successor authorities.
- 3.2 While the final structure, timing, and legislative pathway for Local Government Reorganisation remain subject to Government decision, it is clear that the transition would give rise to significant one-off costs. These are expected to include programme management, system and ICT integration, workforce and governance arrangements, and the establishment of shadow authorities. Although these costs would be shared across the existing councils, the mechanism for apportionment has not yet been determined. In line with the Council's prudent approach to financial planning and risk management, a provision of £3m has therefore been added to the Local Government Reform Reserves, taking the balance to £4m, to contribute towards anticipated reorganisation costs, ensuring that these pressures can be managed without destabilising day-to-day service delivery.



- 3.3 While Local Government Reorganisation (LGR) will not prevent Huntingdonshire District Council from delivering local projects, it will place notable constraints on organisational capacity and long term planning. The Council has acknowledged that progressing LGR requires significant work alongside normal operations, creating additional pressure on staff and leadership teams and potentially slowing project delivery as resources are diverted to mandatory transition activities. Uncertainty about the future unitary governance structure further complicates forward planning, as long term projects may require redesign or deferral until responsibilities and service models under the new arrangements are confirmed. There is also the potential that within the new structure there will be tighter financial controls and reconsideration of spending priorities, factors that may further influence the Council's ability to progress discretionary or long term initiatives. This MTFS seeks to ensure that the Council's existing priorities are fully funded and can progress in a timely manner so as to minimise these risks.
- 3.4 Over the longer term, reorganisation has the potential to generate financial benefits through reduced duplication, streamlined governance, and provide more integrated service delivery. However, these benefits would only be realised over time and would be dependent on effective implementation. Until there is legislative certainty, the Council is required to continue to set a balanced budget and maintain a robust MTFS on a going concern basis. This approach safeguards financial resilience in the short term while supporting the stability and financial sustainability of any future unitary authority from vesting day.

#### **4.0 LOCAL ELECTIONS**

- 4.1 At a Special Meeting of Full Council on 14 January 2026, councillors voted in favour of asking the UK Government to allow the May 2026 local elections to proceed as scheduled, despite the ongoing Local Government Reorganisation process. The council emphasised that holding elections was important for maintaining democratic accountability and ensuring residents retained a voice during structural changes
- 4.2 While the MTFS has been developed and approved based on the current policy framework and financial assumptions, changes in political leadership or priorities following the elections may influence future budget decisions, service priorities, and the pace or direction of planned savings and investment.
- 4.3 The financial decisions already incorporated within the existing MTFS, including savings proposals, income assumptions, reserves policy, and capital commitments, have been subject to Member approval and reflect the Council's statutory duty to set a balanced budget and maintain financial sustainability. These decisions remain valid and necessary to ensure the ongoing delivery of services and the Council's financial resilience, regardless of the outcome of the elections. However, a newly elected Council may wish to review elements of the MTFS to ensure alignment with its strategic objectives, subject to the constraints of affordability, deliverability, and statutory obligations.
- 4.4 The 2026/27 Budget includes prudent provision for the direct costs associated with the May 2026 local elections, ensuring that these

unavoidable statutory costs can be met without placing additional pressure on service budgets or reserves.

- 4.5 Any material changes to previously agreed financial plans would need to be considered carefully, as the scope to reverse or defer decisions may be limited without creating additional financial pressures, increasing reliance on reserves, or requiring alternative savings or income measures to be identified. The MTFS has therefore been designed to provide a stable and prudent financial framework that offers sufficient flexibility for future decision-making, while ensuring that the Council remains financially robust during a period of potential political transition.

## **5.0 CAR PARKING**

- 5.1 The revenue budge for the forthcoming financial year does not include proposals for changes to parking charges, a new Parking Strategy is being developed and is due to be completed in Spring 2026, this will be presented for consideration with a supporting policy for setting parking rates in future years.
- 5.2 Given public commentary regarding the CPCA budget, we are aware that there is a desire to explore working with the Council around free parking opportunities. Given the timing of the preparation of the CPCA budget and our own, there is also no provision within the budge for proposals being considered by the Mayor. Should such a proposal be approved by the CPCA and an approach be formally made by the CPCA regarding some form of scheme, that is a matter which can be dealt with separately through its own process in-year. Therefore, for the purposes of this report, no account of it has been taken.

## **6.0 FEES AND CHARGES**

- 6.1 The Fees and Charges that will be applicable from April 2026 to March 2027 have been included in **Annex B**. These fees and charges are correct at the time of reporting
- 6.2 In previous years, increases to our fees and charges have been deliberately kept low to minimise the financial impact on residents. However, growing uncertainty and risk in our funding, alongside rising demand and internal cost pressures, mean it is now increasingly necessary to adopt a more commercial approach to charging. It remains important that officers have the necessary flexibility to fulfil their professional responsibility to secure the Council's long-term financial sustainability through financially astute decision-making.

## **7.0 CORPORATE AND GOVERNMENT FUNDING**

### **Government Grant**

- 7.1 The government continues to provide a fair proportion of the core funding of the Council. Many grants that previously provided funding for specific services have been rolled into the Revenue Support Grant (RSG), to support general expenditure, or into one of four consolidated grants (see list below). HDC has received an allocation from the first two of these grants.

- Homelessness, rough sleeping and domestic abuse grant
- Crisis and resilience grant
- Public Health Grant
- Children's and Families grant

### Council Tax and Business Rates

- 7.2 There is an assumption within the 2026/27 Budget there will be a Council Tax increase of 3.01% (equating to £5) for a Band D property. The final Local Government Financial Settlement 2026/27 confirmed the referendum principle for Council Tax increases of up to 2.99% or £5, whichever is higher, for shire district councils. The Council Tax for 2026/27 will be £170.86 per Band D equivalent property based on this increase.

Council Tax					
	2022/23	2023/24	2024/25	2025/26	2026/27
	£150.86	£155.86	160.86	£165.86	£170.86
% increase on previous		3.31%	3.21%	3.11%	3.01%
Cumulative increase		3.31%	6.52%	9.63%	12.64%

The 2026/27 Council Tax Resolution is required to set the level of Council Tax charge for the next financial year, it can be found at Appendix 9.

- 7.3 The Council receives 40% of the Business Rates collected and, after allowing for the tariff payment and Section 31 grant funding, this is estimated to be £8.780m in 2026/27. This figure is lower than the prior year figure of £13.171m due to some business rate related funding streams being rolled into the RSG from 2026/27.

### Collection Fund (Surplus)/Deficit

- 7.4 The Collection Fund is the statutory account for the Council Tax and Business Rates income and the payments to preceptors of their respective shares. Any surplus or deficit on the Collection Fund at year end is distributed to the preceptors, as per legislation. The Council is required to make an estimate of the projected surplus or deficit of each component of the Collection Fund at year end for the preceptors to bring their share of the surplus or deficit into the budget setting process.

For the purposes of budget setting the Council Tax element of the estimated year end position of the Collection Fund is shown in Table 3 along with the share that is apportioned to the Council.

Table 3	Collection Fund Estimated Deficit 2025/26	
	Deficit £000	HDC Share £000
Council Tax	0.634	0.082

## 8.0 SUMMARY REVENUE BUDGET 2026/27 AND MTFS

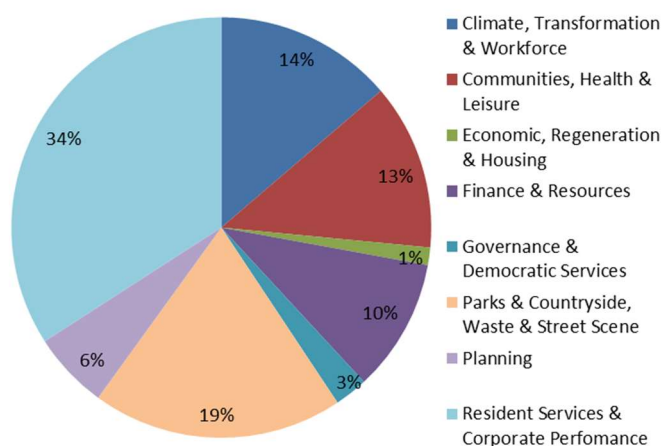
8.1 The tables below contain the final revenue budget and MTFS. It takes into consideration the 3.01% increase in Council Tax for 2026/27, the provisional settlement and the annual increases over the MTFS period, this results in the funding statement shown in **Table 4a & 4b** and **Table 5** below.

Table 4a By Head of Service	Council Services Net Expenditure Budget (2026/27) and MTFS					
	2025/26		2026/27	Medium Term Financial Strategy		
	Budget £m	Forecast £m	Budget £m	2027/28 £m	2028/29 £m	2029/30 £m
Chief Digital Information Officer	3.090	3.195	3.212	3.218	3.318	3.325
Chief Executive Officer	1.021	1.172	0.982	1.000	1.019	1.038
Communications, Engagement & Public Affairs	0.247	0.363	0.344	0.351	0.287	0.292
Customer Change Director	4.945	4.852	5.161	5.350	5.399	5.495
Democratic Services & Monitoring Officer	1.744	2.333	2.173	2.174	2.197	2.228
Economy, Regeneration & Housing	(0.195)	0.049	(0.188)	(0.155)	(0.044)	(0.002)
Environmental Services	4.397	3.990	6.828	6.730	6.854	6.924
Finance	7.618	6.134	6.490	7.245	7.847	8.861
Human Resources & Officer Development	0.984	1.083	1.113	1.082	1.202	1.223
Leisure, Health & Environment	1.084	2.452	(0.181)	(1.268)	(1.463)	(1.531)
Planning, Infrastructure & Public Protection	2.794	2.360	2.853	3.024	2.921	3.333
Policy, Performance & Emergency Planning	0.955	1.073	0.990	1.036	1.054	1.071
Property & Facilities	(2.221)	(1.463)	(1.719)	(2.112)	(2.081)	(2.148)
<b>Net Expenditure</b>	<b>26.463</b>	<b>27.593</b>	<b>28.058</b>	<b>27.675</b>	<b>28.510</b>	<b>30.109</b>

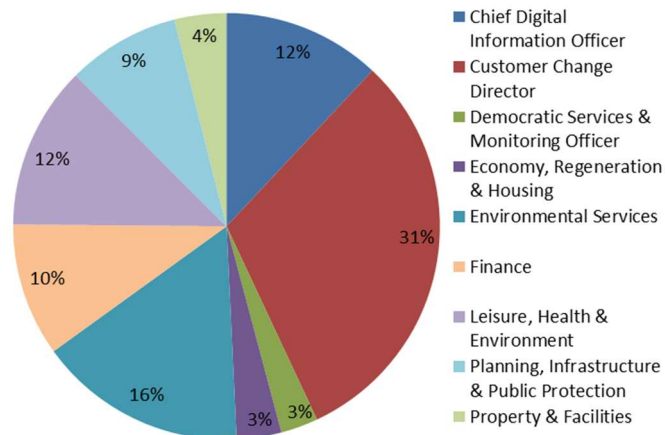
Table 4b By Portfolio	Council Services Net Expenditure Budget (2026/27) and MTFS					
	2025/26		2026/27	Medium Term Financial Strategy		
	Budget £000	Forecast £000	Budget £000	2027/28 £000	2028/29 £000	2029/30 £000
Climate, Transformation & Workforce	4.499	4.877	4.454	4.535	4.678	4.715
Communities, Health & Leisure	1.441	2.854	0.817	(0.004)	0.027	0.064
Economic, Regeneration & Housing	0.738	0.879	0.814	0.857	0.950	0.968
Finance & Resources	3.117	2.596	2.354	2.700	3.221	4.155
Governance & Democratic Services	1.781	2.290	2.189	2.188	2.210	2.238
Leader	0.978	1.160	1.169	1.142	1.163	1.184
Parks & Countryside, Waste & Street Scene	4.446	3.991	6.492	6.292	6.410	6.494
Planning	1.671	1.419	1.743	1.792	1.724	2.029
Resident Services & Corporate Performance	7.792	7.527	8.026	8.173	8.127	8.262
<b>Net Expenditure</b>	<b>26.463</b>	<b>27.593</b>	<b>28.058</b>	<b>27.675</b>	<b>28.510</b>	<b>30.109</b>

Table 5	Council Services Net Expenditure Budget (2026/27) and MTFS					
	2025/26		2026/27	Medium Term Financial Strategy		
	Budget £m	Forecast £m	Budget £m	2027/28 £m	2028/29 £m	2029/30 £m
<b>Net Expenditure</b>	<b>26.463</b>	<b>27.593</b>	<b>28.058</b>	<b>27.675</b>	<b>28.510</b>	<b>30.109</b>
Contribution to/(from) Earmarked Reserves	0.221	0.844	1.020	1.477	0.467	(1.864)
Contribution to/(from) General Reserves	-	(1.766)	0.000	0.000	0.000	0.000
<b>Budget Requirement</b>	<b>26.684</b>	<b>26.671</b>	<b>29.078</b>	<b>29.152</b>	<b>28.977</b>	<b>28.245</b>
Retained Business Rates Income	(35.867)	(35.597)	(36.600)	(37.461)	(38.255)	(39.048)
Tariff	22.565	22.565	30.694	31.389	32.030	32.670
Levy	2.725	2.645	0.298	0.314	0.329	0.344
Renewables	(1.146)	(1.156)	(1.156)	(1.156)	(1.156)	(1.156)
Designated (Enterprise Zones)	(1.412)	(1.412)	(1.412)	(1.412)	(1.412)	(1.412)
Green Plant & Machinery Grant	(0.036)	(0.036)	-	-	-	-
Tax income guarantee compensation	-	(0.233)	(0.233)	(0.233)	(0.233)	(0.233)
Damping (Transitional relief)	-	-	(0.371)	(0.891)	(1.453)	-
<b>Total Income from Business Rates</b>	<b>(13.171)</b>	<b>(13.224)</b>	<b>(8.780)</b>	<b>(9.450)</b>	<b>(10.150)</b>	<b>(8.835)</b>
Revenue Support Grant (RSG)	(0.216)	(0.215)	(7.569)	(6.447)	(5.272)	(5.379)
Homelessness Prevention Grant	-	-	(1.043)	(1.088)	(1.128)	(1.128)
Crisis and Resilience Fund	-	-	(0.188)	(0.188)	-	-
New Homes Bonus	(1.472)	(1.472)	-	-	-	-
Collection Fund Deficit	0.242	0.242	0.082	-	-	-
Minimum Funding Guarantee Grant	(0.724)	(0.724)	-	-	-	-
Employers' NICs funding	(0.245)	(0.180)	-	-	-	-
Second Home Premium	(0.045)	(0.045)	(0.063)	-	-	-
Council Tax Requirement	(11.053)	(11.053)	(11.517)	(11.979)	(12.427)	(12.903)
<b>Total Other Income</b>	<b>(13.513)</b>	<b>(13.447)</b>	<b>(20.298)</b>	<b>(19.702)</b>	<b>(18.827)</b>	<b>(19.410)</b>
<b>Total Income</b>	<b>(26.684)</b>	<b>(26.671)</b>	<b>(29.078)</b>	<b>(29.152)</b>	<b>(28.977)</b>	<b>(28.245)</b>

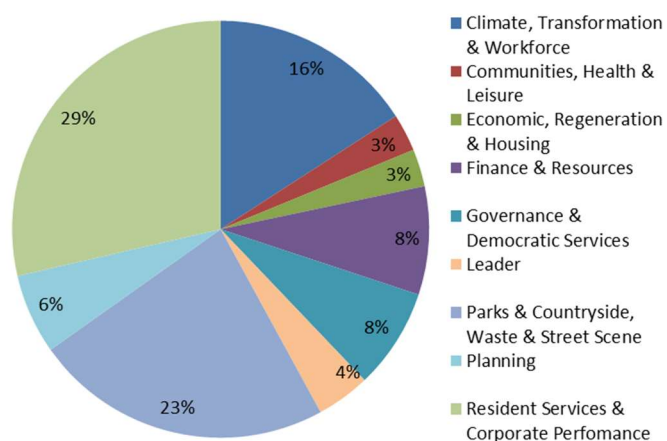
**Gross Spend by Portfolio 2026/27 %**



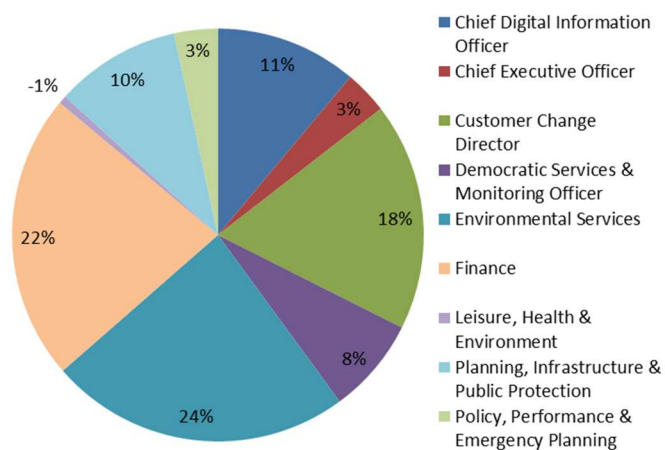
**Gross Spend by Service 2026/27 %**



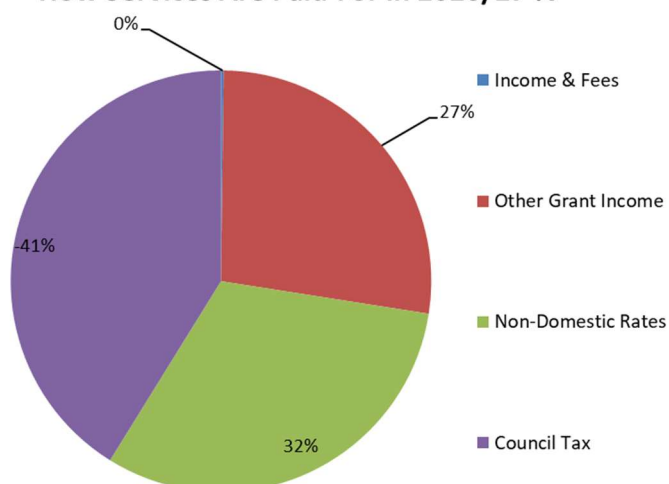
**Net Spend by Portfolio 2026/27 %**



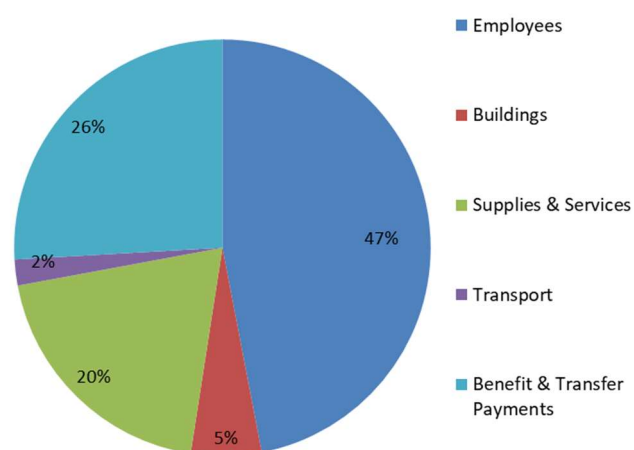
**Net Spend by Service 2026/27 %**



**How Services Are Paid For in 2026/27 %**



**Subjective Analysis 2026/27 %**



## 9.0 REVENUE OPERATIONAL BUDGETS AND MEDIUM-TERM FINANCIAL STRATEGY

### Subjective Analysis of Spend and Income

Table 7							
Actuals 2024/25	Subjective Analysis : Controllable Only		2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
£m			£m	£m	£m	£m	£m
(19.392)	Income & Fees	Fees & charges	(19.772)	(22.020)	(24.445)	(24.713)	(24.803)
(5.817)		Other grants and contributions	(7.725)	(7.791)	(7.941)	(8.077)	(8.050)
(27.751)		Government grants	(22.676)	(21.388)	(19.881)	(20.882)	(20.884)
(1.016)		Sales	(0.878)	(0.961)	(1.055)	(1.096)	(1.127)
(0.008)		NDR	(0.008)	(0.008)	(0.008)	(0.008)	(0.009)
(4.947)		Rent	(5.377)	(4.833)	(5.246)	(5.335)	(5.423)
-		Commuted sums	(0.082)	(0.082)	(0.082)	(0.082)	(0.082)
(3.896)		Interest Income	(1.414)	(1.949)	(1.362)	(1.169)	(1.204)
		Developer Contributions	(0.055)	(0.050)	(0.050)	(0.050)	(0.050)
(62.887)	Income & Fees Total		(57.987)	(59.083)	(60.071)	(61.412)	(61.632)
22.237	Employees	Salary	26.324	29.563	29.714	29.860	30.433
2.009		Other Staff Costs	1.698	0.370	0.354	0.354	0.354
0.356		Training	0.181	0.297	0.261	0.263	0.266
0.069		Recruitment	0.034	0.034	0.034	0.034	0.034
0.128		Uniform & laundry	0.044	0.059	0.055	0.055	0.055
2.043		National Insurance	3.141	3.559	3.569	3.597	3.680
3.537		Pension	4.249	5.120	5.122	5.146	5.249
0.296		Severance payments	0.152	0.152	0.152	0.152	0.152
1.738		Hired Staff	0.653	1.333	1.334	1.335	1.337
0.358		Employee Insurance	0.353	0.359	0.366	0.366	0.366
32.769	Employees Total		36.829	40.847	40.962	41.163	41.926
0.641	Buildings	Repairs & Maintenance	0.952	0.957	0.943	0.938	0.946
1.599		Energy Costs	1.666	1.663	1.956	2.078	2.089
1.929		Rents Payable	1.972	1.732	1.759	1.776	1.794
0.035		Equipment, furniture & materials	0.020	0.020	0.020	0.020	0.020
0.119		Premises Cleaning	0.100	0.102	0.094	0.094	0.094
0.077		Ground Maintenance Costs	0.012	0.013	0.015	0.015	0.015
0.113		Water Services	0.106	0.106	0.110	0.111	0.111
-		Operating Costs	-	-	0.565	0.565	0.565
0.079		Premises Insurance	0.135	0.135	0.135	0.135	0.135
0.007		Rents	0.013	0.013	0.013	0.013	0.013
0.010		Rates	0.011	0.011	0.011	0.011	0.011
4.609	Buildings Total		4.988	4.752	5.620	5.756	5.793
0.016	Supplies & Services	Repairs & Maintenance	-	-	-	-	-
4.518		Equipment, furniture & materials	4.134	4.533	4.858	5.035	4.956
0.822		Communication and computing	0.266	0.266	0.257	0.258	0.258
0.111		Insurance - service related	0.092	0.092	0.093	0.093	0.093
0.105		Premises Cleaning	0.074	0.074	0.074	0.074	0.074
9.233		Services	11.589	10.925	11.314	11.679	12.754
0.004		Other Staff Costs	-	0.004	-	-	-
0.017		Expenses	0.004	0.004	0.004	0.004	0.004
-		Uniform & laundry	0.000	0.000	0.000	0.000	0.000
0.893		Office expenses	0.800	0.757	0.682	0.683	0.684
(0.038)		Sales	(0.035)	(0.035)	(0.035)	(0.035)	(0.035)
(0.000)		Operating Costs	-	-	-	-	-
0.010		Catering	0.009	0.009	0.009	0.009	0.009
(0.037)		Election Costs	-	-	-	-	-
0.430		Members Allowances	0.444	0.452	0.461	0.470	0.480
0.000		Penalties & Fines	-	-	-	-	-
16.084	Supplies & Services Total		17.377	17.082	17.717	18.270	19.276
0.008	Transport	Other Transport Costs	-	-	-	-	-
0.006		Public Transport	0.009	0.011	0.009	0.009	0.009
1.050		Operating Costs	1.158	1.487	1.501	1.557	1.570
0.036		Pool Car	0.022	0.025	0.026	0.025	0.025
0.196		Vehicle Insurance	0.177	0.180	0.184	0.184	0.184
0.044		Mileage Allowance	0.039	0.042	0.040	0.040	0.040
0.060		Contract Hire & operating leases	0.006	0.006	0.006	0.006	0.006
1.399	Transport Total		1.411	1.753	1.765	1.822	1.834
1.385	Benefit & Transfer Payments	Contributions paid	1.212	1.212	1.212	1.212	1.212
2.128		Grants	1.016	0.974	0.979	0.983	0.987
0.003		Other Misc Payments	0.009	0.009	0.009	0.009	0.009
26.067		Benefits	20.632	19.682	18.682	19.682	19.682
0.609		Levies	0.629	0.642	0.642	0.642	0.642
30.192	Benefit & Transfer Payments Total		23.498	22.519	21.523	22.528	22.532
-	Renewals Fund Contribution		0.104	0.168	0.148	0.148	0.149
-	Renewals Fund Contribution Total		0.104	0.168	0.148	0.148	0.149
-	Reserve-Revenue Transfers	Reserve-Revenue Transfers	0.089	(0.136)	(0.144)	0.078	0.074
(0.027)		Bad Debts Provision	0.155	0.155	0.155	0.155	0.155
(0.027)	Reserve-Revenue Transfers Total		0.244	0.020	0.011	0.233	0.229
22.140	Net Service Expenditure		26.464	28.058	27.675	28.510	30.109

## 10.0 REVENUE RESERVES

- 10.1 The Council holds a number of financial reserves, both revenue and capital. Some of these are earmarked reserves with a specific purpose and others are ringfenced where there are legislative conditions informing how they should be spent.
- 10.2 The General Fund balance is where any general revenue overspends/underspends are transferred to or funded from.
- 10.3 Whilst reserves should not be seen as a “safety net” they are an integral part of the Council’s financial planning, should forecast over the medium term be that the Council’s reserves might fall into a negative balance, then due consideration must be given to put in place a robust plan to bring these back to a minimum agreed level. Huntingdonshire is currently not forecasting that pressures will be placed on reserves to be used to support financial demands over the period of the MTFS.
- 10.4 The impact on the **General Fund Reserve** of the grant settlement from Government, the Council’s policy to increase Council Tax and the savings, income and growth built into the budget 2026/27 and MTFS is shown in **Table 6** below.

GENERAL RESERVES MOVEMENT						
Table 6	Reserves and MTFS					
	2025/26		2026/27	Medium Term Financial Strategy		
	Budget £m	Forecast £m	Budget £m	2027/28 £m	2028/29 £m	2029/30 £m
<b>BUDGET SURPLUS RESERVE</b>						
<b>b/f</b>	6.201	6.566	1.328	0.000	(0.000)	-
Contribution from (to) General Fund	-	1.234	0.000	0.000	0.000	0.000
Contribution from (to) CIS Reserve	(1.472)	(3.472)	(1.328)	-	0.000	-
Contribution from (to) LGR Reserve	-	(3.000)	-	-	-	-
<b>c/f</b>	4.729	1.328	0.000	(0.000)	-	0.000
<b>COMMERCIAL INVESTMENT RESERVE</b>						
<b>b/f</b>	7.435	7.435	10.907	12.235	12.235	12.235
Contribution from (to) Budget Surplus Reserve	1.472	3.472	1.328	-	(0.000)	-
<b>c/f</b>	8.907	10.907	12.235	12.235	12.235	12.235
<b>GENERAL FUND (Unallocated) RESERVE</b>						
<b>b/f</b>	2.175	2.175	2.175	2.175	2.175	2.175
Contribution to/(from) Reserve	-	1.234	0.000	0.000	0.000	0.000
Contribution from(to) Budget Surplus	-	(1.234)	(0.000)	(0.000)	(0.000)	(0.000)
<b>c/f</b>	2.175	2.175	2.175	2.175	2.175	2.175
<b>Minimum Level of Reserves</b>	2.175	2.175	2.175	2.175	2.175	2.175

- 10.5 Contributions to Earmarked Reserves occur when budget is identified for Specific purposes and will only be available for those specific purposes. Contributions from Earmarked Reserves occur when the specific purpose for which the budget was identified has been delivered. This approach matches costs and funding.
- 10.6 The Council currently holds approximately £38m of unallocated Community Infrastructure Levy (CIL) receipts in its reserves. While there are plans for their future use, it is not anticipated that a significant proportion of this expenditure will be required for several years. Finance and Planning submitted a separate report to Cabinet on 10<sup>th</sup> February detailing Stage 2 of the Councils Community Infrastructure Levy (CIL) Governance Review. This builds on the Statement of Intent agreed in June 2024. The report proposes to utilise CIL funding to a greater extent than has typically been seen as precedent, in support of the Council's capital programme. Doing so would materially reduce the requirement to fund schemes from either reserves or borrowing. This, in turn, would strengthen the Council's future financial flexibility and improve its options in relation to the timing and scale of any future borrowing.
- 10.7 The Council has to ensure a prudent use of resources to deliver projects; set against the backdrop of changing interest rates; borrowing rates; use of Reserves; and the Councils Minimum Revenue Provision (MRP). The recent Peer Review also highlighted, through discussions, the high levels of CIL being held by the Council. Thus, it is important to ensure that in delivering Council projects which could be applicable for CIL, that a rounded view of the most prudent approach to financing is taken and the most appropriate view taken by the S151 Officer based on the full financial picture.
- 10.8 In July 2025, Cabinet approved a proposal to move forward with the next stages of a regeneration partnership with Capital and Centric (C&C) relating to sites within the Market Towns seeking to bring forward economic and housing led opportunities that will create new homes, jobs and other benefits. To ensure that funding is available for this project, £2m has been transferred from the Budget Surplus Reserve into a specific Regeneration Opportunities Reserve.
- 10.9 As mentioned within this report, there will likely be significant one off costs attached to Local Government Reorganisation, a portion of which will need to be met from HDC. In line with the Council's prudent approach to financial planning and risk management, a provision of £3m has therefore been added to the Local Government Reform Reserves, taking the balance to £4m.
- 10.10 The £4m will contribute towards anticipated reorganisation costs, ensuring that these pressures can be managed without destabilising day-to-day service delivery.

A full list of reserves can be found at Appendix 7.



## **11.0 CONCLUSION**

- 11.1 The 2026/27 budget is the culmination of many months work between Members of the Cabinet and officers. The revenue budget has been balanced within existing funding and includes some elements of investment and growth.
- 11.2 The Capital Programme will see the Council deliver investments within the District and further investment in services.
- 11.3 The Medium-Term Financial Strategy shows that leading into LGR the Council is in a strong financial position to be able to support the transition to a new structure and places the Council in a more secure position than may other local authorities and is better equipped to deal with future pressures as and when they may arise.

## **12.0 COMMENTS OF OVERVIEW & SCRUTINY**

- 12.1 The comments of the relevant Overview and Scrutiny Panel will be included in this section prior to its consideration by the Cabinet.

## **13.0 KEY IMPACTS / RISKS**

- 13.1 Once approved the 2026/27 budget and capital programme will proactively be managed and monitored throughout the year.
- 13.2 The Key risks have been identified within the report and within the Statemen of Robustness at Appendix 9. These are primarily LGR which has been mitigated by the increase in to the reserve to support cost arising from LGR. Ongoing economic and financial volatility is managed through the prudent financial management of our investments, borrowing and use of reservices. The increasing demand for local services is manages through proactive service planning.

## **14.0 WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION**

- 14.1 The budget for 2026/27 forms a key element of the service planning process for 2026.27; actions and timescales required to ensure saving/efficiencies are achieved, spending is in line with the approved budget will be contained within the service plans for the forthcoming financial year.

## **15.0 LINK TO HUNTINGDONSHIRE FUTURES, THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES**

- 15.1 The budget is the strategic financial plan for supporting the delivery of the corporate plan and priorities. The budget process itself meets the following specific aims and objectives of the Corporate Plan:
- Becoming a more efficient and effective Council.
  - Become more efficient in the way it delivers services providing value for money services.

15.2 The proposals would align with and continue to facilitate the overall strategic vision as set out in the Place Strategy.

15.2 The proposals align with the Corporate Plan, considerations relating to CIL in the context of this report cut across all of the 3 key themes of the plan. In particular regard has been had to the following:

- Supporting our communities and preventing crisis;
- Supporting and promoting economic growth;
- Becoming a more efficient and effective Council providing value for money services.

15.3 The proposed budget and strategic plan including the Medium Term Financial Strategy (MTFS) and the Capital Strategy will be delivered through the Council's existing financial governance framework.

The financial position is then used to inform and drive the resourcing of services through service plans and the ways in which we deliver services.

This alignment is important and is classed as the "golden thread" between strategy aims, corporate outcomes, the resource available, and the service delivery.

15.4 Finally, the proposals would enable the council to continue to support the ambitions of "Option E" which is the Council's preferred approach in respect of LGR; as the proposals ensure there are sufficient resources to link to the delivery of ambitious growth within the District. Reputationally, the proposals would also continue to demonstrate that the Council is aligned with addressing significant national challenges, such as those relating to the delivery of housing and provision of infrastructure.

## **16.0 LEGAL IMPLICATIONS**

16.1 As per schedule 31A and 42A of the Local Government Finance Act 1992, the Council is required to set a balanced budget. This is achieved for 2026/27 so the setting of Council Tax at the level mentioned within the report is appropriate.

16.2 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (Section 151 Officer) to formally advise the Council, when setting its budget, on the robustness of the estimates used in the budget calculations and on the adequacy of the proposed level of financial reserves. The Council is under a statutory obligation to have full regard to this report when making its decisions on the budget.

16.3 The Section 151 Officer confirms that the estimates used are sufficiently robust for the purposes of the Council's budget calculations and that the Council's financial balances and reserves are projected to remain adequate over the medium term.

16.4 The Council must consistently comply with the Local Government Finance

Act 1992 (as amended) and associated legislation. All the legal issues have been covered in the body of this report.

- 16.5 Members have a fiduciary duty to weigh the needs of the service users against the interest of local taxpayers. In planning the budget Members are under the fiduciary duty to act prudently, responsibly, in a business like manner and in their view of what constitutes the best interests of the general body of local tax payers.
- 16.6 In deciding upon expenditure, the council must fairly hold a balance between recipients of the benefits of services provided by the council and local tax players.
- 16.7 The Council has a duty under the Local Government Finance Act 1992 to set a balanced budget. Failure to set a lawful Council Tax could have serious financial results for the council.
- 16.8 Under Section 114 (2) and 114 (3) of the Local Government Finance Act 1988, the Chief Finance Officer is required to make a report, if it appears to him/her that a decision or course of action the council or an officer has agreed or is about to make is unlawful, or that expenditure is likely to exceed resources available.
- 16.9 Section 25 of the Local Government Act 2003 imposes a specific duty on the S151 Officer to formally report to the council at the time of the budget is considered and the council tax is set on the robustness of the budget estimates and the adequacy of reserves. This statement by the S151 Officer is included alongside the budget and council tax setting report to both Cabinet and Full Council in February.

## **17.0 OTHER IMPLICATIONS**

- 17.1 All implications are contained within the report.

## **18.0 REASONS FOR THE RECOMMENDED DECISIONS**

- 18.1 To enable the Cabinet to recommend to Council for approval:
  - The 2026/27 Revenue Budget and MTFS including all supporting documents
  - To note the approved fees and charges

## **19.0 LIST OF APPENDICES INCLUDED**

Appendix 1 – Treasury Management Strategy 2026/27  
Appendix 2a – Capital Strategy 2027/27  
Appendix 2b – Capital Programme 2026/27 – 2029/30  
Appendix 3 – Investment Strategy 2026/27  
Appendix 4 – Minimum Revenue Provision (MRP) Statement 2026/27  
Appendix 5 – Flexible Use of Capital Receipts Strategy 2026/27  
Appendix 6 – Revenue Budgets 2026/27 by Service and Portfolio  
Appendix 7 – Statement of Earmarked Reserves

Appendix 8 – Council Tax Resolution  
Appendix 9 – Statement of Robustness

Annex A1 – Approved Budget Bids 2026/27  
Annex A2 – Unavoidable Service Pressures 2026/27

Annexe B1 – Fees and Charges 2026/27  
Annexe B2 – Fees and Charges Leisure Services 2026/27

## **18.0 BACKGROUND PAPERS**

None.

## **19.0 CONTACT OFFICER**

Name/Job Title: Lydia Morrison, Director of Finance and Resources  
Tel No: 01480388178  
Email: [Lydia.morrison@huntingdonshire.gov.uk](mailto:Lydia.morrison@huntingdonshire.gov.uk)