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**Agenda Item:** Budget parameters for 2027-28

**Meeting Date:** Monday, 28<sup>th</sup> September 2026

**Contact Officer:** Responsible Financial Officer

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***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 to the 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 14<sup>th</sup> December 2026 there will then be the final meeting at which the precept is declared, on 5<sup>th</sup> January 2027.

## **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 2026-27 the Council agreed to raise a precept of £2,427,251, resulting in a Council Tax increase of 4.91% to £213.35 for a Band D property for the year. Members are referred to the reports and minutes of the meeting of 2<sup>nd</sup> February 2026 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 2027-28.

#### **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 of August 2026 was 3.1%. However this is expected to rise to around 3.75% later this year and some forecasts are that it could rise to 4% early in 2027. All these forecasts will be affected by the geopolitical situation and global trade policy which remain highly volatile. The RFO has a reasonably low level of confidence in any forecasts.

The Bank of England CPI target is 2%.

The recommendation is to add 3.5% to fees and charges.

## EXPENDITURE

### 3. Staffing Costs

The national pay award for 2025-26 was agreed at 3.3%.

To be prudent, for 2027-28 Members should consider an increase of 3.5% for 2027-28.

### 4. Utilities

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

In the circumstances I am at this stage recommending 5% additional to costs during 2027-28 but will update this ahead of the budget cycle.

I will advise separately regarding **water charges**.

Regarding National Non-Domestic Rates the increase for 2027-28 this will be announced in the government's budget but is normally based on the CPI in the autumn, which will be around 3.75%. Note however there may also be other changes announced in the autumn 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 will apply during 2027-28, as agreed by the Council on 30<sup>th</sup> March 2026. The Council did go through a tender process earlier this year but as anticipated premiums increased sharply, reflecting the fact that they had not increased in terms of rating for five years.

The new LTA guarantees the same rate (insurance charge per £1K insured) for three years from 1<sup>st</sup> April 2026 although premiums will rise to reflect increased sums insured e.g. due to buildings inflation. Increased insured risks will impact the budget e.g. in relation to the Windrush Place Pavilion ends as of 31 March 2026.

The budget will be based on current year's premiums, known additional perils and a 4% inflation uplift.

### 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. There are likely to be some areas e.g. fuel, where a steep increase will be proposed.

However where a cost-of-living increase is applied, 3.75% will be used for 2027-28.

## **Consultation on the Budget 2026/27**

The budget consultation was considered and agreed at the Stronger Communities Committee on 21<sup>st</sup> September. The [report](#) of the Communications & Community Engagement Officer gives further detail. The draft minutes state that “The Committee welcomed the revised format of the annual budget survey and agreed that a shorter and more accessible approach would encourage greater public participation. Members felt that asking residents to identify their key priorities would provide clearer feedback than requiring the ranking of multiple individual services.”

It is due to be launched online on 25<sup>th</sup> September with a closing date early in November in order to allow the results to be taken into account during the budget-making process.

## **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.

This report forms part of the Council's mechanisms for budgetary control and prudent consideration of the Council's precept requirement by setting the parameters which will be applied during the drafting of the estimates by the Council's officers.

## **Recommendations**

Members are invited to note the report and:

1. To approve the report and the budget parameters contained therein.
2. To note the budget consultation for 2027-28.