



<b>Report To:</b>	Audit and Governance Committee
<b>Date:</b>	7 July 2025
<b>Subject:</b>	Budget Preparation 2026/27 - Approach & Process
<b>Purpose:</b>	To ensure that the Committee receives a thorough briefing on the system that the Council wishes to use in preparation of the 2026/27 Budget, is able to ask questions of the Section 151 Officer and able to gain assurance from the arrangements described.
<b>Key Decision:</b>	N/A
<b>Portfolio Holder:</b>	Councillor Sandeep Ghosh, Finance Portfolio Holder
<b>Report Of:</b>	Brendan Arnold, Interim Director of Finance (S151 Officer)
<b>Report Author:</b>	Brendan Arnold, Interim Director of Finance (S151 Officer)
<b>Ward(s) Affected:</b>	Corporate
<b>Exempt Report:</b>	No

### Summary

The Council wishes to adopt a timetable for the research and preparation of its Budget for 2026/27 to deal with certain issues which have been noted in recent years. These include lack of time to prepare reports and insufficient time available to properly consider the means of balancing the annual Budget. The intended process for preparing and agreeing the Budget for financial year 2026/27 is described in this report with the ambition of introducing a system which is timetabled in detail, contains a greater level of thoroughness and through forward planning allows all stakeholders to execute the contribution to the outcome with greater confidence that the contributions have been understood, tested and adopted in such a way as to assure implementation.

## **Recommendations**

It is recommended that:

1. The Committee notes the report; and
2. The Committee confirms that it is assured that the process outlined is suitable for the Council, and if not, that the Committee provides guidance for the Section 151 Officer in order for that assurance to be attained.

## **Reasons for Recommendations**

The briefing and engagement with the Audit and Governance Committee is an important part of the way risks are controlled in the preparation of the corporate budget for financial year 2026/27 and the associated Medium Term Financial Plan and Strategy.

## **Other Options Considered**

In forming the attributes of the proposed budget preparation system outlined in this report various considerations have been fed into the design process. As such the characteristics of the system presented are based on best practice and rooted in characteristics that are (a) widely used in the local government sector and (b) used successfully in other councils.

## **1. Background**

- 1.1. As part of a soundly organised system of budget preparation – which includes not only well executed technical aspects but also appropriate consultation with stakeholders – it is appropriate that Audit and Governance Committee receives a brief on the proposed system that will be used to organise, control and mitigate the several risks that are complicit with such a process. To this end the Committee is invited to consider whether it is assured that the system described will fulfil this requirement and if not to recommend additional aspects to assure that this aim is attained.

## **2. Review**

- 2.1. In conversations with key stakeholders including Members of the 3 Councils, senior managers, members of the officer team who support or engage with the budget process and other key stakeholders, it is clear that aspects of the budget setting processes used in the Partnership in recent years may not have met the needs of all stakeholders in terms of their design, operation or consequence.

- 2.2. This presents an opportunity for enhancement and redesign in each Council. This report sets out how these issues can be handled using a methodology and process which has been developed over a number of years, is based on best practice and used successfully in a number of councils.
- 2.3 In discussions with consultees and stakeholders the proposals set out have attracted support and a strong impression has been received that the benefits set out in this report would be welcomed by those who operate and participate in the budget process. It is hoped that the discussion at this Committee will enrich and enhance consideration of this topic area which is critical to the success of a key strategic process in this Council.

### **3.0 Existing Process: Key Risks and Issues**

- 3.1 Overall, common threads have been cited in consultation with stakeholders including the prospect that;
- a. Insufficient time has been afforded for preparation of reports and other budget materials.
  - b. Insufficient time has been afforded to prepare financial information accurately and to the requisite quality.
  - c. Reports have sometimes been received in a way that is not timely for the considerable number of meetings which are part and parcel of the process of balancing budgets in modern Local Government.
  - d. Generally (with some exceptions) there has been no pre-agreed and complete plan to balance corporate budgets and that some financial pressures have been resolved through pursuing efficiency targets in year with the consequence that not all financial pressures are removed on a recurring basis. This is essential if the Medium-Term Financial Strategy is to be balanced successfully.
  - e. The Council could consider whether there are means of enhancing consultation arrangements on budget proposals.
  - f. The role of the Scrutiny function is underdeveloped in the Council compared to the Audit & Governance function and that the Audit and Governance function might enhance its role and impact by focussing on the *systems* and *assurance* aspects of budget setting leaving the detailed review of budget proposals to the Scrutiny function.

### **4.0. Budget Setting & Risk Mitigation**

- 4.1. More generally, in building upon the existing system the Council will wish to be mindful of and to mitigate the following risks.

<b>Risk</b>	<b>Mitigation</b>
Failure to scope financial shortfalls and plan for them	Budget Process 2026/27 and updating of the Council's Medium Term Financial Strategy (MTFS).
Failure to deliver savings proposals	Forward planning & new machinery including oversight by a refreshed Transformation Board.
Failure to make decisions	Allowing plenty of time and space and better quality information.
Inability to set a lawful Budget	Assembling information sets for Member consideration allowing plenty of time.
Adoption of unrealistic savings	Star Chamber (Support and Review) Panels will support managers, assist with the testing of assumptions and deliverability and impact of proposals.
The Budget Monitoring system fails	The budget monitoring system has allowed delivery close to or within overall budget targets in 2024/25.

## **5.0. Principles Underpinning Re-design**

- 5.1. In response to and complementary to the feedback and insight noted above the following principles are set out for adoption to guide re-design of the budget setting process.
- a. The process must be able to confront and respond to budget challenges using an open 'people centred' approach in terms of generating savings proposals and their consideration by Members.
  - b. The Audit & Governance function should focus on reviewing the *system* for producing a balanced Budget and Medium-Term Financial Plan; and
  - c. The Scrutiny function should be the main vehicle for *review and challenge* of the emergent budget proposals.

## **6.0. Budget Process: Key Elements**

- 6.1. The overall process can be broken down into a number of key elements as shown in the table overleaf.

Item	Element	Activity	Timing
A1	Preliminary	SLT, CMT and Informal Executive Boards briefed on financial position	Complete
A2	Research	Services propose any unavoidable budget pressures for addition to Budget and bring forward proposals for savings.	Inflight: for completion by end July 2025
A3	Support & Review	All proposals for additional pressures and savings are received supported & reviewed by Star Chamber (Support & Review) Panels	By end August 2025
B1	Selection & Reiteration	Portfolio Holders consider budget position	September through November 2025
B2	Assurance and Consultation	Audit Committees receive a report from the Section 151 Officer setting out the overall process so that the Committees can reach for assurance in the overall system used.	By end July 2025
B3	Consultation	Consultation on Internet sites commences, booking of engagements with the business community and voluntary sectors commences and specific consultations are launched for savings.	September through November 2025
B4	Balance	Sufficient work undertaken to enable preparation of material for First Cabinet/Executive Board Engagement.	By mid-December 2025
C1	1 <sup>st</sup> Cabinet/Executive Board Engagement	Executive decisions made on early savings and resulting net shortfalls stated. Budgets referred to	By mid-December 2025

		Scrutiny meetings in January 2026. Opportunity to present other reports for December Council: (select from HRA Budget, HRA Rent Setting, CTSS scheme changes & policy approvals, Council Tax Base setting et al).	
C2	December Council	Opportunity to present reports from December Cabinet/Executive Board (select from HRA Budget, HRA Rent Setting, CTSS scheme changes & policy approvals etc.)	December
C3	Settlement	Provisional Settlements received and Budget plans considered by Portfolio Holders before Christmas.	Last week before Christmas
C4	Scrutiny Review	Scrutiny Committees meet to receive Draft Budget Papers and make recommendations to Cabinet/Executive Board.	Mid to late January 2026
D1	January Council	Opportunity to present reports from December Cabinet/Executive Board (select from HRA Budget, HRA Rent Setting, CTSS scheme changes & policy approvals etc.) but in particular Council Tax Base if not already set.	January 2026
D2	February Executive Board	Executive Board receives recommendations from Scrutiny committee and refers final Budget packs to Council.	Mid to late February 2026
D3	February/March Council	Budget Council where GF Budget and Council Tax set.	Late February to early March; statutory deadline 11 March 2026

## **7.0. Conclusion**

- 7.1. This report has set out the framework for Budget setting as the Council moves forward to address the challenges of balancing the Budget for financial year 2026/27 and the thoughts of the Committee are invited.

### **Implications**

#### **South and East Lincolnshire Councils Partnership**

None.

#### **Corporate Priorities**

The budget needs to reflect the corporate priorities adopted by the Council.

#### **Staffing**

None.

#### **Workforce Capacity Implications**

None.

#### **Constitutional and Legal Implications**

The setting of a balanced budget for financial year 2026/27 is a statutory requirement for the Council and must be completed by 11 March 2026.

#### **Data Protection**

None.

#### **Financial**

The setting of the corporate budget needs to be undertaken within the appropriate financial constraints as advised by the section 151 Officer. As such, the process set out in this report needs to conclude with recommendation of a Draft Budget to Full Council that sits within those constraints. In recent years a wide range of councils have found that for various reasons, some local and some national, they have been required to address budget shortfalls on the annual budget journey. That is also the case for this Council in 2026/27 and the years following.

#### **Risk Management**

The report describes arrangements to mitigate the impact of a number of risks associated with budget setting and these are referred to in the report.

## **Stakeholder / Consultation / Timescales**

The report sets out timescales for preparation of the Budget for 2026/27 and this includes consultation activities that may be needed.

## **Reputation**

The setting of a balanced budget is important in confirming and enhancing the Council's reputation for provision of services using systems of good governance.

## **Contracts**

None.

## **Crime and Disorder**

None.

## **Equality and Diversity / Human Rights / Safeguarding**

Equality impact assessments will be needed for cost reduction initiatives that are adopted into the Draft Budget 2026/27.

## **Health and Wellbeing**

None.

## **Climate Change and Environment Impact Assessment**

None.

## **Acronyms**

Any acronyms used are explained in the report.

## **Appendices**

None.

## **Background Papers**

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

## **Chronological History of this Report**

A report on this item has not been previously considered by a Council body.

### **Name of Body**

### **Date**

Boston Borough Council

7 July 2025



## Report Approval

Report author: Brendan Arnold, Interim Director of Finance (S151 Officer)  
[Brendan.arnold@sholland.gov.uk](mailto:Brendan.arnold@sholland.gov.uk)

Signed off by: Brendan Arnold, Interim Director of Finance (S151 Officer)  
[Brendan.arnold@sholland.gov.uk](mailto:Brendan.arnold@sholland.gov.uk)

Approved for publication: Councillor Sandeep Ghosh Finance Portfolio Holder  
[Sandeep.ghosh@boston.gov.uk](mailto:Sandeep.ghosh@boston.gov.uk)