
Agenda Item: Budget parameters for 2026-27

Meeting Date: Monday 22 September 2025

Contact Officer: Responsible Financial Officer

Should Members have any queries about this report advance notice would be appreciated, in writing, by 12 noon on the day of the meeting to allow for a full response at the meeting.

Background

In line with normal Council procedures, the RFO and colleague will shortly be commencing the annual review of all the Committees to prepare the Revenue budget for 2026-27.

Draft **revenue budgets** are prepared based upon current activities and projected patterns of income and expenditure. Any additional revenue expenditure is considered separately as Revenue Growth Items.

During the budget cycle the Council also considers the **Capital and Special Revenue budget** to identify which projects or schemes are to be implemented and undertaken during the next financial year.

In drafting budgets your officers will have due regard to the draft Strategic Plan and the medium term-financial strategy; the latter will be reviewed and updated.

Members will be aware that the Council have a number of major projects taking place, the largest of which is the West Witney Project. There are also facilities due to be transferred from the District Council.

It should also be remembered that additional projects may have staffing implications – a sum in a budget to provide a new service or facility or organise an event will also mean that officer time needs to be dedicated to deliver the project.

The budget round promises to be challenging.

During this September cycle of meetings the Council's committees have considered items to be included in next year's budget and any other adjustments in the context of the Council's existing and upcoming service commitments so that Officers may obtain costings.

The draft budgets will be presented to the spending committees during the next (November) cycle of meetings. These committees will also review fees and charges.

The Council Tax base figure is expected to be received by mid-December.

Following the presentation of the draft budget proposals to the Council on 15 December 2025 there will then be the final meeting at which the precept is declared, on 5 January 2026.

Current Situation

For the Responsible Financial Officer to have an initial instruction to form the basis of a base revenue budget, they require the Committee to consider:

INCOME

1. Band D Council Tax

For 2025-26 the Council agreed to raise a precept of £2,297,745, resulting in a Council Tax increase of 14.9% to £203.37 for a Band D property for the year. Members are referred to the reports and minutes of the meeting of 6 January 2025 regarding the reasons for this increase.

Note that the Council does not receive any business rates and has not done so since the late 1980s when the current system of National Non-Domestic Rates was introduced.

Members are asked to give initial consideration to the precept/council tax level for 2026-27.

2. Fees and Charges

Fees and charges for cemeteries, public halls and recreation need to be considered. The Council is subject to inflationary pressures and so it is reasonable that fees and charges are increased to cover these. It should be remembered that services run at a net cost to the Council taxpayer – which is the ultimate reason they are provided by a local authority. Fees and charges are set at a level at which a reasonable amount is then recovered by those actually benefiting from the service which has been paid for by all Witney council taxpayers. The CPI (consumer prices index) as at August 2025 was 3.8%. However this is expected to rise to 4% September 2025 (Bank of England forecast) and this is proposed as the baseline for fees and charges increases.

EXPENDITURE

3. Staffing Costs

The national pay award for 2025-26 was agreed at 3.2%.

To be prudent, for 2026-27 Members should consider an increase of 4% in line with inflation forecasts for 2025.

4. Utilities

There remains uncertainty regarding **gas and electricity prices** and these could change depending on the increasingly unstable international circumstances.

The contract placed for 2025-26 and energy efficiency improvements made by the Council mean that the budgets for gas and electricity were reduced from £87,598 to £53,396.

In relation to 2026-27 we are awaiting advice from our current suppliers although the anticipation is that any increase will be less than the current rate of inflation.

Regarding **water charges** there is currently an OFWAT consultation regarding business price increases. For larger users increases of up to 66% per unit may occur; for the Town Council the increase could be between 10 and 20%, this on top of the 18% increase in 2025-26.

Regarding National Non-Domestic Rates the increase for 2026-27 this will be announced in the government's budget but is normally based on the CPI in the autumn, which will be around 4%. Note however that there is a business rates revaluation due to take effect on 1 April 2026 and also other changes in relation to Retail, Hospitality and Leisure (RHL) properties with rateable values (RVs) below £500,000, which will affect the public halls. These costs will be factored in by the RFO.

5. Insurance

The Council's Long-Term Agreement (LTA) with Zurich Municipal ends as of 31 March 2026. The LTA has guaranteed the same rate (insurance charge per £1K insured) for five years although premiums have risen with sums insured. The end of the LTA will likely result in significant increases and your officers should have more information in this regard following a meeting next month, although rates for any potential future LTA will not have been settled by then.

Your officers will report on options at the November 2025 meeting.

6. Other expenditure lines

When considering the estimates the RFO examines each individual budget line, looking at the historic trends and known future developments so a flat percentage is not applied uniformly across the estimates. However where a cost-of-living increase is applied, 4% will be used for 2026-27.

With regard to the rate of inflation it is anticipated that this will peak this autumn at around 4% but should then fall away over the next few years to 2% and this will be reflected in the medium-term financial forecast

Consultation on the Budget 2025/26

Members may wish to consider whether to undertake a public consultation exercise on the forthcoming 2025/26 budget.

The timetable is extremely tight. For the Responsible Financial Officer (RFO) to prepare the draft budgets for committees, the work must take place between **mid-October and the end of October**, with draft budgets being considered at the November cycle of meetings. This leaves a very narrow window for gathering and incorporating meaningful feedback from residents.

If Members are minded to proceed, they will need to decide what type of consultation would be most useful. Options include:

- **Focusing on specific budget lines**

Residents could be asked about discretionary spending on community events, grants, or amenities (e.g. “The Council allocates £10,000 towards the Witney Music Festival – would you support this being maintained, increased, or reduced?”).

- **Prioritisation of services**

Residents might be invited to identify the services they value most, perhaps using infographics from the 2025 budget newsletter.

- **Proactive interventions beyond the Council’s core remit**

Examples include desilting works at Bridge Street (delivered in-house at around half the contracted cost) or enhancing grass cutting where other authorities do not maintain land to the same standard. Consultation could test whether residents support such proactive interventions.

- **Subsidised facilities**

Certain services are subsidised, such as football pitches where the costs of maintenance exceed income from clubs. Residents could be asked if this subsidy is appropriate or if charges should be reviewed.

- **Future service delivery and Local Government Reorganisation**

Consultation could explore whether residents wish the Town Council to be proactive in taking on services currently delivered by the District or County Councils, and which areas they would prioritise.

- **Capital projects and play area refurbishments**

The Council holds a preparation pool of capital projects carried forward from previous years. Residents could be asked which schemes they would most like to see progress, or which play areas they consider most in need of refurbishment.

A key challenge will be **public understanding of the Council's role**. Past consultations have shown that residents often raise issues outside the Town Council's remit (e.g. potholes, sewage discharges). Any consultation would therefore need careful framing to manage expectations and keep responses focused.

Given the pressures on officer time and the statutory timetable, Members will need to balance the potential benefits of consultation (openness, resident buy-in, gauging priorities) against the limited scope for shaping the budget at such a late stage.

Impact Assessments

The Town Council has a duty to consider the effects of its decisions, functions and activities on equality, biodiversity, and crime & disorder. Consideration should also be given to effects on the environment, given the Council's Climate Emergency declaration in 2019.

- a) Equality – no implications directly resulting from this report.
- b) Biodiversity - no implications directly resulting from this report.
- c) Crime & Disorder - no implications directly resulting from this report.
- d) Environment & Climate Emergency - no implications directly resulting from this report.

Risk

In decision making Councillors should give consideration to any risks to the Council and any action it can take to limit or negate its liability.

The provision of regular financial reports and associated matters is part of the Council's risk management system.

Social Value

Social value is the positive change the Council creates in the local community within which it operates. Social value is not quantified in the financial reports but clearly the creation of social value is dependent on setting adequate budgets to meet the Council's objectives.

Financial implications

This report forms part of the Council's due diligence and a process in line with its Financial Regulations. The financial implications are detailed above and also in the attached appendices.

This report forms part of the Council's mechanisms for budgetary control, as it enables income and expenditure incurred to be reviewed and to be compared with the Council's budgets.

If Members decide to proceed with a consultation, costs will vary depending on the chosen format. A basic online survey promoted via the Council's website and social media channels would have minimal cost and could be delivered within existing resources. To maximise reach,

posters with QR codes linking to the survey could be displayed in public buildings, parks, and high-footfall areas; this would involve only small printing costs. A more extensive exercise, such as postal surveys or printed questionnaires, would incur significantly greater expenditure and is unlikely to be feasible within current officer capacity or the available timeframe.

Recommendations

Members are invited to note the report and:

1. To approve the report and the budget parameters contained therein.
2. To consider whether they wish to undertake a public consultation on the 2025/26 budget, and if so, to determine the preferred scope and method of consultation (e.g. online survey via social media, supported by QR codes displayed in community locations).