STRONGER COMMUNITIES COMMITTEE

Agenda Item:	Finance Report: Revised Revenue Budget 2026/27 and Draft Base Revenue Budget for 2027/28
Meeting Date:	16 November 2026
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 16th November to allow for a full response at the meeting.

The purpose of this report is report to Members in relation to income and expenditure revenue budgets for the year to date, present projections as to the revised revenue estimates for 2026-27 and to present the proposed revenue estimates for 2027-28.

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 2026/27 and the first draft of the revenue budget for 2027/28 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 undertake. Therefore this report will be subject to updates when this Committee's estimates are presented to the meeting of the Policy, Governance and Finance Committee on 23rd November.

Current Situation

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

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 2025/26 against the actual figures for last year. The middle columns relate to the current year's original budget, actual expenditure year to date, the projected budget to 31 March 2027, based on the latest estimates. The right-hand columns relate to the draft budget for 2027/28. Note that the financial software the Council uses shows this budget as "Agreed" when it should state "Proposed."

The Committee's revenue budget growth items for 2027/28, and its capital/special revenue projects programme for 2027/28 and beyond are dealt with as a separate budget item.

Budget parameters for 2027/28

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.

1. Fees and Charges

   Not applicable for this Committee; income comprises grants and donations.

2. Staffing Costs

   The national pay award for 2025-26 was agreed at 3.3%.
   The agreed budget parameter for 2027-28 is an increase of 3.5%.

3. Utilities

   There remains massive uncertainty regarding **gas and electricity prices** and these will change depending on the increasingly unstable international circumstances. At this stage the RFO's working assumption is to budget for current levels of usage plus a price rise of 15% but this will be subject to change during the budget cycle.

   In relation to **water and sewerage charges** there have been large increases in recent years but there is no information online in relation to 2027-28. Services are being assessed on a case-by-case basis, to reflect current usage, and then with an increase of 5% allowed . These are reflected in recharges only for this Committee.

   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%. These are reflected in recharges only for this Committee.

4. Insurance

The Council's Long-Term Agreement (LTA) with Zurich Municipal will apply during 2027-28, as agreed by the Council on 30th March 2026. The Council went 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 1st 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 3.5% inflation uplift, revised down from 4%.

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. 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, 3.5% will be used for 2027-28, revised down from 3.75%.

BASE REVENUE BUDGETS

Members may wish to note the following general comments:

1. The actual year to date figures are for the first seven months of the financial year, the period April to October 2026 but only include the recharges from central budgets to 30th September 2026. Note previous committee estimates during this cycle have viewed figures for the period April to September 2026.

2. At this stage in the budget the committees are asked to consider their spending. The funding of this spending and the utilisation of earmarked reserves is a matter which will be considered by the Policy, Governance and Finance Committee later in the cycle.

3. It should be noted that a significant proportion of expenditure for this Committee's budgets relates to recharges from **central budgets**. The latter will be considered by PGF at its next meeting but for now Members may wish to note the following:
   (i) Works team recharges for the year to 30 September 2026 are based on timesheet analysis. This means that there will often be significant variation

against individual cost centre budgets depending on what works have taken place on individual sites.

(ii) The revised 2026-27 estimates are, for now, simply included at the same level as the original budgets. Note that overall, in relation to central budget costs it is considered at this stage that expenditure outturn will be within these budgets.

(iii) The 2027-28 estimates are based at this stage on an overall inflationary increase of 3.5% in relation to the central budgets, noting that there may be some changes between individual cost centres 601 (works team), 602 (central support) and 604 (works depot). The increase may change when these budgets are reviewed ahead of the Policy, Governance and Finance Committee meeting on 23rd November 2026.

4. There are major inflationary pressures on the Council and so increases have been kept as low as possible. Members will see that some budgets have been reduced or removed to avoid any over-provision. If additional funds are required in-year then increased use of virements between codes is encouraged i.e. funding an overspend on one budget from underspends elsewhere. It is also anticipated that more use of "holding budgets" will be introduced whereby a budget is established which can be used by a number of cost centres and whereby virements are made when there is an expenditure need.

<u>Notes in relation to specific items</u>

Time has not allowed for a comprehensive commentary on every item in the accounts but some items of interest are detailed below:

1052/402 – this relates to income recharges for any memorial benches installed and varies year on year.

1099/402 – this relates to income given as a social contribution from the Christmas lights contractor from which seasonal-related grants totalling £1,000 are awarded from the associated expenditure line 4113/402.

1171/402 – donations received relate to sponsorship of Christmas lights. As this is sponsorship it is subject to VAT. The budget has been reduced from £7,500 (original 2026-27) to £4,800 for next year, to reflect the income in recent years.

4014/402 – electricity – relates to floodlighting of the Buttercross, St Mary's Church and the War Memorial.

4035/4036/4037 – maintenance codes. Revised downwards on both revised 2026-27 and initial 2027-28 estimates to reflect expenditure in recent years. Note (i) if expenditure above estimate were to be required then it would be vired (transferred) between codes and

could be transferred from other cost centres if required and (ii) these codes only relate to materials; the bulk of the maintenance costs relate to labour and are met through staff overhead recharges.

4035/402 – subject to requirements between now and the end of the year, the revised budget of £2,000 would allow for the sedan roof at Valance Crescent to be funded from revenue and so the earmarked reserve would not be called on.

4208/402 – Covid memorial. Budget of £100 for 2027-28. The Council previously agreed to add a new sign in the hope of deterring ASB.

4215/402 – in year budget for In Bloom increased to £5,500 through virement of £2,000 from the Leys budget, which has not been utilised in recent years. The budget has been revised down for 2026-27 to reflect the expenditure during the season and included at £4,200 for 2027-28 to reflect minute SC462(6), which includes £2,200 for related improvements to Unterhaching Park. Note this budget may be subject to further refinement.

1170/408 – grants received in current year revised downwards to £0. These vary considerably year-on-year according to activity and opportunities. £1,000 included in 2027-28.

4008/408 – training in 2026-27 related to traffic management and control for events and funding of £1,475 was vired from 4008/601 (works).

Grants – these have been retained in the 2027-28 budget but at the same amounts as for 2026-27, to reflect the inflationary pressures on the Council. However inflationary increases are allowed for 4104 (Carnival/ Lights Switch-on) where it is known that the organisers budgets to deliver these events are under pressure and a request for an increase is likely and 4172 (Detached Youth Work) where an inflationary increase is required by the Service Level Agreement.

4141/408 – previously this line was described as Events. This has been redesignated as Community Engagement and Communications to reflect the nature of the expenditure in this line. The budget suggested for 2027-28 should be sufficient to fund the £1,000 requested by the Witney Past Present and Future Working Party towards the St George's Day event. Note also the Council does have an earmarked reserve in relation to events amounting to £5,413.

<u>Summary</u>

Overall the budget estimates for this Committee show:

Original 2026-27 revenue budget: £331,319 (adjusted for virements)

Revised 2026-27 revenue budget: £323,337

Proposed 2027-28 revenue budget: £337,875 (increase of 2.0 % on 2026-27 original)

Note the above figures will likely change when the revenue costs of works/ central budgets are considered by the Policy, Governance and Finance Committee. Members will further wish to take in to account that 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.

Corporate Strategy

The Council's Strategic Plan 2025–29 sets out the Council's long-term priorities and direction, supporting its mission to 'make Witney a great place to live, work and visit.' This report contributes to the delivery of the following strategic pillar of the plan:

1. A Forward Looking Town Council

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 and 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 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 budget must also be realistic; if adequate budgets are not set then service delivery is likely to be affected.

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 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.

Recommendations

Member are invited to note the report and

1. Consider the revised base revenue budget for 2026-27 and the estimated base revenue budgets for 2027-28, as detailed in the draft estimates.
2. Make a recommendation to the Policy, Governance and Finance Committee regarding the initial revenue budget for 2027-28 as detailed in this report and the estimates.