



## URGENT BUSINESS AND SUPPLEMENTARY INFORMATION

### Budget Planning Committee

9 December 2025

Agenda Item Number	Page	Title	Officer Responsible	Reason Not Included with Original Agenda
7.	(Pages 3 - 12)	<p>Budget Proposals 2026/27 - 2030/31</p> <p>Updated Cover Report</p> <p>Changes to the version originally published are: paragraphs 3.2, 3.3, 3.4 has become 3.5 and there is a new paragraph 3.4; the figure in paragraph 4.1 has been updated from -15% to -5%; paragraph 4.4 has been amended; 4.6 is an additional paragraph</p>	Strategic Business Partner – Corporate	Updated cover report provided by Finance

*If you need any further information about the meeting please contact Matt Swinford, Democratic and Elections Team [democracy@cherwell-dc.gov.uk](mailto:democracy@cherwell-dc.gov.uk), 01295 221534*

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This report is public	
Budget Proposals 2026/27 – 2030/31	
<b>Committee</b>	Budget Planning Committee
<b>Date of Committee</b>	9 December 2025
<b>Portfolio Holder presenting the report</b>	Portfolio Holder for Finance, Councillor McLean
<b>Date Portfolio Holder agreed report</b>	26 November 2025
<b>Report of</b>	Assistant Director of Finance (S151 Officer)

## Purpose of report

This report sets out the capital bid, investments, efficiencies and income changes for Cherwell District Council for the period 2026/27 to 2030/31.

## 1. Recommendations

The Budget Planning Committee resolves:

- 1.1 To provide feedback on the capital bid, investments, efficiencies and income changes to provide to the Executive to consider in finalising its 2026/27 budget proposal.

## 2. Executive Summary

- 2.1 This report sets out the capital bid, investments, efficiencies and income changes for Cherwell District Council for the period 2026/27 to 2030/31. Feedback on the efficiencies will be taken into account as part of the overall response to the budget consultation. Feedback from the Committee on the investments and capital bids will be provided to the Executive to consider in finalising its budget proposals for Council.

## Implications & Impact Assessments

Implications		Commentary		
<b>Finance</b>		There are no immediate financial implications associated with this report. It is a consultation on budget proposals for 2026/27 and beyond for which no decisions have yet been taken. <b>Michael Furness, Assistant Director of Finance, 27 November 2025</b>		
<b>Legal</b>		The provisions of the Local Government Finance Act 1992 set out what the council has to base its budget calculations upon and require the council to set a balance budget with regard to the advice of its section 151 officer. The setting of the budget is a function reserved to full Council, who will consider the draft budget as prepared by the Executive. This report, alongside the consultation document issued on 20 November 2025, form part of that process. <b>Shiraz Sheikh, Assistant Director of Law and Governance, 26 November 2025</b>		
<b>Risk Management</b>		There are no risk implications arising directly from this report. The budget consultation alongside this report form part of the process the council must go through in setting its budget for 2026/27. <b>Celia Prado-Teeling, Performance Team Leader, 26 November 2025</b>		
Impact Assessments		Positive	Neutral	Negative
<b>Equality Impact</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?			X	
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?			X	
<b>Climate &amp; Environmental Impact</b>				
<b>ICT &amp; Digital Impact</b>				
		Commentary		
		The approach to assessing equality impact of the budget and business planning process is addressed in the body of this report.		
		Climate Impact Assessment at Appendix 4		
		N/A		

<b>Data Impact</b>				N/A
<b>Procurement &amp; subsidy</b>				N/A
<b>Council Priorities</b>	All			
<b>Human Resources</b>	N/A			
<b>Property</b>	N/A			
<b>Consultation &amp; Engagement</b>	The council began a consultation on its proposed efficiencies for 2026/27 on 20 November 2025, with the consultation closing on 19 December 2025.			

## Supporting Information

### 3. Background

- 3.1 The Medium-Term Financial Strategy (MTFS) to 2029/30, agreed by Council in February 2025, identified savings of £4.997m to be delivered in 2026/27. The MTFS also reflects expected growth for demographic and other additional directorate spending needs and inflationary costs plus impacts of agreed savings and other income growth.
- 3.2 The uncertainties around government funding, rising costs, and growing demands on our services has made planning for the 2026/27 budget and updated Medium Term Financial Strategy (MTFS) very challenging. At the time of publishing this report, all funding forecasts are based on modelling provided by our funding advisors, PIXEL Financial Management, as details of government funding at individual local authority level for 2026/27 is not available until the provisional Local Government Finance Settlement, is announced in week commencing 15 December 2025.
- 3.3 The Policy Statement on local government funding for 2026/27 to 2028/29 was published on 20 November 2025, alongside the response to the Fair Funding consultation. The Policy Statement provides an outline of the policy settings that will be used in the 2026-27 provisional Local Government Finance Settlement. Our funding advisors, PIXEL Financial Management, are modelling the impact of the proposals on individual authorities, some of the proposals in the Policy Statement are outside the range expected and there are still elements where uncertainties remain until funding allocations are announced in the provisional settlement.
- 3.4 The Autumn Budget was published on 26 November 2025. Some policy measures have been announced in the Budget that will affect local government, such as changes to both council tax and business rates but neither will generate additional resources.
- 3.5 The council began a consultation on its proposed efficiencies for 2026/27 on 20 November 2025, with the consultation closing on 19 December 2025. In February 2026, as part of their proposed budget for 2026/27, the Executive will consider feedback from Budget Planning Committee on the budget proposals; it will also consider feedback from the public on the budget consultation taking place. In

determining which of the budget proposals will be included in the proposed budget for 2026/27, the Executive will also consider the outcome of the Provisional Local Government Finance Settlement and other resources available through Council Tax and Business Rates.

## **4. Details**

### **Funding Assumptions**

- 4.1 Damping floors will now have a massively increased role in distributing funding and will absorb a much higher share of the funding available to local government than was previously proposed. The last MTFS planning assumptions reported in September, was for additional transitional support when resource losses are -7% lower than the funding floor, for those authorities with the largest losses from the funding reforms. This changed to -5% in the Policy Statement and the inclusion of pooling gains in the damping floor, we anticipate this will be beneficial to pooled authorities including Cherwell.

### **Government Grants**

- 4.2 As previously assumed, most of the existing government grants will be rolled into the Revenue Support Grant from 2026/27 including New Homes Bonus, Funding Guarantee and Employer NICs grant. The Homelessness Prevention Grant will remain outside of the Revenue Support Grant and distributed in 2026/27 using a new formula, more details should be released in the provisional settlement.

### **Business Rates**

- 4.3 A package of changes to the Business Rates Retention System will be implemented in 2026/27; baseline reset, 2026 revaluation, and new multipliers. Authorities are to assume all business rates growth will be lost and that business rates income is at baseline from April 2026. The safety net threshold will be increased to 100% in 2026/27, and will then reduce to 97% in 2027/28, and then revert to its current level of 92.5% in 2028/29.
- 4.4 Including income from pools and pilots was not expected and authorities in pools in 2025/26 are likely to see an increase to the way that both the phasing of gains and losses, and the damping floors, operate. It means that damping payments will be calculated from a higher baseline, and pooled authorities will see their income increase in 2026/27 compared to previous modelling.

### **Council Tax**

- 4.5 As there have been no specific announcements on council tax increases, the current assumptions are that the Government will place a referendum limit of a £5 increase on Band D Council Tax. This will equate to a 3.2% increase on the council's 2025/26 Band D Council Tax of £158.50. An additional £5 increase has been assumed in each year of the MTFS.

- 4.6 A new High Value Council Tax Surcharge will be introduced in 2028-29. Owners of properties valued in excess of £2m will have to pay the surcharge. Local authorities will collect this revenue on behalf of central government and will be “fully compensated” for the additional costs of administering this new tax. The Government has indicated that revenue will be used to support funding for local services. It is unclear what this will mean in practice. There will be a consultation on the operation of the scheme in early 2026.

### **Corporate Updates**

- 4.6 The council has considered a number of items that have been reviewed as part of a corporate assessment that do not form part of the budget consultation as they are unavoidable, or policy decisions have already been taken. These include:
- setting aside a corporate figure for inflation
  - interest rates
  - Minimum Revenue Provision
  - areas where policy decisions have been taken
- 4.7 In order to address cost pressures relating to inflation, officers have reviewed and reflected inflationary increases within contracts. This has resulted in £0.980m of allowance for inflation in 2026/27. This figure also includes assumptions relating to pay inflation and inflation on our fees and charges (where applicable).
- 4.8 Interest rates have a direct impact on the council's budget. Budgets are set using forecasts from the council's Treasury advisors, MUFG. The council, in consultation with the council's treasury advisors, took out Public Works Loan Board loans ranging from 5 to 10 years in July 2022. This has allowed the council to refinance its essentially variable rate short-term borrowing from other Local Authorities when they became due. This reduced the council's exposure to interest rate refinancing risk in the short term. However, interest rates have remained higher for longer than expected, and future loans will need to be refinanced. Additional interest has been earned on investments due to the higher than forecast interest rates. This has been put into the Interest Volatility Reserve and can be utilised when future loans need to be refinanced at higher than forecast interest rates.

### **Budget Investments**

- 4.9 In addition to the current uncertainty around future government funding the council has also identified a number of additional budget investments that it is anticipating will need to be funded in 2026/27 and beyond. Investments identified and proposed to be funded in the period 2026/27 – 2030/31 are set out in Table 1. Details are set out in Appendix 1.

*Table 1: Budget Investments*

Directorate	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m	Ongoing Impact £m
Chief Executive's Office	-	-	-	-	-	0.000
Resources	0.507	(0.022)	-	-	-	0.485
Place & Regeneration	0.503	(0.101)	(0.072)	-	-	0.330
Neighbourhood Services	1.107	-	-	-	-	1.107
<b>Total Pressures</b>	<b>2.117</b>	<b>(0.123)</b>	<b>(0.072)</b>	<b>0.000</b>	<b>0.000</b>	<b>1.922</b>

### Financial Impact of Budget Investments and Reduced Funding

- 4.10 After considering the changes in funding, investments and inflation assumptions, in order to set a balanced budget, new efficiencies and income changes of £1.785m have been identified for 2026/27 as shown in Table 2 below.

*Table 2: Medium Term Financial Strategy*

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m	Ongoing Impact £m
<b>Feb 2025 Funding Gap/(Surplus)</b>	<b>4.997</b>	<b>5.162</b>	<b>5.325</b>	<b>0.937</b>	<b>-</b>	<b>16.421</b>
Corporate Items	(1.373)	2.073	0.507	0.376	0.462	2.045
Investment Items	2.117	(0.123)	(0.072)	-	-	1.922
Grant Changes	(1.700)	-	-	-	-	(1.700)
Fair Funding	(1.790)	(4.109)	(4.815)	2.691	0.984	(7.039)
<b>Sub Total</b>	<b>2.251</b>	<b>3.003</b>	<b>0.945</b>	<b>4.004</b>	<b>1.446</b>	<b>11.649</b>
Efficiencies & Income Changes	(1.785)	(1.079)	(0.478)	-	-	(3.342)
Use of Reserves to balance	(0.466)	0.466	-	-	-	0.000
<b>Funding Gap/(Surplus)</b>	<b>0.000</b>	<b>2.400</b>	<b>0.457</b>	<b>4.004</b>	<b>1.446</b>	<b>8.307</b>

### Efficiency and Income Changes

- 4.11 New efficiencies and income changes totalling £1.785m in 2026/27 have been identified and are being consulted upon as set out in Table 3. Details are set out in Appendix 2.



*Table 3: Efficiencies and Income Changes*

Directorate	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m	Ongoing Impact £m
Chief Executive's Office	-	-	-	-	-	0.000
Resources	(1.140)	(0.250)	(0.250)	-	-	(1.640)
Place & Regeneration	(0.298)	-	-	-	-	(0.298)
Neighbourhood Services	(0.347)	(0.829)	(0.228)	-	-	(1.404)
<b>Total Efficiencies and Income Changes</b>	<b>(1.785)</b>	<b>(1.079)</b>	<b>(0.478)</b>	-	-	<b>(3.342)</b>

### Medium Term Financial Forecast

- 4.12 After taking into account the assumed phased reduction in a business rates reset from 2026/27 and other corporate updates detailed in sections 4.1 – 4.14, the savings gap to address in future years has changed to the profile found in Table 2 above. This sees the council's challenge for future years reduce across the period in total from £16.421m forecast in Feb 2025 to £8.307m.
- 4.13 Therefore, the council recognises that it has considerably more work to do to identify the additional savings that will be required in 2027/28 and beyond. In line with the MTFS approved in February 2025 the Council will:
- Adopt a transformational approach to service delivery to shape the thinking for the future design of the Council.
  - Review the Council's service level priorities and alignment of resources to maximise delivery of priorities within the resources available.
  - Maximise income opportunities.
  - Continue to lobby policy makers.

### Council Priorities 2026/27

- 4.14 The budget proposals being consulted upon take into consideration the ability for the council to continue to progress its priorities. The council's Vision is to be a place where communities thrive, and businesses grow. Its four key strategic priorities are:
- Quality housing and place making
  - Environmental stewardship
  - Economy prosperity
  - Community Leadership

In addition to the above strategic priorities, the council will continue to make progress against the themes supporting all that we do. The budget proposals will enable the council to deliver its Annual Delivery Plan 2026/27, which will be approved by Executive in February 2026.

## Capital Bids

- 4.15 The council has a varied capital programme to deliver on its corporate priorities. The council recognises it is consulting on efficiencies in 2026/27 and with significantly greater levels of efficiencies anticipated in future years. Therefore, the council has sought to maximise capital bids to be funded from external sources of funding and keep the value of new capital bids proposed for 2026/27, which are required to be funded by borrowing, to a minimum. In addition, the current capital programme has been reviewed to ensure the projects previously approved still provide good value for money and meet the council's corporate priorities.
- 4.16 The new capital bids have a total value of £6.556m. Grants and other funding are available amounting to £1.694, making the council's net capital spend on new bids £6.556. These have a focus on spend to save, asset management and climate sustainability proposals to keep the additional borrowing costs that will need to be included in the revenue budget to a minimum. For 2026/27, this includes investment in new temporary accommodation to reduce homelessness and cut emergency housing costs, as well as routine improvements at places like Bicester Leisure Centre, Franklin's House, and Castle Quay. A summary of the capital bids are set out in Table 4 and Appendix 3.

Table 4: Summary of Capital Bids by Directorate

Directorates	Total Project Cost £m	Grants and other Funding £m	Net Total Project Cost to Council £m
Resources	0.136	-	0.136
Place & Regeneration	1.462	-	1.462
Neighbourhood Services	6.652	(1.694)	4.958
<b>Grand Total</b>	<b>8.250</b>	<b>(1.694)</b>	<b>6.556</b>

## Budget Approval

- 4.17 Executive will make its budget proposal to Council on 2 February 2026 and will consider comments from BPC and feedback from the public consultation. As well as the capital bids, investments, efficiencies and income this will include:
- Annual Delivery Plan 2026/27
  - Capital and Investment Strategy
  - Treasury Management Strategy
  - Capital Programme
  - Earmarked Reserves and General Balances Policy
  - Fees and Charges Schedule
  - Pay Policy Statement

Council will then consider the Budget at its meeting on 23 February 2026.

## **Equality Impact**

- 4.18 The Equality Act 2010 imposes a duty on local authorities that, when making decisions of a strategic nature, decision makers must exercise 'due regard to the need to eliminate unlawful discrimination... advance equality of opportunity... and foster good relations.'
- 4.19 In developing budget proposals, services have considered the potential impact of change with respect to equality, diversity and inclusion, in line with our framework: *Including Everyone*. The budget engagement document summarises each service proposal and the response to the engagement will help inform the final assessment of equality impact. Following the public engagement, where a potential material service impact has been identified, an Equality Impact Assessment will be finalised. Individual assessments and an overarching summary impact assessment, taking into account the overall impact of the budget proposals, will be included within the Business & Budget Planning Report to Executive in February 2026 to inform the decision-making process. Appendix 4 details the overall Equality Impact Assessment (EIA) for the efficiency proposals.

## **5. Alternative Options and Reasons for Rejection**

- 5.1 There are no alternative options. This report consists of budget proposals which are being consulted on and no decisions have taken place at this stage. The council is looking for responses to the budget proposals to be considered in finalising the budget for 2026/27, which will be proposed by the Executive and then considered by council in February 2026.

## **6 Conclusion and Reasons for Recommendations**

- 6.1 Budget Planning Committee is asked to comment and provide feedback to the Executive on the capital bids, investments, efficiencies and income changes for 2026/27 and beyond. This will form part of the overall consultation process for the production of the 2026/27 Budget and Annual Delivery Plan.

## Decision Information

<b>Key Decision</b>	No
<b>Subject to Call in</b>	Yes
<b>If not, why not subject to call in</b>	N/A
<b>Ward(s) Affected</b>	All

## Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	Proposed Budget Investments
<b>Appendix 2</b>	Proposed Efficiencies and Income Changes
<b>Appendix 3</b>	Capital Bids
<b>Appendix 4</b>	Equalities & Climate Impact Assessment
<b>Background Papers</b>	Budget Process 2026/27
<b>Reference Papers</b>	<a href="#">Budget Consultation 2026/27</a>
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<b>Corporate Director Approval (unless Corporate Director or Statutory Officer report)</b>	N/A