

Medium Term Financial Strategy - 2026 to 2031					
Years	2026-27 £'000	2027-28 £'000	2028-29 £'000	2029-30 £'000	2030-31 £'000
Budget (Opening Balance)	20,604	20,604	21,441	21,647	22,268
Cost Pressures / savings:					
Salaries costs		620	630	640	650
Pensions costs - 2028 revaluation (3 years from 1st April 2029)					
Borrowing costs (PWLb)		326	177	1	(32)
Interest receivable		50			
Finance Lease costs (Vehicles)		43	24	30	127
Reserves:					
Vacancy savings target					
Strategic contingency					
Economic development			(100)		
Local government re-organisation (LGR)			(175)		
Budget management reserve					
Treasury management reserve		95			
Savings Plans / Additional Income:					

2026-27 budget factored in 3% - on-going assumed 2% increase - plus cost of annual increments.

2025 revaluation resulted in a net cost decrease of (£419k). (2022 cost increase of circa £222k); assumptions factored in as part of this revaluation have already taken into account future long-term forecasts. Prudently assumed no further cost decrease for 2029-30 - due to Local Government Reorganisation any further changes will be picked up by the new Unitary authority and will be confirmed in November 2028.

Refer to separate borrowing model analysis for external borrowing (PWLb). Updated Jan 2026 - TM Strategy report.

Current Base of (£300k); revised estimate (£250k) for 2027/28>

Forecast figures include finance lease movements in future years that previously included within the external borrowing MRP repayments. Updated Dec 2025.

Budget 2025-26 had a target of £250k (currently being achieved). For 2026-27 prudent to remain at £250k level for the medium term.

Base Budget 2019-20 had a contribution of £62k - reserve balance @ 31 March 2026 estimated to be £120k. Reserve balance is more than sufficient level for the medium term.

Base Budget 2026-27 contribution of £100k - due to existing UKSPF funding coming to an end March 2026, this contribution to the ED reserve to continue current business support programme being carried out. Contribution for 2026-27 and 2027-28, assuming only two year period until new Unitary authority formed.

Base Budget 2026-27 contribution of £175k - government have confirmed that there is no additional funding to cover transition costs to implement LGR. Contribution for 2026-27 and 2027-28 towards some of the initial costs, assuming only two year period until new Unitary authority formed. Members will have to consider placing further funds into this reserve from in-year budget surpluses (2025-26 & 2026-27) if any materialise, and/or transfer between other reserves.

Budget management reserve set up to protect against budget volatility; forecast balance at 31 March 2026 of £632,000. Approved budget 2025-26 planned one-off use of (£164,000) and currently no planned use of reserve for 2026-27 draft budget. Members may require using some of this reserve to bridge future budget gaps 2027-28>

Reserve set up in 2022-23 to mitigate higher borrowing interest costs over the next two years 2023-24 and 2024-25. Lower borrowing activity in 2023-24 meant reserve use not required that year; Balance at 31 March 2026 is forecast at £95k; with (£95k) planned being used in 2026-27. The £95k adjustment is to remove the use of that reserve in 2027-28.

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Review of Fees and Charges		(50)	(350)	(50)	(50)
Transfer of Public Conveniences to Parishes		(157)			
Additional Revenue - Future High Streets Programme		(90)			
Net Revenue Budget Requirement	20,604	21,441	21,647	22,268	22,963

Assumed inflation (3%) on fees and charges (exc car parks); with a further review of parking charges in 2028-29.

Full year saving circa (£244k) - discussions held end 2022 with Town and Parishes to factor into precepts over 2023-24 and 2024-25; phasing now looking more like 2025-26 and 2026-27. Part saving loaded as part of 2025-26 & 2026-27 budgets, remainder planned to transfer by 2027-28 year.

FHSF loan costs on £4.4m built into above annual borrowing costs - these have been reduced recently by a HE grant towards social housing; additional income forecast as part of financial model option 5b (Pannier Market growth on current income of £180k to £273k of which 50% increase built into current base; Boutport Street new net income of circa £90k of which 50% built into 2026-27 base). Remainder of 50% new income in 2027-28.

Funding	2026-27 £'000	2027-28 £'000	2028-29 £'000	2029-30 £'000	2030-31 £'000
Funding Floor Grant			55	55	55
Recovery Grant	267	267	267	267	267
Adjustment Support Grant	528	0	0	0	0
Revenue Support Grant	5,476	4,600	3,685	3,685	3,685
Baseline Funding	3,220	3,294	3,361	3,361	3,361
Renewable Energy income from Business Rates	750	860	875	890	910
Business Rates Growth - <i>potential for 2027/28></i>	0	0	0	0	0
Devon Business Rates Pool - <i>potential for 2027/28></i>	0	0	0	0	0
Extended Producer Responsibility Grant	1,690	1,724	1,758	1,793	1,829
Local:					
Council tax	8,425	8,676	8,936	9,203	9,478

95% income protection floor introduced for 2027-28 & 2028-29.

Recovery Grant confirmed continuing for 2026-27 to 2028-29.

Fair Funding Multi-Year Settlement allocation 2026-27 to 2028-29.

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Confirmed the settlement doesn't include Renewable Energy BR income which NDC keep separately. Latest estimates from Business Rates team are £840k - prudently built in £750k for 2026-27; factored in £840k +2% inflation for 2027-28>

Business rates 'baseline' funding has been re-set as part of the 2026-27 settlement, therefore no growth factored into 2026-27 base budget. There may be potential growth and retained BRRS income from 2027-28 year. Future year budget assumptions will be revised once NNDR1 return submitted for 2026-27 year.

Potential additional growth income if 'pools' are allowed from Year 2 (2027-28) - will revise once NNDR1 return submitted for 2026-27 year.

EPR grant introduced 2025-26 at £1.178m - stated that payments in future years may change as a result of data collection and modelling. Updated letter from Defra indicating EPR packaging payment of £1.652m for 2025-26 year (payment received Q1 & Q2 2025-26 at level of £826k). Allocation letter for 2026-27 confirmed at £1.690m. Assumed ongoing with 2% uplift.

£6.48 Band D increase for 2026-27 (2.99%); assuming 2.99% annual increase 2027-28 to 2030-31

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Council tax - base		69	142	219	301
Collection fund surplus / (deficit)	248	195	195	195	195
Total Funding	20,604	19,685	19,274	19,668	20,081
Budget Gap / (Surplus)	0	1,756	2,373	2,600	2,882

Council Tax Base increased for 2026-27 by 81 (reduction in 2nd homes premium from 2025-26 tax base). Ongoing assuming growth based on 300 additional properties per year based upon prior year averages for last 3 years.

Prior year CF surpluses (2023-24 £178k; 2024-25 £223k; 2025-26 £113k); 2026-27 confirmed surplus £248k. Average of last 3 years = £195k.

January draft MTFS Budget Gap	0	1,324	1,635	1,862	2,144
Change from draft budget position	0	432	738	738	738