



Fermanagh & Omagh  
District Council  
Comhairle Ceantair  
Fhear Manach agus na hÓmaí

## **Medium Term Financial Plan**

**2026-2031**

## **1. Legislative requirements**

The Local Government Finance Act (Northern Ireland) 2011 is the primary legislation concerning the Councils responsibilities in respect of Estimates of Expenditure and Rates Process. Subsection 3 of this Act, requires that before 15 February the Council:

- (a) Shall consider the estimates for the next financial year;
- (b) May revise the estimates in such a manner as the Council thinks fit;
- (c) Shall approve the estimates, subject to any revisions under paragraph (b);
- (d) Shall authorise the expenditure included in the estimates; and
- (e) Shall fix for the next financial year the amount estimated to be required to be raised by means of rates made by the Council.

The Local Government Finance Act (Northern Ireland) 2011 (the Act) also requires consideration of the Robustness of the Estimates and the Adequacy of any Financial Reserves for the financial year (Paper C). The Act also requires the Council to determine and keep under review how much money it can afford to borrow.

Councils are required under the Rates (Northern Ireland) Order 1977 to set two District rates, one for domestic properties and one for non-domestic properties, that should be expressed in 'pence' terms and rounded to the nearest four decimal places. The domestic rate is based on capital values. It is a derivative of the non-domestic rate, which is based on rental values, and is arrived at by application of a conversion factor to the non-domestic rate. The Council is subsequently required under the Rates Regulations (Northern Ireland) 2007 to notify the Department of the District rates struck, within 7 days of the relevant Council meeting and forward details of the Estimates to the Department as soon as possible after the Rates are struck.

In line with The Rates (Making and Levying of Different Rates) Regulations (Northern Ireland) 2021 in respect of the year ending on 31st March 2027, different regional and District rates may be made and levied on (a) the rateable net annual values of hereditaments (non-domestic properties); and (b) the rateable capital values of hereditaments (domestic properties). The Regional Rate is set by the Northern Ireland Executive and the District Rate is set by the Council and is normally set after the prescribed date for local authorities of 15 February.

A key concept supporting the Act is CIPFA'S Prudential Code ('the Code') which underpins the system of Capital Finance. The requirements of the Act and the Prudential Code are reported in this Medium-Term Financial Plan for 2026-2031.

## **2. Prudential Code requirements**

The Council is required by Regulation to have regard to CIPFA's Prudential Code for Capital Finance in local authorities under Part 1 of the Local Government Finance Act (Northern Ireland) 2011. The Prudential Code sets out a clear governance procedure for the setting and revising of a Capital Strategy and Prudential Indicators and these are done in the same process as the decision-making around the Council's Budget.

The main objectives of the Prudential Code (the Code) are to ensure, within a clear framework, that the capital expenditure plans and investment plans are affordable and proportionate, that all external borrowing is within prudent and sustainable levels and that treasury management decisions are taken in accordance with good professional practice and in the full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the Council.

The Code requires authorities to look at Capital Expenditure and Investment Plans and debt in the light of the overall organisational strategy and ensures that decisions are made with sufficient regard to long term financing implications and potential risks to the Council. The Code highlights that effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudential approach to capital expenditure, investment and debt.

The Code also requires Councils to have a Capital Strategy in place to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

The Council's Medium-Term Financial Plan sets out the Council's Capital Plan for 2026-2031 and includes the Estimated Revenue Income and Expenditure for 2026/27 as well as setting out the Council's future forecast Revenue Income and Expenditure Financial Plans. It sets the framework around which the Council plans to use its financial resources to fund activity to deliver its service objectives, priorities and vision.

### **3. The Capital Plan**

An estimated Capital Expenditure Programme for the next five financial years has been developed in consultation with Elected Members during the two Estimates Working Groups. The projects included within the forecast Capital Programme address a range of infrastructure and the needs of facilities are considered essential for the development of the District. The Plan for 2026/27 is supported, in the majority, by approved business cases. However the estimated Capital Programme for 2027-2031 is still under development and a number of Council decisions on business cases, currently under development, will be required and may impact the outcome of the Capital Plan. Further consideration of prioritisation, financing and affordability of the Capital Programme will be essential before spend proceeds. In addition, where new external funding streams become available, they will be taken into consideration in the financing of the Capital Programme. It is recognised in the nature of capital expenditure that variations from short-term estimates may arise for example construction inflationary price uncertainty. However, regular and robust monitoring will assist the Council in the management of its Capital Plan. The Capital Plan developed for 2026/27 takes account of a revised Capital Plan for 2025/26, detailed in Table 1a, which has been updated to reflect current implementation linked to timing, external funding factors and business case development.

Table 1a: Revised Capital Plan 2025/26

Detail	Revised Estimated Spend (£)	Funding			
		Grant (£)	Reserves (£)	Provisions (£)	Revenue (£)
<b>Projects - Subject to External Funding</b>	<b>11,915,000</b>	<b>10,645,000</b>	<b>1,270,000</b>	-	-
Fermanagh Lakeland Forum Project	10,000,000	10,000,000	-	-	-
Mid South West Projects	1,200,000	-	1,200,000	-	-
Future Waste Management	250,000	250,000	-	-	-
Greenway Projects - DfI	175,000	175,000	-	-	-
DfC Town Centre Public Realm/Regeneration - Omagh	150,000	100,000	50,000	-	-
Local Peace Plan	100,000	100,000	-	-	-
Shared Island Projects	20,000	-	20,000	-	-
Peace Plus Projects ( Newtownbutler)	20,000	20,000	-	-	-
<b>Council Funded Projects</b>	<b>3,075,000</b>	-	<b>2,825,000</b>	<b>250,000</b>	-
Leisure Centres Projects - Other	750,000	-	750,000	-	-
Play Area Refurbishment	750,000	-	750,000	-	-
Strategic Capital Projects - Community Capital Grants	525,000	-	525,000	-	-
Vehicle and Associated Plant	500,000	-	500,000	-	-
Drumree Capping and Site Closure	250,000	-	-	250,000	-
Information and Communications Technology Strategy Projects	150,000	-	150,000	-	-
Signage: Dual Language	100,000	-	100,000	-	-
Crematorium	50,000	-	50,000	-	-
<b>General Fund (Not Specified)</b>	<b>1,000,000</b>	-	-	-	<b>1,000,000</b>
<b>TOTAL</b>	<b>15,990,000</b>	<b>10,645,000</b>	<b>4,095,000</b>	<b>250,000</b>	<b>1,000,000</b>

In considering the affordability of the Capital Plan, the Council is required to take account of all resources available and those estimated to be available in the future, together with the totality of its Capital Plans and income and expenditure forecasts. Long term affordability and the impact of funding raised through rates requires continued analysis. Further financial planning is required to balance the cost-of-service delivery with the ambitious Capital Plans and any associated financing costs to ensure that any amount of Rates Income to be generated by the Rates base, in any year, is prudent and sustainable and meets the Council's Corporate Plan objectives. For the purposes of financial planning, it is preferable that any rates increase required to support capital investment decisions are considered in a managed way to ensure that there is not a large uplift in rates in one year directly as a result of capital investment in a project. Accordingly, an additional allocation of £300,000 has been made in 2026/27 which will be transferred to a specific capital fund to meet future associated costs related to capital investment decisions.

Overall, the level of investment forecast will require substantial financial support which will be funded through the use of existing reserves previously developed as Capital Reserves, directly on the current and future rates charges and through internal and external financing charges to meet external loan commitments. As a priority the Council will continue to pursue external funding opportunities to support proposed capital investment thereby minimising the impact of investment decisions on budgets.

The Capital Plan for 2026-2031, which is detailed in Table 2a, is subject to confirmation of long-term funding arrangements and any new funding opportunities, further consideration of long-term affordability, the completion of relevant Corporate Strategies and full Business Case Option Appraisals. This will be progressed through the relevant Council Committees.

Table 2a: Capital Plan Forecast 2026-2031

Detail	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	2026-2027	2027-2028	2028-2029	2029-30	2030-31	2026 to 2031
	Gross Spend (£)	Gross Spend (£)	Gross Spend (£)	Gross Spend (£)	Gross Spend (£)	Gross Spend (£)
<b>Projects - Subject to External Funding</b>	<b>27,675,000</b>	<b>53,375,000</b>	<b>31,030,000</b>	<b>6,475,000</b>	<b>-</b>	<b>118,555,000</b>
Fermanagh Lakeland Forum Project	19,000,000	30,000,000	8,405,000	-	-	57,405,000
Mid South West Projects	1,275,000	9,000,000	8,250,000	2,475,000	-	21,000,000
Future Waste Management Incl Associated Vehicles	3,500,000	4,000,000	4,000,000	1,500,000	-	13,000,000
Town Centre Public Realm/Regeneration/Riverside Walk Extension - Omagh	250,000	1,400,000	5,500,000	2,000,000	-	9,150,000
Town Centre Public Realm/Regeneration - Enniskillen	250,000	5,000,000	1,000,000	-	-	6,250,000
Community Centre Redevelopment	200,000	1,500,000	1,500,000	-	-	3,200,000
Heritage Fund - Lisnamallard House	100,000	1,000,000	1,500,000	500,000	-	3,100,000
Greenway Projects	350,000	875,000	875,000	-	-	2,100,000
Peace Plus Projects (Newtownbutler)	1,000,000	600,000	-	-	-	1,600,000
Local Peace Plan	1,400,000	-	-	-	-	1,400,000
Shared Island Projects- Industrial Lands	350,000	-	-	-	-	350,000
<b>Council Funded Projects</b>	<b>6,050,000</b>	<b>7,000,000</b>	<b>8,000,000</b>	<b>3,200,000</b>	<b>3,200,000</b>	<b>27,450,000</b>
Crematorium	500,000	4,000,000	5,000,000	-	-	9,500,000
Strategic Capital Projects - Community Capital Grants	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Play Area Refurbishment	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Vehicle and Associated Plant	1,300,000	800,000	800,000	1,000,000	1,000,000	4,900,000
Drumree Transfer Station and Site Closure	1,900,000	-	-	-	-	1,900,000
Information and Communications Technology Strategy Projects	200,000	200,000	200,000	200,000	200,000	1,000,000
Signage: Dual Language	150,000	-	-	-	-	150,000
<b>General Fund (Not Specified)</b>	<b>850,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>4,850,000</b>
<b>Total</b>	<b>34,575,000</b>	<b>61,375,000</b>	<b>40,030,000</b>	<b>10,675,000</b>	<b>4,200,000</b>	<b>150,855,000</b>

Further detail of the Capital Plan 2026-27 is included in Paper A, Appendix 1b.

Table 2b: Capital Plan Forecast 2026-2031 – Proposed Funding

Proposed Funding	£
<b>Summary</b>	<b>£</b>
<b>Total Forecasted Spend 2026/27 to 2030/31</b>	<b>150,855,000</b>
Funded by:	
Grant	52,430,000
Reserves	24,955,000
Capital Receipts	4,295,000
Provisions	1,750,000
Internal Borrowing	20,000,000
External Borrowing	43,425,000
Revenue Transfer	4,000,000
<b>Total</b>	<b>150,855,000</b>

Table 3 summarises the revised Capital Plan for the period 2025/26, the estimated plan spend for 2026/27 and the four-year forecast spend on projects for the period 2027-2031. The Capital Plan will be reviewed monthly, progress will be reported quarterly, and the Plan will be updated as part of the 2027/28 Estimates Process. The Plan indicates proposed capital investment in the District of £166.9m (£103.8m net of grant).

Table 3: Capital Plan Summary 2025-2031

	2025/26 Revised £m	2026/27 Estimate £m	2027-2031 (Forecast) £m	Total 2025-2031 £m
<b>Projects – subject to external funding</b>	11.9	27.7	90.9	130.5
<b>Council funded capital investment projects</b>	3.1	6.0	21.4	30.5
<b>General allocation to support in year upkeep capital works</b>	1.0	0.9	4.0	5.9
<b>Total</b>	<b>16.0</b>	<b>34.6</b>	<b>116.3</b>	<b>166.9</b>

**Governance:** Governance arrangements are in place to manage the Council's Capital Programme which includes a Capital Programme Service, managed by a Lead Officer and a Capital Programme Management Board. This is a corporate, officer-led group, that considers and challenges the capital and asset management plans and monitors progress towards delivery of the Capital Programme. The Board reports and makes recommendations to the Council's Corporate Leadership Team which reports to and makes recommendations to the Regeneration and Community Committee. The Board is aligned to the Elected Member Capital Programme/ Investment Oversight Group which meets up to four times per year. Responsibility for setting the direction of the capital programme will ultimately remain with Elected Members. These governance arrangements are supported by an Options Appraisal Policy which provides guidance on the Appraisal process from determining the level of Appraisal required right through to assessment, reporting and project evaluation.

#### **4. Minimum Revenue Provision (MRP) Policy Statement**

In order to account for the repayment of the Council's borrowing, irrespective of when the timing of loan receipts and payments might take place, the Council is required Under Regulation 6 of the Local Government (Capital Finance and Accounting) Regulations (Northern Ireland) 2011, to make an annual provision for the repayment of borrowing through a charge to its General Fund referred to as Minimum Revenue Provision (MRP). The Council's MRP Policy Statement for 2026/27 which is based on the asset life method for borrowing, is detailed in **Appendix 1A**.

#### **5. Treasury Management Strategy Statement 2026/27**

The Treasury Management Strategy Statement sets out the expected Investment and Borrowing Strategies for 2026/27 and is linked to the Community Plan 2030, the Council's Corporate Plan and Capital Development Plans. The Strategy Statement is detailed in **Appendix 1B**. The Council's Treasury Management Strategy Statement is in accordance with the CIPFA Code of Practice for Treasury Management in the Public Services and permits investment in a range of financial institutions and instruments, with appropriate advice and governance. The Treasury Management Strategy Statement also sets out formal reporting requirements and these have been fully complied with to date and will continue to be adhered to.

#### **6. Prudential and Treasury Indicators**

Councils determine their own programmes for capital investment that are central to the delivery of quality public services. The Prudential Code is produced by CIPFA as a professional Code of Practice to support local authorities in taking capital decisions. The Council has adopted the 2021 CIPFA Codes of Practice for Capital Finance (Prudential Code) and Treasury Management and all activities are carried out in accordance with the Code. Both Codes set out indicators to be used which promote transparency and assist in robust budget forecasting, to manage Council spend, borrowing and investment decisions. The indicators are designed to support and record decision making in a manner that is publicly accountable and are not designed to be comparative performance indicators. To demonstrate that the Council has fulfilled the objectives of these Codes a suite of Prudential

and Treasury Management Indicators have been developed and these are detailed in **Appendix 1C**.

## 7. The Council’s Affordable Borrowing Limit

The Prudential Indicators includes a Capital Financing Requirement of £1.7m and a recommended affordable (authorised) borrowing limit of £2.5m. The indicators propose that 100% of the Council’s debt remains at fixed interest rates.

## 8. Capital Strategy Report 2026-2031

The Prudential Code requires that authorities have a Capital Strategy in place to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability, and affordability. The Council has in place a Capital Strategy that sets out the long-term context in which capital expenditure, borrowing and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

The Capital Strategy which is detailed in **Appendix 1D** gives a high-level overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of Council services along with an overview of how associated risk is managed and the implications for future financial sustainability. It refers to the Council’s Minimum Revenue Provision Policy Statement, the Treasury Management Strategy Statement and the Council’s Prudential and Treasury Management Indicators. It should be highlighted, as set out in Table 4, that in the latter years, financing demands will increase. This is based on estimates of interest rates and on Council decisions yet to be taken on a number of significant proposed schemes along with estimates of future revenue funding from the Council’s Rate base, central government funding and external funding for specific capital projects. Further consideration of affordability including the impact on revenue costs (i.e. impacts on service revenue budgets and financing costs) related to investment projects will be required.

*Table 4: Projected Financing costs of Proposed Capital Plan*

	2025/26 revised Estimate	2026/27 forecast	2027/28 forecast	2028/29 forecast	2029/30 forecast	2030/31 forecast
Financing costs (£m)	1.3	1.0	0.7	2.4	4.0	4.2
Proportion of net revenue stream	2.2%	1.6%	1.0%	3.5%	6.6%	7.4%

## 9. Revenue Income and Expenditure Financial Plan

A detailed plan of Revenue Income and Expenditure has been developed for 2026/27 following a process which considered key issues and risks facing the Council, which includes increasing staff and overhead costs, marginal increases in the costs of financing the proposed Capital Plan, increased income generation and service delivery efficiency budget reductions projected. The Estimates have been established during a continued period of financial uncertainty linked to the current external market conditions, including

uncertainty around inflation rates and interest rates, and additional uncertainty around external funding provision of some Council services. These ongoing factors, and any variations to them, may be significant due to the assumptions used in the Revenue Income and Expenditure Plan when compared to Actual position for 2026/27.

The Estimates have been developed without absolute certainty of the amount of Rates Support Grant and other central government funding of direct service grants receivable in 2026/27. The Department for Communities (DfC) and other central government Departments will not know their budgets for allocations to Councils until after the prescribed date of 15 February 2026 (the date on or before which Councils must strike a Rate).

The 2026/27 Revenue Estimates have been used as the baseline for preparation of Forecast Revenue Income and Expenditure for the 5-year period to 2031/32, Table 5 below. The Forecast is based on the following assumptions:-

- Staff costs include an overall annual increase of 3% and overall employment costs take account of a reduction in employer contribution rates to the Northern Ireland Local Government Officers Superannuation Scheme (NILGOSC) from 19% to 15.5% with provision included should the actual confirmed rate at 01 April 2026 differ from the estimate and to protect against future increases;
- Utilities (Electricity, Heat) assumed increase of 3% per annum;
- Other Fixed Costs (Insurance) assumed increase of 5% per annum;
- Income across all service areas assumed increase of 2% per annum;
- Central government revenue funded programmes assumed at current level;
- Service realignment reductions to continue for a 2-year period at £300k per annum;
- Other costs maintained at 2026/27 estimates. No adjustment made to account for any new or forthcoming Corporate Plan development or priorities of future service delivery models and associated changes in Legislation or Regulations;
- Reserve transfers to capital and repairs and renewals held at £1m until 28/29 and £0.8m thereafter;
- Covid reserve has been fully utilised in 26/27.
- Existing borrowing reducing in line with Capital Plan finance costs;
- New borrowing linked to Capital Plan;
- Direct Revenue Financing and Capital Plan development reducing in 29/30 to facilitate new borrowing;
- Central Government support held at the same level;
- Estimated Penny Product maintained at the same level, in the short term, with a 1% increase after 3 years.

Future Income and Expenditure forecasts must also take account of the following:-

- Council spending priorities linked to the Community Plan 2030 and Corporate Plan;
- The Council's Rates Base;
- Optimum levels of reserves and utilisation of funds available; and
- Development, prioritisation and delivery of the Council's Capital Investment Plans and associated financing and include consideration of the Council's affordable external

borrowing limit.

Table 5: Five-Year Revenue Forecast 2027-2032

Service Area	2027/28 Forecast (£'000)	2028/29 Forecast (£'000)	2029/30 Forecast (£'000)	2030/31 Forecast (£'000)	2031/32 Forecast (£'000)
Environment and Place	23,176	23,823	24,338	24,866	25,408
Community and Wellbeing	11,513	11,889	12,277	12,678	13,092
Corporate Services and Governance	4,876	5,098	5,234	5,374	5,519
Regeneration and Planning	4,529	4,693	4,861	5,035	5,214
Corporate Management	3,685	3,731	3,778	3,827	3,878
Service Realignment (cumulative)	(300)	(600)	(600)	(600)	(600)
<b>Total Net Budget</b>	<b>47,479</b>	<b>48,634</b>	<b>49,888</b>	<b>51,180</b>	<b>52,511</b>
<b>% increase in net expenditure</b>	<b>2.53%</b>	<b>2.43%</b>	<b>2.58%</b>	<b>2.59%</b>	<b>2.60%</b>
Transfers to Reserves	1,000	1,000	800	800	800
Financing of Capital Expenditure	3,000	3,400	4,500	4,700	4,900
<b>Total expenditure to be funded by government grant and District rates</b>	<b>51,479</b>	<b>53,034</b>	<b>55,188</b>	<b>56,680</b>	<b>58,211</b>
Estimate Central Gov. Support	-3,700	-3,700	-3,700	-3,700	-3,700
<b>Estimated Amount to be raised from Rates Base</b>	<b>47,791</b>	<b>49,346</b>	<b>51,499</b>	<b>52,992</b>	<b>54,523</b>
<b>% increase in net expenditure after Central Government Support</b>	<b>1.72%</b>	<b>3.25%</b>	<b>4.36%</b>	<b>2.90%</b>	<b>2.89%</b>
<b>% increase in Rates base</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>

The five-year Revenue Forecast has been developed to support the Council in its decision making and risk management in the event that additional unexpected financial pressures arise. The Revenue Forecast will also support future policy and strategy decision making with regard to service delivery interlinked with future capital investment proposals in line with the objectives of the Community Plan and the Council's Corporate Plan. Existing borrowing has reduced, and new borrowing estimates are in line with the proposed Capital Plan. The Revenue Forecast is linked to an increase in rates base included within 2026/27 Estimates and an assumption of a 1% growth in rates base after 3 years.

Key assumptions in these forecasts relate to continued central government support, reducing inflationary pressures, increased income generation from services, an estimate of the annual agreed pay award for employees from 1 April 2026, and Council capital expenditure plans. Any significant changes to these will impact the Revenue estimates. However, these represent a forecast only and will be revisited each year as part of the Rate Setting and Estimates process.

There is requirement to undertake a review of strategic policy and plans (particularly in relation to discretionary services) in order to ensure the longer-term financial sustainability

of the Council. There is a continued need for the Council to retain financial stability with the full utilisation of the Council's Covid Reserve in 2026/27 and in consideration of significant capital project proposals which will result in the need to externally borrow in the medium term and the uncertainty of any associated borrowing rates. This will likely include consideration of Waste Strategy, Estates Strategy and People Plan and determination of the optimum balance of service delivery linked to both Revenue and Capital Plans whilst taking account of climate change and the longer-term Council priorities.

The Council has in place a Financial Reserves Policy which outlines the principles used to assess the adequacy of Council Reserves, the use of Reserves and an associated reporting framework in compliance with relevant legislation, guidance and associated Codes of Practice. Effective management of this Policy is the Council's main approach to managing the current risks and ensuring financial stability in the medium-term as the Council's Covid Reserve will be fully utilised by 31 March 2027. The Council also has a contingency reserve which is available to support unforeseen significant increases in service delivery costs.

## **10. Summary**

The Estimated Revenue Income and Expenditure and Capital Plan for the period 2026-2031 have been developed following consultation with Members during the two Estimates Workshops. These have been used as the basis for the Medium-Term Financial Plan which includes a series of forecasts to project the Councils financial position in a longer timeframe.

In compliance with the Local Government Finance Act (Northern Ireland) 2011 and associated Codes and guidance, a Capital Strategy, a set of Prudential Indicators, an Affordable Borrowing Limit, a Minimum Revenue Provision Policy Statement and a Treasury Management Strategy Statement have been developed.