

POLICY, GOVERNANCE & FINANCE COMMITTEE



Agenda Item:	Finance Report: Revised Revenue Budget 2025/26 and Draft Base Revenue Budget for 2026/27
Meeting Date:	Monday, 24 November 2025
Contact Officer:	Responsible Financial Officer (RFO)

Should Members have any queries about this report advance notice would be appreciated, in writing, by 12 noon on Monday 24 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 revenue estimates for the next year. 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 and, because of the oversight responsibilities of this Committee, for the revenue budgets of the other spending committees. Please see attached document headed "Estimates 2026-27, First Draft" which comprises of 39 pages of detailed figures (**Appendix A**).

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 and at the subsequent budget meetings.

Current Situation

The Committee's terms of reference details the various responsibilities of this Committee.

- The Committee has budgets which are its direct responsibility.
- The Committee also has the responsibility for oversight of the all the Council's resources, its terms of reference including: "b. To conduct effectively the Council's budgetary, financial and precepting responsibilities in accordance with statutory requirements, and to keep the smooth functioning of the Council's work under review" and "d. To consider the resources available to meet the Council's objectives in terms of land, property, finance and manpower and to advise other committees and the Council as required." Under the Council's Scheme of Delegation (paragraph 3.1) the Committee is responsible for "consideration of the Council's budget and recommendation of consolidated finance requirements" and "budgetary control."

Consequently, the management accounts of other committees are also brought forward to the Policy, Finance and Governance Committee.

Within each committee, there are individual **cost centres**, comprising three digits, typically representing a discrete service entity, to which income and expenditure is allocated against previously agreed revenue budgets.

The revenue cost centres for which this committee has **direct responsibility** are:

Cost centre (CC)	Service
102	Langdale Hall (property)
106	Madley Park Hall (property)
401	Civic activities
403	Planning
407	Grants and donations
501	Property/ Investments
502	Town Hall Maintenance
505	Precept
506	Interest received
601	Works department
602	Central support
604	Works depot and vehicles
700	Strategic planning initiatives
701	Corporate management
702	Democratic representation and management

Capital projects have a separate cost centre, 800, which is also the responsibility of this Committee, but which is considered under a separate agenda item.

In relation to the Committee's **oversight responsibilities** these are in the detailed management accounts as follows:

Committee	Cost centres
Parks and Recreation	201, 202,203, 204, 205, 207, 208, 209, 210, 211, 212, 213, 214, 215,216,217, 218, 230
Stronger Communities	402, 408
Halls, Cemeteries and Allotments	103, 104, 105,301,302,303, 305
Climate and Biodiversity	206, 250

A report is submitted to every ordinary meeting of the above standing committees and previous reports are available on the relevant committee section of the website. However, note that because the Climate and Biodiversity Committee has not met during this cycle, its revenue budget is being presented as part of the papers this evening.

The format of attached 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 2026/27.

Note that the report excludes the precept cost centre 506.

Council revenue budget growth items for 2026/27, and the capital/special revenue projects programme for 2026/27 and beyond are dealt with as a separate budget item.

Members have also 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, are also attached as **Appendix B**. Members should note that this report includes the precept at code 1176 (with 2026-27 simply being put in the system at the same level as 2025-26) and also some capital codes which cannot be separated out from revenue within the report. Consequently, the overall totals will not be the same as the revenue budgets by cost centre and the nominal ledger code analysis is for information to enable Members to see key elements of income and expenditure analysed by nominal ledger code.

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 and this has impacted on the Council's costs at the same time that the Council has been taking on new services. 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

Fees and charges for services have been considered by the spending committees and are considered by this Committee under a separate agenda item.

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 benefiting from the service which has been paid for by all Witney council taxpayers.

An increase of 4% has been allowed for fees and charges except for halls lettings which are increased by 5%. All these are subject to rounding.

EXPENDITURE

1. Staffing Costs

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

For 2026-27 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 the "Real Living Wage" as its minimum wage and for those staff affected this means an increase in the hourly wage of 6.8% from 1 April 2026.

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.

2. 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.

Electricity is an area where your officers have successfully procured good rates in the past. The Council compares favorably to other local authorities. An article published in "The Times" on 14 November looked at electricity costs across principal authorities during the year to 31 March 2025, using an FOI request. 268 of the 400 (approx.) authorities responded. In Oxfordshire the County Council's paid 44.1p per unit (kWh) and Oxford City Council 29.1p per unit. Witney Town Council paid 21.7p per unit on its main contract and if it had been included in the survey then the price paid for electricity would have been 267th (=) in the rankings with only Mid Devon District Council lower, at 21.2p per unit.

In relation to 2026-27 the Council is awaiting advice from its 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 within individual cost centres there will be some variation; for instance, 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.

Regarding **National Non-Domestic Rates**, the increase for 2026-27 will be announced in the government's budget. It is normally based on the CPI in the autumn and so again an increase of 3.8% has been applied. However, note that for the Council's public halls there will be a change in that from April 2026. The previous Retail, Hospitality and Leisure Relief (RHL) Scheme, which gave the Corn Exchange and Burwell Halls a 40% discount will cease. In its place rates will be calculated with reference to the small business RHL multiplier which may be up to 20 pence lower than the standard multiplier. However, the rate will not be known until the Chancellor's budget later this month.

3. 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 according to the sums insured. The end of the LTA will result in significant increases. 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.

4. 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 comments in relation to the estimates:

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.

Policy, Governance and Finance Committee

Earmarked reserves and 2025/26 estimates

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.

However, for sums budgeted for transfer in 2025-26 and also those in relation to earmarked reserve 326 – committed sums brought forward from 2024-25 – these have now been input directly in to committed sums against individual budget lines. The latter has the impact of increasing the budget line by that amount, so this means that the original budgets shown for 2025-26 have been adjusted. The total amount of earmarked sums financing revenue expenditure during 2025-26 shows in the budget at £85,407.

A budget report can be run to show the split between agreed budgets and transfer from earmarked reserves in 2025-26 but when that report is run it does not then show the 2025-26 revised budget; on this occasion the latter report has been presented so the 2025-26 agreed budget includes the committed sums transferred in.

Property

3. There have also been several changes in relation to the treatment of property budgets. Previously where a property was leased out this was represented in the accounts against the site where the property was located.

An example is the West Witney Clubhouse, leased to West Witney Sports and Social Club, the Witney Mills and West Witney Bowls Club and the Witney Projectile Range buildings. These were previously shown under the West Witney Sports Ground budget, cc203. However, this inadvertently had the impact of distorting revenue budgets such as cc203. This is because the vast majority expenditure and recharges in this cost centre did not relate to these buildings whereas the income shown on these rentals represented 45% of the income shown on cc.203, thus understating the cost of operating the sports ground itself. In governance terms it should also be noted that whilst clearly spending committees have an interest, property matters in relation to leases etc are primarily a matter for the Policy, Governance and Finance Committee (PGF) as a source of investment and income.

Consequently, a new cost centre – 501 – has been created under PGF and this will consolidate all rented property income and any related expenditure.

Current year budgets have been vired over to that cost centre which has the impact of ensuring that like for like comparisons may more readily be made between 2025-26 and 2026-27.

There are some relatively small costs still showing against service cost centres, in relation to insurance and other recharges, and these will be vired over shortly.

Overheads

4. There are three cost centres for central staffing and associated costs, at 601, 602 and 604.

Early in the budget cycle the various estimates were calculated and then apportionments made to the service cost centres, meaning that there was no balance left on each of the central cost centres. However, since then as more budget information has been received the estimates have been updated. An example of this was when the interim pension fund valuation was received which significantly reduced expenditure at line 4003, saving £20,898 on latest estimates. At this stage changes such as these have not been reflected through the recharges but instead left as a debit or credit balance on the central overhead cost centre. This avoids unnecessary changes to figures which could increase the likelihood of a mistake on the “bottom line.”

Staffing budgets have been calculated in accordance with the approved establishment for the current and next year. There has been a change in terms of costing in that the Project Officer has been transferred from 602 (office) to 601 (works) to reflect where the officer is in the staffing structure.

The standard practice of keeping the revised staffing budgets in 601 and 602 at the same level as the original budgets for the current year, has been retained. Due to vacancies in the establishment this results in an uncharged balance on the current year in these cost centres which represents the amount which can then be carried forward in to the following year.

However, the nominal ledger recharge lines at 4888, 4890, 4892, 4893 and 4899 all balance to zero, which is correct for budgetary purposes.

Parks and Recreation Committee

5. Income - note the seasonal nature of the income in relation to sports facilities, with cricket skewed to the April – September period when income from football is skewed to the period from September.
6. All codes 4047 – play equipment maintenance. Until now a budget was allocated to each of the play areas on an annual basis. However, this was not always required and when it was it often exceeded the annual budget amount allocated to the relevant site for that year. Consequently, a new system is now in place to account for these budgets. Instead of having 15 separate budgets across the different play areas, these have been consolidated into one budget under a new cost centre (cc), cc230, with a budget this year of £14,760 and £15,320 next year. When money is then spent on a play area it is recorded against that play area. Budget is then vired (transferred) to that specific play area budget and the amount in cc250 is reduced accordingly. Consequently, Members will see that the amount remaining for play area maintenance this year is £6,825.

Note that there is a separate play area capital budget of £75,000 (current year), under the capital budget cost centre 800.

7. Cost centre 218- Windrush Place. A revenue budget was approved for 2025-26 to represent 6 months of running costs (i.e. from October 2025) but transfer from WODC has been delayed so it is not expected this will be required this year. However, the non-overhead elements of this budget, £59,250 are accounted for on the revised budget and will be “rolled over” to 2026-27. The same budget has been suggested for 2026-27.

There should be more detail on the revenue costs to the Council of this facility over the coming months, but the above approach is a prudent and sensible one to ensure there are enough funds for 2026-27.

Halls, Cemeteries and Allotments Committee

8. For this Committee the property changes impact on the Cemetery Lodge rent and insurance recharge, previously shown under the Tower Hill cemetery budget (301). Including the rent on this cost centre inadvertently had the impact of distorting revenue budgets cc301 because in this case none of the expenditure (with the exception of the recharged insurance premium) in this cost centre related to this property.

The Langdale Hall (cc102) and Madley Park Hall (cc106) are in a very similar position they and have also been transferred to cc501.

9. It should be noted that a significant proportion of expenditure in the Halls, Cemeteries and Allotments budgets relates to recharges from central budgets. Members may wish to note the following:
- (i) Works team recharges for the year to 30 September 2025 are based on timesheet analysis. This means that there will often be significant variation against individual cost centre budgets depending on what works has taken place on individual sites.
 - (ii) The revised 2025-26 estimates are based on expected outturn for the central budgets and for works, this has been allocated according to the percentage of time spent on that cost centre April to September 2025.
 - (iii) The 2026-27 estimates are based on the first draft estimates for cc.601 to 604 allocated to service cost centres based on the percentages used in the original 2025-26 estimates.
 - (iv) Increases from central budgets are a significant factor in the increased costs to this Committee. Your officers have also reviewed how overheads are allocated and this has resulted in some changes between committees. For instance, works overhead expenditure on the Closed Churchyards was previously allocated to town centre/ communal areas but is now allocated to cc303, closed churchyards, totalling £11,833 for 2026-27.

Stronger Communities Committee and Climate & Biodiversity Committee

10. As reported previously there has been a change to Committee responsibilities which affects the Stronger Communities and Climate & Biodiversity Committees.

Within the terms of reference for the new Climate and Biodiversity Committee there are several 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 have been transferred in whole or in part a new cost centre, 250, which is attached to the Climate and Biodiversity Committee. The virement for 2025/26 original budget amounts to £244,491.

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.

Revenue budget summary

The revenue budget has now been considered by each of the Committees and the enclosed papers reflect the budgets recommended for further consideration by the Council. Individual estimates have been changed where further information has been received e.g in relation to pension costs.

Overall, the revenue budget estimates, without including the precept and with the treatment of estimates in relation to overheads and Windrush Place, as detailed above, are:

Original 2025-26 revenue budget: £2,186,953 (without EMRs - £2,101,546)

Revised 2025-26 revenue budget: £2,067,104

Proposed 2026-27 revenue budget: £2,240,256

The Council is under inflationary pressure, and your officers are looking at ways to mitigate these pressures. The pressures increase significantly when considering capital projects (see next item).

Members are requested to consider the revenue estimates, considering any changes they wish to make and recommend that they go forward for further consideration in the budget cycle.

Next steps

The amount raised from the Council Tax during 2025/26, equivalent to £2,297,745 for a Band D property, was £203.37. The amount raised is the precept, a legal demand on the collection authority (the District Council), to raise this sum via the Council Tax. The Council Tax always funds the bulk of any council net budget requirement, but funding can also come from other sources including grants (including s.105 funding), loans and general/earmarked reserves. S

The calculation is:

BUDGET REQUIREMENT -Council net revenue budget for 2026/27 (i.e. net of any income from rents, fees and charges etc) + Council net capital budget 2026/77

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FUNDING SOURCES – Precept (Council Tax) + grants (including s.105 funding) + loans + use of general, capital and earmarked reserves.

This stage of the budget has concentrated on calculating the budget requirement. Due to the complexities of the this year's process and the various changes made, over the next few weeks detailed checking of line estimates will take place and there will be further discussions amongst officers, which may result in some changes.

However, the major focus will now turn to the funding sources. Your officers are currently considering how the 2026/27 budget requirement will be funded, informed by the recommendations which have come forward in this cycle of meetings regarding revenue and capital spend. Your officers intend to come forward to the Council meeting which is due to take place on 15 December with some options. However, for now the following points are made:

- Precept/ Council Tax. The current year Council Tax base of 11,298.35 multiplied by the Band D equivalent Council Tax of £203.37 has yielded a precept of £2,297,745. The Council Tax base for 2026/27 has yet to be published by the District Council. It is usually received towards the end of November/ early December.
- Use of reserves. The Council has reserves which are suitably in relation to its size and responsibilities. I attach a schedule of reserves as of 31 March 2025 at **Appendix C**. During the current year some of the reserves will be used for revenue and capital spend, and the current year revenue budget will also make some contribution to reserves either through budgeted movements (e.g. renewals fund for vehicle and equipment replacement) or through underspends being allocated to earmarked reserves or returned to the general fund. Your officers will come forward at the meeting on 15 December with estimates for reserve movements during the current financial year and options for 2026-27.

The use of reserves and savings to provide for future spending via earmarked reserves is an important part of producing a balanced budget but they need to be managed carefully in accordance with the medium-term financial strategy. A potential risk is that if a Council is over-reliant on reserves, especially for revenue spending, there will come a time when the reserves can no longer be used and there will then be pressure on the budget to reduce spend and/or increase income from other sources such as service income and Council Tax.

- A balanced budget must be struck, and Members will also be mindful that this may be created by altering both income and expenditure i.e. to balance the budget lines there may be spending lines which need to be reconsidered to bring the estimates down. In relation to the latter Members will wish to consider the Council's strategic objectives and the recent budget consultation.

On 15 December it is then anticipated that Members will work through the options and come up with a preferred option which will enable it to agree a budget and a precept (Council Tax) at its meeting on 5 January 2026. Members will also receive the updated Medium Term Financial Plan at this meeting to assist in considering the budget.

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 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, and to make a recommendation to Full Council accordingly.