Policy and Resources Committee	
Meeting date	25 November 2026
Report Title	2027/28 Budget and Medium Term Financial Strategy (MTFS) Forecasts
EMT Lead	Lisa Fillery, Director of Resources
Head of Service	Claire Stanbury, Head of Finance and Procurement
Lead Officer	Claire Stanbury, Head of Finance and Procurement
Classification	Open
Recommendations	The Policy and Resources Committee is asked to; 1. Note the draft 2027/28 revenue and capital budget forecasts; 2. Note the Medium Term Financial Strategy (MTFS) projections; 3. Note the proposals for the fees and charges increases; 4. Approve the budget is consulted during November – early January.

1. Purpose of Report and Executive Summary

1.1 This report sets out the draft 2027/28 revenue and capital budgets and the draft Medium Term Financial Strategy (MTFS). The MTFS is a strategic document, supporting delivery of the Corporate Plan outcomes and helping to ensure a focus on the Council's medium term budget position. It establishes how the Council's priorities will be achieved by setting out the framework within which resources are available over the medium term and the financial challenges facing the Council in terms of funding gaps. The context within which these budget forecasts remains complex with the ongoing service pressures, continuing cost-of-living crisis, and international conflicts causing higher level of inflation.

1.2 As was the case last year, this budget has been compiled by a cross party working group, and all groups were invited to be a part of this process. The budget working group therefore consisted of representatives from most political groups, although Reform gifted their seat to an independent councillor.

1.3 The multi-year funding allocation and the results of the Fair Funding Review and Business Rates Reset were included in the final budget for 2026/27. This removed the uncertainty that we previously had around government grants, however that is now replaced with the knowledge of a significant reduction in grant funding. In 2026/27 Swale Borough Council are receiving an Adjustment Support Grant of £1.3m, but this was a one year only grant, so the removal of that grant, along with a reduction in Revenue Support

Grant (RSG) means that there is a significant loss of grant funding in 2027/28. This has been partially offset with an assumed increase in the Extended Producer Responsibility Grant in line with amounts received so far, but this grant is not guaranteed.

1.4 This report details the position for Swale Borough Council and makes no assumption regarding decisions on Local Government Reorganisation (LGR) geographies. As such the future year assumptions estimate the position for Swale Borough Council and the costs to deliver the services that are currently within our budget framework. As the LGR work progresses and decisions are made in the future, the assumptions and financial planning reports will be amended accordingly.

1.5 The updated high level funding forecasts in this strategy build on previous figures from the 2026/27 budget setting exercise, which were forecasting future year deficits in the region of £1.4m in 2027/28. The updated budget gap now differs from this peaking at £3.5m in 2029/30, in the main this is due to economic inflationary pressures and some key service pressures, all of which are impacting on the medium term projections (Appendix I).

Updated funding forecasts	**2026/27**	**2027/28**	**2028/29**	**2029/30**
	£'000	£'000	£'000	£'000
Internal Drainage Board Levy	1,051	1,051	1,051	1,051
Base budget & reserve contributions	28,918	29,960	31,476	32,976
Revenue Support Grant (RSG)	(8,062)	(7,948)	(7,791)	(7,791)
Extended Producer Responsibility Grant	(1,349)	(2,364)	(2,364)	(2,364)
Business Rates	(7,319)	(7,489)	(7,664)	(7,664)
Recovery Grant	(539)	(539)	(536)	(539)
Adjustment Support Grant	(1,303)	0	0	0
Council Tax	(10,856)	(11,289)	(11,740)	(12,208)
(Surplus)/deficit	**541**	**1,382**	**2,432**	**3,461**

1.6 A detailed budget review has taken place over previous months to identify efficiencies and additional income to help support frontline services and to balance the Council's financial position. For next year this totals around £973k (Appendix II) and is supported by various increases to fees and charges (Appendix V), service reviews, and savings agreed in previous years' Medium Term Financial Plans. Based on current forecasts this still leaves a deficit of £1.4m which will need to be supported from reserves if further savings cannot be identified. Based on the projections above and the spending estimates and use of reserves in the current year the earmarked reserves are forecast to be insufficient to address any budget gap after 2029/30.

1.7 The capital spending projections for future years (Appendix IV) are included and assume borrowing of £4.7m between 2026/27 and 2028/29. The main borrowing will be in relation to the Cockleshell Walk housing development, and the leisure centre improvements. However, with the recent instability of the financial markets and increases to borrowing costs it will continue to be necessary to fundamentally review schemes with borrowing requirements to

ensure they remain affordable and still deliver the anticipated benefits.

1.8 In summary the key messages are as follows;

- Estimated budget gap of £1.4m for 2027/28 even with current savings and fee increases
- We can deliver our statutory services with current income levels but nothing more
- To fund non-statutory services we need to find more income/savings/reserves
- Our reserves will help set a balanced budget for the next 3 years but not after 2029/30
- Funding from reserves is not a sustainable way to manage our budget
- We need to identify more efficiencies and income to make the budget sustainable
- The current projections are based on a number of assumptions which can and do change.

Kent Business Rate Pool

1.9 MHCLG have confirmed that business rates pools will continue in 2027/28. Authorities wishing to have a business rates pool in 2027/28 had to register their interest by 9 November 2026.

1.10 The reset of the Business Rate system removed all the growth accumulated since 2013/14, which had significantly benefited Swale over those years. The creation of the Kent Business Rate Pool meant that we maximised the retention of business rates raised within the county. The impact of the reset and the lack of growth assumptions in 2026/27 has meant that the benefit of reestablishing the pool for 2027/28 is not being considered at this stage.

1.11 Kent Finance Officers will continue to review the pool arrangement annually, to ensure that benefits are retained when possible.

1.12 Delegation to decide on continuing to be a member of the pool has been given to the Director of Resources in consultation with the Chair of P&R if there are no significant changes to the arrangement.

Parking Charges

1.13 A report to the Environment and Climate Change on 20 October 2026 set out a number of options to be considered in terms of parking charges.

1.14 Options included within the report were to introduce very short stay Stop and Shop bays, residential season tickets, changes to the evening parking tariff, a flat tariff uplift, banding of car parks, introduction of coach parking bays, and school congestion allowances.

1.15 The draft budget papers currently assume a 10p an hour tariff uplift, as well as small amounts of income from the season tickets and coach parking.

1.16 Stop and Shop bays are proposed to be available for 20 minutes at a time, and these would be limited to a small number of bays in specified car parks.

1.17 Banding would see car parks split into three tiers, based on usage and location. Band 1 would be applied to the most used car parks, close to the town centre, band 2 would apply to those slightly further from high streets, and band 3 would be for the more rural car parks. The suggestion made to committee is that fees in band 1 would increase, whilst fees in band 3 would decrease.

1.18 There were two proposals put forward regarding evening charges. The first is that there would be a 1 hour tariff and a 2+ hour tariff for the evening period. This would allow those who are only coming into the towns for a short period to still pay the one hour tariff, whilst those staying longer would pay the higher amount, with a suggestion that the tariff is increased to £3. The alternative is selecting some car parks in each town for fixed evening charges, but moving some back to hourly charging.

2. Proposals

2.1 Given the timing of this report this is an interim step in the development of fully balanced budget proposals. The updated Medium Term Financial Strategy (MTFS) is attached at Appendix I. It currently shows a gap of £1.4m which needs to be addressed to balance the 2027/28 budget.

2.2 The savings, efficiencies and increases to income totalling £973k that the Council has identified to help support the 2026/27 budget can be found within Appendix II, (£180k of these savings were agreed as part of the budget process for 2026/27). The draft capital budget is included within Appendix IV while the fees and charges proposals for next year are covered by Appendix V. Appendix VI includes a risk assessment for next year's budget.

2.3 The MTFS and budget forecasts include the latest information available. Most government grant levels are relatively certain for 2027/28 and 2028/29, but the Extended Producer Responsibility grant that aims to transfer the cost of collecting and disposing of recycling waste to the organisations that are responsible for producing it is not guaranteed. This budget assumes that we will continue to receive the grant at approximately the level that it has been received in the first two years.

Kent Business Rate Pool

2.4 To acknowledge that there will continue to be no Kent Business Rate Pool given the changes to the retained business rates system and the removal of growth.

3. Alternative Options

3.1 Budget Build - Do nothing – This is not recommended as the Council is legally required to set a balanced budget. A further budget report will be submitted to Policy & Resources and Council in February 2027.

4. Consultation undertaken or proposed

4.1 Formal consultation of the proposed budget will be undertaken. The Budget proposals contained in this report will be made available for comment on the Council's website from 26 November to 7 January.

5. Implications

Issue	Implications
Corporate Plan	The budget proposals support the achievement of the Council's corporate priorities, and contribute directly to the running of the Council.
Financial, Resource and Property	The report sets out the Council's resourcing position.
Legal, Statutory and Procurement	The Council is required to set a Council tax and a balanced budget.
Crime and Disorder	Any potential implications will be addressed by service managers in their budget proposals.
Environment and Climate/Ecological Emergency	The proposals support the Climate Change and Ecological motion previously agreed.
Health and Wellbeing	Any potential implications will be addressed by service managers in their budget proposals.
Safeguarding of Children, Young People and Vulnerable Adults	Any potential implications will be addressed by service managers in their budget proposals.
Risk Management and Health and Safety	Any potential implications will be addressed by service managers in their budget proposals.
Equality and Diversity	Any potential implications will be addressed by service managers in their budget proposals.
Privacy and Data Protection	Any potential implications will be addressed by service managers in their budget proposals.
Local Government Reorganisation	This draft budget covers the period up to 2029/30 and focuses on trying to ensure that the financial position is as strong as it can be leading into vesting day of any new authority.

6. Appendices

The following documents are to be published with this report and form part of the report:

- Appendix I: Medium Term Financial Strategy (MTFS) – General Fund Summary Forecasts 2027/28
- Appendix II: Detailed Budget Position 2027/28
- Appendix III: Budget Change Summary 2027/28
- Appendix IV: Capital Programme 2027/28
- Appendix V: Fees and Charges 2027/28
- Appendix VI: Risk Assessment 2027/28

7. Background papers

7.1 None.