

Slough Borough Council

Report To: Cabinet

Date: 16 February 2026

Subject: 2026/27 Budget and Medium-Term Financial Strategy 2026/27 to 2028/29

Lead Member: Councillor Smith – Leader of the Council
Councillor Bedi– Lead Member for Finance, Children and Lifelong Learning

Chief Officer: Ian O'Donnell, Interim Executive Director of Corporate Resources (S151 Officer)

Contact Officer: Mark Hak-Sanders, Director Financial Management & Strategy
Nick Penny, Director of Finance - Corporate and Commercial

Ward(s): All

Key Decision: YES

Exempt: NO

Decision Subject To Call In: YES

Appendices:

- 1 Council Tax Resolution [TO FOLLOW]
- 2 Proposed Budget 2026/27 by Directorate
- 3 Budget Proposals:
 - a. Growth
 - b. Savings
- 4 Dedicated Schools Grant –
 - i. Schools Block Local Funding Formula
 - ii. Individual Schools Budget
- 5 Capital Strategy 2026/27
- 6 Flexible Use of Capital Receipts Strategy
- 7 Treasury Management Strategy
- 8 Debt Repayment Strategy [TO FOLLOW]
- 9 Budget Risks Register
- 10 Reserves Strategy
- 11 Fees and Charges [TO FOLLOW]
- 12 Cumulative Equality Impact Assessment
- 13 Capital Programme 2026/27 – 2030/31

1. SUMMARY AND RECOMMENDATIONS

- 1.1. Cabinet, in accordance with the Council's budget process as set out in the Constitution, are required to propose a balanced budget for 2026/27 and Medium-Term Financial Strategy (MTFS) for consideration by Full Council, which is scheduled for 26th February 2026. The proposed MTFS covers three years, aligned to the Government's three-year funding settlement.
- 1.2. The Council's financial position is challenging, and work has taken place to improve financial sustainability and provide a balanced MTFS over the medium term.
- 1.3. In December 2025 a provisional request for Exceptional Financial Support (EFS) was submitted to the Ministry of Housing, Communities and Local Government (MHCLG) which, if approved, would mean the Council will be in receipt of a Capitalisation Direction of up to £417.5m through to 2027/28. Of this, £65.3m relates to this budget and MTFS - with £42.9m proposed for 2026/27, £22.4m for 2027/28 and no further EFS for 2028/29. A further £20m of capital investment in transformation has been requested.
- 1.4. Like all local authorities, the Council is having to manage increasing demand in Adult Social Care, Special Education Needs and, particularly, Temporary Accommodation. Ongoing pressures are also evident within Children's Social Care, which are met through Slough Children First and feature in the Council's budget as an increased contractual payment to the company.
- 1.5. The strategic approach to the Council's MTFS can be summarised as follows:
 - To establish financial stability by prudently recognising emerging budget pressures based on the most robust available data and demand modelling, mitigating limitations in that data through scenario planning, adequate reserves and sustainable contingencies.
 - To benchmark service cost and quality and take steps toward providing assurance that both compare favourably to similar authorities.
 - To establish a three-year rolling savings programme that consists of a combination of the following key elements:
 - **Financial Grip** – to ensure budget pressures are robust and justified, budgets are regularly reviewed and put to most effective use, and that income due to the Council is collected effectively.
 - **Operational Improvements** – to recognise opportunities to release efficiencies, generate income and reduce spend in the Council's day-to-day operations.
 - **Transformation** – to fundamentally review the Council's operating model and relationship with the town, its people and partners in order to reduce financial demands on the Council through preventative activities, achieving best value and improving outcomes for residents.

- To model the beneficial impact of the Government's Fair Funding Review and the three-year settlement, noting that transitional arrangements mean that the full benefit is not felt until 2028/29.
 - To hold reserves at a prudent level.
 - To plan a capital programme based on external funding and developer contributions, minimising any additional borrowing and focussing on critical investment or invest-to-save proposals.
 - To use Exceptional Financial Support once all avenues have been exhausted, to fund transformation and stabilise the budget until the full benefits of Fair Funding Review changes are released.
- 1.6. The proposed balanced budget is based upon a 4.99% increase in Council Tax and subject to Exceptional Financial Support for 2026/27 of £42.9m – in the form of a capitalisation direction to be approved by government. Government will not announce their decision until late February. The provisional Local Government Finance Settlement (LGFS) was published on 17 December 2025, but the final LGFS will not be published until February 2026. Taken in total, the LGFS indicates £57m of additional funding over the medium-term, consisting of Council Tax, increased grant income as a result of the Fair Funding Review and a reset to the Business Rates Retention system. However, only c£20m of the increase falls in 2026/27. The remaining increase is phased in over the following two years as a result of transitional arrangements that effectively leave the Council underfunded in 2026/27.
- 1.7. The Council's proposed MTFs is balanced by 2028/29 with no further reliance on EFS.
- 1.8. As the Council continues its improvement to a Best Value authority it will maintain and further develop improved financial control processes within a broader financial management framework aligned to performance. There is an approved finance improvement plan that is monitored by the Commissioner Finance Improvement Board.
- 1.9. The Council's Treasury Management Strategy for 2026/27 has been prepared in line with CIPFA Treasury Management Code which provides a framework for public service organisations to manage risk, investments and borrowing effectively.
- 1.10. The Council's General Fund and Housing Revenue Account (HRA) Capital programme has been produced for the financial years 2026/27 – 2030/31. Due to the Council requiring EFS to balance the budget, prudential borrowing to fund the Capital programme is only utilised when there is no other funding source available and works funded by borrowing have been assessed to ensure they are essential to meet health and safety requirements, enable statutory obligations or to maintain income whereby the Council would be financially worse off if the works were not undertaken.

Recommendations:

Cabinet is recommended to propose the following for onward approval by Full Council:

- a) Note the s.25 Statement from the Council's s.151 officer at section 3;
- b) Approve the 2026/27 revenue budget on the basis of an increase in the general element of the council tax of 2.99% and an increase in the Adult Social Care Precept element of 2%, totalling 4.99% as set out in Appendix 1;
- c) Approve the council tax resolution for 2026/27 as set out in Appendix 1 on the basis that it is not excessive in accordance with the principles approved under s.52ZB and 52ZC of the Local Government Finance Act 1992 and as permitted by the proposed 'The Referendums Relating to Council Tax Increases (Principles) (England) Report 2026/27';
- d) Approve the Medium-Term Financial Strategy (MTFS) as set out in Sections 5 to 9 and Appendices 2 and 3 of this report;
- e) Delegate authority to the Executive Director of Corporate Resources (S151 officer) to place a notice in the local press of the amounts set under recommendation c within a period of 21 days following the Council's decision;
- f) Approve the General Fund capital programme for the financial years 2026/27 to 2030/21 totalling £179.516m as set out in Section 13 including new additions totalling £32.726m, EFS totalling £65.332m and £20.000m of Transformation Investment as set out in Table 2 in the Capital Programme (Appendix 13).
- g) Approve the Flexible Use of Capital Receipts Strategy as set out in paragraph 13.16 and Appendix 6 to this report.

Cabinet is recommended to note:

- h) That the proposed budget assumes that a capitalisation direction of £42.899m is approved by government late February 2026;

Cabinet is recommended to approve:

- i) The increase in fees and charges set out in section 10, noting that a more wide-reaching review is in progress and that further reports will be brought to Cabinet or Licensing Committee.
- j) The contract sum of £39.517m for 2026/27 to Slough Children First for 2026/27 as reported to Cabinet in December.
- k) The Schools Budget recommendations for 2025/26 as set out in Section 16.27 and Appendix 4.

Commissioner Review

“The Council has reached a critical financial juncture, driven by sustained demand for statutory services, escalating debt-servicing costs, persistent growth and inflationary pressures. While these challenges are significant, the Local Government Finance Settlement (2026/27–2028/29) provides a vital increase in core funding and the first multi-year funding arrangement in over a decade. This has provided a degree of stabilisation and the financial certainty required to develop a comprehensive 3-Year Medium-Term Financial Strategy (MTFS) as required by the Council’s statutory directions.

Despite the improved settlement, the MTFS identifies a critical structural deficit within the General Fund. To achieve a balanced budget, the Council requires Exceptional Financial Support (EFS) to address the £43m and £22m funding gaps in 2026/27 and 2027/28 respectively and a further £20m to provide the transformation capital investment required.

This support is essential not only for immediate solvency but also to facilitate the restoration of reserves depleted by prior year overspends and to provide the necessary transformation funding to reform service outcomes and support financial sustainability.

The Capital Strategy has been refreshed to re-focus the capital programme on corporate priorities, including essential infrastructure, statutory responsibilities, health and safety compliance, invest to save, transformation and to ensure long-term affordability. The Treasury Management Strategy is underpinned by a Debt Reduction Strategy, which will require the Council to continue to pursue a rigorous asset disposal programme to reduce debt exposure and optimise the property portfolio.

The Dedicated Schools Grant (DSG) deficit is accumulating and risks destabilising the Councils General Fund. A robust and resourced proposal for managing the deficits within the wider local proposals to transform support and outcomes for Children and Young People with SEND, and to place the system on a secure financial footing will be required.

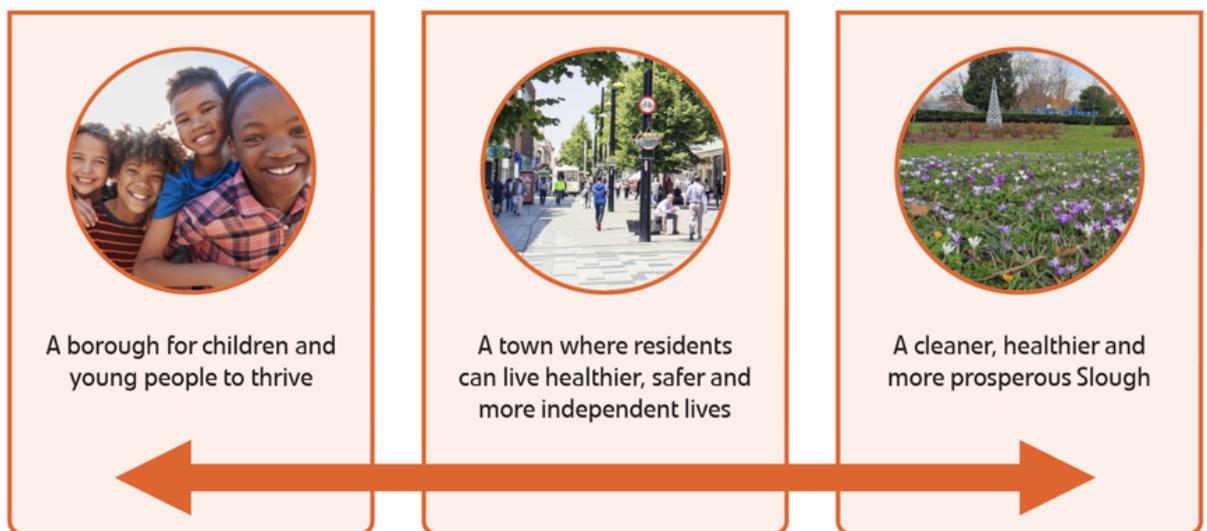
The MTFS sets out a wide savings and transformation programme to which delivery will be vital as the primary vehicle for closing the remaining gap and enable financial sustainability. This will require a step change with transformation moving beyond isolated "projects" and being adopted as a "whole-of-business" shift requiring solid commitment from both Executive and Political leadership to enforce financial discipline.

The programme investment should enable a degree of capacity to leverage the Council’s unique geographical advantages to optimise economic growth, expand the local tax base and begin to build a more sustainable future with financial resilience to future shocks.

Commissioners have been consulted on the report and are content with this report being considered.”

2. EXECUTIVE SUMMARY

- 2.1. The Council's budgetary and policy framework within the constitution requires the Council to set out a budget for the forthcoming financial year and set out a multi-year MTFs. Legislatively, the Council is required to set a balanced budget and council tax by 11th March of the preceding financial year.
- 2.2. The budget takes into consideration the Council's 'A Fresh Start Corporate Plan 2023 – 2027' which sets out the Council's vision and what the Council hopes to deliver. The three key priorities are:



- 2.3. In delivering the priorities the Council seeks to be:



- 2.4. This report presents budget proposals for 2026/27 and across the MTFs, taking into consideration the Council's corporate plan, the national context and economic outlook for local government and then how this may impact on the Council.
- 2.5. Financial Monitoring and Planning is integral to the Corporate Planning Cycle. Central to this is the availability of real-time financial information supplemented with key performance metrics for all services.

- 2.6. As a Council in recovery and intervention, it is acknowledged that there is still a significant journey to move from recovery to become financially sustainable.
- 2.7. This report sets out a balanced Medium-Term Financial Strategy (MTFS), with no further reliance on Exceptional Financial Support (EFS) from 2028/29 onwards. The 2026/27 budget is balanced based on an assumed level of EFS, to be confirmed by MHCLG prior to Full Council approving the budget.
- 2.8. The Budget for 2026/27 and the MTFS is set out throughout this report. The key sections are as follows:
- 1 Summary and Recommendations
 - 2 Executive Summary
 - 3 Section 25 Report of the Section 151 Officer
 - 4 Strategic Context
 - 5 2026/27 Budget and MTFS Projections
 - 6 Local Government Finance Settlement
 - 7 Core Funding Assumptions
 - 8 Core Expenditure Assumptions
 - 9 Budget Proposals 2026/27
 - 10 Fees and Charges
 - 11 Transformation Programme
 - 12 Budget Virements
 - 13 Capital Programme
 - 14 Treasury Management Strategy
 - 15 Housing Revenue Account
 - 16 Dedicated Schools Grant
 - 17 Budget Risks
 - 18 Reserves
 - 19 Consultation and Engagement
 - 20 Implications of the Proposals

3. SECTION 25 REPORT OF THE SECTION 151 OFFICER

- 3.1. The Local Government Act 2003 (Section 25) requires that when a local authority is agreeing its budget and precept, the Chief Finance Officer (CFO) must report to it on the following matters: a) the robustness of the estimates made for the purposes of the calculations, and b) the adequacy of the proposed financial reserves. An authority to which a report under this section is made shall have regard to the report when making decisions about the calculations in connection with which it is made.
- 3.2. This Section 25 statement has been prepared in line with CIPFA's guidance and provides the CFO's assessment of the current position and context that the Council operates within, noting that the Council is unable to balance its budget without exceptional financial support in the form of a capitalisation

direction from the government and that there is ongoing work to address its financial challenges through the Council's Transformation Programme and wider work. The Section 25 report is included here as it provides overall context for the budget, signposts key issues contained within the remainder of the report and gets to the heart of financial sustainability as a critical priority for the Council.

- 3.3. The Council's finances are not currently sustainable but are now set on a path to sustainability over the MTFS. This is evidenced by the time-limited requirement for EFS which has been a feature of the budget since 2018/19. The MTFS proposed within this document moves the Council to a sustainable position by 2028/29, with no EFS required in that year. This is consistent with the previous MTFS which similarly showed that 2027/28 was the final year where EFS was expected.
- 3.4. A sustainable position in 2028/29 can only be achieved if key assumptions regarding the budget are delivered within an acceptable range of the expected position. There are several key assumptions and risks which underpin the MTFS. This statement provides a summary of those assumptions and signposts to the relevant section of the report where more detail is provided.
- 3.5. Material assumptions and considerations in the budget are as follows:
 - Funding and Economic Growth.
 - Demand growth – particularly in Adults, Children's and Temporary Accommodation.
 - Inflation and pay award.
 - Performance and benchmarking.
 - Legislative changes.
 - Treatment of the SEND High Needs Block Deficit.
 - Interest rates and capital financing costs.
 - Delivery of Savings and Transformation.
 - LGR and Devolution.
 - Reserves and contingency.
- 3.6. This section provides a brief outline of how the issues pertain to the Section 25 statement and where further information can be found within the budget.
- 3.7. **Funding and Economic Growth**
- 3.8. Government funding formulae have been updated as part of Fair Funding Review for the first time in c.13 years. The period from 2026/27 to 2028/29 also marks a return to a three-year settlement for the first time in 10 years. This provides a degree of stability and removes material uncertainty over funding which has characterised previous year settlements. However, stability in Government funding is only part of the overall position. Council Tax

assumptions over the Medium-Term assume a degree of tax base growth, based on c0.5% each year over a three-year period. It is also assumed that the economic environment will enable the 98.25% collection rate to continue. The MTFs currently assumes an increase in baseline business rates funding as set out in government's published Core Spending Power, however, an element of local growth may also be retained over the MTFs.

- 3.9. The long-term growth in Council Tax and Business Rates yield is based on wider expectations of growth in the local economy, particularly linked to Heathrow expansion, continued growth in the number of business premises and redevelopment of the town centre.
- 3.10. Funding assumptions are set out in section 5, 6 and 7.
- 3.11. **Demand growth – particularly in Adults, Children's and Temporary Accommodation**
- 3.12. As part of the budget process, Directorates have been asked to quantify demand pressures for 2026/27 based on the most robust data currently available to them. This has resulted in the budget pressures as set out elsewhere in this report, totalling £34.6m. £25m of this relates to rebasing the budget for pressures identified in 2025/26, particularly in Temporary Accommodation and Adults. The process has been robust, and assumptions used within budget pressures have been scrutinised by EY through a commission to support work on assumptions and opportunities within the budget. The work to-date has resulted in pressures being reduced by £1.7m from the £36.3m reported to Cabinet in December.
- 3.13. The budget assumes the SCF contract sum as reported to Cabinet in December – a £1.162m increase to £39.517m, however placement costs are highly sensitive to small changes in demand; for example, children for whom placements can cost c.£20k per week on average. Placing just 5 children at this level would lead to an illustrative pressure of up to £5m, which is not currently explicitly part of the budget and would need to be met from contingency and/or reserves if additional funding for the company was agreed by the Council.
- 3.14. Regarding Temporary Accommodation, the proposed budget includes a £15.047m pressure to re-base the budget at activity levels reported at Quarter 2, consistent with Cabinet and CISC committee reports regarding TA at the time. This is based on the Housing Benefit Subsidy position allowing for 1,300 households at c.£2,200 per month. The forecast position for Quarter 3 2025/26 includes an improvement of the £15.047m to £13.857m – i.e. a £1.2m improvement. This reflects the initial impact of actions already taken to reduce the pressure, the full-year effects of which are reflected in the savings plan included within this report.

3.15. The Council has limited contingency and reserves to deal with demand pressures, as set out in sections 17 and 18 of the report.

3.16. **Inflation and pay award**

3.17. In general, it is expected that Directorates will be able to absorb small scale inflationary pressures, particularly in the case of consumables (as opposed to contracted services). For remaining contracts, inflation must be evidenced (contract terms, verification of agreed inflation/indexation clauses) and submitted by Directorates as part of a bidding process. Implicit within this request, there is an expectation of greater compliance with contract standing orders and the requirements for contracts to be loaded into the corporate contracts register.

3.18. Inflation pressures are separate to contract growth, which will have been budgeted for as part of the pressures/savings requests. In December, Slough Children First set out an increase in the contribution required from the Council. This increase is subject to approval as set out elsewhere in this report and is factored into the inflation calculations.

3.19. No net inflation will be awarded for contracts that are funded by ring fenced grants. The grant award provides a budget envelope that services must work within.

3.20. The amount included in respect of the pay award has been modelled on an assumption of a 3% uplift in 2026/27 and a 2% uplift in the following 2 years of the MTFS. As with inflation, the modelling for this calculation excludes pay that is funded outside of the general fund as it is assumed that any pay award for those positions will be covered by either increases in the grant funding itself or would require a pressure request to be made.

3.21. Considering the increased inflation reported by the Office for National Statistics (ONS) on 21st January 2026 – with CPI rising from 3.2% to 3.4% - there is a risk that the assumptions used, especially in 2027/28 and 2028/29, will prove to be too low. Increasing the assumptions on those figures by 1% would create an additional pressure of c£1.3m pressure per year over the 3-year MTFS.

3.22. **Performance and benchmarking**

3.23. The Council has undertaken an exercise in benchmarking as context to the 2026/27 budget setting and the development of the savings plan. This was conducted with the support of Boston Consulting Group and informs savings

such as the expected benefits from preventative work in temporary accommodation. Overall, the Council aims to achieve an acceptable level of service performance (which includes improvement in services such as SEND and Children's) whilst delivering services for a cost which is consistent or near to the average of similar authorities.

- 3.24. The proposed savings plan includes amounts linked to the benchmarking analysis. Examples shown here have been selected because in these areas, benchmarking from BCG suggests that savings that could be achieved if the Council could move closer to the benchmark either in terms of cost or demand.
- 3.25. Temporary Accommodation (TA) - Within TA, the Council is taking steps to reduce the number of households in temporary accommodation from the current 1,300. Benchmarking shows that the median ONS Nearest Neighbour would indicate total households of 706. Looking at London Boroughs, the comparative number would be c900 households. The savings for achieving the benchmark of c900 households in TA in Slough are estimated to be £7.2m over the longer-term, with £4.5m over the three years to 2028/29.
- 3.26. Adults – Within Adults, benchmarking suggests a marked difference in the total clients aged 65+ within Slough compared to a range of different benchmarks. At the time of the benchmarking work Slough had 1,235 clients aged 65+ throughout the year. This compares to a range of 794 (Unitaries) and 1,074 (London Boroughs). Total savings in Adults of £5m are set out over the Medium-Term.
- 3.27. Children's – Within Children's, analysis suggests there are areas where demand could be decreased when comparing Slough to the benchmarks. For example, on Children in Need, using London Boroughs as a comparator Slough would only expect a total number of children in need during the year of 1,451 compared to the current level of 1,730. The business plan put forward by Slough Children First sets out £2.1m of savings in 2026/27 with further initiatives planned for 2027/28 and 2028/29.
- 3.28. The drivers behind increased demand are likely to be complex and so any reductions in demand will take time to deliver through preventative work set out in the transformation plan.
- 3.29. There are further examples within the BCG analysis where the benchmark in Slough is comparable to or lower than the average.
- 3.30. These include:

- Looked After Children – Slough average cost £99,600 against a benchmark range of £98,753 to £125,857.
- Children in Need – Slough average cost £11,429 against a benchmark range of £10,851 to £11,389.
- Adults aged 65+ - Slough average cost £19,583 against a benchmark for Unitary Authorities of £20,640 (with a range from £17,542 to £18,506 for other benchmark groups).

3.31. Legislative changes

3.32. The Council is expecting legislative or national policy changes to have a material impact on various aspects of the Council's activities. Various legislative changes are anticipated; for example, renters' rights, employment rights, planning and infrastructure and local government reorganisation and devolution. However, for the purposes of the section 25 report, areas that carry particular financial risk in 2026/27 are mainly in SEND services and Children's Social Care, both of which represent financial risks referred to elsewhere in this report.

3.33. Changes in Children's Social Care particularly relate to the Families First Partnership programme – a new element of Core Spending Power. The reform primarily consists of:

- A Multi-Agency child protection team.
- Offering every family going through proceedings a family group conference meeting.
- A lead child protection practitioner.
- More conversations at the front-door.

3.34. SCF are still considering the full financial effect of this reform, which was partially recognised in the business plan; however, £3m of funding from Government (£2m above expectations) is ring-fenced and will need to be reported against.

3.35. The multi-year settlement and increase in Government funding has not in every case been accompanied by a clear view of how legislative or policy changes will affect spending requirements in future – in other words the Council has clarity over funding, but not necessarily on spending.

3.36. The budget assumes that the impact of change can be met within the overall envelope of funding available, but this remains a risk and is factored into the contingencies set out in section 16.

3.37. **Treatment of the DSG High Needs Block Deficit and SEND reform**

- 3.38. In common with many local authorities, the Council spends substantially more on SEND services as part of the DSG High Needs Block than the level of grant received. Whilst there are opportunities under consideration to reduce spend, statutory requirements relating to SEND mean that the gap between funding and spending will continue. The Council's expected DSG deficit by the end of 2026/27 is £33m, even after previously agreed additional funding from Department for Education (DfE) under the Safety Valve arrangement. The accumulated deficit could grow substantially in 2027/28, potentially to above £50m. Details regarding the DSG are set out in section 16.
- 3.39. CIPFA issued a position statement in respect of this, specifically in relation to the Section 25 statement which is available here: [The Section 25 notice additional support](#).
- 3.40. In common with many authorities who have SEND deficits on their balance sheets, the general fund is largely protected by a statutory override. Whilst the override is in place, the only impact on the general fund is the interest payable on borrowing to cover the deficit balance (although this in itself is material at c.£1-£2.5m p/a based on a £20m deficit that could grow to above £50m. If the statutory override were to be removed, it would result in the Council being unable to produce a balanced budget or maintain adequate levels of general fund reserves.
- 3.41. In June 2025 the Government set out plans to extend the statutory override to 31 March 2028 while plans for reform of the SEND system were developed and implemented. These were anticipated in a White Paper in the autumn of 2025. However, in October 2025 the government announced the deferral of the White Paper until the early part of 2026. The White Paper has not been published at the time of writing this report.
- 3.42. In November's Budget the Government announced that responsibility for funding SEND services would transfer from local government to central government from 2028. This is a significant change that has the potential to significantly alter the financial pressures that Councils are facing.
- 3.43. CIPFA advise that the Section 25 statement should formally recognise that the ability to set a balanced budget is because of the statutory override, which takes precedence and:
- clearly acknowledge the potential risks and impact of the ongoing deficits including the impact that it would have on the authority's financial performance and financial position were the statutory override not in place;
 - include potential courses of action that the authority or the CFO might need to take in a 'worst case' scenario;

- as part of budget-setting processes, set out how any deficit is being monitored, managed and reported; and
- ensure that, in line with the CIPFA Financial Management Code, the leadership of the council is made aware of the financial position.

- 3.44. Notwithstanding the EFS already expected to support the General Fund revenue budget, the Council would not be able to set a balanced budget with adequate reserves without the statutory override on DSG. Furthermore, the Council's auditor Grant Thornton has indicated that total usable reserves should exceed the level of the deficit in order to demonstrate financial sustainability from their perspective (although it is noted that some councils with deficits already considerably in excess of total usable reserves have not received adverse comments concerning financial sustainability from their auditors). The Council expects the deficit to exceed available reserves by 2027/28 if the financial position is not significantly changed by expected announcements on tackling DSG spending and funding future deficits. The EFS request set out in this report does not include any provision to cover this issue and clarification will be required from Grant Thornton, MHCLG, CIPFA and DfE. This is an issue common across local authorities and not limited to the Council.
- 3.45. In a worst-case scenario where the General Fund is required to cover this deficit, the Council's only recourse would be to request additional EFS which would increase capital financing costs over the Medium-Term. As the Council is already taking all possible steps to balance its General Fund budget, there is no other option available to it.
- 3.46. Monitoring and reporting arrangements regarding the deficit are set out in Section 16.
- 3.47. The Council has been issued with a second Secretary of State Direction in relation to SEND, requiring improvement across all SEND services within the borough. In addition, the outcome of the recent Local Area SEND Ofsted inspection identified systemic concerns and requires the Council, working with its partners, to deliver a set of Priority Actions, with several Key Priority Actions requiring immediate intervention. This position is further compounded by proposed national legislative and funding reforms to the SEND system, which are expected to place additional demands on local authorities and education settings.
- 3.48. Work is currently underway to develop a revised staffing structure for the SEND service that is aligned to current and forecast demand, strengthens compliance with statutory duties, and supports more timely and consistent decision-making.
- 3.49. The proposed 2026/27 budget set out in this report includes General Fund budget pressures of £1.303m to support the current level of SEND staffing

costs. Any in-year investment required will be considered for transformation funding to support SEND recovery in 2026/27, subject to the development and approval of a full business case. Any ongoing financial impact will be considered for baselining as part of the 2027/28 budget setting process.

- 3.50. New governance arrangements are being introduced in relation to SEND to strengthen oversight and ensure that the Council and its partners meet their statutory obligations to children, families and residents. This includes the establishment of a new SEND finance sub-group, chaired by the Finance Commissioner. Any proposed changes to SEND staffing requirements will be brought forward through the appropriate governance and budget approval processes.

3.51. Interest rates and capital financing costs

- 3.52. The Treasury Management Strategy assumes the Council is allowed to borrow up to £65.3m across the MTFs to enable the Council to be financially sustainable without the requirement for EFS in 2028/29. There is also a requirement for the Council to borrow £20m to fund capital investment in transformation and £20.2m to fund essential capital expenditure over the five years of the capital programme.

- 3.53. The cost of borrowing relating to EFS is spread over 20 years with borrowing related to the capital programme spread over the useful life of the assets. The Council's approach to managing its overall capital financing requirement, borrowing strategy and debt repayment are included within the Treasury Management Strategy (TMS) and the Debt Repayment Strategy.

3.54. Delivery of Savings and Transformation

- 3.55. The budget assumes a total of £40m savings over three years. This includes a net requirement from the transformation programme of £25m. In order to provide adequate contingency, transformation savings of £31.4m have been put forward, resulting in a c20% buffer built into the programme.

- 3.56. In addition, £11m of revenue funding and £20m capital funding to deliver the transformation proposals have been included within the budget.

- 3.57. The Council's arrangements for Transformation and the governance required to deliver it are set out in a separate paper to this Cabinet.

- 3.58. The Council is taking steps to assure the delivery of the transformation programme by engaging an external delivery partner and providing sufficient investment to ensure there is adequate capacity and expertise. It will be following programme and project management best practice, and will deliver culture change alongside operational improvement.

3.59. **LGR and Devolution**

The potential impact of Local Government Reorganisation (LGR) and Devolution on the Council's finances are unclear, and a watching brief will be kept. Cabinet considered a paper on 15th December 2025 concerning an expression of interest in respect of the Thames Valley Mayoral Strategic Authority which set out further context on the current position and the financial considerations that might accompany further progress towards this.

3.60. **Property and Assets Contribution to S25 Budget Assurance**

3.61. The Property & Assets functions play a crucial role in ensuring the robustness of budget estimates and the adequacy of financial reserves, as required under Section 25 of the Local Government Act 2003. The strategic and operational management of the council's property portfolio directly impacts the Council's financial health and sustainability.

3.62. Operational Efficiency and Cost Management

The day-to-day management of the council's properties, including maintenance, facility management, and property management, strongly emphasises cost efficiency and compliance. By effectively managing maintenance costs, energy utilities, and compliance with regulations such as asbestos management and fire risk assessments, the Property & Assets team ensures that operational expenses are kept within budgeted limits. This proactive approach helps mitigate unforeseen expenditures, thereby supporting the council's overall financial stability.

3.63. Capital Programme and Strategic Planning

The capital programme, which includes projects across schools and other corporate buildings, is planned and executed to align with the council's long-term financial strategy. By prioritising projects that deliver the highest value and ensuring that they are completed within budget and on time, the Property & Assets team contributes to the prudent use of financial resources. Strategic asset planning and disposals of surplus assets in line with the Capitalisation Direction further enhance the council's financial position, providing additional funds for reinvestment in essential services.

3.64. Property Risk Management

The Property & Assets team plays a pivotal role in risk management by conducting regular inspections, compliance audits, and risk assessments. This ensures that potential risks are identified and addressed promptly, reducing the likelihood of unexpected costs. Additionally, the team's efforts in supporting the wider carbon reduction and energy efficiency measures contribute to long-term savings, which are factored into the council's financial planning and reserves strategy. By maintaining a well-managed property portfolio, the team supports the adequacy of financial reserves, providing a

buffer against economic uncertainties and enabling the council to meet its financial obligations.

3.65. Reserves and contingency – including assurance on opening balances.

3.66. The Council's base budget includes a modest contingency of c£5m (subject to finalisation of the LGFS) and provision to restore general fund reserves following the 2025/26 overspend. A base-budget reserves contribution of £1m per year is built into the MTFS from 2026/27 onwards. The Council's reserves position is set out in section 17 along with an assessment of financial risks.

3.67. The un-ringfenced General Fund Reserve held £23.465m at the end of 2024/25. The Council's statement of accounts has not been audited since 2018/19 due to accounts not being produced on time as a result of historical challenges with working papers and availability of financial data. This has been addressed over the past 18 months with six sets of accounts having been prepared, up to and including 2024/25 financial year. As part of this process external support has been commissioned to review the balance sheet to increase confidence in the figures held on the balance sheet and in reserves.

3.68. Whilst the reserve is likely to be depleted by the £15.5m overspend forecast for the current financial year, provision to restore this has been included as part of the EFS request. Taken together, these contingencies and reserves will be adequate, subject to the caveats on risks that have been set out above. However, they are tight and do not allow any complacency in delivering savings, managing demand, generating income and controlling cost and these activities will need to be reinforced and embedded as the cornerstones of budget management over the MTFS.

3.69. Conclusion

In summary, and following consideration of the risks and uncertainties set out above, the Section 151 Officer deems the estimates contained within the budget to be robust. Financial reserves are adequate over the Medium-Term on the assumption that the MTFS will be delivered as planned and with the continued support from MHCLG regarding EFS for 2026/27 and 2027/28. This is based on the uncertainties and provisos set out above.

3.70. Members, the Corporate Leadership Team and Officers will need to prioritise the delivery of the transformation programme and wider savings, the management of demand and the control of costs in order to ensure delivery of the budget and MTFS.

4. STRATEGIC CONTEXT

4.1. Based on our published corporate plan, the below presents context about Slough which inform our resourcing decisions.



4.2. The financial challenges and other issues facing the Council are of an unprecedented magnitude in context of a Council that is one of the smallest unitary councils in England and which therefore does not have the critical mass needed to be financially sustainable without radical action.

4.3. The Council's MTFs is therefore aimed at the objective of delivering finance resilience and achieving onward sustainability.

4.4. It should be noted that social care services delivered by Slough Children First and services for children with special educational needs and disabilities which sit in the Council are both subject to separate Statutory Directions. The Statutory Directions mandate the need for significant improvements to practice but these must also be within an agreed financial envelope.

4.5. The Council is working within a very challenging financial context with increasing future demand from residents to address more complex issues. Society is also changing rapidly, with different expectations and needs. The council is therefore proactively designing its future shape

and how it will continue to deliver services to its residents, businesses, partners and attracting people and businesses to Slough. The strategy continues initiatives set out in previous years:

- a) Implementation of an operating model that continues to take the Council through recovery and out of intervention;
- b) Developing our data and analytics capability including a further base budget review to inform decision-making and ensuring that all budgets are aligned to service delivery;
- c) Driving down the demand for and cost of temporary accommodation. The Council is working to both better manage increasing demand and to reduce controllable costs through more efficient purchasing;
- d) Driving down demand for adult social care services by supporting more residents to access local community and voluntary services and by increasing aware of assistive technology and access to equipment to maximise independence;
- e) Utilising our operational assets such as buildings, car parks and green spaces to generate income;
- f) Overall, develop services, particularly those that are non-statutory, to be self-financing or better and develop a fees and charges approach that contributes to longer-term financial sustainability.

- 4.6. In addition, something unique that will need to be considered for Slough Borough Council will be how the Council responds to the emerging Development Consent Order application relating to the expansion of Heathrow and the third runway. This will run alongside consultations on an updated Civil Aviation Authority (CAA) and Airport National Policy Statement (ANPS). The extent of the impact on the Borough will be significant and this will be reflected in the resource required across the Council (but led by Planning) to respond to the impacts, opportunities and mitigations associated with the development. A Planning Performance Agreement will be entered into with the developer (HAL), which will in part mitigate some of these costs (the extent of which is unknown at this point), however significant expertise will be required to be able to adequately consider and respond to the proposal.
- 4.7. The report to July Cabinet on budget 2026/27 reminded Cabinet members of the challenging financial situation the Council remains in and at the time still had a budget gap of £20.519m to close for 2026/27. An overall sensitivity range of between £8.077m and £36.967m was also provided.
- 4.8. For the wider MTFs position, it was reported that by 2029/30 the estimated budget gap was £28.037m and fell with a sensitivity range of between £9.708m and £53.818m. These projections are updated below.

5. 2026/27 Budget and MTFS Projections

5.1. The following Table provides Cabinet with the proposed budget 2026/27 and MTFS projections, proposing a balanced budget for each financial year, with no EFS planned for 2028/29.

MTFS Overview	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Removal of CD PY CD Support	15.709	42.899	22.433	
2025/26 Ongoing Budget Pressures	25.059	0.000	0.000	25.059
Replenish Reserves for 2025/26 Overspend	10.000	(8.000)	(2.000)	0.000
Revised Opening Position	50.768	34.899	20.433	25.059
2026/27 PRESSURES				
Directorate growth and pressures	9.554	10.080	9.853	29.487
Pay Award & Contract Inflation	4.896	3.205	2.984	11.085
MRP, Assets, Time Limited Budgets, Pension Deficit, Companies, Reserves, Interest, Contingency	1.104	(0.493)	2.097	2.708
TOTAL NEW PRESSURES	15.555	12.792	14.933	43.280
TOTAL GROWTH / PRESSURES	66.323	47.691	35.366	68.339
FINANCING				
Grants, including provisional settlement	(6.637)	(9.471)	(9.383)	(25.491)
Council Tax Income	(3.714)	(5.079)	(5.349)	(14.142)
Council Tax Collection Fund (Surplus) / Deficit	5.763	(4.434)	0.000	1.329
Business Rates - Local Share	(6.720)	(1.126)	(1.014)	(8.860)
Business Rates Collection Fund (Surplus) / Deficit	(3.064)	5.064	0.000	2.000
Collection Fund Savings	(6.038)	4.684	0.000	(1.354)
TOTAL FINANCING	(20.410)	(10.362)	(15.746)	(46.518)
SAVINGS (INCL FEES & CHARGES)				
Operational Savings	(4.165)	(6.421)	(3.209)	(13.794)
Transformational Savings	(5.249)	(10.595)	(15.514)	(31.357)
Contingency (20% of Transformational Savings)	1.400	2.119	3.103	6.622
TOTAL SAVINGS	(8.013)	(14.897)	(15.620)	(38.530)
Transformation Implementation Resources	5.000	0.000	(4.000)	1.000
GAP - EFS REQUEST	42.899	22.433	0.000	65.332

5.2. The 2026/27 Budget by Directorate can be seen in Appendix 2 with a comparison to 2025/26 Budgets.

5.3. The Council's MTFS over future years will be balanced without EFS by 2028/29. The MTFS recognises that expenditure exceeds its available funding for 2026/27 and 2027/28, but that over the three-year period a combination of additional funding and a significant savings proposal will return the Council to a sustainable financial position without EFS. The balanced budget for

2026/27 and 2027/28 is underpinned by the assumption of £65.332m EFS request submitted to the Ministry of Housing, Communities and Local Government (MHCLG). Note that the below profile is subject to MHCLG approval for amounts in 2026/27 & 2028/29.

	Up to 2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Exceptional Finance Support	313.397	23.078	15.709	42.899	22.433	0	417.516

- 5.4. MHCLG have written to confirm that the Council will not be notified of the outcome of its application until after the final settlement towards the end of February 2026.
- 5.5. The level of EFS requested for 2026/27 and over the MTFS is not primarily required to support operational spend, as illustrated by the tables below.

	2026/27 £m	2027/28 £m
EFS Categorisation (type)		
Transformation funding	5.000	5.000
Restoring reserves	10.000	2.000
Prior year EFS Financing cost*	13.510	14.041
Operational	14.389	1.392
Total	42.899	22.433

	2026/27 £m	2027/28 £m
EFS Categorisation (impact of FFR)		
Income foregone through FFR transition arrangements	25.354	10.348
Residual	17.545	12.085
Total	42.899	22.433

	2026/27 £m	2027/28 £m
EFS Categorisation - Impact of TA		
Temporary Accommodation Subsidy Shortfall	30.094	15.047
Residual	12.805	7.386
Total	42.899	22.433

*Total capital financing costs are approximately £24m.

- 5.6. The first table shows that, for 2026/27, only £14.4m of the total request relates to operational spend, reducing to £1.4m for 2027/28.

5.7. The second table shows that if the Fair Funding Review was implemented in full in 2026/27, i.e. without transitional arrangements, the request would have been much lower at c.£17.5m.

5.8. Finally, the third table shows the extent to which the cumulative impact of Temporary Accommodation pressures over a 2-year period has affected the level of EFS requested.

6. LOCAL GOVERNMENT FINANCE SETTLEMENT

6.1. The draft Local Government Finance Settlement (LGFS) was published on 17 December 2025 and the budget balances on that basis. The final version will be published in February 2026 but any differences between the provisional and final settlement is expected to be minimal and should not cause the budget to fall out of balance. Key funding assumptions are set out in the following sections.

7. CORE FUNDING ASSUMPTIONS

7.1. The following table outlines the core funding assumed in the 2026/27 Budget and MTFs Position

Funding Source	2026/27 £m	2027/28 £m	2028/29 £m
Council Tax Income	(91.193)	(96.272)	(101.621)
Council Tax (Surplus) / Deficit	4.181		
Business Rates - Local Share	(49.113)	(50.239)	(51.253)
Business Rates (Surplus) / Deficit	(9.495)	0.000	0.000
Revenue Support Grant	(31.999)	(47.005)	(57.353)
Families First Partnership	(3.027)	(3.027)	(2.585)
CSP Grants (including LA Better Care Grant from 2026/27)	(10.278)	(5.442)	(5.516)
Extended Producer Responsibility	(2.796)	(2.097)	(1.500)
Core Funding	(193.720)	(204.082)	(219.828)
Capitalisation Direction	42.899	22.433	0.000
Total Funding	(236.619)	(226.515)	(219.828)

7.2. The table uses both the core spending power information provided as part of the draft LGFS in December but also incorporates local information especially with regards to projections of council tax income and collection fund deficits

COUNCIL TAX

7.3. The following table outlines the council tax estimates within the MTFs and the calculation for the 26/27 Budget.

	2026/27	2027/28	2028/29
Council tax base (Band D Equivalent Properties)	45,166.3	45,415.6	45,660.5
Band D (£)	2,019.05	2,119.80	2,225.58
Collection Rate assumed in the above	98.25%	98.25%	98.25%
Council Tax £m	91.193	96.272	101.621
Collection Fund deficit	(4.181)	0.000	0.000
Total resources from Council Tax	87.012	96.272	101.621

7.4. Assumptions within the Council tax estimates are as follows;

- a. An increase of 4.99% (standard increase 2.99% and adult social care increase of 2.00%), rising from band D £1,923.09 in 2025/26 to £2,019.05 in 2026/27;
- b. Future years assume a 4.99% council tax increase;
- c. Council tax collection rate remains at 98.25%
- d. 0.05% Tax Base growth for each year.
- e. Each 1% increase in Council Tax, taking account of the impact of the collection rate, nets an additional £0.912m in 2026/27.

7.5. Under legislation, the Council manages the collection of council tax through the collection fund. Based on the past performance of the collection fund, the Council is required to recognise a collection fund deficit into the General Fund of £4.181m in 2026/27. This recognises the timing differences between setting the council tax for the forthcoming financial year and the performance of growth assumptions and collection rates. The MTFs for future years does not assume a further collection fund surplus for the later years. The deficit for 2026/27 consists of:

- 2023/24 and previous: £2.004m deficit. When the same calculation was undertaken for setting the 2025/26 budget, the 2023/24 accounts had not been finalised, and this number was not known.
- 2024/25: £0.422m lower growth than anticipated. Growth was estimated in the second half of the year which didn't materialise. This year's calculation has excluded any such growth.
- 2024/25: £0.739m bad debt provision top up higher than forecast. The year-end top-up was higher than estimated this time last year
- 2025/26: £1.017m in-year position not as favourable as budget.

BUSINESS RATES – (National Non-Domestic Rates – NNDR)

- 7.6. The following table outlines the business rates estimates within the MTF5. These have been updated following completion of the NNDR1 form for 2026/27 which formally estimates the business rates income for the year and is shared with central government and the Berkshire Fire Authority who receive a share of the business rates collected.

	2026/27 £m	2027/28 £m	2028/29 £m
Business Rates	(49.113)	(50.239)	(51.253)
Estimated (surplus) relating to prior years	(9.495)	0.000	0.000
Total	(58.608)	(50.239)	(51.253)

The local government policy statement in November 2024 announced the intention to “reset” the business rates retention system in 2026/27. This is alongside the government’s planned review of “Relative Needs and Resources” will also be implemented in 2026/27, although transitional arrangements are going to be in place.

- 7.7. Assumptions within the Business Rate estimates are as follows;
- Estimated business rates funding matches the baseline funding levels provided by government, including growth of c.2% per annum.
 - Local growth may exceed this, which would provide a temporary upside for the budget and MTF5 until the next business rates reset.
 - The surplus for 2026/27 will be £9.495m as set out below.
- 7.8. The Council has procured a supplier to identify missing or incorrect Business Rates Rateable Value and properties due for Council Tax. From this work already completed in reviewing Slough’s Business Rates list they have identified over £16m in missing RV for the Council. This could potentially generate significant additional Business rates (gross yield). Of that the Council would retain 49% before the impact of the collection fund calculation on Tariff, S31 and Levy.
- 7.9. In 2025/26 there is a potential requirement for the Council to fund a total of £3.409m consisting of a net change in business rates income to the General Fund (levy payments offset by additional S31 grant) and the one-off fee to Analyse Local set out above. In this case there would be a one-off benefit in 2026/27 £7.840m. The mechanics of collection fund accounting mean that the Council cannot draw it into the General Fund until 2026/27. When the one-off costs in 2025/26 are repaid, a net one-off benefit of an estimated £4.431m is generated for 2026/27.

7.10. This is part of the £9.495m net surplus set out above, which is the net surplus over 2025/26 and 2026/27 from the RV exercise and other upsides within the collection fund.

8. CORE EXPENDITURE ASSUMPTIONS

8.1. In developing the draft budget for 2026/27 and MTFS the following assumptions have been incorporated:

	2026/27	2027/28	2028/29
Pay Award	3.00%	2.00%	2.00%
Inflation CPI	3.80%	2.00%	2.00%
Inflation RPI	4.50%	2.80%	2.80%
Contract Specific	Various according to specific contracts.		
Finance & Commercial	5.00%	5.00%	5.00%

9. BUDGET PROPOSALS 2026/27

- 9.1. In December Cabinet considered growth and saving proposals as part of the path towards proposing a balanced budget. This work has since been refined further and details of each growth and saving proposal can be seen in Appendix 3.
- 9.2. Proposals that change the staffing structure or have an impact on services (or both) will include the appropriate consultation with staff or residents (or both) and an equality impact assessment, to be considered by the appropriate decision maker. The budget includes appropriate contingencies for instances where further consultation and decision making may not deliver the level of saving initially assumed.
- 9.3. The Budget Pressures set out below include a £1.7m reduction from the equivalent figures submitted in December. This includes £1.2m reduction in Adults Services resulting from further work on data modelling and a £0.5m reduction in Housing, where proposed investment has been met by Government Grant included in Core Spending Power.
- 9.4. The reductions set out above were part of a financial grip review undertaken by EY with Officers in Finance. Work to continue the tightening of financial grip will continue in 2026/27 as the first stage in delivering planned savings for 2027/28 and 2028/29, in addition to the transformation programme set out in section 11, below.
- 9.5. The increase to the SCF contract fee of £1.162m, bringing the total to £39.517m, is included within the inflation allocations. As set out elsewhere, demand pressures may impact on the company's ability to deliver services

within the contract fee. This will be managed through a revised business case submitted to the Council and considered through the usual contractual process. Options for how to manage any increased pressure, either within the company or the Council will be considered, including consideration of how to limit the general fund pressure.

- 9.6. Many of the pressures funded within the 2026/27 budget are ongoing budget pressures that became apparent as part of the 2025/26 overspend. The most significant pressure within that is a need to rebase the non-HRA rent rebate budget (the Housing Benefit for households in temporary accommodation). An overspend of £15.047m is forecast for 2025/26, and the 2026/27 base budget has been amended to reflect this.
- 9.7. In addition, a rebasing of the ASC budgets is required to reflect current levels of forecast expenditure and income. Included within this pressure are the Provider Fee Uplifts & Future Demand for new packages of care incurred during 2025/26.
- 9.8. As well as the ongoing pressures from 2025/26 there are also a set of new pressures included to reflect the position in 2026/27 and the later years of the MTFs. This includes forecast increase in volumes modelled by Directorates and other service pressures.
- 9.9. As well as the pressures identified by Directorates, placeholder budget pressures of £5m and £4m respectively have been included for the latter two years of the MTFs. These have been included to ensure a £10m annual allowance for Directorate pressures. Pressures arising for 2027/28 and 2028/29 will be subject to approval as part of the respective budget setting process.

Budget Pressures	2026/27	2027/28	2028/29	Total
	£m	£m	£m	£m
Ongoing Budget Pressures from 2025/26	25.059	0.000	0.000	25.059
New Budget Pressures for 2026/27 and future years.	9.554	5.080	5.853	20.487
Additional Estimated Pressures Placeholder	0.000	5.000	4.000	9.000
Total Directorate Budget Pressures	34.613	10.080	9.853	54.546
Reduction in Pressures since December as part of Financial Grip	1.686	1.200	1.200	4.086

9.10. Offsetting the pressures, a range of saving proposals have been put forward to support the balanced MTFS position. More information on the Transformational savings that have been added since the December Cabinet Report can be found in section 11. In addition to the transformational savings and approved savings for 2026/27, placeholder savings of £8m have been included across 2027/28 and 2028/29 averaging at £4m / c.2% per year.

Budget Savings	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
	£m	£m	£m	£m
December Cabinet Savings*	12.029	(3.178)	1.352	10.203
Additional Proposed Savings	3.422	9.365	14.162	26.949
Subtotal identified savings (Appendix 3)	15.451	6.187	15.514	37.152
Projected inflationary increase to fees and charges assumed in 2027/28 & 2028/29 (2026/27 being part of a transformational review)	0.000	0.645	0.681	1.326
Placeholder for Operational Improvement and Financial Grip Savings	0.000	5.500	2.500	8.000
Less contingency	(1.400)	(2.119)	(3.103)	(6.622)
Total Savings	14.051	10.213	15.592	39.856

*Negative saving in 2027/28 due to reversal of the one-off Rateable Value Finder saving from 2026/27.

Risk Deliverability Assessment	2026/27 £m	Total £m
High – The approach is dependent on either a policy change and/or implementing new technology/processes/assets.	-	4.482
Medium – There are delivery risks associated with the savings that will need to be closely monitored during the year.	4.391	23.235
Low - A robust approach to delivery is clear and mitigations towards associated risks are in place.	11.061	9.435*
Total	15.451	37.152
*Note the total is lower than the 2026/27 effect because the Rateable Value Finder saving of £4.431m is one-off and reverses out.		

9.11. A deliverability risk assessment has been undertaken on each saving to determine underlying risks in delivering the saving in full. This exercise was supported by EY as part of a commission to assess opportunities for balancing the budget. Currently 12% of savings have been identified as high risk to deliver. Similar action will also be required on amber savings which equate to 63% of overall savings

10. FEES AND CHARGES

- 10.1. The existing framework and approved policy for fees and charges sets out the following key principles for setting those fees, in accordance with S93 of the Local Government Act 2003, unless prescribed in other specific legislation:
 - a) Users pay for the service at full cost recovery
 - b) A strategic and informed approach to subsidy and concessions
 - c) Adopting a strategic approach to new charges
 - d) Appropriate communication and engagement with service users
 - e) Coherence with broader efficiency and framework objectives; and
 - f) Fees and charges will be subject to systematic and in-depth review.
- 10.2. A key tenet of the above is that any subsidies or concessions associated with specific charges, which means the cost of delivering the chargeable service is higher than the income derived, are transparent and either prescribed through legislation or as part of an agreed policy that recognises a need to subsidise some or all service users, and the financial impact of that subsidy.
- 10.3. Whilst fees and charges are primarily set annually, there is provision within the constitution to enable in year changes to the level of charges, subject to any increase being limited to inflation plus 3%.
- 10.4. Some fees are set by central government and cannot be amended by the Council. Unless any changes to prescribed charges are announced by government prior to conclusion of the budget process, no increase for 2026/27 has been assumed. Those prescribed charges are highlighted in Appendix 11 to this report
- 10.5. As part of the wider transformation programme a fundamental review of all fees and charges is being undertaken. The review will benchmark all fees against comparator authorities, and provide an updated financial model for ascertaining the full cost, including all overheads and capital charges, of services for which charges should be levied. As the review is currently in progress, for many services, outcomes and recommended changes are likely to follow, with a report back to Cabinet in June with further recommendations, including any in-year options for further increases.
- 10.6. At its meeting of the 11th February 2026 Licensing Committee considered recommendations for changes to those fees and charges delegated to that Committee for determination. As this report is being written prior to the outcome of that meeting, the recommendations incorporated in Appendix 11 are subject to approval. Any changes will be reflected in an addendum to this report and Cabinet is asked to note those changes. It should be noted that for 2025/26 there were few uplifts for licensing, and so some of the recommendations reflect the need to more closely reflect the increased cost

of their administration and enforcement. The financial impact of estimated fee uplifts are included with in the budget estimates for the relevant Directorate.

- 10.7. For those fees and charges required to be reviewed by Cabinet, prior to Council consideration of the 2026/27 budget proposals, unless prescribed by statute, or where there is specific exception, either through initial review of the specific fee, or reason not to increase, a default recommendation of 5% is included, in order that associated fees become more in line with the cost of service provision. The overall estimated increase in General Fund fees and charges is estimated to be some £0.9m, and this is reflected in the draft estimates.
- 10.8. Cabinet agreed the 2026/27 fee structure for allotments at its meeting on the 17th November 2025, and the estimated net saving is also reflected in the draft estimates.
- 10.9. Appendix 11 provides a full schedule of proposed fees and charges for 2026/27.

11. TRANSFORMATION PROPOSALS

- 11.1. The proposed transformation programme stands at £31m over three-years as itemised in Appendix 3b. Delivering this will be critical for ensuring financial sustainability and service recovery over the medium-term. To provide assurance over deliverability, £11m revenue funding and £20m capital funding has been provided within the MTFS, in addition to the Transformation Reserve of £2.7m.
- 11.2. A separate paper is to be presented to Cabinet to set out the resourcing, governance and implementation plan for the transformation savings. As set out elsewhere, a buffer of c.20% has been allowed within the £31m, bringing the net amount required to balance the budget to c.£25m.

12. BUDGET VIREMENTS

- 12.1. In developing the 2026/27 budget and undertaking due diligence, a requirement for technical virements will be required to correct coding, realign approved budgets, profile budgets and any other technical changes such as recognising Directorate service grants by budgeting income and expenditure.
- 12.2. The Council's section 151 officer has authority to make virements up to prescribed limits in the Council's financial procedure rules which will allow technical virement changes prior to period 2 reporting in 2026/27

13. CAPITAL PROGRAMME

- 13.1. An update on the 2025/26 capital programme for both the GF and the HRA can be found within the Quarter 3 Monitoring report also presented to this committee.
- 13.2. The capital programme 2026/27 to 2030/31 follows extensive work with services reviewing the current programme and determining what schemes can be removed, as well as what new externally funded schemes can be added and what additional capital expenditure is required to maintain the delivery of the Council's core operations and services. Appendix 13 shows the capital programme in detail for the GF and the HRA.
- 13.3. In accordance with the Council's capital strategy as set out in appendix 5, expenditure proposals must be affordable, sustainable and prudent, and aligned to the council's corporate plan priorities, with a focus on the following:
 - Maximisation of external funding sources to minimise borrowing.
 - Business critical – investment for safe delivery of essential services to residents and staff.
 - New legislation – Investment required to comply with new legislative requirements.
 - Invest to save – investment that transforms operational efficiency and generates a cashable positive return on investment.
- 13.4. All schemes that require new external borrowing will be subject to Capital Board review and sign off (chaired by the Director of Finance Corporate and Commercial). External Borrowing will also then require approval and sign off from the Section 151 officer and the Finance Commissioner in line with the terms of the Council's EFS from MHCLG before expenditure is committed and any funds are borrowed. This is in line with the secretary of state guidance which states that the commissioner will; providing advice and challenge to the Authority in the setting of annual budgets and a robust medium term financial strategy for the Authority, including strictly limiting future borrowing and capital spending.
- 13.5. A summary of the draft programme is set out in the table below:

General Fund Capital Programme	25/26	26/27	27/28	28/29	29/30	30/31	Total
Directorate	Revised Budget	Draft Estimate	26/27-30/31				
	£m	£m	£m	£m	£m	£m	£m
Adults	1.847	1.415	1.415	1.415	1.415	1.415	7.076
Children's Services	8.519	5.921	5.776	3.342	3.041	3.170	21.251
Regen, Housing and Env't	12.485	27.721	16.008	8.454	7.634	3.112	62.929
Corporate Resources	0.522	1.308	0.540	0.360	0.360	0.360	2.928
General Fund Capital Exp Total	23.374	36.366	23.739	13.572	12.451	8.057	94.184
Transformation Investment	4.000	8.000	9.000	3.000	-	-	20.000
Capitalisation Directions	15.709	42.899	22.433	-	-	-	65.332
General Fund: Total Expenditure	43.083	87.265	55.172	16.572	12.451	8.057	179.516
Funding							
Grant	(19.842)	(29.922)	(16.944)	(9.068)	(9.805)	(4.722)	(70.460)
s106	(1.838)	(0.393)	(1.029)	(0.879)	(0.041)	(0.200)	(2.542)
Capital receipts	-	(1.000)	-	-	-	-	(1.000)
Total External Funding	(21.680)	(31.315)	(17.973)	(9.947)	(9.846)	(4.922)	(74.002)
Prudential Borrowing (Service Capex Programme)	(1.694)	(5.051)	(5.766)	(3.625)	(2.605)	(3.135)	(20.182)
CD - Transformation Investment	-	(8.000)	(9.000)	(3.000)	-	-	(20.000)
Capital receipts (ND) to fund Transformation	(4.000)	-	-	-	-	-	-
Capitalisation Directions	(15.709)	(42.899)	(22.433)	-	-	-	(65.332)
Capital Financing Requirement	(21.403)	(55.950)	(37.199)	(6.625)	(2.605)	(3.135)	(105.514)
General Fund: Total funding	(43.083)	(87.265)	(55.172)	(16.572)	(12.451)	(8.057)	(179.516)

HRA CAPITAL EXPENDITURE	26/27	27/28	28/29	29/30	30/31	Total
	Draft Estimate	Total				
	£m	£m	£m	£m	£m	£m
Total - Repairs & Maintenance (RMI)	18.829	19.877	18.652	17.468	17.520	92.346
Total - Affordable Homes	6.200	5.000	5.000	5.000	5.000	26.200
TOTAL HRA CAPITAL PROGRAMME	25.029	24.877	23.652	22.468	22.520	118.546
FINANCING						
Major Repairs Reserve (MRR)	11.975	14.946	12.986	12.775	13.800	66.482
Capital Receipts Reserve (CRR)	8.763	5.641	10.666	9.693	6.720	41.483
Grant	2.791	2.791	0.000	0.000	0.000	5.581
Section 106	1.500	1.500	0.000	0.000	0.000	3.000
Revenue Contributions	0.000	0.000	0.000	0.000	2.000	2.000
Total Financing	25.029	24.877	23.652	22.468	22.520	118.546

13.6. The detailed GF programme by scheme is set out in appendix 13, Table 1, with the removals, reprofiling and additions set out in Tables 2 to 6 along with the funding assumptions. The HRA programme is also shown in table 7 of the same appendix.

13.7. The programme includes a total of £105.3m of indicative borrowing (EFS of £65.3m, £20.2m of capital expenditure and £20m of transformation investment. Further work will be undertaken to ascertain if there is any grant or section 106 funding that can be used to minimise borrowing as well as whether disposal receipts could be used to reduce the level of EFS. The estimated capital financing costs arising from the requirement for new borrowing against the indicative GF programme have been reflected in the in the treasury management section below.

- 13.8. This expenditure will be subject to internal approval at the capital board and Section 151 & Finance Commissioner approval before expenditure is committed and therefore the borrowing is required.
- 13.9. During the preparation of the capital programme 2026/27 – 20230/31, a detailed review of the current approved programme was undertaken with the following reductions/removals totalling £4.4m reflected in the capital programme as explained further in the table below:

Service/Scheme	£m
RHE- Environment	
Reduction in Electric Vehicle Network programme to bring in line with the revised programme and available funding agreed with DEFRA.	(0.225)
Reduction in Flood Defence programme to bring the project in line with the revised programme and available funding agreed with DEFRA.	(0.361)
Removal of one RCV from the Replacement RCV programme following a detailed reassessment of the requirement and phasing of the purchase.	(0.262)
RHE- Property	
Removal of the reception works budget at Observatory House as this will be considered as part of a wider review of the work requirements in Observatory House.	(0.050)
Rationalisation of the Estate Management Void Works programme. Expenditure on investment properties will only take place where required under the SBCs responsibilities as a landlord or to facilitate a disposal. This includes £1m for the demolition of the bus station canopy to make ready for disposal. The demolition costs will be offset against the capital receipt.	(3.464)
Total	(4.362)

13.10. In addition, following a review of scheme timelines there is a reprofiling of £7.1m from 2026/27 to later years in the recommended new programme as detailed in appendix 13, Table 5.

13.11. The key externally grant funded additions to the programme are:

- **RHE-Highways** - the DfT Highways and Transport funded consolidated programme and the DfT Bus Service Improvement Plan which comprises the Active Travel, Highways Maintenance, Bus Grant, and Local Transport Grant. £13.4m has been added to the existing programme, although the grant funding for these schemes has been confirmed SBC needs to submit a Local Transport Delivery Plan (LTDP) setting out how the funding will be prioritised. This leaves £8.8m budget which will be allocated when the LTDP has been agreed.

- **Adults DFG Grant** - it has been assumed Disabled Facilities Grant funding will continue in year 5 of the programme at the current level of £1.4m per year.
- **Children's Services** - the schools programme assumes Department for Education (DfE) funding will continue at current levels in Year 5 and includes additional funding of £3.9m in line with the grant funding available to Slough.

13.12. The total proposed additions of £32.7m to the programme are set out in Table 3 in appendix 13.

13.13. It should be noted some future years' specific grant allocations have yet to be announced and so will be amended when the final allocations are announced. It should also be noted that the Q3 monitoring report (as reported separately on this agenda) is now reflecting an underspend on the GF service capital programme for 2025/26 of some £2.9m. This is primarily slippage and relates to grant funded schemes and Cabinet has been asked to approve reprofiling of service capital budgets £1.8m to 2026/27.

13.14. Following the 2025/26 closure of accounts a detailed review of any underspends will be undertaken to assess the 2026/27 implications with any proposed carry forwards brought back to Cabinet in the new financial year.

13.15. Any new schemes with a value over £0.5m or with additional revenue implications not specifically identified within the budget report will require full financial appraisal and Cabinet approval before commitment of any expenditure.

13.16. Appendix 6 contains an update on the flexible use of capital receipts which details how £1.3m has been spent of £4m which was set aside in a usable earmarked reserve to be used for transformation expenditure, the £4m was funded from flexible use of capital receipts.

14. TREASURY MANAGEMENT STRATEGY

14.1 The 2026/27 Draft Treasury Management Strategy (TMS) was considered by Audit and Corporate Governance Committee at its meeting on 12 February 2026, and it was resolved that, subject to any amendments arising from the Cabinet, that it be submitted to Full Council for approval alongside the budget report. The TMS (appendix 7) considers the council's borrowing and investment strategy alongside required prudential indicators. It also identifies risk reduction strategies that have been established to ensure the fundamental aims of security, liquidity, and yield of the Council's investments.

14.2 The council must operate within the parameters of a balanced budget (taking account of the EFS detailed within this report), and that means broadly that

cash raised during the year will meet cash expenditure requirements. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in secure counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

- 14.3 A key element of the TMS is the funding of the Council's capital expenditure plans. The five-year capital programme provides a guide to the borrowing need of the council, essentially the longer-term cash flow planning to ensure that the council can meet its capital spending plans. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses.
- 14.4 Detailed within other sections of this report is the requirement for £65.3m of EFS across the 2026/27 and 2027/28. This means the Council can borrow up to this amount to enable it to meet its on-going revenue expenditure, on top of this is the requirement for £20m of capital investment in transformation. The debt repayment strategy (appendix 8) assumes the repayment of any borrowing that cannot be funded from disposal receipts. The table below summaries this position:

Financial Year	EFS In Year £m	Transformation Investment £m	Capital Receipts applied £m	Minimum Revenue Provision £m	Borrowing Related to EFS £m
2018/19	78.0				
2019/20	47.5		7.7	2.9	
2020/21	24.9		0.0	4.5	
2021/22	60.0		1.7	5.5	
2022/23	56.6		107.2	7.8	
2023/24	46.3		26.9	4.5	
2024/25	23.1		75.6	4.9	
2025/26	15.7		8.7	2.8	
Sub Total	352.2	0.0	227.8	32.8	91.6
2026/27	42.9	8.0	27.7	3.0	
2027/28	22.4	9.0	21.4	3.6	
2028/29	0.0	3.0	30.3	3.8	
Total	417.5	20.0	307.2	43.3	87.1

- 14.5 Disposal receipts from the sale of assets are used to reduce the level of borrowing required under the terms of the Council's EFS agreement. The TMS strategy assumes £84.7m of GF disposals and £15.6m of HRA disposals over the next 4 financial years as profiled in the table below, asset sales are

complex and subject to many variables, the position on asset disposals will be reported to Cabinet quarterly as part of the financial monitoring report.

Financial Year	GF Disposals	HRA Disposals
2026/27	27,731,629	12,798,000
2027/28	21,362,608	2,850,000
2028/29	30,301,713	
2029/30	5,272,917	
Total	84,668,866	15,648,000

- 14.6 A high-level assessment of the ongoing borrowing requirement to fund a capital programme for the following 15 years after the 5-year programme has been made, this has enabled the Council to develop a debt repayment strategy which shows how the Council plans to reduce the level of debt over the next 10 years (appendix 8).

15. HOUSING REVENUE ACCOUNT (HRA)

- 15.1. A report on the HRA 30yr Business Plan and Medium-Term Revenue & Capital Budgets 2026/27 is also set before this Cabinet for consideration. Set out below is the proposed HRA Revenue budget for 2026/27. In year surpluses are transferred to the ringfenced HRA general reserves to safeguard the Council against any risk and uncertainty in the current financial and operational environment for social housing and to meet future exceptional requirements.

Description	2026/27 Budget £m
Repairs & Maintenance	14.687
Housing Management	8.062
Centra Support Recharges	3.291
Estate Services	4.308
Capital Charges	15.062
Total expenditure	45.410
Dwelling Rental Income	(42.647)
Service Charges Income	(3.675)
Non-Dwelling Rental & Other Income	(1.132)
Total Income	(47.462)
(Surplus) / Deficit for the year	(2.052)

15.2. The 30-year HRA Business Plan is subject to mandatory, regular, and event-driven updates to ensure the long-term financial viability of Council housing services. A refresh has been recommended by commissioners following the development of the Housing Strategy, sample from the updated stock condition and other surveys underway, to and evidence the ability to meet the needs of tenants, compliance with consumer standards and scenario/sensitivity test its long-term viability.

16. DEDICATED SCHOOLS GRANT

Background to DSG position

16.1. The Dedicated Schools Grant provides funding for schools and is split into four blocks. For a period of five years up to 31 March 2028, any deficit associated with the DSG is kept off local authorities' balance sheet due to a statutory override as set out in The Local Authorities Capital Finance and Accounting (England) Regulations. These regulations also prohibit local authorities from contributing from the General Fund to reduce the deficit.

16.2. Allocations to local authorities for 2026/27 were published in December 2025. The allocations to Slough are summarised in **Table 1** below:

Table 1: Year-on-year summary of DSG allocations 2026/27, by DSG Block

	A	(Note 1) B	A+B=C	D	D-C	(D/C) x 100
DSG Block	Gross DSG 2025/26 £'000	Plus specific grant actuals 2025/26 £'000	Adjusted total funding 2025/26 £'000	Provisional Gross DSG 2026/27 £'000	Year-on- year change £'000	Year-on- year change %age
Schools Block	£184,973	£4,699	£189,672	£192,182	£2,510	1.32%
Central School Services Block (CSSB)	£921	£0	£921	£935	£14	1.52%
Early Years	£24,942	£209	£25,151	£26,964	£1,813	7.21%
High Needs	£40,169	£2,105	£42,274	£42,403	£129	0.31%
Total 2025/26	£251,005	£7,013	£258,018	£262,484	£4,466	1.73%

Note 1: Schools Block includes specific grants for National Insurance Contributions (NICs) Grant and School Budget Support Grant (SBSG). Early Years Block includes Early Years National Insurance contributions and teachers pay grant (EYNTPG). High Needs Block includes Core Schools Budget Grant (CSBG and SBSG for special units and resource bases).

- 16.3. The **School Block** uplift largely reflects the transfer of grants into the DSG, including the Core School Budget Grant and National Insurance Contributions (NICs) Grant which is included in the DSG at a full-year rate for 2026/27.
- 16.4. Overall, there is a **£2.510m (+1.3%)** increase on the funding provided in 2025/26, including the NICs Grants and SBS Grants. There are, however, 332 fewer pupils in 2026/27, compared to 2025/26, who would have been funded at an estimated rate of **£1.946m**. If the 2026/27 pupil numbers had prevailed in 2025/26, the increase in 2026/27 would have been **+£4.456m (+2.4%)**.
- 16.5. Decisions have already been made about transferring **0.5% (£0.961m)** of Schools Block to CSSB (**£0.100m**) and HNB (**£0.861m**). Schools Forum to agree size of Growth Fund, which is the subject of a separate report and the Minimum Funding Guarantee, which must be set between -0.5% and 0% per pupil, compared to the baseline.
- 16.6. Overall, the **Central School Services Block** funding increases by **£14k**. School Forum already decided in November 2025 that **£0.100m** from Schools Block would be added to CSSB in 2026/27 for Admissions.
- 16.7. The additional **Early Years Block** funding of **£1.8m** supports the continued expansion of government-funded childcare to help more parents, particularly women, stay in and return to work. The key change for 2026/27 is the basis of counting 3- & 4-year-old part-time equivalent (pte) pupils. DfE has acknowledged that this approach will result in just under 3% fewer pte pupils being counted nationally (with the same underlying participation levels), but they have quantified that and added it to the funding rate, so that there is no loss of funding to the sector.
- 16.8. Further expansion of provision expected during 2026/27 to reflect the changes which took effect from autumn 2025 for Under 2s and 2YOs.
- 16.9. With all funding tied to termly censuses, local funding rates need to be sensitive to policy and practice which results in settings being funded for pupils who do not appear on the census (eg late admissions).
- 16.10. The **£0.1m** increase in the **High Needs Block** solely relates to passporting of grants at their full annualised rate; there is no other increase in the High Needs DSG. It is expected that, when the DfE publish their SEND White Paper, which they have indicated will be available in the Spring, funding announcements will accompany that.
- 16.11. Schools Forum already agreed in November 2025 that funding could be transferred to the High Needs Block in 2026/27 and the sum to be included in the budget proposals is **£0.861m**.

16.12. The DfE will recoup funding for high needs places and mainstream formula funding allocations at source for academies and free schools in Slough, as well as National Non-Domestic Rates funding for LA maintained schools and high needs place funding at FE colleges. The resulting net DSG which Slough will be managing during 2026/27 will vary if schools become academies or if allocations change.

16.13. The estimated starting position for 2026/27 is set out in **Table 2** below, taking account of the adjustments described above. This also includes the forecast net spend on the basis of expected commitments during 2026/27. It is evident that there is insufficient DSG available to cover known commitments. Officers expect a £20.9m in-year deficit, leading after Safety Valve to a £14.4m adverse movement in the DSG cumulative deficit.

Table 2: Summary of available DSG funding 2026/27, by block, AFTER RECOUPMENT, and forecast net position by year-end.

DSG Block	Gross DSG 2026/27 (Dec 2025)	less estimated ESFA recoupment Note 1	Movement between blocks	Net DSG income available to LA	Forecast net spend position 2026/27	Year-end balance
Schools Block	£192,182	-£148,644	-£961	£42,577	£42,973	£396
Central School Services Block	£935		£100	£1,035	£1,035	£0
Early Years	£26,964			£26,964	£26,964	£0
High Needs	£42,403	-£10,896	£861	£32,368	£52,919	£20,551
Total 2025/26	£262,484	-£159,540	£0	£102,944	£123,891	£20,947
Plus Safety Valve				£6,480	£0	-£6,480
TO RESERVES: Forecast net movement in DSG 2026/27				£109,424	£123,891	+£14,467

16.14. This is a difficult position for Slough to be in. Many other LAs are unable to set a balanced budget for their DSG, too.

16.15. The Chartered Institute of Public Finance and Accountancy (CIPFA) has indicated in its publications (eg Reforming SEND Finance – February 2025) that the statutory override for the DSG (referred to in **section 3** earlier) is not consistent with good financial management. Indeed, even in circumstances where large DSG deficits are disregarded on the Council's balance sheet, the borrowing costs associated with maintaining them is likely to impact on the Council's General Fund position.

- 16.16. The statutory override creates further tensions as Local Authorities are not permitted to budget for a deficit. Equally, where there is an underlying overcommitment and an absence of a robust plan to recover the deficit position, officers fulfilling their statutory responsibilities may question the authority on which they are able to make new resource commitments within existing policies and regulations.
- 16.17. The recently appointed Government SEND Commissioner for Slough has instigated the creation of a set of governance arrangements for managing Slough's SEND strategy, including improving the financial position. This may or may not lead to requests for key decisions requiring Cabinet approval later in the financial year.
- 16.18. The recommended approach is to invite Cabinet and Council to agree the Block funding at the level of the available grant as the budget approval for 2026/27 (i.e. **£102.9m**). Cabinet and Council would also, however, be asked to note the expected in-year variation of **£20.9m**, based on the assumptions set out later in this report.

DSG Deficit and Safety Valve

- 16.19. Dedicated School Grant (DSG) has had a deficit balance for several years mainly due to overspends on the High Needs Block. This mainly relates to increased demand for out of borough SEN placements, post 16 services and places at Special schools.
- 16.20. By the end of 2021/22, the DSG deficit had reached **£25.4m**. In order to avert reaching the prevailing, estimated, unmitigated deficit of **£41.7m** by the end of 2026/27, the Council entered into a multi-year Safety Valve Agreement with the Department for Education in March 2023. This required Slough to take action to manage demand and reduce the in-year deficit to nil, in exchange for the DfE providing conditional funding of **£27m** to assist in addressing the cumulative deficit. That conditional **£27m** would be paid on a profile through to 2026/27, subject to Slough meeting its obligations.
- 16.21. **Table 3** includes the payment received / to be received from the DfE since 2022/23.

Table 3: Schedule of original and revised profile of Slough Safety Valve payments

Year	The Department agrees to pay to the authority an additional £m of DSG by year end			
	Annual	Total	Revised	Total
2022-23	£10.80m	£10.80m	£10.80m	£10.80m
2023-24	£3.24m	£14.04m	£4.41m	£15.21m
2024-25	£3.24m	£17.28m	£2.07m	£17.28m
2025-26	£3.24m	£20.52m	£3.24m	£20.52m

2026-27	£6.48m	£27.00m	£6.48m	£27.00m
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16.22. **Table 4** indicates how Safety Valve has affected the cumulative DSG deficit reported since 2022/23. By March 2025, the DfE had paid Slough **£17.3m** of the potential **£27m** Safety Valve support. Without that support, the DSG deficit at the end of 2024/25, would have been £27.7m, but the DfE support meant that Slough ended the year with a net deficit of £10.5m. At that point, the net DSG deficit was lower than the projected further Safety Valve support of £9.7m.

Table 4: Summary impact of Safety Valve support on DSG balance position since 2022/23

Movement of DSG deficit	Without Safety Valve £m	Safety Valve Impact £m	Net DSG position £m
Net DSG deficit b/f 2022/23	£25.4m	£0m	£25.4m
In-year movement 2022/23	+£0.3m	-£10.8m	-£10.5m
Net DSG deficit b/f 2023/24	£25.7m	-£10.8m	£14.9m
In-year movement 2023/24	-£0.4m	-£4.4m	-£4.8m
Net DSG deficit b/f 2024/25	£25.3m	-£15.2m	£10.1m
In-year movement 2024/25	+£2.4m	-£2.1m	+£0.3m
Net DSG deficit b/f 2025/26	£27.7m	-£17.3m	£10.5m
Q3 forecast movement 2025/26	+£11.7m	-£3.2m	+£8.5m
Net DSG deficit b/f 2026/27	£39.4m	-£20.5m	+£18.9m
Current projected in-year movement 2026/27	+£20.9m	-£6.5m	+£14.4m
Forecast position at end of 2026/27	£60.3m	-£27.0m	£33.4m

16.23. Elsewhere on this agenda, the Q3 2025/26 forecast monitoring position on the DSG indicates an in-year deficit of **£11.7m**, offset by the Safety Valve contribution of **£3.2m**. The tables earlier in this report explain the current forecast net overcommitment of **£14.4m** on the DSG for 2026/27 (ie **£20.9m** in-year deficit, offset by **£6.5m** Safety Valve contribution).

DSG Budget proposals for 2026/27

16.24. Schools Forum considered the DSG budget for 2026/27 for the Schools Block, Central School Services Block, Early Years Block and High Needs Block at its meeting on 15 January 2026.

16.25. The DfE funding regulations require the Schools Forum to make determinations on specific aspects of the budget and for others the LA is to decide following consultation with Schools Forum (and, in the case of the

mainstream school and early years formulae, with schools and settings themselves).

16.26. Clear proposals about the basis for allocating the 2025/26 budget were agreed by Schools Forum (SF) and these are summarised in **Table 5**.

Table 5: Status of DSG proposals for 2026/27, following Schools Forum meeting 15 Jan 2026

Block	Component	Funded from Block £'000	Recoupment & Transfers between blocks £'000	Total LA funding for 2026/27 £'000	Status
Schools Block	Mainstream funding formula (schools and academies)	191,167		191,167	SUPPORTED BY SF. Cabinet to DECIDE
	Set the Minimum Funding Guarantee at 0% (£0.121m included in formula above)	N/A	N/A	N/A	DECIDED BY SF
	To Growth Fund (a further £396k to be funded from unspent allocation from 2025/26)	54		54	
	To Central School Services Block (Admissions)	100	-100	0	
	To High Needs Block	861	-861	0	
	Less estimated DfE recoupment	0	-148,644	-	Technical adjustment advised by DfE
Total Schools Block		£192.182	-£149,605	£42,577	
Central School Services Block (CSSB)	LA Safeguarding Children Board	30		30	DECIDED BY SF
	Servicing Schools Forum	64		64	
	Admissions (plus £0.100m from Schools Block)	231	100	331	
	Copyright Licences	187		187	
	Education Welfare	204		200	
	Asset Management	13		13	
	Statutory & Regulatory Services	206		206	
Total CSSB		£935	£100	£1,035	
Early Years Block	Distributed to settings on rates proposed for the local 2026/27 EYFF using the participation levels included in the EY DSG for 2026/27	23,661		£23,661	SUPPORTED BY SF. Cabinet to DECIDE
	Contingency	250		250	
	Early Years Inclusion Fund	472		472	
	Allocations for Maintained Nursery Schools, consistent with the amounts in the 2025/26 EY DSG	1,330		1,330	
	Disabled Access Fund	121		121	Payable as per DfE requirements
	Early Years Pupil Premium	376		376	DECIDED BY SF
	Central Team funding	754		754	
Total Early Years Block		£26,964	0	26,964	
High Needs Block	Gross HN DSG and £0.861m transferred from Schools Block	42,403	861	43,264	Cabinet to DECIDE.
	Less estimated DfE recoupment		-10,896	-10,896	Technical adjustment advised by DfE
Total High Needs Block		42,403	-£10,035	33,368	
GRAND TOTAL DSG 2026/27		£262,484	-£159,540	£102,944	

Cabinet asked to agree proposed net DSG budget for 2026/27 at the level of the grant	£102,944	
Forecast net spend on DSG 2026/27	£123,891	See earlier table
Cabinet asked to note forecast overspend for 2026/27	£20,947	

16.27. The decisions for Cabinet are:

- to agree the local formulae for schools and early years;
- to support the decisions of Schools Forum on the aspects of the Schools, Central Services and Early Years Blocks that are theirs to decide; and
- to agree a budget each of the DSG Blocks, consistent with the available funding for 2026/27 of **£102.944m**, noting the **£20.947m** over-commitment in the DSG against that budget.

16.28. **The mainstream schools funding formula** is consistent with the approach taken in 2025/26. All LAs are required to align their formula with the National Funding Formula (NFF) over time. Formula factors which are within +/- 2.5% of the NFF values are deemed to be mirroring the NFF. Where factors are outside that range, they are required in 2026/27 to move at least 10% closer than they were in 2025/26.

16.29. For Slough, only the mobility factors fell outside the range for 2025/26, but Schools Forum, following consultation with all schools, agreed to change the values to match the NFF for 2026/27. There were no other proposed changes to the formula for 2026/27.

16.30. The principles that informed the formula for 2026/27 were, therefore:

- The formula factor values used in the funding formula for 2025/26 should be the starting point
- Those values would then be supplemented by the full-year amounts of per pupil, per FSM6 and per school allocations used in the specific grants allocated in 2025/26, which are being absorbed into the DSG for 2026/27 (ie National Insurance Contributions (NICs) Grant and School Budget Support Grant (SBSG), including 2025/26 Area Cost Adjustment).
- Mobility Factor to be set to the NFF value without further amendment
- National Non-Domestic Rate amounts for each school will be as per those advised by DfE. (ie Slough participates in the national scheme whereby the DfE pays rates directly to the rating authority and advises LAs, schools and academies of how much to budget for now and, later in the year, of any adjustments to account for).
- PFI allocations to be uplifted by Retail Price Index (RPIx) of 4.2% from those used in 2025/26, consistent with the uplift reflected in those amounts in the NFF for the affected schools.. (The LA has not yet been successful in

persuading the DfE to make a stepped increase to the Schools Block PFI factor in the DSG)

- All other factor values to be uplifted by a flat percentage (1.532%) to distribute the available funding, subject to:
 - Where the resulting factor values are outside the permissible range (ie +/- 2.5% from the NFF value) (to comply with DfE NFF requirements) they either be raised to the minimum value or reduced to the maximum value.
 - Schools and academies to be entitled to minimum funding of £5,115 per primary school and £6,640 per secondary school).
 - Schools for be protected by the Minimum Funding Guarantee of 0% for 2026/27, which is the maximum permissible amount this year. (ie schools would be guaranteed at least the same per pupil funding for pupil-led funding in 2026/27 as in 2025/26).
 - Any modest, residual headroom that cannot be allocated by a per pupil amount to two decimal places (ie roundings) be adjusted on the Growth Fund (ie likely to be pennies or only a few £s in total).

16.31. Schools Forum supported this approach, and the resulting formula values and individual school budgets are set out in Appendix 4.

16.32. Those figures have been submitted to the DfE by their deadline of 22 January 2026.

16.33. DfE require confirmation by 28 February 2026 that there is political support for the mainstream funding formula approach reflected in the figures provided to them.

16.34. **The early years funding formula** has not changed in terms of the formula factors. The values, however, have changed to reflect the unit values in the National Funding Formula and the local arrangements for centrally retained funding, Early Years Inclusion Fund and contingency..

16.35. The summary use of the early years DSG for 2026/27 are set out in **Table 6**.

Table 6

Proposed Early Years Budget 2026-27

Age range	All pupils	Deprivation	Contingency	Inclusion	MNS	EYPP	DAF	Total for settings	Centrally retained	GRAND TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
3&4YOs	£13,070	£177	£80	£285	£1,330	£239	£94	£15,275	£421	£15,696
2YOs	£6,149	£94	£70	£147	£0	£127	£22	£6,610	£200	£6,810
U2YOs	£4,164	£7	£99	£40	£0	£10	£5	£4,324	£133	£4,458
Total forecast commitments 2026-27	£23,383	£278	£250	£472	£1,330	£376	£121	£26,210	£754	£26,964

The formula values that underpin this are in **Table 7**.

Table 7 – Proposed Slough Funding Rates comparison 2025/26 to 2026/27

Component	2025-26 rates	2026-27 rates	£ increase	% increase
3-4 Yr Old	£6.51	£6.92	£0.41	6.30%
2 Yr Old	£9.46	£9.50	£0.04	0.42%
U2 Yr Old	£12.95	£13.26	£0.31	2.39%
Deprivation	£0.78	£0.85	£0.07	8.97%
SEN Inclusion	£130,000	£472,000	£342,000	263.08%
EYPP	£1.00	£1.15	£0.15	15.00%
DAF	£938	£975	£37	3.94%
Pass through Compliance	96%	97%		

16.36. These proposals set out clearly how the early years funding will be allocated in 2026/27. The modest increase for 2 year-olds (+0.42%) arises because the original inclusion of Bright Futures 2YOs, separate to the arrangements for Working Families 2YOs, did not include any deduction for the SEN Inclusion Fund, nor an appropriate contribution to the contingency fund. The arrangements for 2026/27 put all age-groups on an equal count basis and the approach for all needs to be consistent. The **£9.50** figure is the outcome of applying the same principles to all age-groups.

16.37. Members are advised that the funding received from the DfE for Early Years DSG is driven by termly counts for all age groups.

16.38. The contingency of **£0.250m** in the proposals is larger than the **£41k** that was set aside in 2025/26. This is because a termly count is being used for the first time for 3&4 year-olds. Local policy and practice allows pupils to be funded if they enrol at settings later in a term, after the termly census has taken place. Those pupils would not attract DSG income and, if there were sufficient of them, the LA could find itself overspent on the Early Years DSG. The contingency was calculated with reference to the numbers of late admissions in the previous three terms. Officers believe this contingency is prudent and monitoring arrangements during 2026/27 will have to specifically track for this issue.

16.39. **The High Needs budget** is the main focus of the Safety Valve agreement with the DfE. The available funding for 2026/27 is insufficient to meet the expected commitments; officers presented a forecast position to Schools Forum that indicated a forecast in-year overspend of **£20.5m** against the available DSG.

Table 8: Forecast budget overspend against available DSG funding 2026/27

Component	Forecast gross budget overspend 2026/27 £'000	Less estimated recoupment £'000	Forecast net budget overspend 2025/26 £'000
1. Places only	£13,113	-£10,896	£2,217
2. SEND and AP Top-Ups	£46,808		£46,808
3. Other High Needs provision	£3,894		£3,894
Total allocations	£63,815	-£10,896	£52,919
Funding transferred from Schools Block	£861		£861
High Needs DSG Funding (Gross)	£42,403	-£10,896	£42,403
Total funding	£43,264	-£10,896	£32,368
Net position	£20,551	0	£20,551

16.40. **High Needs Places.** The LA has formally agreed to increases in Autumn 2026, as part of the DfE's November place change exercise, for:

- Arbour Vale (for its satellite provision) by 60 places;
- Marish by 25 places; and
- Willow for a new provision with 12 places.

16.41. There will be interim arrangements with Arbour Vale and Marish for the summer term, outside of recoupment. The LA expects to agree additional places, possibly as many as 100 with Windsor Forest College Group, subject to the high needs numbers on their January 2026 census. Provision has been set aside for 27 early years places, but this is subject to evaluation of the proposed initiative and then capacity for 54 additional places during 2026/27.

16.42. **High Needs Top-ups.** The forecast is based on the current cases that are expected to still be open on 1st April 2026, plus provision for new cases from January 2026 through to March 2027. As indicated previously, we are expecting 43 cases per month until early April 2026, then 30 per month thereafter, with around 100 leavers in the summer. The average annual cost of the cohort of 2,028 existing cases for 2026/27 is £17,533, compared to £16,923 for the 1,989 fte cases being funded in 2025/26. This suggests that either the profile of cases is shifting to more expensive provision or the rates of funding in the summer term 2025 were lower than those in the autumn term 2025.

- 16.43. The inclusion of Core School Budget Grant in specialist provision and Schools Budget Support Grant in mainstream special units and resource bases in 2026/27 accounts for **£2.233m** more commitments than were previously expected. This is matched by additional High Needs DSG to that value, so the impact is neutral.
- 16.44. Inflation is included at 1.5% but this assumption will need to be revisited. The effective freezing of high needs top-up rates in Slough puts pressure on the funding bands and the sustainability of that will need to be reviewed.
- 16.45. For 2026/27, it is currently assumed that half of all new EHCP cases will be funded at the INMSS average rate because local provision is expected to be at capacity. This assumption needs to be reviewed as additional local capacity in special schools and resource bases has been agreed over this academic year and beyond.
- 16.46. A potential, unquantifiable risk relates to cost pressures which may emerge once backlogs of annual reviews are cleared. This is likely to require resources from the General Fund as most annual reviews are not being completed because the focus of the available resource is on completing assessments for EHCPs.
- 16.47. **Services.** These services are being reviewed and during 2026/27 revised budgets for existing commitment and new initiatives may be agreed. For instance, there are specialist teacher posts to support the graduated approach locally, as well as other priority actions inputs arising following the OFSTED SEND inspection that will need budgets. Other initiatives, such as early year hubs and local inclusion funds will need formal approval if they are to proceed. For the moment, these budgets have been increased by 2.5%, apart from the PFI contribution, which rises by 4.2% to be consistent with the uplift reflected in the PFI factor in the Schools Block.
- 16.48. **DSG Income.** The actual High Needs DSG for 2026/27 only included the passporting of grants. There was no increase in the available funding otherwise. It is expected that funding announcements will accompany the publication of the SEND White Paper later this term. Schools Forum decided to continue to transfer funding from Schools Block at its meeting in November 2025 and this amounts to **£0.861m**.
- 16.49. All other things being equal, this produces a forecast deficit in 2026/27 of **£20.551m**.

16.50. In summary, on the DSG, Members are asked to support the DSG funding arrangements set out in this section.

17. BUDGET RISKS

17.1. The budget for 2026/27 and MTF5 considers financial risks that may materialise and if not mitigated will impact on the Council's ability to manage within available resources. As part of approving the budget in February 2026, the Chief Finance Officer under Section 25 of the Local Government Act 2003 has reported on the robustness of estimates and adequacy of reserves. This includes an assessment of financial risks. The table below summarises the financial risk exposure to the Council that is known as at the time of preparing this report. It is important to note that further work is continuing as described in the section 25 statement which may expose the Council to further financial risk and will require appropriate controls implemented to mitigate the risk. Appendix 9 provides further detail and mitigations for each budget risk identified.

17.2. Budget risks have been assessed using the Council's corporate risk management approach to evaluating risks in conjunction with the risk manager. A summary of the risks are set out below and detail included in Appendix 9.

Risk Category	Red £m	Amber £m	Yellow £m	Green £m	Total £m
Funding					0.000
Inflation		0.500	1.324		1.824
Demand	11.740				11.740
Savings		1.400			1.400
Companies	5.000				5.000
Corporate		2.000		6.000	8.000
Financing Costs			0.347	0.700	1.047
Total	16.740	3.900	1.671	6.700	29.011
Reserve Coverage	100%	50%	50%	25%	
Weighted Risk	16.740	1.950	0.836	1.675	21.201

17.3. The Council's General Fund reserve exceeds the weighted risk allowance. In addition, other reserves which could be brought to bear in the event that risks materialise are set out in section 18, including the Budget Smoothing Reserve and potentially the Redundancy Reserve. Risks will need to be closely

monitored during 2025/26 to limit the council to risk exposure and impact on financial resilience.

- 17.4. The Council has sufficient reserves in 2026/27 to manage the red risks should these risks not have sufficient mitigations in place. It is noted from the S25 statement that risks will need to be closely monitored during 2026/27 to limit the Council's risk exposure and any impact on financial resilience. It is prudent to allow for a corporate contingency to manage fluctuations and budget risks including the pay award assumptions for 2026/27. The following budgets are held corporately:

	£m
Non-Delivery of Transformation Savings based on detailed confidence review.	1.4
Core Spending Power – Provision for new burdens associated with additional funding.	1.4
General Contingency for budget risks.	2.2
Subtotal Corporate Contingency	5.0

18. RESERVES

- 18.1. The Council maintains usable reserves to fund specific projects including meeting specific commitments, provide a working balance to meet uneven cashflows or as a contingency to meet costs for unforeseen events or emergencies including risks should they materialise that cannot be mitigated.
- 18.2. The table below shows a summary of the reserves held by the Council and the forecast balance as at 31 March 2026. By 31 March 2026, the Council is expecting to hold a General Fund reserve of £9.465m having estimated that £15.5m will be consumed by the 2025/26 overspend (based on Q3 Forecasting). £8.972m is 5% of net revenue expenditure in 2026/27. This is evidently insufficient so will be resolved by the additional EFS as set out in the table overleaf.

MTFS Reserve	April 2025 Reserves Position	Budgeted or Forecast Transfers to/(from) reserves 2025/26	Forecast Reserve Position as at 31/3/2026
Transformational Reserve	3.657	(0.998)	2.659
Directorate Carry Forwards	0.186	(0.123)	0.063
MTFS Reserve Total	3.843	(1.121)	2.722
Better Care Fund	1.278	0.000	1.278
Public Health Reserve	1.818	(1.174)	0.644
Redundancy/Severance Payments	5.173	(0.226)	4.947
General Reserve	23.465	1.000	8.972
<i>(2025/26 overspend)</i>		<i>(15.493)</i>	
Budget Smoothing Reserve	5.060	(1.373)	3.687
Other Earmarked Reserves	2.749	0.000	2.749
Earmarked & General Reserves Total	43.386	(18.387)	24.999

- 18.3. The table below shows expected movements on the General Fund from the above position over the three-year MTFS period, with the reserve amounting to approximately 10% of net spend once the 2025/26 overspend has been addressed.

General Fund Reserve	2025/26	2026/27	2027/28	2028/29
Opening Balance	23.465	8.972	19.972	22.972
Contribution in base budget of £1m per year, with a further £10m in 2026/27 and £2m in 2027/28 as part of the Council's EFS request.	1.000	11.000	3.000	1.000
Assumed impact of 2025/26 overspend	(15.493)			
Closing balance	8.972	19.972	22.972	23.972
Net revenue budget	175.527	236.619	226.515	219.828
Percentage of net revenue budget	5.11%	8.44%	10.14%	10.90%

- 18.4. CIPFA publish a financial resilience index on key metrics across all English councils. One metric measures the percentage of usable reserves (excluding public health and schools). In 2023/24, the latest available information, council's nearest neighbours held between 20.51% and 87.48% of usable reserves compared to their net revenue expenditure. Whilst this provides comparative data, the Council will need to consider its reserve strategy which is set out in Appendix 10.
- 18.5. CIPFA publish a financial resilience index on key metrics across all English councils. One metric measures the percentage of usable reserves (excluding public health and schools). In 2023/24 the latest available information, council's nearest neighbours held between 20.51% and 87.48% of usable reserves compared to their net revenue expenditure (Slough 25.15%). Whilst this provides comparative data, the council will need to consider its reserve strategy.
- 18.6. As part of the Council's recovery and improvement plan, a reserves strategy has been appended to set out how reserves will be replenished and set at an appropriate level to manage financial health and risks.

19. CONSULTATION AND ENGAGEMENT

19.1. Equality impact assessment

19.2. The Equality and Human Rights Commission advises that alongside ensuring that equality impact assessments are carried out for individual decisions, the Council should also undertake a cumulative impact assessment when there are a range of savings or changes being proposed at the same time. A cumulative impact assessment has been undertaken to support the finalisation of the budget and MTFS.

19.3. Given the Council's acute financial position, there could have been considerable cumulative equality impacts relating to the 2026/27 budget. The assessment concludes that the strategic approach to the MTFS and the move to this new operating model and related Transformation Programmes have enabled the Council to minimise cumulative equality impacts in the following ways:

- **A focus on sustainability over a three year period:** the proposed MTFS covers three years, aligned to the Government's three-year funding settlement. By taking a three year approach, it has enabled savings to be achieved through Transformation. **This approach avoids more traditional service cuts which would have led to a greater level of cumulative impacts.**
- The re-basing of the budget to address pressures- including £25m predominantly for Temporary Accommodation and Adult Social Care. This is intended to protect services for highly vulnerable groups. **Whilst this does not bring positive impacts it protects the most vulnerable groups against further negative impacts.**
- A focus on financial grip and operational improvements – **this recognises that there are opportunities to realise efficiencies and increase income which helps protect service budgets.**
- The Transformation Programme is underpinned by the adoption of a new Operating Model that moves to the Council operating as an “**Enabling Council,**” designed to meet the needs of Slough's diverse communities. **The Transformation Programme seeks to tailor services more towards the specific diverse needs of Slough residents, as summarised in the November Transformation Plan.** Programmes therefore focus on services being more enabling, working more in partnership with residents and partners, developing more accessible services that seek to get thing right first time, support independence and work preventatively to tackle root causes
- Alongside this, there are Transformation proposals that are driven by, a strong modernisation agenda, **as it is recognised that there is more to do to make processes more efficient and effective, reducing costs and increasing income. This also helps protect service budgets.**

- 19.4. In order to make a strong case for Exceptional Financial Support, the Council has to show it is doing everything possible to balance budgets. This is why there has been an increase to Council Tax and a reduction in Council Tax support. Council Tax increased disproportionately impact those on lower incomes, as a “regressive tax.” These decisions, however, have been made against a challenging background, and alternative choices would likely result in increasing borrowing or reducing service levels.
- 19.5. The assessment identifies the proposals that have an impact on residents or staff, and details the specific groups that are impacted, and summarises the cumulative impacts. The assessment identifies the following impacts, noting more work was needed to identify the impacts in future years:

Positive impacts

- Single homeless people- a typical single homeless person in Slough is **male, aged 26–55, and likely to be an EU national.**
- Children /older people /disabled people (who are most impacted by poor air quality)

Impacts as yet to be fully assessed:

The main groups impacted by transformation include:

- Disabled adults who are mental health service users
 - Potential adult social care clients – disabled adults and older people
 - Residents in private rented sector
 - Residents in housing needs - disabled people, women (especially those affected by domestic abuse or pregnancy), young people and care leavers, ethnic minorities, migrants with insecure status, rough sleepers, older people, and those facing language, literacy, or digital barriers.
 - Residents who use customer services: The service responds to between 3500 and 4500 calls per month and also sees between 700-800 people in person. From listening to calls and observing in person sessions, there are a core group of residents who need help and could be more effectively engaged in a different way to meet their needs and reduce repeat contacts – this 5% of callers were responsible for over 30% of all Customer Services calls received.
 - Disabled children with SEND.
- 19.6. The impacts from these changes are yet to be fully analysed and the intention is for these to be neutral or positive as service cuts are not proposed. Analysis will take place as part of the EIA accompanying the decision making process.

19.7. The proposals also include plans for greater automation and digitisation. The full impact of these proposals are yet to be analysed, These plans seek to make it easier to do business with the Council and within the Council rather than a blanket move to digital by default. Indeed, the Council is committed to developing its face to face offer into a more rounded support offer that resolves issues for the most vulnerable residents as set out in the November Transformation Plan.

Negative impacts:

There are proposals which impact lower-paid residents and staff which are detailed in the full cumulative impact assessment, and include the increase to council tax, the reduction in council tax support and operational savings affecting low income staff. Lower paid residents in Slough are overrepresented by:

- **single parents (mostly women)**
- **children,**
- **disabled people and carers**
- **Asian/Muslim households, who are more likely to have larger families and lower incomes.**
- There are also potential *negative* impacts for motorists and passengers, which would include **disabled people**.

19.8. The assessment makes recommendations in relation to:

Programme Management and Governance

- The approach to achieving financial sustainability is reliant on the successful delivery of major programmes to achieve financial grip, operational savings and transformational savings. To ensure these achieve the intended benefits, a well resourced implementation programme will be needed covering:
 - Programme management of transformation
 - Support from corporate services like Digital and Finance, HR and change support
 - Culture change, communications and resident engagement.
- Tracking of financial and other benefits needs to pay close attention to any unintended negative impacts. The council has established a Design Authority to support the implementation of change.
- Programme governance needs to be appropriate for the size and scale of the programme of financial grip, operational savings and transformation.

Continued analysis and cumulative impact assessments

- Where proposals are still under development, business cases should fully assess equality impacts and identify the need for and carry out consultation as required.
- This Cumulative Impact Assessment should also be kept under review
- Given the cumulative impacts identified on low-income groups, work will be needed to target hardship support and to offer this support in hubs and community setting should be supported and developed.
- The proposals also include plans for greater automation and digitisation. The full impact of these proposals are yet to be analysed. An equality impact assessment should be undertaken iteratively to track these impacts, in line with EHRC guidance points.

Communications and Resident engagement

- Establish regular communications and engagement from early in 2026/27 to further test and develop resident views of budget and transformation plans, using more diverse routes. This closer engagement with residents will also help ensure that the lived experience of transformation and change is captured, including any unintended negative impacts. This communications and engagement forms part of resourcing proposals that support transformation.

19.9. Consultation

19.10. A survey was published online from 09/01/2026 to 30/01/2026 to gauge views on the plans that were published in the budget update agreed by Cabinet in December 2025. In total 38 responses were received. The demographic of respondent was:

- **Female (55%)** and **Male (37%)**, with small numbers preferring not to say.
- Mainly aged **40–69** (66% combined).
- Predominantly **White British** (50%), with small representation from Asian, Black and mixed-heritage groups.
- **55%** reported no disability, while **~30%** reported a disability or long-term condition (hearing impairment, long-term conditions, mental health).

19.11. These demographics reflect some of the groups who are anticipated to be most impacted – women, older people and disabled people. Younger people and ethnic groups are not represented.

Respondents usage of services was as follows:

- Adults: 87% of respondents did not use Adult Social Care. Only a small number were carers or had family users.
- Children's Services – 19 % have direct involvement (carer/family)
- Regeneration and Environment: 55% use these services There was strong representation from residents affected by changes to Housing, Waste and recycling, Street cleansing and Parking and enforcement
- Council Management & Support Functions: 42% use these services

19.12. The limited number and range of responses reflect the challenging context in which this budget was set. Now that a three year MTFs and transformation programme has been established, communications and engagement will be planned from early in 2026/27 to further test and develop resident views, using more diverse routes. This communications and engagement forms part of resourcing proposals that support transformation.

Residents expressed the importance of the following as part of the budget setting process:

Place

1. Cleaner, safer streets and better waste management
2. Stronger enforcement (parking, fly-tipping, ASB) and community safety
3. Visible regeneration, not decline

There were concerns raised about how the budget may impact negatively on cleanliness and safety.

People

4. Protecting vulnerable residents (adults & children and their carers)

Concerns were raised about whether proposal would affect this group of residents, and whether Children's services were already stretched

Council

5. Better council efficiency and accountability and collaboration with neighbouring authorities

There was stronger support for savings proposals in this area

19.13. Resident engagement was limited this year by the availability of detail on how the budget would be balanced and the overall implications for each service. Individual comments have been passed on to Executive Directors for consideration in future decisions on the implementation of savings. Residents will continue to be engaged with as the Council implements the proposed transformation plan.

20. IMPLICATIONS OF THE RECOMMENDATIONS

20.1. Financial implications

20.2. This is a financial report with implications set out throughout.

20.3. Legal implications

20.4. Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their Council Tax requirements in accordance with the prescribed requirements of that section. The function of setting the Council Tax is the responsibility of Full Council. This requires consideration of the Council's estimated revenue expenditure for the year in order to perform its functions, allowances for contingencies in accordance with proper practices, financial reserves and amounts required to be transferred from general fund to collection fund. The Council is required to make estimates of gross revenue expenditure and anticipated income, leading to a calculation of council tax requirement for 2026/27 and the setting of an overall budget to ensure proper discharge of the Council's statutory duties and to lead to a balanced budget. Whilst it is the Council's responsibility to determine the council tax requirement, s.52ZB of the Local Government Finance Act 1992 requires each billing authority to determine whether its relevant basic amount of council tax for the following financial year is excessive. This decision must be made in accordance with a set of principles determined by the Secretary of State.

20.5. Full Council is responsible for setting the overall budget framework. However, some of the proposed savings may be subject to further analysis and decision making and as such the savings are an estimate. Individual service decisions will be subject to officer or Cabinet approval, taking account of the statutory framework, any requirement to consult and consideration of overarching duties, such as the public sector equality duty. Some savings proposals have already been through or will have been through a decision-making process prior to inclusion in the budget. Details of the status of any savings proposal and whether it is subject to a future decision are included in the appendix on savings proposals. As decisions on some proposals may not have been made by the time the budget is presented, it is proposed to hold a risk contingency to manage the risks that some savings are not capable of full deliverability in 2026/27 and the risk of growth pressures.

20.6. On 1 December 2021 the Secretary of State for Levelling Up, Housing and Communities made a statutory direction requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners, acting jointly or severally. A new direction was made on 20 November 2024. The functions to be exercised by the

Commissioners include the requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Council's financial affairs, and all functions associated with the strategic financial management of the Council, including providing advice and challenge to the Council in the setting of annual budgets and a robust MTFS, limiting future borrowing and capital spending. The Explanatory Memorandum to this Direction confirms that in practice most decisions are expected to be taken by the Council, however the Directions are designed to give the Commissioners the power to tackle weaknesses identified to ensure the Council is better equipped to meet the best value requirements. Cabinet must take account of the advice and comments of the Commissioners as set out in this report.

- 20.7. The direction also requires the Council to take prescribed actions. These include preparing, agreeing and implementing an improvement and recovery plan to the satisfaction of the commissioners, with resource allocated accordingly. The plan must include as a minimum, amongst other matters, a refreshed rolling MTFS, Capital Strategy, Treasury Management Strategy, aligned with the new target operating model and transformation plan and demonstrating the Council's financial sustainability and resilience, over the period of the strategies.
- 20.8. Under s.25 of the Local Government Act 2003, the chief finance officer must report to members on the robustness of estimates made for the purposes of the budget calculations and the adequacy of the proposed financial reserves. Both Cabinet and Full Council must have regard to this report when making recommendations and decisions about the calculations. Under the Local Government and Finance Act 1988, the Council's Chief Finance Officer (s.151 officer) has duties to report to Council in prescribed circumstances. This includes if it appears to him that the expenditure of the Council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including borrowed) available to it to meet that expenditure. When making such an assessment, exceptional financial support from MHCLG can be taken into account. This permits capital or borrowing to be used to fund a proportion of revenue costs in accordance with the capitalisation direction.
- 20.9. **Risk management implications**
- 20.10. As part of approving the budget in February 2026, the Chief Finance Officer under Section 25 of the Local Government Act 2003 has reported on the robustness of estimates and adequacy of reserves. This includes an assessment of financial risks. This report provides detail of financial risks.

20.11. Environmental implications

20.12. There are no specific environmental implications arising from this report.

20.13. Equality implications

20.14. Equality implications are considered by the decision-making on individual proposals. A cumulative Equalities Impact Assessment is included at Appendix 12.

20.15. Procurement implications

20.16. Any changes that result in changes to supplies and services contracts are subject to the Procurement Regulations and Council's procurement rules.

20.17. Workforce implications

20.18. Some of the proposals underpinning the budget will have workforce implications. The Council will follow its approved organisational change processes for these and updates will be provided to Employment Committee on any significant changes. The Council holds a reserve to cover the costs of redundancies.

20.19. Property implications

20.20. The Council is continuing its asset disposal programme as part of its recovery programme. In September 2025 a report updating cabinet on the Property Capital programme was submitted. In addition, updates are provided as part of the quarterly reporting process & will be included within the wider Treasury Management Strategy referenced in section 13. The budget proposals include the revenue savings associated with the disposal of operational assets and the relocation or changes in service provision.

21. Background documents

None

Appendices –

- 1 Council Tax Resolution [To follow when final parish precepts received]**
- 2 Proposed Budget 2026/27 by Directorate**
- 3 Budget Proposals:**
 - a. Growth**
 - b. Savings**
- 4 Dedicated Schools Grant –**
 - i) Schools Block Local Funding Formula**
 - ii) Individual Schools Budget**
- 5 Proposed General Fund Capital Programme 2026/27 – 2030/31**
- 6 Flexible Use of Capital Receipts Strategy**
- 7 Treasury Management Strategy**
- 8 Debt Repayment Strategy [To follow]**
- 9 Budget Risks Register**
- 10 Reserves Strategy**
- 11 Fees and Charges [To follow]**
- 12 Cumulative Equality Impact Assessment**