

STRONGER COMMUNITIES COMMITTEE



Agenda Item:	Finance Report: Revised Revenue Budget 2025/26 and Draft Base Revenue Budget for 2026/27
Meeting Date:	Monday 17 November 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 Monday 17 November to allow for a full response at the meeting.

Background

Each year the committees review their estimates of income and expenditure so that proposals can be submitted to the Council in relation to revised revenue estimates for the current year and proposals for the next year.

Consequently, this report presents Members with the revised budget for 2025/26 and the first draft of the revenue budget for 2026/27 for the cost centres which are the responsibility of this Committee. Please see attached document.

The budget process is ongoing and there is further work to be done. Therefore, this report will be subject to updates when this Committee's estimates are presented at the meeting of the Policy, Governance and Finance Committee on 24 November.

Current Situation

For the Stronger Communities Committee the following cost centres are in place and these are shown in the report.

Cost centre	Service
402	Community Infrastructure
408	Community Activities

Cost centres, comprising three digits, typically represent a discrete service entity, to which income and expenditure is allocated against previously agreed revenue budgets.

Within each cost centre income and expenditure is then allocated to a four-digit nominal ledger code; these codes are common across the cost centres. Nominal ledger codes further define the costs associated with the cost centre and correspond to a specific type of account, such as materials or staffing costs. Codes commencing with “1” are income codes; codes commencing with “4” are expenditure codes.

The format of this report is straightforward; the first two columns relate to the original budget from 2024/25 against the actual figures for that year. The middle columns relate to the current year’s original budget, actual expenditure year to date, the projected budget to 31 March 2026, based on the latest estimates. The right-hand columns relate to the draft budget for 2026/24.

The Committee’s revenue budget growth items for 2026/27, and its capital/special revenue projects programme for 2026/27 and beyond are dealt with as a separate budget item.

Members have requested an analysis of estimates by nominal code ledger so there are figures for overall staffing costs, utilities, property and equipment etc. The accounting software enables these reports to be produced but only on a full council basis and not by committee. The estimates, analysed by nominal ledger code, will be produced alongside the cost centre estimates for the PGF Committee at its meeting on 24 November 2025.

BUDGET PARAMETERS – DRAFT ESTIMATES 2026-27

Draft budgets are prepared based on current activities and patterns of income and expenditure. At this stage most of the budget lines have been kept as previously agreed unless there are known variations.

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. There has been significant inflationary pressure over recent years, peaking at 14.2% (RPI) and 11.1% (CPI) in the year to October 2022. Whilst inflation has since fallen it is higher than the Bank of England’s target, running at 3.8% (CPI) and 4.5% (RPI) in September 2025.

In preparing these estimates the following budget parameters, agreed by the Council, in the last cycle, have been applied:

INCOME

1. Fees and Charges – although there are income sources and some recharges, this Committee does not have any fixed fees and charges for services.

For information on other committees 4% has been used as the baseline for fees and charges increases.

EXPENDITURE

2. Staffing Costs

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

Previously an increase of 4% in line with inflation forecasts for 2025 was proposed; the RFO has reduced this to 3.8%, in line with the latest CPI rate.

The Council's policy is to pay at least the "Real Living Wage" and for those staff affected this means an increase in the hourly wage of 6.8% from 1 April 2025.

Regarding pensions the Council has received the initial findings in relation to the 2026 Oxfordshire Pensions Fund valuation. This indicates a reduction in employers' contributions from 21.7% to 19.9% from April 2026, the first reduction in many years. The direct salary and overhead allocations/recharges to this Committee will be altered ahead of the meeting of the Policy, Governance and Finance Committee and will mean a reduction in these estimates.

3. 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. However to be prudent an increase of 3.8% has been applied. Note that line 4014/402, which includes electricity in relation to the Buttercross Clock and St Mary's Church floodlighting shows a reduction on both 2025/26 revised and 2026/27 estimates due to a change of electricity supplier.

Regarding **water charges** the latest information is that business charges will increase in this area by an average of 4.5% and this has been applied.

The Committee is not responsible for any properties which attract National Non-Domestic Rates.

4. 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 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.

The Council will seek tenders early in 2026 but for now, following advice from the Council's current insurers an increase of 40% has been applied. This reflects inflationary pressures since the current LTA was agreed and increased pressure and claims in the local government sector.

5. 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, 3.8% has been used for 2026-27.

REVENUE BUDGET SUMMARY

Members may wish to note the following general comments:

1. The actual year to date figures are for the first half year, the period April to September 2024 and include the recharges from central budgets.
2. As previously reported the Council is now accounting for earmarked reserve movements differently. The previous system, used by this and other councils, was to represent in-year funding from earmarked reserves as negative expenditure (4995 – transfer from earmarked reserves) and transfers to earmarked reserves as expenditure (code 4991). These fund movements are now shown in these reports as a “below the line” adjustment “Transfer from/to EMR” so they do not impact on expenditure but are correctly shown as funding. Appropriate adjustments were made in the 2023-24 accounts. The intention is also that such transfers are undertaken at or shortly after expenditure has been incurred.

However, for sums in relation to earmarked reserve 326 – committed sums – these have been input directly in to committed sums against individual budget lines and has the impact of increasing the budget line by that amount. A budget report can be run to show these sums but when that report is run it does not then show the 2025-26 revised budget so on this occasion, I am listing these sums which have been included in the 2025-26 budget lines, listed as cost centre/nominal ledger code:

Community infrastructure – cc402

4200 – Street Furniture - £1,000

4215 – In Bloom including Schools Challenge - £5,000

Community Activities – cc408

4111- Water Safety/ Education - £2,000

4141 – Events - £5,500

4160 – Town Twinning - £1,000

4161 – Town Twinning Room Hire – £1,000

4169 – Children & Youth Provision (inc. grants) - £29,800

3. As reported previously there has been a change to Committee responsibilities which affects the Stronger Communities Committee and its estimates.

Within the terms of reference for the new Climate and Biodiversity Committee there are a number of responsibilities budgetary provision for which were previously under the remit of this Committee. These are, referenced directly from the Committee terms of reference for 2025-26:

(b) To manage the Council's Environmental Spaces, including Amenity Areas...

c) To oversee the management of the Council's tree stock across the town.

h) To oversee the maintenance of the Council's infrastructure concerning planting displays (including hanging baskets).

Your officers have now made the necessary changes to the budget/cost centre structures which will relate to cost centre 402 – Community Infrastructure and specifically nominal ledger codes – 4017, 4036, 4037, 4039, 4040, 4066, 4067, 4888, 4890, 4892, 4893 and 4899. These will be transferred in whole or in part a new cost centre attached to the Climate and Biodiversity Committee. The virement for 2025/26 original budget amounts to £238,491.

Note that in relation to works team allocations, of which a total of £162,990 has been transferred in relation to the 2025/26 budget, the amounts will be subject to review over the next twelve months.

4. The revenue budget allows for the proposed expenditure on Youth Services in accordance with the Report of the Deputy Town Clerk (agenda item 12)., noting that at line 4169/408 the current year budget of £29,800 is funded entirely from EMRs.
5. At line 4141/408 (Events) the current year budget includes of £12,477 includes EMR funding of £5,500. This will not all be spent this year and so your officers propose rolling forward any underspend so that the budget funded through precept can be held at £7,500.

Overall, the budget estimates show, following the virements at 3 (above) show:

Original 2025-26 revenue budget: £353,588 (note – funding includes £45,300 EMRs);

Revised 2025-26 revenue budget: £326,285;

Proposed 2026-27 revenue budget: £330,244.

Overall, the Council is under significant inflationary pressure, and your officers are looking at ways to mitigate these pressures. The above estimates will change when the works/ central budgets and earmarked reserve movements are considered by the Policy, Governance and Finance Committee. There are also several areas where additional work is taking place to refine the estimates.

The Council has major ongoing capital projects and is also taking on new facilities and this will be an important consideration in setting a balanced budget.

However, for this Committee the inflationary pressures are not as acute. There are a number of factors involved here:

- Open spaces moving to the Climate and Biodiversity Committee.
- Direct salary allocations revised down (see 4001-4003/408).
- No increase on a number of expenditure budgets.

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 consider any risks to the Council and any action they can take to limit or negate its liability. The RFO has approached the budget with prudence so as accurate budget as possible can be set at this early stage, although there may be some opportunities to make savings if required to balance the budget.

The provision of regular financial reports 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 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.

Recommendations

Members are invited:

Members are invited to note the report and consider the revised base revenue budget for 2025/26 and the estimated base revenue budgets for 2026/27, as detailed in the draft estimates.