



<b>Policy, Finance and Development Committee</b>	<b>Tuesday, 03 February 2026</b>	<b>Matter for Information and Decision</b>
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**Report Title:** **2026/27 Revenue Budget, Medium Term Financial Plan and 2026/27 – 2030/31 Capital Programmes**

**Report Author(s):** **Simon Ball (Finance Manager)**  
**Colleen Warren (Chief Finance Officer / S151 Officer)**

<b>Purpose of Report:</b>	For Committee to consider, note and recommend to Full Council the approval of the General Fund Revenue Budget for 2026/27, the Housing Revenue Account revenue budget for 2026/27 and Capital Programme and the MTFP for 2026/27 to 2030/31.
<b>Report Summary:</b>	<p>The report outlines the final proposed General Fund Revenue Budget for 2026/27, which is a balanced budget with no use of the general fund reserve.</p> <p>The five-year Medium Term Financial Plan 2026/27 to 2030/31 shows a forecast cumulative surplus of £3.27M.</p> <p>The report also presents the Housing Revenue Account which sets out the high level 5-year position.</p> <p>The report sets out future schemes to be added to the capital programme as funding is secured.</p> <p>Finally, the report sets out the Section 151 Officer's statement on robustness of estimates and adequacy of reserves, as required by Section 25 of the Local Government Act 2003.</p>
<b>Recommendation(s):</b>	<p><b>A. Committee notes the content of the report and appendices;</b></p> <p><b>B. Committee recommends to Full Council to approve:</b></p> <ul style="list-style-type: none"><li><b>i. The General Fund Revenue Budget for 2026/27 as set out in Appendix 1;</b></li><li><b>ii. To increase Council Tax by the maximum core referendum limit of 2.99% as announced in the Local Government Settlement;</b></li><li><b>iii. A housing rent and service charge increase of 4.8%;</b></li><li><b>iv. The HRA budget for 2026/27, as detailed in Table 4 and notes the HRA MTFP;</b></li><li><b>v. The adoption of rent convergence at up to £3 per week when legislation allows;</b></li><li><b>vi. The Scale of Fees and Charges as set out in Appendix 4 and approves an ongoing annual increase by the September CPI rate;</b></li><li><b>vii. The Capital Schemes of the General Fund and HRA as set out in Appendix 5;</b></li></ul> <p><b>C. Committee recommends to Full Council to note:</b></p>

	<p>i. <b>The MTFP for 2026/27 to 2030/31 as set out in Table 7; and</b>  ii. <b>The S151 Officer's statement on the robustness of the budget and the adequacy of reserves as set out in Section 13 of the report.</b></p>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	<p>Colleen Warren (Chief Finance Officer / S151 Officer)  (0116) 257 2759  <a href="mailto:colleen.warren@oadby-wigston.gov.uk">colleen.warren@oadby-wigston.gov.uk</a></p> <p>Simon Ball (Finance Manager)  (0116) 257 2694  <a href="mailto:simon.ball@oadby-wigston.gov.uk">simon.ball@oadby-wigston.gov.uk</a></p>
<b>Strategic Objectives:</b>	Our Council (SO1)
<b>Vision and Values:</b>	"Our Borough - The Place to Be" (Vision) Resourceful & Resilient (V4)
<b>Report Implications:-</b>	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out in the report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6) Organisational / Transformational Change (CR8)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	<ul style="list-style-type: none"> <li>Senior Leadership Team</li> </ul>
<b>Background Papers:</b>	<ul style="list-style-type: none"> <li>2026/27 Draft Revenue Budget and Medium-Term Financial Plan update - PFD 2 December 2025</li> </ul>
<b>Appendices:</b>	<ol style="list-style-type: none"> <li>General Fund Budget Summary (2026/27)</li> <li>Budget Changes 2025/26 to 2026/27</li> <li>Statement of Movement on Reserves</li> <li>Fees &amp; Charges (2026/27)</li> <li>Capital Programme (2026/27)</li> </ol>

## 1. Introduction

- 1.1 The Draft General Fund and Housing Revenue Account budgets, Capital Programme and updated MTFP were considered by this committee on the 2 December 2025.
- 1.2 This report summarises the changes for the final budget 26/27 for the General Fund, Housing Revenue Account and Capital programmes, the details of the provisional finance settlement and Fees and Charges schedule for 26/27. The budget will be updated week commencing 9 February 2026 when the government is due to release the final settlement statement. The final budget will be presented at Full Council on 20 February 2026.
- 1.3 The aim of the General Fund and Housing Revenue Account (HRA) budgets and the associated MTFP is to achieve:
  - Financial resilience
  - Financial self-sustainability

The achievement of both will provide opportunities for the council to invest in strategic priorities.

- 1.4 The preparation of the budget for 26/27 has been a detailed process involving officer review and Member consultations.

## 2. The General Fund Budget

- 2.1 The final general fund budget, taking into account establishment increases, estimated pay award, inflation assumptions, contract inflation and other known changes is £9,131,657 an increase of £1.398M from the previous year's budget.
- 2.2 The General Fund Budget detail is shown at **Appendix 1**.
- 2.3 **Table 1** below shows the changes from the approved budget for 2025/26 and the proposed final budget for 2026/27.

**Table 1**

General Fund	Budget 2025/26	Final Budget 26/27	Variance
	£	£	£
Employee Expenses	8,254,125	9,121,440	867,315
Premises Expenses	663,500	700,195	36,695
Transport Expenses	295,103	328,850	33,747
Supplies & Services	2,372,017	2,830,054	458,037
Transfer Payments	7,290,954	6,855,317	(435,637)
Income	(12,084,417)	(11,618,800)	465,617
Capital Financing	941,500	914,600	(26,900)
<b>Net Revenue Expenditure</b>	<b>7,732,782</b>	<b>9,131,657</b>	<b>1,398,875</b>

- 2.4 Employee expenses are the most significant movement between years. This is due to the additional staff required to deliver the food waste project and a 3% assumed pay award that has been built in for 26/27.

- 2.5 Inflationary increases have been applied to Supplies and Services, Premises Expenses and Contracts where required.
- 2.6 In addition, Oadby and Wigston Borough Council are part of three partnership agreements which include Lightbulb, Leicestershire Building Control and Health and Wellbeing and Physical Activity. These partnerships are run on our behalf and other local authorities by Blaby District Council. The ongoing costs of the partnership have been built into the budget for 2026/27. Due to Local Government Reorganisation (LGR), Blaby District Council have requested that we extend the current S113 agreements to the 31 March 2028 to align with the LGR timetable. We support this request and have included the costs of the partnership within the budget and MTFP. By agreeing to the budget Members are endorsing the continuation of these partnership arrangements.
- 2.7 Income has been adjusted to reflect achievable budgets where required. The majority of fees and charges have been increased in line with September 2025 CPI @ 3.8%, with the exception of car parks where a 10% (rounded) increase has been proposed and garden waste charges which have been frozen. Other fees and charges may see slightly higher than the CPI increase due to benchmarking with neighbouring authorities and full cost recovery exercises.

### **3. The Provisional Final Settlement**

- 3.1 The government announced the provisional multi-year settlement on 17 December 2025 for 2026/27 to 2028/29. This settlement will result in more distribution of funding within the sector than any other for at least the last 25 years.
- 3.2 Added to this there has been a full baseline reset with major changes to the relative needs formulas and the simplification of many grants into either SFA or one of four consolidated grants.
- 3.3 This is a 3-year settlement, which gives some certainty for the years to 2028/29, however each of these years will be subject to an annual settlement process. Any changes will be upwards as the 3-year settlement represents a minimum level of funding.
- 3.4 A key assumption within the settlement is that Council Tax will increase by the maximum of 2.99% or £5.
- 3.5 Grants have been allocated within 4 main grants streams – homelessness, rough sleeping and domestic abuse grant, public health grant, crisis and resilience grant and children and families grant.

### **4. Council Tax 2026/27**

- 4.1 The MTFP assumes a Council tax increase in line with the maximum allowed under the Local Government Settlement which is the great of £5 or 2.99%. This equates to an additional £145k of funding to support essential services.
- 4.2 The tax base for 2026/26 is 19,004.95 an increase of 410.76 properties when compared to last year. This equates to an additional £111k of funding.
- 4.3 Any surplus/deficit on Council tax during 25/26 will affect the Council Tax precepts for 26/27; the current forecast is a surplus of £25k.
- 4.4 The proposed Council Tax bandings are set out in the table below and full details are contained in the Council Tax Setting Report included in the Full Council agenda.

<b>Total Amount Payable by Band</b>			
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
£179.64	£209.58	£239.52	£269.46
<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
£329.34	£389.22	£449.10	£538.93

## 5. Business Rates (NNDR) 2026/27

5.1 Under the previous arrangements for Retained Business Rates, where a Council collects rates above an assessed baseline level set by the Government, a 50% levy was applied that was paid to Government. In order to avoid this levy a Business Rates Pool was adopted with the County and other Districts in Leicestershire.

5.2 Between 2013/14 and 2025/26, business rates pooling arrangements have delivered positive outcomes across England. Local authorities collectively retained a greater share of business rates growth by reducing the levy that would otherwise have been payable to Central Government. This approach enabled participating authorities to benefit from local economic growth and strengthen financial resilience, however, the reset of the Business Rate Retention Scheme in 2026/27 will introduce revised baseline targets for each authority. These targets will be uplifted to reflect actual conditions, effectively removing any growth from the system. As a result, there will be no levy payable and consequently, no financial advantage from pooling arrangements.

It is therefore anticipated that business rate pools will not operate in England from 2026/27 onwards. This position is supported by external advisors and aligns with expectations from the Ministry of Housing, Communities and Local Government (MHCLG).

5.3 The Council is still expecting a number of rateable values appeals. A provision has been put aside based on intelligence from the Council's advisors to cover the estimated effects, but uncertainty remains in this area.

5.4 As well as the potential for the authority to attract additional income through retained business rates there is also the risk of uncertainty through the amount of business rates that it collects; this has been further exacerbated by economic impacts. Coupled with uncertainties relating to appeals against rateable values for business premises, with the potential for successful appeals being backdated, makes estimating income extremely challenging and potentially volatile.

5.5 The table below provides details of the anticipated business rates figure for 2026/27.

	<b>2026/27</b>
<b>Business Rates income/Expenditure</b>	<b>£</b>
Retained Business Rates	(5,522,665)
S31 Grants	(1,956,868)
Tariff	5,488,784
<b>Pre-Levy Income</b>	<b>(1,990,749)</b>
levy	58,061
Renewable Energy	(8,564)
<b>Net Retained Business Rates Income</b>	<b>(1,941,252)</b>

## 6. Funding Position 2026/27

6.1 The overall funding position including final settlement for 2026/27 is set out in **Table 2**.

**Table 2 – 2026/27 Final Budget Funding Position**

	<b>Funding 25/26</b>	<b>Funding 26/27</b>
	£	£
Earmarked Reserves	514,239	479,000
Retained Business Rates	(2,434,256)	(1,941,252)
Collection Fund (Surplus)/Deficit – BR	178,840	(210,577)
Extended Producer Responsibility	(855,239)	(874,972)
NI increase funding	(72,628)	0
New Homes Bonus	(236,500)	0
Council Tax – OWBC	(4,864,982)	(5,121,130)
Collection Fund Balance – Council Tax	(56,245)	(25,130)
Revenue Support Grant	0	(1,768,240)
Green Plant and machinery	(7,351)	0
<b>Total Financing</b>	<b>(7,834,122)</b>	<b>(9,462,301)</b>

## 7. General Fund Reserves

7.1 The forecast position for the General Fund Reserve is shown in Table 3.

7.2 Closing balances are forecast to increase over the lifetime of the MTFP, reflecting the increased funding derived from the Fair Funding Review.

**Table 3**

<b>General Fund Reserve</b>	<b>£</b>
<b>Opening Balance 01/04/2025</b>	<b>(1,422,408)</b>
Forecast overspend for 2025/26 as at Quarter 3	454,000
Estimated return from Business rates pool 25/26	(538,000)
<b>Estimated Closing Balance 31 March 2026</b>	<b>(1,506,408)</b>
Estimated surplus for 26/27 per MTFP	(330,645)
<b>Estimated Closing Balance 31 March 2027</b>	<b>(1,837,053)</b>
Estimated surplus for 27/28 per MTFP	(12,670)
<b>Estimated Closing Balance 31 March 2028</b>	<b>(1,849,722)</b>

## 8. Scale of Fees and Charges

8.1 The Council charges for a number of its services that are provided to the public. All fees and charges are reviewed on an annual basis as part of the budget process. Charges set by the Council are increased in line with inflation or other factors taken into consideration, in line with the Corporate Charging Policy:

- Statutory obligations
- Policies objectives of the Council
- Local market research and competition (where relevant)

- The impact of price changes on activity level of demand
- Changes in taxation
- Budget position and any associated gap
- The cost of providing the service

8.2 Through member consultation it is proposed to increase all discretionary fees and charges by inflation as a minimum, which at September 2025 was 3.8% with the exception of Car Parking fees which are to increase by 10% (rounded), garages rent by 4.8% and Garden Waste where the charge for the first bin has been frozen. Other fees and charges may see slightly higher than the CPI increase due to benchmarking with neighbouring authorities and full cost recovery exercises. Included at **Appendix 4** is the final proposed charge position of individual fees and charges showing previous charges and the % of increase. It is recommended that Council approves the increase in Discretionary Fees and Charges by September's inflation going forwards each year.

8.3 **Table 4** shows the movement in fees and charges.

**Table 4 – General Fund Fees & Charges Budget 2026/27**

General Fund	Budget 2025/26	Final Budget 26/27	Variance
	£	£	£
Fees & Charges	(3,569,240)	(3,723,890)	(154,650)

## 9. **Housing Revenue Account 2026/27**

9.1 **Table 5** shows the 2025/26 revised budget and the final 2026/27 proposed budget for the HRA.

**Table 5 - Housing Revenue Account Final Budget 2026/27**

Housing Revenue Account	Revised Budget 2025/26	Budget 26/27	Variance
	£	£	£
Employee Expenses	1,177,400	1,387,450	210,050
Premises Expenses	1,228,100	1,362,000	133,900
Supplies and Services	269,300	248,900	(20,400)
Interest payable/(receivable)	761,400	776,900	15,500
Depreciation	1,580,000	1,550,000	(30,000)
Corporate overheads	1,391,300	1,426,000	34,700
Income	(6,164,600)	(6,450,100)	(285,500)
Capital appropriation	(171,500)	(173,100)	(1,600)
Contribution from reserves	(71,400)	(128,050)	(56,650)
<b>Net Revenue Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>

9.2 The budget for 26/27 is £128k deficit which is £57k more than 25/26. This will be met from the HRA Reserve.

9.3 The assumption for the housing rents is an increase of 4.8%, in line with the national rent increase formula of CPI in September (3.8%) + 1%.

9.4 Employee expenses have increased by £210k. This is due to three new posts; Asset Management and Information Officer, Housing Inspector – Damp and Mould, and Compliance Assistant, along with a 3% assumption for the pay award. These posts are required due to work related to the Regulation of Social Housing inspection.

### **Rent Convergence**

9.5 Rent convergence is being reintroduced nationally as part of the new 10-year rent settlement commencing from April 2026. The purpose of convergence is to bring rents for existing social housing properties back in line with their respective formula rent levels, addressing historic disparities where comparable properties are let at different rents. These differences have built up over time following the suspension of convergence in 2015, meaning that many long-standing tenancies now sit below the benchmark rent for comparable properties.

9.6 Formula rent provides a consistent and transparent basis for setting social rents, reflecting property type and local earnings. While annual rent increases have continued in recent years on an inflation-linked basis, the absence of convergence has resulted in rents drifting further away from formula levels. Reintroducing convergence is therefore intended to correct this and bring those properties which are on social rent up to formula rents.

9.7 Under the proposed framework, annual rent increases would continue to be capped at CPI+ 1%, with an additional uplift applied to properties that are currently below formula rent until parity is reached. This approach is designed to be gradual and predictable, avoiding sudden increases for tenants while allowing landlords to move rents towards target levels over time. Once convergence is achieved, rents would revert to standard annual increases only.

9.8 From a HRA perspective, rent convergence strengthens the long-term sustainability of rental income. Bringing rents closer to formula levels improves the underlying income base, supporting investment in existing stock, building safety and long-term asset management, while also providing greater certainty for financial planning. At the same time, the phased nature of convergence helps balance financial sustainability with affordability considerations for tenants, ensuring that changes are implemented in a controlled and proportionate manner.

### **10. HRA Medium Term Financial Plan**

10.1 The forecast position for the General Fund Reserve is shown in Table 6.

**Table 6 – HRA Reserve**

<b>HRA Reserve</b>	<b>£</b>
<b>Opening Balance 01/04/2025</b>	<b>(1,674,678)</b>
Estimated deficit for 2025/26 per MTFP	<b>71,400</b>
<b>Estimated Closing Balance 31 March 2026</b>	<b>(1,603,278)</b>
Estimated deficit for 2026/27 per MTFP	<b>446,056</b>
<b>Estimated Closing Balance 31 March 2027</b>	<b>(1,157,222)</b>
Estimated surplus for 2027/28 per MTFP	<b>(62,267)</b>
<b>Estimated Closing Balance 31 March 2028</b>	<b>(1,219,489)</b>

10.2 The HRA Medium Term Financial Plan 2026/27 to 2030/31 as shown in **Table 7** forecasts a surplus for each year of the MTFP except 2026/27.

**Table 7 - HRA MTFP**

	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Expenditure</b>					
Supervision and Management	1,012,990	957,630	885,670	903,310	921,060
Repairs and Maintenance	1,595,860	1,653,250	1,472,100	1,501,550	1,531,500
Rent Rates and Other Charges	176,400	183,100	187,670	191,430	195,260
Provision for Bad Debt	30,000	31,140	31,920	32,560	33,210
Depreciation	1,550,000	1,581,000	1,613,000	1,645,000	1,678,000
Debt Management Expenses	10,000	10,380	10,640	10,850	11,070
	<b>4,375,250</b>	<b>4,416,500</b>	<b>4,201,000</b>	<b>4,284,700</b>	<b>4,370,100</b>
<b>Income</b>					
Dwelling rents	-6,199,600	-6,519,200	-6,820,900	-7,103,800	-7,382,400
Non-Dwelling rents	-1,600	-1,700	-1,800	-1,900	-2,000
Charges for Services and Facilities	-248,900	-259,100	-268,200	-276,900	-286,000
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>6,450,100</b>	<b>6,780,000</b>	<b>7,090,900</b>	<b>7,382,600</b>	<b>7,670,400</b>
<b>Net (income)/cost of services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>2,074,850</b>	<b>2,363,500</b>	<b>2,889,900</b>	<b>3,097,900</b>	<b>3,300,300</b>
Interest payable	806,900	815,500	812,400	841,000	849,100
Investment income	-30,000	-30,000	-30,000	-30,000	-30,000
Corporate and Democratic Core	1,426,000	1,480,000	1,517,000	1,547,000	1,578,000
<b>Net Operating Expenditure</b>	<b>128,050</b>	<b>-98,000</b>	<b>-535,700</b>	<b>-685,000</b>	<b>-848,300</b>
Capital Funded from Revenue	318,006	35,733	0	209,048	180,033
<b>Appropriations to/(from) reserves</b>	<b>-446,056</b>	<b>62,267</b>	<b>535,700</b>	<b>475,952</b>	<b>668,267</b>

## 11. Capital Programme 2026/27

11.1 The capital programme for 2026/27, and an indicative capital programme from 2027/28 to 2030/31, are shown in **Appendix 5**. The impact of this is incorporated into the capital financing charges included in the MTFP.

11.2 A number of capital bids have been prepared as part of the budget setting process. The capital bids received do not identify any funding. This means they would be required to be funded through 'prudential borrowing' or capital receipts. It is intended that they will be financed from capital receipts expected from the sale of Bushloe House and Oadby Pool.

11.3 Stock condition survey data forms the basis of the HRA capital programme for the next thirty years. The following items are proposed for the HRA capital programme for 26/27;

### Decent Homes Works - £2.330M

Planned investment focuses on maintaining Decent Homes standards and addressing key building components, including central heating systems, doors & windows, kitchens and bathrooms, roofing and fire safety works. Annual funding is also allocated for aids and adaptations, damp and mould works and housing block improvements.

### New Housing Initiatives - £2.213M

A scheme to help increase the availability of good quality, permanent homes within HRA stock. Growing demand for social housing, rising homelessness pressures and limited

turnover mean that current supply is not sufficient to meet demand. By purchasing additional properties the council can provide more households with safe, stable accommodation more quickly than through new developments. Expanding the stock in this way also strengthens the council's ability to respond flexibly to changing local housing pressures.

11.4 Capital bids received for the General Fund are outlined below;

#### **Vehicle Refurbishment and Replacement - £285K**

A refuse collection vehicle has reached the end of its life and requires replacement. Another will have its life extended two years through refurbishment. This is in line with the 10-year replacement plan that was approved as part of the 25/26 budget setting process.

#### **Boiler Replacement at Parklands Leisure Centre - £118K**

To replace the existing two aging main gas boilers with smaller modular boilers, and a like-for-like replacement of the hot water heater, with provisions to allow future connection to the already installed PV panels. The existing units, installed during the 2015 refurbishment, are becoming increasingly inefficient and prone to maintenance issues. These upgrades will deliver improved energy efficiency, reduce operational risks and enhance the overall resilience of the Centre's heating and hot water systems.

#### **Replacement of Play Park Equipment - £245K**

To replace play equipment that is at the end of its useful life.

#### **Pavillion/Community Building Refurbishment - £68.5k**

Capital refurbishment works across multiple buildings, most notably Uplands Park Pavillion.

#### **IT Replacements – £66K**

The Council started the journey to move its IT services in house in late 2020 and the project transition phase was completed in 2021. There has been no requirement since for capital investment in any hardware however, we have now entered the period where physical hardware that is due to be end of life will need replacing. This process began in 2025/26 and will continue through 2026/27 and future years.

This is to replace end of life or damaged equipment across the following key areas:

- Laptop Replacement – 25% of workforce
- Mobile Phones – 50% of workforce
- Apple Mac Mini – to manage Apple products across the whole estate
- Server room replacement and maintenance
- Accessories – replace keyboards, mouse and/or other minor end user devices.

#### **Footfall Counter - £14K**

The is an invest to save project to replace the existing footfall counters in the three town centres with a replacement with lower running costs. This should save circa £8K per year.

#### **Christmas Decorations - £8K**

New electricity points are needed to ensure lights continue to operate as the network of electrical points installed is now at capacity; additional icicle lights are needed to cover areas that have not already been covered.

### **Litter Bins - £22K**

To replace approximately 40 litter bins and 20 dog waste bins across the borough that have come to the end of their life.

### **Refuse Bins - £42K**

To purchase stock of spare bins that are used to replace damaged, lost or stolen bins as per the kerbside collection policy.

## **12. Medium Term Financial Plan 2026/27 to 2030/31**

- 12.1 The MTFP has been updated to reflect the on-going impact of the changes made to the 2025/26 budget and to include the latest funding forecasts following the provisional settlement and is shown below in **Table 8**.
- 12.2 **Table 8** below demonstrates the budget position from 2026/27 to 2030/31 and its effect on the General fund reserve balance. It does not apply any annual increases in fees and charges but does assume a 2.99% increase in Council Tax.
- 12.3 Annual pay inflation is assumed at 3% for 2026/27 and 2% thereafter. Supplies and services are subject to a 2% annual uplift, while utilities and insurance are subject to 5%, reflecting a long-term trend for increases greater than general inflation in those areas.

**Table 8 – General Fund MTFP**

	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/31</b>
	£	£	£	£	£
Salaries	9,294,390	9,568,033	9,849,886	10,140,194	10,439,211
Supplies & Services	3,034,050	2,480,278	2,527,646	2,575,962	2,625,244
Utilities	190,930	200,477	210,500	221,025	232,077
Insurances	273,240	286,902	301,247	316,309	332,125
Capital	914,600	943,700	1,020,900	1,082,000	1,095,800
Income	(3,694,554)	(3,586,943)	(3,639,157)	(3,692,415)	(3,746,738)
Selective Licensing	(403,000)	(200,000)	(150,000)	(100,000)	(450,000)
Leisure Management	(478,000)	(478,000)	(478,000)	(478,000)	(478,000)
<b>Net cost of Services</b>	<b>9,131,657</b>	<b>9,214,446</b>	<b>9,643,022</b>	<b>10,065,076</b>	<b>10,049,719</b>
Earmarked Reserves	479,000	655,000	395,000	225,000	605,000
Retained Business Rates	(1,941,252)	(1,992,768)	(2,044,953)	(2,097,810)	(2,151,347)

Collection Fund (Surplus)/Deficit – BR	(210,577)	0	0	0	0
Extended Producer Responsibility	(874,972)	(874,972)	(699,978)	(559,982)	(447,986)
Council Tax – OWBC	(5,121,130)	(5,319,386)	(5,563,335)	(5,810,481)	(6,074,214)
Collection Fund Bal – CTax	(25,130)	0	0	0	0
Revenue Support Grant	(1,768,240)	(1,869,984)	(1,959,937)	(2,013,479)	(2,068,660)
<b>Total Funding</b>	<b>(9,462,301 )</b>	<b>(9,227,116)</b>	<b>(9,733,207)</b>	<b>(10,144,756)</b>	<b>(10,047,610)</b>
<b>Budget Gap/(Surplus)</b>	<b>(330,645)</b>	<b>(12,670)</b>	<b>(90,184)</b>	<b>(79,681)</b>	<b>2,109</b>
<b>General Fund Balance</b>	<b>(1,837,053 )</b>	<b>(1,849,722)</b>	<b>(1,939,907)</b>	<b>(2,019,587)</b>	<b>(2,017,479 )</b>

The table shows the increasing levels of reserves over the term of the MTFP.

#### 12.4 Robustness of Estimates and Adequacy of Reserves (Section 25 Statement)

It has been well established that balancing budgets and closing budget gaps through the utilisation of reserves is not sustainable and the Council needs to manage its expenditure within its funding and income means. This issue has been highlighted by the council's external auditors, Grant Thornton UK LLP.

- 12.5 At the Audit Committee meeting on 9 December 2025, Grant Thornton delivered their Provisional Annual Report for 2024/25 with the final report received on the 19 December 2025.
- 12.6 The 2024/25 Auditors Annual report has identified no significant weaknesses with our financial sustainability and has one improvement recommendation in terms of addressing any future budget gaps. This is a significant improvement on the 2023/24 report which had recommendations regarding the large budget gaps in the MTFP and how we were going to need to address the issues. Officers and members have made huge strides to improve the financial sustainability of the Council with long term savings plans implemented and further work still ongoing.
- 12.7 It is of fundamental importance that Members remain focused on the pledge not to use reserves to balance the budget and for Officers and Members to work collectively to continue to identify sustainable cost savings.
- 12.8 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when deciding on the budget proposals for the forthcoming year.
- 12.9 The Section 151 Officer considers that the estimates which form the General Fund and Housing Revenue Account are robust and prudent and the proposals are deliverable for 2026/27, however it is essential that members, officers and staff maintain the momentum to continue to find savings in the long term.
- 12.10 It is noted that Council considered as part of the draft budget, increasing council tax by the maximum level available, representing 2.99%. This is a prudent decision given the government funding position.

- 12.11 The budget for 2026/27 shows no use of the general fund reserve to balance the budget as per the recommendation approved by Full Council at the meeting on the 12 December 2023.
- 12.12 There is no set formula for deciding what level of reserves is appropriate and councils are free to determine the level of reserves they hold. Where councils hold very low reserves there is little resilience to financial shocks and sustained financial challenges. It is proposed that any funding surplus is put into balances and reserves to rebuild levels and create resilience for the Council, placing O&W in a good financial position for Local Government Reorganisation.
- 12.13 The forecast general fund reserve position is set out at paragraph 6.1 in the report; this forecasts the closing reserves to be £1.837M at March 2026. The current level of reserves is forecast to be approximately 20% of the net revenue budget. It is felt that this is a reasonable level of reserve provision, and so this will be maintained over the duration of the MTFP, resulting in an increase in the absolute balance of £0.511M over the period. The remaining £2.76M surplus that has been forecast during the MTFP will be split 50:50 between the contingency reserve and a new LGR reserve, reflecting the uncertainty around the transition costs.
- 12.14 Added to the general reserves position, there is also a need to bolster more specific and earmarked reserves, which are only used for their identified purposes, from a Risk Management perspective. These include a specific reserve for NNDR/Business Rates equalisation reserve, due to the uncertainties around calculations with the Business Rates Retention Scheme and for areas such as Invest to Save schemes whereby formally approved income generating schemes can be initiated creating savings in the future.
- 12.15 Changes in grant funding present a further significant risk to the Council; the Section 151 Officer continues to work with key sector representatives to raise the profile of the unique issues faced by the Council and lobby for more financial freedoms around council tax precept levels and currently heavily regulated income streams.
- 12.16 The Housing Revenue Account position remains in a sustainable position. Financial risks exist around rising interest rates and the fact that the service needs to refinance debt on a regular basis and is therefore exposed to further increases in this regard; the need to decarbonise stock and the associated financial burden this presents; ongoing volatility in respect of energy costs which are highly susceptible to economic conditions; the level of properties sold through right to buy; additional burdens associated with new decency standards. Rent convergence (see paras 9.5-9.8) will be pivotal to meeting these financial challenges.