



WEST OXFORDSHIRE  
DISTRICT COUNCIL

## WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	<b>COUNCIL - 25 FEBRUARY 2026</b>
Subject	<b>2026/27 BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY</b>
Wards affected	All
Accountable member	CLlr Alaric Smith Executive Member for Finance Email: <a href="mailto:alaric.smith@westoxon.gov.uk">alaric.smith@westoxon.gov.uk</a>
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Summary/Purpose	To provide the proposed budget for 2026/27, whilst also seeking approval for:  <ol style="list-style-type: none"><li>1. The Draft Base Budget for 2026/27</li><li>2. The Council's Capital Programme for 2026/27 to 2030/31</li><li>3. The level of Council Tax for 2026/27</li><li>4. The Medium-Term Financial Strategy (MTFS) for 2026/27 to 2030/31</li><li>5. The Capital Strategy 2026/27</li><li>6. The Investment Strategy 2026/27</li><li>7. The Treasury Management Strategy 2026/27</li><li>8. The Council's Pay Policy Statement 2026/27</li></ol>
Annexes	Annex A – Prior Year Comparison Annex B – MTFS 2026/27 to 2030/31 Annex C – Capital Programme 2026/27 to 2030/31 Annex D - Council Tax Schedules 1-2 Annex E – Council Tax Schedule 3 Annex F – Council Tax Schedule 4 Annex G - Taxbase 2026/27 Annex H- Responses from the Statutory Budget Consultation 2026/27 Annex I – Council Pay Policy Statement 2026/27

	Annex J – Capital Strategy 2026/27 Annex K – Investment Strategy 2026/27 Annex L – Treasury Management Strategy 2023/27 Annex M – Summary of Prudential Indicators
Recommendation(s)	The Executive resolves to recommend the following to Council for approval:  1. The General Fund Revenue Budget 2026/27 as Summarised in Annex A. 2. The Medium-Term Financial Strategy for 2026/27 to 2030/31 in Annex B. 3. The Capital Programme for 2026/27 to 2030/31 as set out in Annex C. 4. The Council’s Pay Policy Statement as set out in Annex I. 5. The Council’s Capital Strategy as set out in Annex J. 6. The Council’s Investment Strategy as set out in Annex K. 7. The Council’s Treasury Management Strategy as set out in Annex L.
Corporate priorities	<ul style="list-style-type: none"> <li>Working Together for West Oxfordshire</li> </ul>
Key Decision	No
Exempt	No
Consultees/ Consultation	Meetings with Directors, Heads of Service, Business Managers and key stakeholders

## 1. BACKGROUND

- 1.1 This 2026/27 budget, submitted for approval by the Council, **delivers a contribution to general fund reserves of £683,814 before growth requests** and a balanced budget after growth requests. The first draft of the revenue budget was presented to the Executive on 17 December 2025, an updated version on 14 January 2026 and this proposed version was considered by the Executive on 11 February 2026.
- 1.2 This report provides details of the changes between the provisional funding settlement, announced on 17 December 2025, and the final three-year funding settlement announced on 9 February 2026. It also details the assumptions made for both the revenue budget and the Medium-Term Financial Strategy (MTFS) including the current drivers of growth.
- 1.3 As expected, due to the better-than-expected provisional funding settlement announced in December, the methodology for calculating the pooling gain within Core Spending Power has been amended when arriving at the final three-year settlement figures. In the provisional settlement, billing authorities (Districts) were granted 100% of the business rates pooling

gain with no share for the County. This has now been amended with the County and the billing authority sharing the pooling gain 50/50.

- 1.4** For 2026/27 the government has introduced an Adjustment Support Grant to ensure that no Local Authority will receive less funding than announced in the provisional settlement. For West Oxfordshire District Council, this grant amounts to £1,053,102. In the second and third years of the three-year funding settlement the net reduction in central government funding, compared to the provisional settlement, is £2,318,502.
- 1.5** Changes to the MTFs from the provisional to the final settlement are set out in the table below.

MTFS Line item	2026/27	2027/28	2028/29	Total
<b>Prov Finance Settlement</b>	£	£	£	£
Revenue Support Grant	7,522,982	5,218,704	2,849,655	15,591,342
Business Rates Share	2,490,393	2,547,518	2,598,911	7,636,822
Income Protection Floor	776,198	2,721,460	4,666,340	8,163,998
<b>Total</b>	<b>10,789,573</b>	<b>10,487,682</b>	<b>10,114,906</b>	<b>31,392,161</b>

MTFS Line item	2026/27	2027/28	2028/29	Total
<b>Final Finance Settlement</b>	£	£	£	£
Revenue Support Grant	6,769,325	4,837,844	2,849,655	14,456,824
Business Rates Share	2,490,393	2,547,518	2,598,911	7,636,822
Adjustment Support Grant	1,053,102	0	0	1,053,102
Income Protection Floor	476,754	1,959,266	3,490,893	5,926,912
<b>Total</b>	<b>10,789,573</b>	<b>9,344,628</b>	<b>8,939,459</b>	<b>29,073,660</b>

Change in Funding	0	1,143,054	1,175,447	2,318,502
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These changes in funding have no impact on the 2026/27 budget that was reported to Executive on 11 February 2026 and is presented here for approval. The reduction in funding in future years will require the increased use of reserves to balance the revenue budget in 2027/28 and 2028/29.

## 2. FINAL PROPOSED BUDGET FOR 2026/27

This final version of the 2026/27 budget is a **contribution to general fund reserves of £683,814 before growth requests** and a balanced budget after growth requests.

The table below shows the key movements in the budget presented to the Executive in January, taking it from a contribution to General Fund of £650,884 (before growth) to this final balanced budget after growth.

Budget presented to the Executive in January 2026	<b>(650,884)</b>
<b>Budget Movements since presentation to Executive</b>	<b>£</b>
<b><u>Revenue Changes</u></b>	
Ubico contract	<b>(134,404)</b>
Audit Fees	49,828
Earmarked Reserves	411,726
Interest on External Borrowing	<b>(37,924)</b>
Council Tax Surplus	<b>(47,072)</b>
Investment Property Rent, Service Charges and Business Rates	66,363
Standby Pay	26,262
Staff Mileage	18,850
Publica contract savings	<b>(513,276)</b>
Community Governance Review	50,000
Legal Services	6,342
Guildenford Car Park	100,000
Retained Business Rates	<b>(29,625)</b>
	<b>(32,930)</b>
<b>2026/27 REVISED DRAFT BUDGET</b>	<b>(683,814)</b>

<b>Growth Requests</b>	<b>£</b>
<b>Permanent</b>	
Sovereign Posts	168,526
Nature Recovery Officer FTC to Permanent	39,756
New Post - Shared Senior Officer, Pollution Services	16,565
New Post - Shared Senior Officer, Private Water Supplies	14,909
New Post - Shared Tenancy Relations Officer, Grant funded for 3 years	13,998
Healthy Communities Officer - Increased hours	16,971
Safer Communities Officer - Increased hours	10,299
Economic Development Assistant - FTC to permanent	33,679
Habitat improvements on council-owned land	23,100
Community and partnership initiatives	14,350
Part time Leisure Contracts Monitoring Officer 0.4 FTE	19,950
	<b>372,103</b>
<b>One Year</b>	
Planning Services Transformation Lead	<b>55,275</b>

<b>Permanent Posts Funded Through New Initiatives for 12 months</b>	
Community Funding Officer - Increased hours	19,140
Species recovery projects	41,000
Nature Recovery strategic projects and project development	34,000
Building Maintenance Officer	43,460
Temporary Housing Lead	45,403
Anti Violence Against Women Project	25,000
Environmental Crime Officer and regrade to Level 2 Case & Fieldworker	48,433
	<b>256,436</b>

## 2.1 Changes to Revenue

- The Ubico contract was initially included in the first draft of the budget as an increase of £319,784. Following extensive discussions this has reduced by £134,404 to £185,380 for 2026/27. The key changes relate to fuel, vehicle repairs and staffing.
- External Audit fees are set by the Public Sector Audit Appointments (PSAA) for the statutory accounts. In addition, we are also required to employ an external auditor to audit the Housing Benefit system each year. The additional complexity of the audit work is reflected in the increasing cost year on year.
- Additional movements to earmarked reserves represent amounts that have been earmarked to fund the Waste and Environmental Services Project (WESP) and the next phase of Local Government Reorganisation work. In total £1,509,529 has been earmarked from the 2026/27 budget to fund these two projects with the funds expected to be expended during the period 2026-2028.
- The cost of interest on external borrowing has been removed from the base budget as the Council will rely on the use of capital receipts and internal borrowing to fund the Capital Programme until 2027/28.
- The Council Tax surplus/deficit calculation is required to be submitted to the major preceptors (Oxfordshire County Council and Thames Valley Police) by 15<sup>th</sup> January each year. The Council's share of this surplus has been calculated at £180,988, an increase of £47,072 on 2025/26.
- Additional adjustments to Investment Property income and expenditure have been included as it is expected that two tenants will be leaving at the end of their current lease. The figure of £66,363 represents the loss of rent and the liability for Business Rates that will be charged to the Council in the second half of the year.
- Standby Pay had not previously been included in the base budget. It is the cost we incur to unlock and lock Woodgreen and the Town Centre Shop outside normal

working hours. These additional duties are undertaken by employees who have transferred from Publica back to the Council.

- Mileage has been included in the base budget for Planning and Building Control Officers who are required as part of their job to visit site. These employees transferred from Publica back to the Council.
- The Publica savings of £513,276 are due to the councils in the Publica partnership agreeing to adopt a re-based cost model from 2026/27 following Phase 1 and 2 of the Publica Review. This new cost model ensures that the funding provided to Publica is proportionate to the services received by each council in the partnership.
- A motion on Community Governance Review, focussing on parish and town council boundaries, was considered at the Council meeting on 28 January 2026. As a result of this motion, £50,000 for initial scoping work has been allocated in the 2026/27 budget, with a report containing more detailed costings expected to be taken to Council for consideration in September 2026.
- The additional budget for Legal Services relates to the assumed 3% pay award for 2026/27.
- The lighting in Guildenford car park has been assessed by our Health & Safety Officers and their findings show that it needs to be replaced. An estimate of £100,000 has been included in the Capital Programme, to be funded from a contribution from Revenue.
- The estimated Retained Business Rates is calculated from the NNDR I form, which has now been submitted to Ministry of Housing, Communities and Local Government (MHCLG). In the first draft of this budget, retained rates were assumed at the baseline of £2,490,393 as published in the draft local government finance settlement. The calculations for NNDR I show that we now expect to achieve an additional £29,625.
- Additional growth request to establish a part-time Contract Monitoring Officer role within the Leisure Team. The role is critical to ensuring high-quality leisure services across the district, supporting contract compliance, performance monitoring, and stakeholder engagement. By strengthening contract oversight, the councils will deliver improved community health outcomes, enhance customer satisfaction, and risk mitigation.

### 3. MAIN POINTS

- 3.1 This final version of the 2026/27 budget is a contribution to general fund reserves of **£683,814 before growth requests and a balanced budget after growth requests**. This is a significantly more optimistic picture than the one painted by the government's results of the funding formula review published in June 2025. The funding formula is complex but for the Council

the change in estimated funding in the MTFs presented to Executive in December and the one presented in January was the result of just one element – the Income Protection Floor (IPF) contained in the provisional funding settlement. A more detailed explanation of this is included in paragraphs 3.3 to 3.7. Analysis of the changes between the provisional and final funding settlement is contained in paragraphs 1.3 to 1.5 above.

- 3.2** The detailed changes, in the previous iterations of this budget, are set out in sections 4 and 5 of this report, and a summary is provided in the table below:

Draft Budget Version	Use of/(Contribution) to Reserves
25/26 Base Budget	(£91,280)
26/27 1 <sup>st</sup> Draft - Exec 17.12.25 (before growth)	£21,447
26/27 2 <sup>nd</sup> Draft - Exec 14.01.26 (before growth)	(£650,884)
2026/27 Final Draft - Exec 11.02.26 and Council 25.02.26 (before growth)	(£683,814)
2026/27 Final Draft - Exec 11.02.26 and Council 25.02.26 (inc growth)	£ Nil

- 3.3** In June, MHCLG confirmed that for most councils there would be a 0% minimum funding floor to guarantee that funding did not fall in cash terms over the Spending Review period. However, the Council was one of the circa 40 councils who were informed that they would not receive this guarantee and instead would be subject to a cash cut of 5% in year one i.e. 2026/27 and then a cash flat allocation in years two and three.
- 3.4** Financial modelling undertaken by Pixel, who provide support and advisory services to local government focussing on funding analysis, indicated a £943,000 loss of income over the three-year period from 2026/27 to 2028/29 following the outcome of the MHCLG consultation.
- 3.5** The provisional Local Government Finance Settlement was announced on 17 December 2025 and there were material changes to the MTFs assumptions made in June 2025. In hindsight, the assumptions made may have been too prudent, but they were based on the information available at the time. The level of Retained Business Rates and Revenue Support Grant has not moved significantly between June and December, rather it is the addition of an IPF that has provided an additional £8,163,998 over the 3-year settlement period which represents 90% of the change.
- 3.6** The IPF compares a council's 2025-26 income before reform with the income it would have received in 2025-26 had the new Fairer Funding Formula been applied. As part of the transitional arrangements, it guarantees that eligible councils will retain at least 95% of their

pre-reform income when moving to the new system. It ensures that councils facing the greatest potential reductions from the funding reform are protected from a sudden drop in resources, giving them time to adjust whilst phasing in the new system.

**3.7** The tables below highlight the changes between the funding position estimated in June and the position confirmed in the provisional financial settlement in December. As part of its methodology, the government includes income from the Business Rates Pool (the Pool) surplus within core spending power. However, the Council has always chosen not to budget for this income because it is unpredictable, and we do not base ongoing revenue requirements on funding that cannot be guaranteed. This has proven to be very advantageous to the Council within the Fairer Funding Methodology.

MTFS Line item	2026/27	2027/28	2028/29	Total
<b>December MTFS</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Revenue Support Grant	6,400,150	5,049,739	3,721,757	15,171,646
Business Rates Share	2,360,000	2,407,200	2,455,344	7,222,544
Total	8,760,150	7,456,939	6,177,101	22,394,190

MTFS Line item	2026/27	2027/28	2028/29	Total
<b>Finance Settlement</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Revenue Support Grant	7,522,982	5,218,704	2,849,655	15,591,342
Business Rates Share	2,490,393	2,547,518	2,598,911	7,636,822
Income Protection Floor	776,198	2,721,460	4,666,340	8,163,998
Total	10,789,573	10,487,682	10,114,906	31,392,161

**3.8** The surplus from the Pool has always been treated as “bonus” income over and above our budgeted Retained Business Rates amounting to £1,050,924 in 2024/25, £570,894 in 2023/24 and £928,265 in 2022/23. It is this income, along with any General Fund surplus that has been moved to earmarked reserves in recent years to fund future gaps in the revenue budget over the life of the MTFS.

**3.9** The MTFS has been prepared without incorporating any potential impacts from Local Government Reorganisation (LGR). At this stage, it is not possible to provide credible financial projections until the Government has reviewed the proposals and confirmed which will be implemented. Consequently, the MTFS assumes that the Council will continue to operate as usual and meet its financial obligations for the foreseeable future, irrespective of any future LGR decisions.

**3.10** While the reserves position for the Council is currently healthy, there remains significant unknowns, with the key one being the cost of LGR from the announcement of the successful bid in the summer of 2026 to vesting day on 1 April 2028. An estimated cost has been included in the MTFS for the likely costs to run a Programme Office in 2026/27, with sufficient employees and specialist consultants to facilitate the implementation of the new

Unitary Authority. These costs are funded through earmarked reserves. The transformation costs of LGR i.e. any redundancies and the associated pension strain cannot be estimated at this time, but they are likely to be material amounts which will impact the MTFS in years 2 and 3.

**3.11** The use of reserves to manage short term fluctuations in the Council's financial position is necessary but cannot be sustained over the longer term – reserves can only be spent once.

**3.12** The financing of the Capital Programme will look to use internal borrowing, grants and capital receipts as far as the Council is able to delay, for as long as possible, the requirement to take on external borrowing. Borrowing is not inherently bad and is a responsible way to finance capital projects, if the revenue budget can afford to service the debt. Public Works Loan Board (PWLB) rates are currently at a higher rate than the Council would want to take out borrowing. In another year, as the Bank of England base rate falls, PWLB borrowing should be at a more palatable level.

#### **4. 2026/27 BUDGET ASSUMPTIONS**

**4.1** The 2026/27 budget setting process has been informed by the key drivers of the financial performance in the current year, discussions with budget holders and takes into account the requirement for the Council to produce a balanced budget and to evidence financial sustainability over the life of the MTFS.

**4.2** The table below shows the key changes, in arriving at the first draft of the budget, to the £91,280 contribution to General Fund Reserves in 2025/26 to a balanced budget in 2026/27 with an estimated contribution from General Fund of £21,447 excluding growth and a contribution from General Fund of £372,184 when growth requests are considered. This was the budget presented to the Executive on 17 December 2025.

2025/26 budget surplus	(91,280)
<b>Budget Movements</b>	<b>£</b>
<b><u>Changes in expenditure</u></b>	
Reversal of one off items from 25/26	(335,900)
Disposal of Between Towns Road	(157,826)
Publica Contract - New Cost Model	(1,401,035)
Retained Staff	1,326,496
Take out secondary Pension contribution	(635,039)
Provisional Ubico contract inflation	319,784
New Temporary Accommodation	(28,212)
Business Rates and Council Tax on Council Assets	76,462
Business Manager Review	224,385
Outsourcing of Markets	(27,000)
Private Sector Housing condition survey	60,000
	(577,885)
<b><u>Changes in income</u></b>	
Investment Property income	(207,128)
Development Management Income	(190,000)
Trade Waste income	(250,000)
End of Rural Crime project and funding	33,100
	(614,028)
<b><u>Changes in funding</u></b>	
Provisional Business Rates Reset	4,324,384
Provisional Funding Settlement	(3,554,710)
Minimum Revenue Provision (MRP)	192,960
Movements to/from earmarked reserves	1,009,853
Extended Producer Responsibility Grant increase	(652,216)
Council Tax from taxbase growth	(53,554)
Interest on long term borrowing	37,924
	1,304,641
<b>2026/27 DRAFT BUDGET</b>	<b>21,448</b>

<b>Growth Requests</b>	<b>£</b>
<b>Permanent</b>	
Building Maintenance Officer	43,460
Sovereign Posts	155,546
Nature Recovery Officer FTC to Permanent	39,756
Temporary Emergency Accommodation Lead	45,503
Town Centre footfall system	21,000
Shared Senior Officer - Pollution Services	16,565
Shared Tenancy Relations Officer	13,998
Shared Senior Officer - Private Water Supplies	14,909
	<b>350,737</b>
<b>2026/27 DRAFT BUDGET inc Growth</b>	<b>372,184</b>

**4.3** The key changes to the budget from 2025/26 to 2026/27 are as follows:

#### Changes To Expenditure

- The reversal of one-off growth items from 2025/26 includes the £300,000 budget for the estimated one-off costs for Phase 2 of the Publica Review and the estimate of costs for the leisure contract options appraisal approved as a one-year growth item in 2025/26. The actual one-off costs for the Phase 2 Publica Review were £174,554.

#### Publica Review Costs

<b>Costs</b>	<b>Phase 1</b>	<b>Phase 2</b>	<b>Total</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
One Off	218,281	174,554	392,835
Enduring	213,147	111,351	324,498
<b>Total</b>	<b>431,428</b>	<b>285,905</b>	<b>717,333</b>

- Between Towns Road – part of our Investment Property portfolio, this office property in Oxford has been vacant since November 2023 when Oxfordshire County Council moved out. Various options for its continued use were assessed with the optimum outcome being a recommendation to sell on the open market. Council approved this recommendation in the summer of 2025 with the sale completed on 28 January 2026. This sale provides a revenue budget saving of

£157,826 which reflects the Business Rates liability and the cost of securing the building. In addition, the sale provides the Council with a capital receipt which will be used to help fund the Capital Programme, thereby reducing the Council's need to borrow externally.

- The Publica contract – this saving has two elements, firstly the reduction in contract sum due to the TUPE of employees back into the Council on 1 July 2025 (£624,478) and the new cost model, the principle of which was agreed between all partners as part of the Phase 2 Publica Review (£776,557).
- Retained employees – this figure needs to be viewed together with the Publica saving as it represents the employment costs of employees TUPEed back to the Council on 1 July 2025.
- Secondary Pension - historically, the Council has paid both a primary and secondary pension contribution. The primary contribution is the amount paid monthly through payroll and the secondary contribution is an additional cash sum paid to make sure that the Council can meet the future obligations of the pension scheme from employing staff in the past.
- The secondary contribution was introduced in the aftermath of the 2008 financial crash which resulted in near zero bond yields and caused a funding deficit in the pension scheme. Now that the scheme returns have pushed the scheme into a notional asset rather than liability (before the inclusion of the Asset Ceiling), the secondary contribution (£746,000) has been withdrawn and the primary contribution raised from 17.6% to 20% (£110,961). The net saving is therefore £635,039.
- Ubico contract - discussions are underway with Ubico to agree a contract sum for 2026/27. It takes a protracted amount of time each year due to the complicated nature of the contract deliverables. The initial growth request from Ubico is £319,784, driven predominantly by an increase in vehicle repair costs, wages inflation, and vehicle hire. A final Ubico contract sum will be included in the final budget, presented to Executive in February 2026. (see section 2.1 above).
- Emergency Accommodation - the Council committed to the purchase of an additional 30 emergency accommodation beds in this financial year to add to our existing 22 hostel spaces. So far, the purchase of 2 properties has been completed with a further 6 properties on track to complete in Q4, in total these 8 properties will provide 21 beds for single households and 8 beds of family accommodation for 4 households.

- A programme of reconfiguration and refurbishment for all 8 properties, expected to complete by the end of January 2026, has begun with an estimated handover of the first property early in 2026. The provision of an additional 29 beds is estimated to reduce the net cost to the Council for emergency accommodation by £350,000 a year.
- Business Rates and Council Tax - the Council has liability for Business Rates on its operational buildings and Council Tax for some temporary accommodation. The increase in these costs for 2026/27 is estimated at £71,962 for Business Rates and £4,500 for Council Tax. It should be noted however that there will be a national Business Rates reset and revaluation for 1 April 2026 and it is possible that our Business Rates liability will increase.
- Business Manager review – this summarises a large volume of small adjustments across all the Council service areas which are not significant on their own. Included in this figure are amounts for publishing Planning Applications in local newspapers, licences for the tablets used by Building Control whilst they are onsite, inflationary increases for external contractors working on behalf of the Home Improvement Service, electricity costs, membership of the Oxfordshire Resources and Waste Partnership, professional subscriptions, the annual contribution to Better Homes Better Health, printing costs, etc.
- Markets - the management of the markets in Witney and Chipping Norton was outsourced in August 2025 to a commercial operator for an initial period of 2 years. The saving included in the budget relates to the costs associated with Ubico collecting the waste as this activity is no longer required.
- Housing Condition Survey - the Council has a statutory responsibility to undertake periodic housing condition surveys across the district. This review is due to take place in 2026 with an associated one-off budget of £60,000 that will be reversed in 2027/28.

## Changes To Income

- Investment Property – this income fluctuates year on year as tenancies end, new tenancies begin, properties come into charge from an initial rent-free period and rent reviews come into effect. In 2026/27 the total amount of income from Investment Property is budgeted to be £3,037,235.

- Marriotts Walk – this is not classified as an Investment Property but does generate income. The managing agents have provided an updated cashflow forecast for 2026/27 of £1,128,263 and a net contribution to revenue of £464,582.
- Development Management - income from Planning Applications has been particularly volatile over the last 2 years. In the current financial year, the Council has received some major applications which has resulted in a forecast year end position of £321,000 above target. Budget discussions with the Head of Planning and the Development Manager have resulted in an agreed increase in fee income for 2026/27 of £230,000 partially offset by additional expenditure of £40,000 for temporary employees needed for specialist advice as the expertise is not available in house and is not needed in a full-time capacity.
- Trade Waste - the budget for Trade Waste income has been increased by £250,000 in line with current year forecasts reported at the end of Q2. The exceptional performance of the service can be attributed to very active customer management and efficiencies in invoicing and income collection by the Publica Trade Waste team.

### Changes To Funding

- Retained Business Rates - it has long been reported to Members that the Business Rates system was going to be reset by the government as part of the Fairer Funding Review, with the aim of ensuring that local government funding reflects current assessments of need and resources, rather than historic allocations. This is because the system has not been fully reset since its introduction in 2013, meaning disparities have grown over time. By updating Baseline Funding Levels (BFLs) and Business Rates Baselines (BRBs), the government can redistribute resources more fairly across councils based on relative need.
- Minimum Revenue Provision (MRP) is a statutory requirement to recognise the use of our fixed assets over time requiring a charge to revenue over the useful life of that asset i.e. vehicles over 7 years and property over a maximum of 50 years. The movement in MRP year to year is due to the level of expenditure estimated in the Capital Programme and the inclusion of finance leases in the balance sheet for the first time in 2024/25 after the adoption of the Accounting Standard IFRS16.
- Earmarked reserve movements – this is calculated every year and is the sum of movements both in and out of reserves. Movements out are matched to expenditure on posts and projects that have been agreed by the Executive to further Council Priorities. Examples of earmarked reserves funding expenditure are homelessness prevention and support, project management and climate change.

- The Council has been allocated significant funding from the Extended Producer Responsibility Grant, amounting to £2,852,839 in 2025/26 and £2,990,216 in 2026/27. There will be a timing difference between the receipt of this grant and expenditure against it, therefore it is budgeted to be moved into Earmarked Reserves and may be used to buy new recycling vehicles and to fund elements of the Waste and Environmental Services Project (WESP).
- Interest for external borrowing had been included in the Capital Programme on the assumption that the Council may have to fund £1.7m of waste vehicles mid-way through the 2026/27 financial year. Due to the better-than-expected funding settlement, this capital expenditure will now be funded through capital receipts and internal borrowing. This interest cost has been removed in the final budget (see section 2.1 above).

#### 4.4 Inflationary Pressures

- Pay award – over the last few years, the approval of the national pay award has been agreed later in the year and after the Council budget is approved. The pay award for 2025/26 was approved in July 2025 at 3.2%, in line with the base budget assumption of 3% pay inflation for both Publica and retained employees.
- Initial discussions on the 2026/27 National Joint Council (NJC) pay award are taking place in December and January with a pay offer by the Local Government Association expected to be made to the Unions before the end of the current financial year. It is hoped that agreement will be reached earlier than in previous years, but it will be after the budget is considered by Full Council in February 2026. In the absence of any better information, a pay award of 3% has been included in the 2026/27 budget.
- Contract inflation – this is applied to individual contracts i.e. Ubico, Publica, Danfo (Public Conveniences) and Jade Security (Cash collection) based on their specific contract terms or agreed forecast expenditure, not as a generic percentage.
- General inflation – the rate of Consumer Price Index (CPI) inflation is reported to be at 3.4% in December, up from 3.2% in November. Inflation impacts the cost of supplies and services i.e. building maintenance, external legal fees and fuel which tend to be higher than the CPI level. The MTFS approved in February 2025 assumed a level of inflation of 2.5% for 2026/27 something which looks unlikely for at least the first half of the year.

- The Bank of England base rate fell to 3.75% in December, consistent with the advice we received from our Treasury Advisors. There remains some uncertainty about the timing of the next rate cut given that the rate of CPI inflation is sitting at 3.4% as at the end of December. Any rate cut will reduce the return we receive on our investments but will make any external borrowing the Council enters into cheaper.

## 5. MOVEMENTS IN VERSION OF BUDGET TAKEN TO EXECUTIVE IN DECEMBER

The table below shows the key movement in the budget presented to the Executive in December taking it from a contribution from General Fund of £21,447 (before growth) to an estimated contribution to General Fund of £650,884 excluding growth and balanced budget including growth.

Budget presented to the Executive in December 2025	<b>21,448</b>
<b>Budget Movements since presentation to Executive</b>	<b>£</b>
<b><u>Revenue Changes</u></b>	
Members Allowances	14,009
Waste & Environmental Services Programme	124,706
Closure of some Public Conveniences	(100,000)
Environmental Enforcement Legal Costs	28,000
Tree Work	39,500
Town Centre footfall data system - 3 year contract	21,000
LGR year one estimated cost	350,000
	<u>477,215</u>
<b><u>Funding Changes</u></b>	
Council Tax - growth in taxbase 1.68%	(300,250)
Income Protection Floor	(776,198)
Revenue Support Grant	(1,122,832)
Retained Business Rates	(130,392)
Movement to Earmarked Reserves	1,180,125
	<u>(1,149,547)</u>
<b>2026/27 REVISED DRAFT BUDGET</b>	<b>(650,884)</b>

<b>Growth Requests</b>	<b>£</b>
<b>Permanent</b>	
Sovereign Posts	155,546
Nature Recovery Officer FTC to Permanent	39,756
New Post - Shared Senior Officer, Pollution Services	16,565
New Post - Shared Senior Officer, Private Water Supplies	14,909
New Post - Shared Tenancy Relations Officer, Grant funded for 3 years	13,998
Healthy Communities Officer - Increased hours	16,971
Safer Communities Officer - Increased hours	10,299
Economic Development Assistant - FTC to permanent	33,679
Habitat improvements on council-owned land	23,100
Community and partnership initiatives	14,350
	<b>339,173</b>
<b>Permanent Posts Funded Through New Initiatives for 12 months</b>	
Community Funding Officer - Increase hours	19,140
Species recovery projects	41,000
Nature Recovery strategic projects and project development	34,000
Building Maintenance Officer	43,460
Temporary Housing Lead	45,403
Anti Violence Against Women Project	25,000
Environmental Crime Officer and regrade to Level 2 Case & Fieldworker	48,433
	<b>256,436</b>
<b>One Year</b>	
Planning Services Transformation Lead	55,275
<b>2026/27 DRAFT BUDGET inc Growth</b>	<b>0</b>

### Changes to Revenue since December

- Members Allowances are subject to an annual increase at the same percentage rates as the cost-of-living uplift in the national pay settlement for local government employees. This Scheme was approved for the period 1 April 2023 to 31 March 2027. Retained employee inflation has been included in the budget at 3%, but the

actual percentage will not be known until after the budget has been approved in February 2026.

- A paper reviewing the Public Conveniences provision was taken to Executive in September 2025. The aim was to provide a balance between the continued provision of good quality public toilet facilities, protect essential facilities into the future and to reduce the financial burden on the Council. Following subsequent work with Town and Parish Councils, and the Public Conveniences Task and Finish Group, a report will go forward to Executive in February 2026 recommending the closure of some facilities, where there are nearby alternatives, or transfer to Town and Parish Councils. The resulting savings relate to the cleaning contract to service fewer facilities.
- Legal costs will be incurred in 2026/27 to undertake environmental enforcement action.
- The Council is required to act as a “reasonable and prudent landowner” and prevent foreseeable harm (Occupiers’ Liability Acts 1957 & 1984), in effect, to ensure public safety. The Council’s Tree Officer conducts inspections to identify any risks related to trees on the Councils land that may cause harm to people, buildings or livestock i.e. disease, broken limbs, vandalism and age. Work required to mitigate identified risks is conducted by qualified tree surgeons. The current budget of £40,500 is no longer sufficient for the volume of work required, therefore growth of £39,500 has been added to the budget for 2026/27. This budget will be reviewed for the 2027/28 budget setting cycle.
- Town Centre footfall data system – this funding would enable the procurement of a real-time footfall analytics system for district centres i.e. Witney, Carterton and Chipping Norton. The system would provide anonymised data on visitor numbers, dwell time, repeat visits and consumer spending patterns. These insights would directly support town centre regeneration and tourism initiatives and inform our climate action and parking strategies. The data would also allow us to assess the impact of local events and interventions as they happen, helping us target future investment and develop evidence-based programmes.
- Tax Base – Taxbase growth for 2026/27 is 1.68% or 819.26 Band D equivalents. This includes 763.11 Band D equivalents charged the second home premium. It is recommended that Council Tax increases by the maximum of £5 to bring the district precept to £134.38 per Band D equivalent for 2026/27.
- Funding Settlement – the movement in the estimated funding in the MTFs presented to the Executive in December and the current version amounts to £2,029,422. The

explanation for this change in funding assumptions can be found in paragraphs 3.4 - 3.7 of this report. The main driver is the Government's decision to include certain funding streams within Core Spending Power for the first time—specifically the Business Rates Pool surplus and grants that the Council has previously treated as service-specific, such as the Homelessness Prevention Grant.

- An additional transfer to Earmarked Reserves is proposed to meet the anticipated cost of LGR in 2026/27.

## 5.1 Growth Requests

- Sovereign Posts - discussions are currently underway in relation to making a small number of posts sovereign in addition to the posts transferred back to the Council on 1 July 2025. This will add additional capacity to help support the Local Plan, deliver infrastructure, and respond to LGR.
- Nature Recovery Officer - The Council's ability to deliver its Nature Recovery Plan and meet legal obligations relies on the specialist Nature Recovery Officer role. Making this post permanent would ensure continuity for key projects, partnerships, and biodiversity duties while strengthening the Ecology Team's capacity amid growing environmental demands. Without a permanent officer, the Council risks losing expertise, delaying progress, and missing funding opportunities—making this a cost-effective investment in long-term ecological and climate commitments.
- Shared Senior Officer Pollution Management and Shared Senior Officer Private Water Supplies – both posts are requested to stop the reliance on external contractors to fill resource gaps, the Council, Cotswold and Forest of Dean District Councils would equally fund both posts.
- Shared Tenancy Relations Officer – this position is recommended as a result of the Renters Rights Act which has just received royal assent. The Act will impose new statutory duties on local authorities and introduce new protections for tenants. This will increase the demand on the Private Sector Housing team in Publica and will require a new shared specialist officer to conduct an enforcement and prevention role as a statutory duty for local authorities. The role will also work with the Housing Team to help prevent homelessness as part of their enforcement role. The government have confirmed an allocation of £32,353 New Burdens funding to deliver this new statutory requirement.
- Healthy Communities Officer - this role is currently 0.5FTE and provides project and employee management support within Community Wellbeing overseeing work on inequality, neighbourhood engagement, community forums and the voluntary sector.

Due to increased demand within the service, the postholder has been engaged for an additional 11.5 hours per week on a temporary basis. The request is that these additional hours are made permanent as new externally funded projects are coming on stream, including the Oxfordshire Marmot Place Initiative which will keep demand in the service high. The core role is to co-lead the Oxfordshire County Council Public health funded Nature Recovery and Health Inequality project and manage the Community Builder roles.

- Safer Communities Officer – this role is currently 0.81FTE and oversees the Community Safety Partnership, is Prevent lead, is our interface with the Safer Oxfordshire Partnership and the Serious Violence work countywide. It coordinates preventative activity where capacity allows and links with the Oxfordshire Police and Crime Commissioner. Additional hours to bring this role to 1 FTE are being sought to enable the role to have the capacity to take on responsibility for CCTV related work.
- Economic Development Assistant – this role has been employed on a FTC basis since April 2024 with the contract due to end in April 2026. Approval to make this post permanent would provide capacity for the team to meet the additional demands for support, project management and operational delivery that has been increasing over the last 12 months.
- Habitat Improvements, Community & Partnership Initiatives, Nature & Species Recovery - the growth in the nature recovery budget will enable the delivery of the Council's Nature Recovery Plan, facilitate projects to implement the Oxfordshire Local Nature Recovery Strategy (OLNRS) and invest in targeted interventions that protect habitats, species and ecosystem resilience across the district. The aim is to place the Council at the forefront of nature recovery, ensuring the district meets its statutory duties while safeguarding irreplaceable species and habitats and enhancing natural capital across the district.
- Community Funding Officer – the role is currently 0.59FTE with the request being an increase to 1.00 FTE due to a significant increase in workload. From February 2026 the Council needs to start the process of recommissioning the 3-year service level agreements ready to commence in April 2027, to mobilise a new 3-year contract for a crowdfunder platform and to deliver two OCC commissioned pieces of work – the Community Insight Profile in Witney and a DCMS Local Youth Partnership Programme.
- Building Maintenance Officer – with the acquisition of 8 new properties for Temporary Accommodation, the Assets team will need additional resource to take on day-to-day repairs and maintenance that would otherwise have to be contracted out at a much higher cost than employing someone directly.

- Temporary Housing Lead - the Council currently operates The Old Courthouse in Witney and Horsefair in Chipping Norton as temporary emergency accommodation for 22 homeless single people. By the end of this financial year, it is expected that the Council will have added an additional 8 properties which will house 22 homeless singles and 4 households with children. A Temporary Housing Lead will be required to join the existing team to properly manage these additional properties.
- Anti Violence Against Women and Girls – this project is to commission a professional performance on the topic, perform it in numerous locations and provide training for the public in Bystander Awareness as a follow up. The focus is to tackle the issue of unwanted sexual attention by males towards females which has been raised as a priority by young people in the Youth Needs Assessment. The contribution from the Council represents circa 50% of the total required – only to be drawn down in the event of the remainder being available from external sources.
- A lack of resource has been identified to tackle environmental crime offences such as fly tipping, illegal waste disposal and abandoned vehicles. The Council is responsible for enforcing legislation effecting the visible environment, however the current resource level of 1 FTE is insufficient for the demands of the service.

## 5.2 Budget Risks

- Interest Rates – interest rates are now slowly starting to come down which for the Council is a double-edged sword. On the one hand, it will make any external borrowing that the Council enters into more affordable, but falling interest rates adversely impact the returns we make from our cash balances.
- Over the last three years and the year to date, Treasury Management short term investing has produced income returns far higher than budget due to prevailing global economic conditions and the high rate of return from the Money Market Funds and Debt Management Office (DMO). As interest rates fall back, so do these income returns.
- Level of Reserves – General Fund balances are currently healthy when compared to cost of services, however with the cost of LGR as yet undetermined it would be prudent to assume that there will be some impact on General Fund reserves before 2028. If LGR were to be delayed for any reason, the Council may need to implement a savings programme in order to continue to produce a balanced budget past the life of the current MTFs.

## **6. FAIRER FUNDING REVIEW**

- 6.1** The Government's proposals for the reform to local government funding went out for consultation earlier this year. Following on from this consultation, initial proposals were announced by MHCLG in July, and a policy statement was announced in December.
- 6.2** The Government proposed service-specific formulas (e.g. adult social care, children's services, highways) and a general "Foundation Formula" for other services.
- 6.3** There will be a phased approach to the formula element of the change i.e. in year one our settlement will be based on 2/3 the old formula and 1/3 the new formula. In year two it will be 1/3 the old formula and 2/3 the new formula etc.
- 6.4** There will be no phasing for the Business Rates reset which will be in effect for 1 April 2026 and it has been confirmed that New Homes Bonus will not be payable after 2025/26, but instead this funding will be redirected into needs-based formula.
- 6.5** The reset of the Business Rates system takes the Council back to a new Baseline and will effectively take out the growth over baseline achieved over the last decade that has made it beneficial to be a member of the Business Rates Pool. The Pool is therefore likely to close at the end of the 2025/26 financial year.
- 6.6** Over the summer it was indicated that for most councils there would be a 0% minimum funding floor to guarantee that funding did not fall in cash terms over the Spending Review period. However, the Council was one of the circa 40 councils who were informed that they would not receive this guarantee and instead would be subject to a cut of 5% to Core Spending Power in year one i.e. 2026/27 and a cash flat settlement for the other two years. Core Spending Power is the sum of Government Grants, Council Tax income and Retained Business Rates.
- 6.7** The settlement announcement on 17 December 2026 provided the Council with a much more positive funding position than the one in June 2025, due to the methodology used by the government to calculate the "damping" provided through the IPF and the inclusion of the Business Rates Pool surplus in our level of resources.
- 6.8** With the return to multi-year settlements the Council can plan budgets and the MTFS with a lot more confidence as much of the volatility is taken out of the process. Having known figures enables the Council to better manage reserves and mitigate financial shocks.

## **7. MEDIUM TERM FINANCIAL STRATEGY ASSUMPTIONS**

- 7.1** The MTFS assumes a general inflationary increase of between 2% and 2.5% will apply to the cost of services from 2027/28 onwards, excluding contracts where the actual inflationary increase is known i.e. Ubico contract, salary inflation, Publica contract and some software licence agreements.
- 7.2** Salary inflation over the last 3 years has been higher than we have historically estimated. For 2026/27 there is an assumed 3% increase, but this is expected to fall back over the life of the MTFS.

- 7.3** Over the last few years, the Council has deliberately built-up Earmarked Reserves by moving our additional retained Business Rates income (growth over baseline), the surplus remitted from the Business Rates Pool and any General Fund surplus into Earmarked Reserves to fund any gap in the revenue budget over the life of the MTFS. This policy should ensure the viability of our provision of front-line services until the end of the MTFS period in 2030/31. This is important, not just for the Council and our residents, but also for the new Unitary Authority that will take over from us.
- 7.4** For several years, the Council has paid both a primary and secondary pension contribution. The primary contribution is the amount paid monthly through payroll and the secondary contribution is an additional cash sum paid to make sure that the Council can meet the future obligations of the pension scheme from employing staff in the past.
- 7.5** The Actuaries undertake an exercise to value the pension scheme every three years to look at how much money is in the pension fund (assets) and how much is needed to pay all current and future pensions (liabilities).
- 7.6** They use assumptions about life expectancy, investment returns, inflation, pay growth and compare the assets against the liabilities to assess if the scheme is fully funded i.e. has enough money to fund its obligations. Based on the results, the actuaries recommend how much the Council needs to pay into the scheme over the next three years to keep it sustainable.
- 7.7** The next triennial period starts on 1 April 2026, and the Actuaries have advised that the Council can stop paying a secondary pension contribution and raise the primary contribution from 17.6% to 20%. This has resulted in an MTFS saving of £635,039.
- 7.8** Treasury Management activities have provided the Council with significant investment returns over the last three years through the placement of cash reserves into short term investments i.e. DMO and the Money Market Funds. This activity provided £625,889 of interest income over and above the budget of £1,156,230 in 2024/25 and is forecast to deliver a significant amount of additional income, above budget, (set at the same level as the previous year), in 2025/26. As interest rates fall, we will no longer benefit from this additional income and so the base budget for investment income in 2026/27 will be kept as is.
- 7.9** Council Tax is assumed to increase by £5 for a Band D equivalent, the higher of the increases allowed without triggering a referendum – being either an increase of 2.99% on the Band D in 2025/26 of £129.38 or £5.
- 7.10** The Asset Management Strategy (AMS) was approved by Executive in November 2024. The AMS and the detailed option plans for individual properties provide clear guidance for future decision making and investment in the Council's land and property assets. A rolling 5 year repairs and maintenance programme, informed by the AMS feeds into the Capital Programme to identify both expenditure and financing requirements.
- 7.11** The MTFS is based on the most reasonable forecasts of income and expenditure that can be inferred at this point in time.

## **8. FEES AND CHARGES**

**8.1** Fees and charges are set on three separate bases.

- Fees that are set centrally over which the Council has no control i.e. premises licences and penalty notices.
- Fees that are set on a cost recovery basis i.e. Building Control, taxi licences and Street Trading. The Council is required to make sure that fees are set at a level that does not generate a profit compared to the cost of providing the service.
- Fees that are discretionary where the Council has full control. These are the commercial services that operate where the Council is in competition with the private sector i.e. Pre Application (Planning) advice, trade waste and bulky waste.

**8.2** Fee increases in 2026/27 for services provided on a cost recovery basis have been increased in line with the estimated pay award of 3% and any proven increase in direct expenditure.

**8.3** Discretionary fees have been reviewed on a case-by-case basis in consultation with budget holders, considering the commercial viability of the service and opportunities to maintain or grow market share.

**8.4** The Executive approved the fees and charges schedule for 2026/27 in their meeting of 14 January 2026.

## **9. CAPITAL PROGRAMME**

**9.1** The final Capital Programme is attached at Annex C.

**9.2** Historically the Council has funded the Capital Programme through internal borrowing (use of cash balances), capital receipts, grant or S106 funding. Given the scale of capital expenditure in 2026/27 & 2027/28 i.e. waste vehicle fleet replacement, Leisure Centre Improvement Programme, proactive maintenance of our property portfolio and the provision of affordable housing, it was initially thought that we would need to call on external borrowing to fund elements of the Capital Programme from 2026/27. However, a better-than-expected finance settlement will now allow the Council to defer external borrowing until 2027/28.

**9.3** The financial impact of external borrowing is in the revenue account where the MTFS already shows a significant funding gap in future years. This impact includes the cost of borrowing i.e. interest and MRP – the charge we must make to represent the use of the asset over its life. For vehicles this would be borrowing with the associated costs for 7 years, for land and property it would be a maximum of 50 years.

- 9.4** The PWLB interest rates are still high but should fall gradually over the next 12 months in line with the expected trajectory of the Bank of England Base Rate. There are however other options for borrowing other than PWLB i.e. Local Authority to Local Authority lending. The Treasury Management Strategy will be updated with a framework for future external borrowing.
- 9.5** Additional capital receipts are achieved through the disposal of assets where the income can then only be used to fund capital expenditure, not to support the provision of services. The AMS helps to inform decision making on the disposal of the Council's assets where it is shown to be more advantageous to have a capital receipt to avoid external borrowing and MRP costs than to retain the asset for its capacity to generate revenue income.
- 9.6** The Council may wish to cash in an element of Pooled Funds in the future to finance capital expenditure if it proves to be more cost effective than to take on long term debt. However, interest generated from the Pooled Funds is instrumental in supporting front line Council services so any decision to release cash from long term investments should be carefully weighed against the impact on the MTFS in the longer term.
- 9.7** Further details about the way we fund the Capital Programme are included in the revised Treasury Management, Capital and Investment Strategy papers, which were considered by the Audit & Governance Committee at their 22 January 2026 meeting and are included as annexes to this report.
- 9.8** The proposed Capital Programme is in Annex C. Inclusion in the Capital Programme does not mean that the expenditure is authorised. Identifying the possible spend, and including it in the Capital Programme, ensures that potential borrowing requirements are identified. In most cases, a business case would still need to be prepared and brought forward for review.

## **10. LOCAL GOVERNMENT RE-ORGANISATION**

- 10.1** As stated in the body of this report, the budget and MTFS have been produced without incorporating any potential impacts from LGR, other than an estimate of the Project Office costs for 2026/27, due to the impossibility of providing any credible financial projections, but LGR will have an impact on the delivery of Council services and our financial position up until when the new Unitary Authority is established on 1 April 2028.
- 10.2** Once the government announces their decision for Oxfordshire, expected in Summer 2026, there will undoubtedly be the need for a substantial resource commitment to a transition programme. During this time, we cannot fail to maintain our level of service provision to the residents of West Oxfordshire or to meet our financial obligations. It is recommended that an earmarked reserve of £1m is set up to fund LGR costs in the first instance. The funding

requirement will be updated as a more detailed financial analysis can be done once a proposal is chosen.

## 11. BUDGET CONSULTATION

- 11.1 The Council's budget consultation, via the online engagement platform CitizenLab, went live on 10 November 2025 and ran to 19 December 2025.
- 11.2 The Council has used a wide range of communication channels to promote the consultation including media engagement, social media, website, stakeholders and newsletters.
- 11.3 The number of responses received for the 2026/27 budget consultation was 150. This is significantly lower than the responses received in previous years (a total of 370 responses in 2025/26 and 377 for 2024/25).
- 11.4 This is thought to be due to "consultation saturation" bearing in mind the number of consultations conducted in recent months including LGR and Local Plan. It could also be due to resident's perception that district budgets are soon to be overtaken by unitary budgets with LGR on the horizon.
- 11.5 A summary of the responses from the Annual Statutory Budget Consultation are attached at Annex H.

## 12. CONCLUSIONS

- 12.1 This final draft of the 2026/27 budget is a surplus of **£683,814 before growth requests and a balanced budget after growth requests.**
- 12.2 There are continued uncertainties and cost pressures, as detailed in this report, which will have an impact on the 2026/27 budget and the MTF5.
- 12.3 The Council will need to set realistic budgets, balancing current need and future financial stability, to ensure that adequate reserves are maintained over the medium term.

## 13. FINANCIAL IMPLICATIONS

- 13.1 There are no financial implications arising from this paper as it outlines the approach and context of the 2026/27 budget setting process.

## 14. LEGAL IMPLICATIONS

- 14.1 Apart from the statutory duties and obligations set out in this report, with regards to budget setting process, there are no further implications.

**15. RISK ASSESSMENT**

15.1 None required as a result of the content of this report.

**16. EQUALITIES IMPACT**

16.1 No direct equalities impact with regards to the content of this report.

**17. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

17.1 None.

**18. BACKGROUND PAPERS**

None

(END)