

**SUMMARY MEDIUM TERM
FINANCIAL STRATEGY (MTFS)
Refresh for 2025/26 – 2027/28**



What is the purpose of the MTFS?

Our MTFS is fundamental to securing the key ambitions and objectives of the council's Corporate Plan.

Its purpose is to:

- structure and manage the council's finances to support and deliver objectives,
- inform decisions on expenditure, savings and new income to sustain council services,
- engage officers and members in "owning" the process by which council finances are managed.

Background

This year the MTFS is being prepared at a time of very high levels of uncertainty due to the Government's actions over a relatively short period of 2025/26 to 2027/28: Indeed Government only notified us of significant changes to the financial settlement just days before the scheduled budget meeting. Those changes are material to the forecast position provided only in late December and are to the detriment of HBBC.

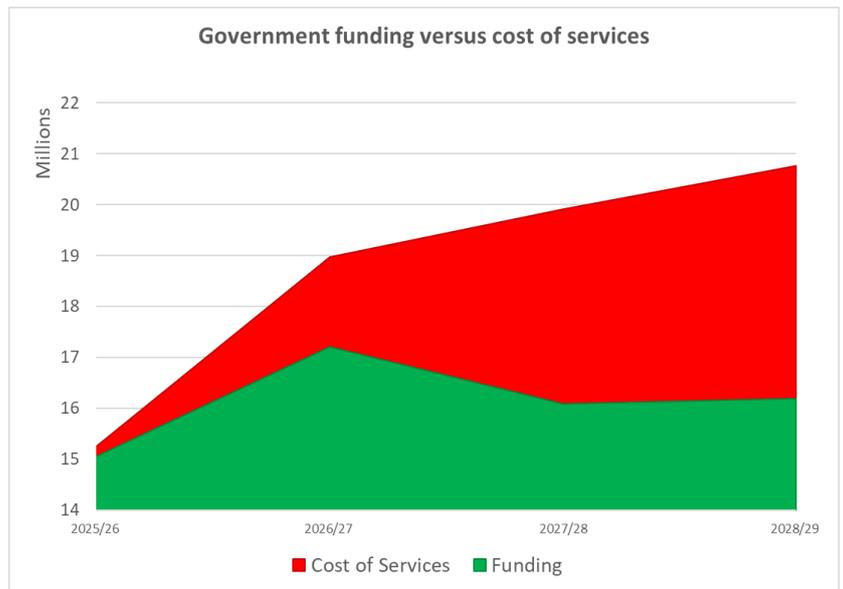
Other factors include:

- a fair funding review for 2026/27
- a business rates reset by 2026/27, which means the Council is losing all of its £4.6 retained business rates growth,
- local government reorganisation (LGR) in this MTFS by 1 April 2028, and
- devolution for local Government in England during this MTFS period.

The MTFS therefore highlights a period of significant financial challenge for Hinckley and Bosworth Borough Council. The business rates reset, declining government support, and rising costs mean that reserves will be heavily used. A deficit position (as at the end of this MTFS period) has already been incorporated into the financial modelling for the District led LGR submission and there is a 10 year plan for the new Unitary to bring finances into balance.

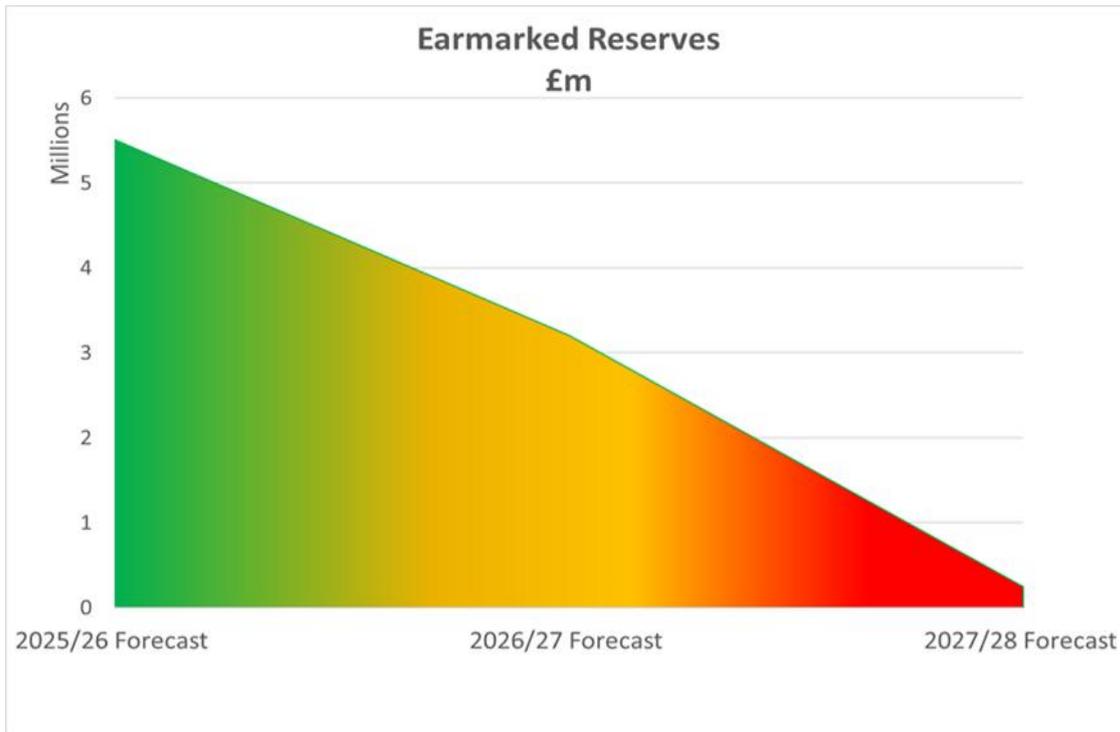
The council is taking proactive steps, in face of the pressures faced for 2026/27, with reduction in costs, savings and new income already identified of £2.1m.

Our core support from Government has also fallen considerably since 2016/17 as seen in the Core Spending Power (CSP) over the years. For 2026/27 government have confirmed our settlement funding is £0.6m less than 2025/26, but our costs are increasing by almost £6.4m, with pressures for food waste and temporary accommodation being a significant element of that increase. The government have issued a final three year settlement, which has a fall in funding of £1.2m in 2027/28, so does not cover the costs of providing the services needed by our local residents.



A balanced budget

To balance our budget and reduce the impact of the lack of funding, the Council will use its earmarked reserves as much as possible to avoid cuts in service, but this will cause a significant reduction in our resources as can be seen in the graph below.



The Council will make representation to government to see if further support can be given.

The key factors causing the pressure in the budget position are common to many councils nationally. These are primarily the separation of food waste £1.5m, the increased costs of temporary accommodation, with costs being about £1m higher than government funds, and to cover rising costs that are increasing faster than inflation due to the ongoing cost of living pressures. These pressures have not been fully covered by funding from Government for the period of the MTFs.

What this means for the future

We have a net budget requirement higher than the amount received from Government, business rates, council tax and other government funding. It does not appear that further funding will be made available, but we will challenge government to offer more support to our residents. The Government White Paper on English Devolution, published in December 2024, has led to wide scale local government reorganisation meaning that Hinckley and Bosworth Borough Council will be merged into a larger unitary council on the 1 April 2028. A reserve of £0.25m has been set aside in the MTFS to help deal with any costs that may be incurred due to the reorganisation. The Council will try to preserve services for the duration of its existence as part of this LGR process.

The MTFS will need to be reviewed if the government makes further announcements in relation to their plans for devolution and Local Government Reorganisation.

