



WEST OXFORDSHIRE  
DISTRICT COUNCIL

**WEST OXFORDSHIRE DISTRICT COUNCIL**

Name and date of Committee	<b>EXECUTIVE – WEDNESDAY 10 JUNE 2026</b>
Subject	<b>FINANCIAL PERFORMANCE REPORT 2025/26 YEAR END</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>
Accountable officer	Madhu Richards Director of Finance Email: <a href="mailto:madhu.richards@westoxon.gov.uk">madhu.richards@westoxon.gov.uk</a>
Report author	Georgina Dyer, Head of Finance Email: <a href="mailto:georgina.dyer@westoxon.gov.uk">georgina.dyer@westoxon.gov.uk</a>
Summary/Purpose	To report the financial performance of the Council in 2025/26
Annexes	Annex A – Revenue Outturn Annex B – Capital Outturn and Capital Slippage
Recommendation(s)	That the Executive <ol style="list-style-type: none"><li>1. Note the 2025/26 financial performance.</li><li>2. Recommend to Council to carry forward the capital budget of £4,395,180. (Paragraph 5.2)</li><li>3. Recommend to Council to approve the transfers to and between Earmarked Reserves as detailed in the report. (Section 4)</li><li>4. Recommend to Council to approve the necessary budget virements related to Publica Phase 2. (Paragraph 2.27)</li></ol>
Corporate priorities	Working Together for West Oxfordshire
Key Decision	Yes
Exempt	No

Consultees/ Consultation	None
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## 1. EXECUTIVE SUMMARY

- 1.1 In February 2025, the Council set a balanced budget with a contribution to general fund reserves of £91,280. The in-year quarterly reporting has consistently forecast a cost of service underspend driven by Trade Waste & Development Management income and a significant overachievement of interest on Treasury Management investment activities.
- 1.2 At year end the underspend on cost of services is £208,978. This is driven by the strong performance of some fee generating services, the lower than anticipated one off costs of the Publica Review (£112,000 underspend) and the contract refunds returned to the Council by both Publica (£162,000) and Ubico (£200,000).
- 1.3 Combined with the funding elements of the revenue account i.e. Interest on external borrowing, Minimum Revenue Provision (MRP) which is the charge that must be made to revenue to pay off the principal amount of borrowing taken out to fund the capital programme, similar to depreciation in the private sector, disposal of fixed assets and Government Grants, the final outturn position is a contribution to general fund reserves of £186,890.
- 1.4 The Council's Treasury Management activity generated an additional £800,768 of investment income, benefitting from higher than expected interest rates for the full financial year in both our Money Market accounts and our Pooled funds. At the beginning of 2026 our Treasury Management advisors were predicting that interest rates would begin to fall this year, but this has not materialised due to the effect of the conflict in Iran on the global economy and the Bank of England's need to curb inflation.
- 1.5 The £800,000 of additional Treasury Management income has been moved to Earmarked Reserves to help fund the cost of Local Government Re-Organisation (LGR).
- 1.6 Throughout the year it has been reported that both Trade Waste and Development Management have generated significantly higher income than budgeted in 2025/26. This additional income enables the Council to fund priority projects without the need to take out external borrowing. The additional Trade Waste income has been moved to an earmarked reserve to fund the Waste and Environmental Services Programme (WESP) and the additional Development Management income has been moved to an earmarked reserves to fund the Woodford Way project to the planning application stage.
- 1.7 Publica returned a net refund to the Council of £162,000 relating to Phase 2 of the Publica Review and early delivery against savings targets.
- 1.8 The Capital Programme for the year was approved at £16.165m and expenditure at year end is £8.24m. The first phase of the replacement of the Waste Vehicle fleet was budgeted to be funded by external borrowing with the resulting interest costs and MRP included in

the 2025/26 budget. Waste Vehicle replacement is now an integral part of the County wide WESP. This programme is a co-ordinated approach allowing for shared planning, joint procurement and the optimisation of both fleet and associated infrastructure. This approach will allow for the rationalisation of depots and transfer stations to better reflect overall County wide need.

- 1.9 The remaining capital slippage relates to investment Property repairs at Unit 1-3 Carterton Industrial Estate, The works to replace the roof, are underway and are expected to be completed in Q2 2026/27.
- 1.10 The reduced capital expenditure meant that the Council did not need to take out external borrowing in the year, saving £81,968 in budgeted interest costs and correspondingly, without additional assets, the MRP is £44,036 below budget.
- 1.11 The budget for 2026/27 assumes a lower rate of interest returns for Treasury Management investments which should reduce the variance throughout the year. However, the budget was set before the Iran conflict started and now the global economic landscape is very different. It is unlikely that interest rates will fall as anticipated during 2026/27 as the Bank of England will need to manage inflation. Capital slippage, if agreed, will increase the Capital Programme to £13.4m with a corresponding increase in MRP of £44,000.

There are a number of budget variances identified in the report across a range of service areas, commentary for the most significant of these is set out below. A full list of variances by cost centre is listed in Annex A.

These figures are still subject to External Audit review; however, no material change is expected to the figures reported here.

## WEST OXFORDSHIRE DISTRICT COUNCIL - Budget Monitoring

### Revenue Budget Monitoring 2025/26 - 1st April to 31st March 2026

Service Area	Original Budget 2025/26 £	Current Budget £	Actual Exp £	Variance (under) / over spend £
Democratic and Committee Services	1,412,297	1,447,977	1,429,823	(18,154)
Environmental & Regulatory Services	784,557	698,731	729,758	31,028
Environmental Services	8,285,567	8,319,120	8,175,612	(143,508)
Finance, Human Resources & Procurement	1,062,851	1,183,180	1,202,137	18,957
ICT, Change & Customer Services	2,230,097	1,867,755	1,853,109	(14,646)
Land, Legal & Property	841,492	1,653,028	1,645,381	(7,647)
Leisure & Communities	555,410	595,786	301,192	(294,594)
Planning & Strategic Housing	1,383,153	1,280,375	1,162,599	(117,776)
Revenues & Housing Support	1,592,014	665,724	1,270,026	604,302
Investment Property and Retained Services	682,434	1,034,001	767,061	(266,940)
<b>Total cost of services</b>	<b>18,829,872</b>	<b>18,745,676</b>	<b>18,536,698</b>	<b>(208,978)</b>
<u>Plus:</u>				
Investment income receipts	(1,156,228)	(1,956,228)	(1,956,996)	(768)
<b>Cost of services before financing:</b>	<b>17,673,644</b>	<b>16,789,448</b>	<b>16,579,702</b>	<b>(209,746)</b>
General Government Grants	(5,183,440)	(5,851,154)	(5,839,905)	11,249
Retained Business Rates	(6,987,360)	(6,987,360)	(6,987,360)	(0)
Interest Payable	84,875	84,875	2,907	(81,968)
MRP	581,166	581,166	537,130	(44,036)
Revenue Contribution to Capital	540,000	540,000	569,624	29,624
Earmarked Reserves	1,444,735	3,265,122	3,481,160	216,038
Disposal of fixed assets	0	0	(16,770)	(16,770)
Capital Charges	(1,804,700)	(2,073,178)	(2,073,177)	1
Council Tax	(6,440,199)	(6,440,199)	(6,440,199)	0
Budgeted Contribution to General Fund	91,280	91,280	0	(91,280)
<b>Contribution to General Fund</b>	<b>0</b>	<b>(0)</b>	<b>(186,890)</b>	<b>(186,890)</b>

## 2. FINANCIAL REPORTING – REVENUE

### Environmental and Regulatory Services

#### 2.1 Building Control

Building Control has exceeded the income target for the year by £13,000 but is overspent by £11,851 in staff overtime and £6,963 in mileage that were not budgeted for in 2025/26, following the TUPE of staff from Publica back to the Council. This issue has been addressed

in the 2026/27 budget. We have also been subject to charges of £12,000 from the Health & Safety Executive for an audit of our Building Control function that is required under a new monitoring regime. The next audit is expected to take place in 2029/30.

## **2.2 Markets**

As reported in the year, a commercial operator now manages the markets in Witney & Chipping Norton. The outsourcing is designed to revitalise the markets with income to the Council increasing over time. At the end of Q4 the overspend is £33,509, consistent with the reporting in the year. The 2026/27 budget has been adjusted to allow the operator time to deliver their improvement plans.

### **Land, Legal and Property**

## **2.3 Marriotts**

Marriotts was purchased by the Council in January 2023 for regeneration and to support a vibrant High Street in Witney and serve the whole District. This move away from commercial investments was a departure for the Council, with its portfolio of investment properties that had been built up over the last 15 years but demonstrated the Council's commitment to develop the local economy.

A commercial agent manages lettings and it has become apparent that retail lettings are not achieved at speed. Despite the general market conditions, during 2025/26 new tenants have begun trading at Marriotts, such as Vorwerk, Scarlett Brewery, Hotter Shoes and Opera Cafe, and existing tenants have renewed their leases. The current occupancy for the scheme is 96.89% with negotiations underway with a potential tenant for the single remaining vacant unit.

Overall Marriotts has made a net contribution to the Council's finances of £454,890 in 2025/26.

## **2.4 Legal**

In May 2024, the Council signed up to a new Legal Shared Services agreement with Cotswold District Council and Forest of Dean District Council. The shared service offers advantages in terms of shared knowledge and resilience and the new SLA arrangement fairly apportions the cost of the service across the Councils based on the amount of resource each Council uses. For the 2025/26 financial year there is an underspend of £27,000, due to a vacant post. This post has now been recruited to and it is likely that in 2026/27 the service will be on budget.

## Leisure & Communities

### 2.5 Leisure Contract

Overall, the leisure contract is underspent by £294,940 in 2025/26.

Of this underspend £83,000 relates to the budgeted amount for legal advice and procurement support for the negotiation of the new leisure contract for 2027-2033. This legal advice has been instructed in Q1 2026/27, with procurement support to follow.

Contract income is £176,000 above target for the year due to the Consumer Price Index (CPI) increase in the contract sum. This excess income has been moved to earmarked reserves to help offset the £1.39m reduction in leisure income expected from 2027/28 following the negotiation of the new contract

In addition, £229,000 of bad debt provision has been released back to the General Fund following the annual review of bad debt as part of the year end process, creating an additional underspend against the Leisure Contract.

## Environmental Services

### 2.6 Ubico Contract

The Ubico contract is £200,000 underspent for the year against a budget of £8,604,053. The underspend has been split across the contract and has offset overspends for bins and boxes, recycling costs, repairs and maintenance at the Depots and trash screen clearance.

### 2.7 Grounds Maintenance

This is a charged for service to Parish and Town Councils to undertake grass cutting, litter clearance, hedge cutting and litter bin emptying. The service has grown over the last two years from an overspend of £30,000 in 2023/24 to an underspend of £39,000 in 2025/26. The service is provided via the Ubico contract but remits income directly to the Council. However, the budget does not include any allocation for the Council's costs in managing the service, therefore the real cost of providing this service is under represented.

### 2.8 Dog Warden

This is a statutory service and is not income generating, therefore 100% of the cost is borne by the Council for the collection and kennelling of stray dogs. At Q3 it was reported that there was an underspend of £24,000, a 58% reduction in demand compared to the same period last year. At year end, the underspend has increased to £36,000. By its nature, this service is subject to demand volatility.

### 2.9 Green Waste

Income from Green Waste licences is £68,000 behind target for the year but has achieved 96% of the £1.66m budget, a contribution to support Council services of £268,274. The cost

of a green waste licence in 2026/27 has been kept at £52.50, the lowest licence fee compared to our 14 closest neighbouring Councils.

### **2.10 Trade Waste**

Trade Waste performance in 2025/26 has been very positive. The Publica Trade Waste team achieved additional income of £341,000 compared to budget in conjunction with an underspend on tipping charges paid to the County Council of £63,000.

The additional income (£341,000) has been moved to earmarked reserves to help fund the Waste & Environmental Services Programme (WESP).

### **2.11 Household Waste**

After the proportionate application of the Ubico contract underspend, Household Waste is on budget for the year. However, in the year there was unbudgeted for expenditure of £65,000 on Alloy Licences which is being used in the Waste Vehicles to better understand and plan routes and to manage resources more flexibly.

### **2.12 Bulky Waste**

Fees for Bulky Waste were increased in 2025/26 from £34 to £40 and have generated a very similar volume of collections as 2024/25, resulting in an underspend of £24,000.

## **Planning & Strategic Housing**

### **2.13 Development Management**

Throughout the year Planning Application income has been reported as being well ahead of budget due to the receipt of major applications. At the end of Q4, income is £433,000 above target, partially offset by £123,000 of expenditure on agency staff. This income is an increase of 20% on last year, an indication of the volatility of application income and the difficulty in setting an accurate budget. Of this excess income, £299,000 has been moved to earmarked reserves to fund the Woodford Way project to the Planning Application stage.

### **2.14 Development Management Appeals**

External legal spend on Planning Appeals is £87,805 underspent. It is difficult to predict when appeals will be lodged but we have seen significant underspends in the last two financial years. The budget has therefore been reduced by £50,000 for 2026/27.

## Retained Services

### 2.15 Publica Review

On 1<sup>st</sup> July 2025 the second phase of Publica employees were TUPE transferred back to the Council. This transfer included the Waste, Leisure, Assets and Project Management teams. The 2025/26 budget included £300,000 for any one-off costs incurred by the Council relating to this Phase 2 transfer. The actual one-off costs were significantly lower than budgeted, resulting in a £111,891 underspend.

### 2.16 Publica Contract

Due to Phase 2 of the Publica Review, Publica has remitted a net refund to the Council against the 2025/26 contract sum of £162,570. This figure includes a return of £189,997 relating to staffing and the corresponding reduction of £27,427 charged by the Council to Publica for the use of our buildings. This figure includes the reduction in the contract sum from 1<sup>st</sup> July 2025 relating to the staff transfer back to the Council, new posts in Homelessness and HR and a saving in Car Parking enforcement.

### 2.17 Investment Property

The Investment Property portfolio has had a mixed year in 2025/26, with the overall outturn being an overspend of £59,000. Town Centre Properties, Talisman and Des Roches have returned a combined underspend of £191,000, whilst Between Towns Road, Elmfield and Carterton Industrial Estate have returned a combined overspend of £250,000.

### 2.18 Elmfield

Elmfield is now part of the Council's Investment Property portfolio, however we retain liability for landlord works. Income is £32,000 behind budget for the year, linked to the landlord works on the building insulation that have been undertaken over the course of 2025/26 which reduced the area of rentable space.

### 2.19 Between Towns Road

The £50,172 overspend results from additional business rates liability and costs to secure the site in advance of it being sold. The sale completed at the end of January 2026 with the capital receipt included in the MTFS to fund the Leisure Centre Improvement Programme over the next two years.

### 2.20 Carterton Industrial Estate

Units 1-3 are currently vacant with roof replacement work underway which is due to be completed at the end of Q2 2026/27. The overspend for the year is £162,793, the majority of which is made up of Business Rates liability (£74,000), costs to keep the site secure

(£22,000), repairs to the roller shutters to access the building and restore the electrical connection (£30,147). A mandated Asbestos survey and professional fees for the condition surveys and specialist consultancy on the technical specification were also needed before going out to tender for the roof repairs (£30,927).

## **2.21 Town Centre Properties**

Our Town Centre Properties are made up of 5 properties in Witney that include the Woolgate, Barclays Bank, Mill Walk and 35/37 High Street. Combined they have delivered a modest underspend of £17,462 relating to professional fees and service charges related to 2024/25 invoiced in the year.

## **2.22 Talisman**

As reported throughout the year, the rental income for one of the units was missed out of the base budget in error, resulting in a £110,000 underspend for Talisman in addition to a £30,000 underspend on professional fees. The budget has been corrected for 2026/27.

## **2.23 Des Roches**

The commencement of a new lease in July 2025, which due to timing was not included in the base budget, has provided the Council with an additional £37,000 of rental income.

A detailed report on our Investment Property portfolio, including current valuations, yield and 2025/26 outturn is the subject of a report from the Head of Assets which will go to Overview & Scrutiny Committee in June 2026.

## **2.24 Non-Distributed Costs**

There are two elements to the pension contributions the Council makes for employees. Firstly, there is the amount paid monthly through payroll which is balanced by a secondary cash element paid direct to the Local Government Pension Scheme (LGPS) that keeps the payroll contribution at a steady rate and funds historic pension liability. The primary contribution rate has been 17.6% for the last six years, but the secondary cash contribution this year is higher than the budget and is £18,812 overspent at year end.

The pension scheme triennial revaluation was undertaken by the pension scheme actuaries and administrators in 2025 resulting in an increase in the primary contribution rate to 20% from the 1<sup>st</sup> April 2026 and the removal of the secondary contribution. This change is solely related to the way the pension scheme is funded and there is no impact on the amount of pension an employee will receive when they reach retirement. Pension payments are calculated on the basis of career average earnings (from April 2014), length of service and age. The contribution rate fluctuates over time in line with the performance of pension scheme assets.

## Revenues & Housing Support

### 2.25 Housing Benefits

There are currently 73 households in temporary accommodation across the district. Over the course of the year this number has averaged at 76. Capacity in Council owned properties is for 22 single people with the remaining households in Bed & Breakfast or Hotel accommodation.

The reliance on Bed & Breakfast and Hotels to house an average of 54 clients cost the Council £924,000 in lost Housing Benefit Subsidy in 2025/26, partially offset by Housing Benefit overpayment income and a reduction in the contribution to Bad Debt to bring the outturn position to an overspend of £533,795.

For temporary accommodation not owned by the Council, we are only able to claw back around 27% of the average weekly cost we pay out. The 2025/26 Capital Programme included £3m to buy more properties to provide an additional 30 beds of accommodation to relieve the unsustainable pressure on revenue.

At full occupancy, the additional Council owned emergency accommodation would prevent the loss of an estimated £361,000 of Housing Benefit subsidy per year based on the current cost of B&Bs and Hotels used by the Council and the Local Authority Housing rates in place for 2026/27.

### 2.26 Acquisition of Temporary Accommodation

The Council completed the acquisition of a property in Corn Street Witney in the first week of November 2025 which will provide 5 beds, the first property completion of the programme. The renovation works have now been largely completed with only some minor snagging works to be undertaken although there is a national delay with equipment needed to install the security system.

The purchase of a second property in North Leigh was completed at the beginning of January 2026 and will provide accommodation for four families. The design work and specification has been finalised with the work currently being tendered through the procurement process.

The programme is on track to deliver 29 beds in total with the completion of the transfer of 6 vacant properties from Cottsway Housing due to take place on 22nd May.

All the properties have been surveyed and roof replacement in 3 of the properties will be required. This gives the Council the opportunity to upgrade the insulation in the properties which concurs with advice provided by the Climate Change Manager and supports climate emergency goals for WODC.

The capital expenditure against the original £3m approved is £1.335m. Part of the remainder is requested as slippage into 2026/27.

## **2.27 Budget Virements**

As a result of the Publica Review it has been necessary to post a number of budget virements between employee costs and the Publica contract sum. This has not resulted in any change to the base budget, just a re-allocation of the approved budget between budget codes to remove the variances caused by the TUPE transfer of staff.

## **3. FUNDING**

### **3.1 Retained Business Rates and Pooling**

The accounting arrangements for Business Rates are complex and statute requires recognition of items charged in one financial year to be resolved in the following year i.e. the deficit arising in 2025/26 (the shortfall in collectable rates versus expected due to the Government reliefs) will be repaid to the Collection Fund in 2026/27. This deficit will be funded by the Business Rates deficit earmarked reserve set up specifically for this purpose.

As the Billing Authority the Council collects 100% of the 'payable' income but distributes 50% of the 'budgeted' income (regardless of whether the actual cash collected has reduced significantly due to Government reliefs) to Central Government and 10% to the County Council on a monthly basis.

The table below shows the calculation of the budgeted Business Rate income for the Council versus the Actual.

	<b>Budget 2025/26</b>	<b>Actual 2025/26</b>	
	<b>£m</b>	<b>£m</b>	
Total BR Income	48.376	46.851	Expected vs Collectable
WODC share	19.350	19.350	Fixed at Budget Setting/NNDR 1
Less Tariff	-14.461	-14.461	This is a Govt specified adjustment to reduce our collected rates to the baseline funding level they determine.
Deficit Payable	-0.001	-0.001	Fixed at Budget Setting
S31 Grant	4.571	4.735	Grant received to compensate for lost business rates income due to Central Gov policy.
Renewables	0.302	0.339	Income retained by WODC for renewable energy schemes
BR Income	9.761	9.962	
Less Levy	-2.774	-1.517	The budgeted figure is reduced by the Gain achieved from being a member of a Business Rates Pool.
<b>Net Business Rates</b>	<b>6.987</b>	<b>8.445</b>	
Deficit Payable		-0.687	Actual deficit submitted via the NNDR 3 form to be repaid in 2026/27
Movement to Reserves		-0.771	Pool Gain moved to earmarked reserves to pay the 25/26 deficit
<b>Retained Income</b>	<b>6.987</b>	<b>6.987</b>	

#### 4. TRANSFERS TO EARMARKED RESERVES

At the Executive meeting on 11th March 2026, delegated authority was granted to the Portfolio holder for Finance and the Director of Finance to review Earmarked Reserves and re-align them with current Council priorities. This exercise has been done and has resulted in a reduction in the number of earmarked reserves from 54 to 45.

Of these 20 are ringfenced reserves of grant and Council funding for specific projects i.e. Afghan Resettlement, Extended Producer Responsibility, Homes for Ukraine and the Local Plan.

Other reserves are the result of a timing difference between the receipt and the expenditure of funding i.e. Biodiversity Net Gain, Botley PPA, Planning Skills Delivery.

The Council also has reserves set up to ameliorate specific risks i.e. Local Government Reorganisation (LGR), Investment Property Repairs, Ubico fuel contingency, Woodford Way and repayment of the Business Rates Deficit.

Specific reserves set up in 2025/26 are shown in the table below.

Specific Reserves	To £	Purpose
WESP	900,000	WESP Project
Maintenance of Open Spaces (Council Funded)	275,000	Ad hoc costs of repairing fences, footbridges, Play Parks, Kilkenny Country Park etc
Property Repairs & Maintenance Fund (Revenue)	150,000	Funding reactive building repairs that do not qualify as capital and are charge to the revenue budget
LGR	1,000,000	LGR costs before Vesting Day
Hardship Fund	440,000	Funding for the Council Tax and Housing Benefit Hardship schemes
Ubico Fuel Contingency	250,000	To fund the additional costs of diesel caused by the Iran war
Building Maintenance Fund	500,000	To fund the planned building maintenance of Council properties
Woodford Way Social Housing Scheme	200,000	To advance the scheme to the Planning stage
<b>Total</b>	<b>3,715,000</b>	

Reserves are reviewed at least annually with authority sought from the Executive to move funding between reserves as risks change over time.

The table below shows the proposed movements to earmarked reserves. After the proposed movements the final outturn position will be a £186,890 surplus which will go to the General Fund.

Reserve	Transfers		
	To	From	
	£	£	
Budget Deficit	1,457,845		Transfer of S31 Grant to fund the Business Rates deficits in 25/26 & 26/27
Afghan Resettlement	391,891		Afghan Resettlement Grant to be spent in 2026/27
Budget Deficit	1,687,057		Funding transferred from earmarked reserves that have been closed
Biodiversity Net Gain	27,142		Grant funding to be spent in 2026/27
Botley West PPA	36,585		Ringfenced income from the Planning Performance Agreement
Hardship Fund	440,000		Funding for discretionary hardship award scheme administered by Revenues & Benefits
Renters Rights Act New Burdens	32,354		Grant funding to be spent in 2026/27
Ubico Fuel Contingency	250,000		Set up to fund increase in diesel costs due to the Iran conflict
Building Condition Surveys		99,625	Funding for building condition surveys and the Asset Management Plan
Investment Property		451,872	Dilapidations expenditure for Newman Court & Chawley Park in 2025/26
New Initiatives		109,258	Funding for Strategic Housing Delivery Manager and an Ecologist
Project Contingency		24,500	Set up costs for Lendology scheme
Maintenance of Open Spaces		72,991	Repairs & Maintenance for playgrounds and Kilkenny Country Park
Budget Deficit		196,406	One off costs for the Publica Review phase 2
<b>Total</b>	<b>4,322,874</b>	<b>954,652</b>	

## **5. CAPITAL PROGRAMME**

- 5.1** The capital programme approved by Council as part of the budget for 2025/26 totalled £16,165,000. At year end £8,242,280 had been spent against this budget.
- 5.2** Of the underspend £4,395,180 is requested to be carried forward into 2026/27 as slippage as it concerns timing differences in the Waste Fleet Replacement, the acquisition of Temporary Accommodation and the re-roofing works underway at Units 1-3 Carterton Industrial Estate and Station Lane which are due to be completed at the end of Q2 2026/27.
- 5.3** A full breakdown of the schemes for the year and expenditure as at 31st March 2026 is attached at Annex B.

## **6. CONCLUSIONS**

- 6.1** The net cost of service outturn position for 2025/26, before movements to earmarked reserves is in line with the forecast reported throughout the year. Better than anticipated interest returns from Treasury Management investments, significant over performance of Trade Waste, Development Management and the Leisure contract and the gain from the Business Rates Pool has allowed for higher than budgeted transfers to the Budget Deficit Earmarked Reserve and the setting up of reserves to combat specific and significant risks e.g. LGR, WESP, Building Maintenance and Woodford Way.
- 6.2** The Budget Deficit reserve was set up in 2023/24 using general fund surpluses and transfers from existing reserves to mitigate the impact of the Business Rates reset which is in effect from 1<sup>st</sup> April 2026, uncertainty around Government funding and the revenue impact of the end of the Leisure Contract in 2027. With a three year funding settlement, we have more certainty around government funding, but the Business Rates reset removes the benefit for anyone to be in a Business Rates Pool and our retained Business Rates will drop to £2.4m in 2026/27 from £6.987m in 2025/26 (after movements to reserves to repay the 25/26 deficit).

## **7. FINANCIAL IMPLICATIONS**

- 7.1** The Council set a balanced budget for 2025/26 with a contribution to General Fund of £91,280 and the final outturn position is a contribution to General Fund of £186,890.
- 7.2** The Medium-Term Financial Strategy (MTFS) identifies a revenue funding gap of £3.28m over the next three years and a gap of £10.5m over the next 5 years from the reduction in income from the Leisure Contract and an overall drop in government & Business Rates funding. The Council will therefore need to rely on the General Fund and Earmarked Reserve balances to set a balanced budget over the life of the existing MTFS.

## **8. LEGAL IMPLICATIONS**

- 8.1** None

## **9. RISK ASSESSMENT**

- 9.1** Not applicable

**10. EQUALITIES IMPACT**

10.1 None

**11. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

11.1 None

**12. BACKGROUND PAPERS**

None