BROMSGROVE DISTRICT COUNCIL

Cabinet 22 July 2026

Report MTFP SCENE SETTING 2027/28

Relevant Portfolio Holder		Councillor Simon Nock, Portfolio Holder for Finance
Portfolio Holder Consulted		Yes
Relevant Assistant Director		Debra Goodall
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Wards Affected		ALL
Ward Councillor(s) consulted		No
Relevant Council Priority		
Key Decision NO – Information only		
If you have any questions about this report, please contact the report author in advance of the meeting.		

1. RECOMMENDATIONS

The Cabinet RESOLVE that:-

1) **The budget process outlined in this report is followed for the 2027/28 annual budget and the Medium Term Financial Plan (2027/28 to 2030/31), subject to the impact of Local Government Reorganisation and vesting day on 1 April 2028.**

2) **The current pressures of £1.037m as set out in paragraph 2.12 are noted for consideration as part of the budget process for 2027/28.**

2. BACKGROUND

2.1 The next budget to be set will be the 2027/28 to 2030/21 Medium Term Financial Plan (MTFP). This budget is the second year of a three-year settlement from Government running from 2026/27 to 2028/29.

2.2 The report will set out

- The budget setting timetable for this Council
- Budget assumptions for the 2027/28 annual budget
- Present risks, issues and concerns that will need to be addressed in the budget
- The impact of the three-year Local Government Finance Settlement (2026/27 – 2028/29) which has a number of import

implications for the Council's financial planning and Medium Term Financial Plan.
- Impact of Local Government Reorganisation on the Medium Term Financial Plan

Proposed Budget Timetable

2.3 The following is the proposed budget timetable for 2027/28:

2026	
10 Jun to Jul	Budget Review Meetings held with Assistant Directors
22 Jun	MTFP Scene Setting Report to Senior Leadership Team (SLT)
1 July	MTFP Scene Setting Report considered at Cabinet Briefing
tbc	MTFP Scene Setting Report considered at Finance and Budget Working Group
22 July	MTFP Scene Setting Report approved at Cabinet
24 Aug	MTFP Stage 1 including provisional budget and fees and charges to SLT
tbc	MTFP Stage 1 including provisional budget and fees and charges approved at Cabinet Briefing
Oct/Nov	Chancellor's budget statement (date not yet announced)
16 Nov	Finance and Budget working group / Overview and Scrutiny Committee review MTFP Stage 1including provisional budget and fees and charges
18 Nov	MTFP Stage 1 including Provisional Budget and Fees and Charges approved for consultation by Cabinet
23 Nov	MTFP Stage 1 Provisional Budget (including WRS and Fees and Charges) - updates to SLT
9 Dec	MTFP Stage 1 Provisional Budget (including WRS and Fees and Charges) reviewed by Cabinet Briefing
17 Dec	Updated provisional Local Government Settlement expected (tbc)
2027	
4 Jan	MTFP Stage 1 Provisional Budget (including WRS and Fees and Charges) following Consultation Responses reviewed by Finance and Budget Working Group
6 Jan	MTFP Stage 1 Provisional Budget (including WRS and Fees and Charges) following Consultation Responses reviewed by Cabinet
tbc	Budget approved by SLT
tbc	Budget considered by Cabinet
tbc	Budget reviewed by Finance and Budget working group

tbc	Local Government Finance Settlement confirmed
tbc	Budget reviewed by Overview and Scrutiny Committee
tbc	MTFP Stage 2 (including Capital Strategy, Investment Strategy and Treasury Management Strategy) approved by Cabinet
tbc	Budget approved by Cabinet
tbc	Budget and Council Tax Resolution approved by Council

Budget assumptions for the 2027/28 annual budget

2.4 The base assumptions to be used in developing the budget are set out in the following paragraphs.

2.5 Pay award for next year will be budgeted at 2% in line with HMT inflationary targets.

2.6 There will also be an additional 1% cost of living increment built in as contingency in the case of a higher than budgeted pay settlement.

2.7 Controllable fees and charges will be uplifted by the maximum amount permittable for each area. This will be a minimum of 2% - services will need to review and set their Fees and Charges accordingly.

2.8 Council Tax – it is assumed that Council tax will be increased in line with Government assumptions on Core Spending Power (CSP) which will mean increases just below the referendum limit overall years of the MTFP. It is expected that the referendum limit for district councils will be at the greater of £5 in cash terms or less than 3%.

2.9 Unavoidable growth from contract inflation and new burden pressures will be included in the first iteration of the budget.

2.10 Where supplementary estimates during the current year (2026/27) have been agreed by Council, and where these have an impact on future base budgets, these will be captured and listed as unavoidable growth previously agreed and included in base budgets.

Current risks, issues and concerns to be addressed in the budget

2.11 Meetings were held between the s151 Officer, Deputy s151 Officer, Assistant Directors and relevant Finance Business Partners to assess the robustness of the Council's revenue and capital budget position on a service by service basis. The key outputs from these meetings are included at Appendix 1 and proposed approaches to managing the key pressures is set out below.

2.12 The following are pressures that will need to be considered in the formulation of this year's budget and as part of the in-year 2026/27 position:

Pressure	**Impact £'000**
The actual pay for 2026/27 award was 3.3% - 0.3% above the assumption built in at budget setting	56
There are currently base budget efficiencies and savings that have not been delivered	927
Members are entitled to join the LGPS from May 2026. This was not budgeted for until 2027/28 (This is the maximum cost if all Members join)	54
Total	**1,037**

Impact of the Second Year of the Provisional Local Government Settlement (2027/28)

2.13 The 2027/28 financial year represents the second year of the Government's three-year Local Government Finance Settlement. The implications of this are outlined in the table below:

Reduced funding certainty beyond 2028/29	Whilst the three-year settlement provides a degree of short-term stability, it does not extend beyond 2028/29. For Bromsgrove District Council, the changes reflect the application of the new needs-based funding formula and stability is largely provided by transitional funding phased in over three years. While this provides some short-term stability, this protection is temporary, and the Council will need to continue to plan for a lower underlying funding baseline in future years with a potential loss of funding of £0.754m after 2028/29.

Funding assumptions are fixed but still include risks	The second year broadly assumes: • Continuation of baseline funding. This includes continuation of no new additional core funding uplift beyond inflation for district councils. When combined with ongoing service pressures and demand, this places continued pressure on Bromsgrove's revenue budget and reinforces the need for prudent financial planning. • Stability of Core Spending Power assumptions • Continuation of Council Tax Flexibility. District Council retain the ability to increase council tax within referendum limits. For Bromsgrove, this means that ongoing financial sustainability remains reliant on maximising allowable council tax increases alongside income generation and savings, as no additional local tax-raising powers have been introduced. However, these remain subject to national policy changes including: • Revisions to grant allocations • Changes to New Homes Bonus or other legacy streams • New Burdens funding may not fully meet costs
Inflation and cost pressures not fully reflected in settlement funding	The settlement does not fully compensate for: • Pay Inflation (settlement for 2026/27 has been agreed at 3.3%) • Contract inflation and increases in fuel costs • As a result, real-term funding reductions are expected and

	will require ongoing efficiencies.

Impact of Local Government Reorganisation

2.14 The **English Devolution White Paper**, published in late 2024, sets out a roadmap for local government reorganisation. This includes the creation of **Strategic Authorities** and a move towards **universal coverage** of devolved governance structures across England. Councils in two-tier areas and smaller unitaries are expected to engage in reorganisation discussions, with elections for new governance models anticipated in May 2027. Work has taken place to produce a ‘two unitary’ bid to Government, with the outcome expected to be announced in July 2026.

2.15 The Medium Term Financial Plan covers the period 2027/28 – 2030/31. This coincides with the timetable for Local Government Reorganisation, with vesting day expected to be 1 April 2028.

2.16 This creates uncertainties around funding allocations from this date and whether they will transfer directly to the successor authority. Consideration will also need to be given to the treatment of reserves, balances and ongoing commitments and how they will be transferred over to the new organisation.

3. FINANCIAL IMPLICATIONS

3.1 The Financial Implications are outlined in the main body of this report.

4. LEGAL IMPLICATIONS

4.1 The Council is required to set a balanced budget each year. Prudent use of reserves to smooth the impact on the local taxpayer is permitted.

5. OTHER - IMPLICATIONS

Local Government Reorganisation

5.1 The Medium Term Financial Plan period runs from 2027/28 to 2030/31. If vesting day happens on 1 April 2028, consideration needs to be given to the financial position after this date and the impact on any successor authority.

Relevant Council Priority

5.2 Financial resilience and good governance underpin the council's ability to meet all of its priorities.

Climate Change Implications

5.3 None directly as a result of this report.

Equalities and Diversity Implications

5.4 No adverse impacts as a result of the content of this report

6. RISK MANAGEMENT

6.1 The financial position of the Council is included in the corporate risk register for the Council.

7. COMMUNITY IMPLICATIONS

7.1 There are no Community implications as a result of this report.

7. APPENDICES and BACKGROUND PAPERS

Appendix 1 – Budget Review