2027/28 BUDGET SETTING FRAMEWORK AND TIMETABLE

AGENDA ITEM NO. 9

MEETING: **POLICY AND RESOURCES**

DATE: **9TH SEPTEMBER 2026**

REPORT BY: **FINANCE MANAGER**

1.0 Purpose of the Report

1.1 The purpose of this report is to seek approval from Members of the proposed framework and timetable for the setting of the Council's 2027/28 Revenue and Capital Programme Budgets.

2.0 Background to the Report

2.1 The Council's Medium-Term Financial Plan, reported to this meeting, provides the background to the setting of the 2027/28 Revenue and Capital Budgets.

2.2 A summary of the key issues, as they are relevant to the 2027/28 budget setting process, is set out in the following section of the report.

3.0 Key Issues from the Medium-Term Financial Plan

3.1 The latest Medium-Term Financial Plan update, as reported to this meeting, covers the five-year period 2026/27 to 2030/31 and reviews the impact of the economic uncertainties and difficulties on the Council's finances.

3.2 The MTFP puts in place the principles and framework for the planning of the Council's revenue and capital spending each year via the annual Budget and is therefore the main reference point for the setting of the 2027/28 Revenue and Capital Budgets.

3.3 The current MTFP was prepared on the basis of the following key principles:-

1. Continuing to provide all Council services, facilities and events and maintaining current standards of service;
2. Identifying and delivering efficiency savings wherever possible;
3. Ensuring continued delivery of the Asset Management Plan via the Capital Programme Budgets;
4. Safeguarding a prudent level of balances and reserves; and
5. Implementing an increase in council tax between the years 2027/28 to 2030/31 that finds a balance between recognising the 'cost of living' difficulties still being faced by local taxpayers and the budget pressures impacting upon the Council's finances in terms of grant cuts, pay awards and inflation, and the need to maintain the services valued by the local community.

3.4 The MTFP concluded that the Council remains in good financial health at the present time with a balanced Revenue Budget in place for the 2026/27 financial year and healthy levels of balances and reserves despite the budget challenges faced in relation to economic pressures.

3.5 The 2026/27 Revenue Budget also continues to maintain surplus revenue budget resources via the contingency budget and a contribution to capital reserves, to help offset any unforeseen financial pressures and facilitate the replenishment of the Council's balances at a time when the Council is facing significant capital investment commitments over the medium-term.

3.6 The strong current financial position of the Council means that it is starting from a strong foundation and is better placed than many other town councils in dealing with the financial challenges it faces linked to the ongoing economic difficulties and uncertainties.

3.7 However, looking ahead, the medium-term outlook for the Council's Revenue Budget over the next five years remains challenging and continues to highlight a number of potential budget commitments over the coming years. This will mean that the setting of the 2027/28 Revenue Budget will need to take account of a number of issues including:-

- Global conflict causing significant economic uncertainty and the impact this may have on the UK economy and the Government's spending and taxation plans
- Changing Government policy, which may lead to cuts to public spending, raising of taxes and interest rates and increased borrowing all of which could have economic impacts such as reduced consumer spending power.
- The pressures on expenditure budgets from high inflationary increases in some areas, particularly on insurance, water, service contracts and capital works.
- The significant pressure on the local government pay scale from National Living Wage increases as well as union pressure for public sector pay to keep pace with inflation, and the erosion of differentials between salary grades and the likely restructure of the local government pay scale by the national employers (NJC).

3.8 In line with the approved principles of the MTFP, the 2027/28 Revenue Budget will be prepared on the principle of maintaining existing services and staffing levels, with additional provision being made for all unavoidable increases in costs such as pay awards and inflation.

3.9 However, the Medium-Term Financial Plan also highlights the significant savings and underspends that have continued to be achieved on the Revenue Budget in recent years, together with the need to ensure that any future increases in Town Council Tax are kept to a minimum and that any ongoing Revenue Budget savings are removed and used to increase the contribution to capital reserves.

3.10 As such, a balance will need to be found between making prudent provision for income and expenditure, particularly in those areas where budgets are tight and costs are increasing or income decreasing, whilst ensuring robust review of those areas where underspends are being made year after year.

3.11 These areas will need to be scrutinised, and, where possible, efficiency savings and budget reductions identified to help keep the Precept and Council Tax increase to an acceptable level, and, if possible, boost the contribution to capital reserves.

3.12 The 2027/28 Capital Programme Budget will be prepared with key reference to the Council's Asset Management Plan and MTFP.

3.13 The MTFP highlighted that the Council is still facing potentially significant commitments over the medium term of up to £1.344 million in planned future capital budget expenditure for the four-year period 2027/28 to 2030/31.

3.14 The funding of this capital investment will undoubtedly see the Council's balances and reserves fall back significantly over the five years, although this will be partly mitigated by the contribution to capital reserves if this can be maintained or increased in the Revenue Budget.

3.15 In line with this, future years' capital investment will continue to be closely monitored, reviewed and controlled in order to protect and preserve Council balances moving forward, and it is likely that the 2027/28 Capital Programme Budget will again be focussed on essential investment only, mainly on capital projects already identified in the Asset Management Plan.

4.0 2027/28 Budget Setting Framework and Process

4.1 The Budget Framework provides the means by which the Council's Medium-Term Financial Plan will be delivered, setting out the overall principles and assumptions for the development of the annual Revenue and Capital Budgets.

4.2 The 2027/28 Revenue and Capital Budget will be developed in accordance with the key principles set out in the current Medium-Term Financial Plan as highlighted in paragraph 3.3.

4.3 The purpose of the budget setting process is to clearly identify and estimate, in a prudent, transparent, and realistic way, the revenue costs and income associated with running the various services of the Council, and the capital investment that needs to be undertaken in order to deliver the Council's Asset Management Plan.

4.4 The aim is to ensure that sufficient budgetary provision is put in place in 2027/28 to ensure that all services can continue to be delivered effectively, that the Council's strategic aims and targets, as set out in the Service Delivery Plan, can be achieved, and that the Council can proactively respond to community needs and priorities.

4.5 This needs to be balanced against the financial resources that are likely to be available, bearing in mind the financial challenges being faced by the Council, including ongoing economic difficulties and spending pressures including pay awards, higher than inflation increases on some running costs and capital investment commitments, and the significant forecast fall in the Council's balances and reserves over the medium term.

4.6 The 2027/28 Revenue Budget will be prepared on the principle of maintaining existing services and staffing levels.

4.7 Additional budget provision will be automatically made for unavoidable inflation, pay awards, pension increases and any other unavoidable or committed increases in costs or falls in income.

4.8 At the same time, a robust review will be undertaken of those areas where underspends are being made year after year with a view to identifying budget reductions and efficiency savings.

4.9 An incremental budgeting process will be used in setting the 2027/28 Revenue Budget using the 2026/27 Revenue Budget as the starting point, and make adjustments to take account of the following changes in costs and income between the two years:-

- Unavoidable inflationary increases in running costs;
- Officer pay awards, salary increments, and pension increases;
- Any other unavoidable budget growth e.g. new legislative requirements, increased demand for services, contractual increases in costs;
- Any committed budget growth arising from previously approved Council decisions;
- Any approved additional revenue budget requests from service managers or Members, although these have been discouraged due to the ongoing financial situation;
- Efficiency savings or budget reductions that have already been achieved and that can be removed from the budget;
- Any new efficiency savings that have been identified; and
- Changes in income such as increases in fees and charges for services and increased or decreased demand for services.

4.10 However, the principles of zero-based budgeting will also be applied in setting the 2027/28 Revenue Budget, in order to help identify possible efficiency savings and help demonstrate the achievement of value for money to local council taxpayers.

4.11 In practice this means that expenditure budgets and income targets in respect of all service areas will be reviewed and service managers will be expected to justify and provide evidence for existing budget provision, whilst key regard will also be given to actual spending and income in the current year as well as previous years, with a view to identifying under-utilised budgets and possible opportunities for savings and budget reductions. However, as previously identified this may be difficult in relation to the 2027/28 Revenue Budget as the current budget is considered to be lean with many savings already removed from the budget in previous years.

4.12 There is currently no indication of the Government’s intentions with regard to town and parish council referendum limits for the period 2027/28 onwards.

4.13 It will be assumed for the purpose of the 2027/28 budget setting process that referendum principles will *not* be applied to town and parish councils, and that the Council will be free to increase the Town Council Tax by as much as it considers prudent and appropriate to help offset the financial pressures created by the economic challenges.

4.14 Once the initial draft budget is finalised it will be reported to the various committees and sub-committees of the Council as set out in the timetable attached at Appendix 1.

4.15 In relation to the 2027/28 Capital Programme Budget, the Council's Medium-Term Financial Plan highlights that the Council continues to face some quite significant capital investment commitments in relation to its assets over the coming years, linked to the delivery of the Asset Management Plan, and that the funding of this investment will see a significant deterioration in the level of the Council's Balances and Reserves.

4.16 In light of this, it is recommended that capital investment continues to be closely monitored and controlled in order to protect and preserve Council balances moving forward, and that the 2027/28 Capital Programme Budget is focussed on essential investment only, mainly on capital projects already identified in the Asset Management Plan.

4.17 The Medium-Term Financial Plan currently identifies a Capital Programme Budget for 2027/28 of £472,300 and projects include various building works, replacement works vehicles, mowers, tractors and other machinery, computer hardware, ICT infrastructure and cyber security provision, cleaning of West Park lakes, tree works in relation to Ash Tree Dieback Disease, and footpath and play area safety surface repairs.

5.0 2027/28 Budget Setting Timetable

5.1 A detailed copy of the 2027/28 Budget Setting Timetable is attached in Appendix 1 to this report. The timetable is summarised below:-

- **Early to Mid-September:** Development of the draft Revenue and Capital Budget proposals by Service Managers and the Finance Manager.
- **Late September and Early October:** Performance Management Group and Chairmen and Vice Chairmen Group to review the draft budgets.
- **Early October:** Draft Capital Programme Budgets reported to the Asset Management Sub Committee;
- **14th October:** Draft Environment and Recreation Budgets reported to Environment and Recreation Committees;
- **21st October:** Draft Policy and Resources Budgets reported to Policy and Resources Committee;
- **Early to Mid-November:** Special Policy and Resources Committee to consider proposed fees and charges increases for 2027/28.
- **Mid-November:** Issue of the online budget survey;
- **November and December:** Consideration of feedback from the October committee meetings and the budget consultation, and development of the final budget proposals, following the final notification of the Council Tax Support Grant and Council Tax Base figures;
- **2nd December:** Budget update report to Policy and Resources Committee setting out details of the above, if required;
- **20th January 2027:** Final 2027/28 Revenue and Capital Budgets to be reported to and approved by Policy and Resources Committee;
- **27th January 2027:** 2027/28 Precept to be approved by Full Council and Council Tax increase to be declared.

6.0 2027/28 Budget Consultation

6.1 It is important that the Council consults with local taxpayers on its future spending plans and takes those views into account when making spending decisions and setting the annual budgets.

6.2 Since the Coronavirus pandemic budget consultations have been via an online budget survey.

6.3 It is proposed that an online budget survey is used for the 2027/28 budget. This will be published in mid-November, and widely publicised on the Council website, in the local press, and on the Council's social media channels (Facebook and Twitter) as well as hard copies being made available at the library, community centres, the two secondary schools and other community venues in the town.

6.4 Feedback from the budget consultation would then be reported back to members to inform the final decisions regarding the setting of the Council Budget in January.

7.0 Progress on Budget Setting Process to Date

7.1 The deadline for service managers to finalise and submit their draft budgets for 2027/28 is the Friday 18th September.

7.2 The senior officer Performance Management Group and the Chairmen, Vice Chairmen and Spokespeople Group are due to meet in late September and early October to review the draft budget proposals, before the draft 2027/28 Revenue and Capital Budgets are presented to Environment, Recreation and Policy and Resources Committees on 14th and 21st October respectively.

7.3 Some progress has been made to date in the preparation of the draft budget submissions. It must be noted that the budget setting timetable is very tight with the process being very time consuming and demanding. However, everything is being done to meet the deadlines set out in the budget timetable.

7.4 A draft 2027/28 Capital Programme Budget of £472,300 has currently been identified and this will be reviewed with budget managers.

8.0 Policy Implications

8.1 The Budget Framework and Timetable conforms to Strategic Aim 2 in the Council's Service Delivery Plan:

"To manage the Council's finances and assets in a responsible manner".

9.0 Staffing Implications

9.1 Service managers are responsible for the development of the budgets for their areas of responsibility.

9.2 All service managers have been issued with a copy of the Budget Framework and Timetable as well as detailed guidance notes for setting the 2027/28 Revenue and Capital Budgets.

9.3 Managers will be fully supported by the Finance Manager in the preparation of their draft budget submissions.

9.4 The Finance Manager is managing and co-ordinating the budget setting process and the draft budgets will be agreed by the senior officer Performance Management Group before being reported to Members.

10.0 Financial Implications

10.1 The financial implications for the Council are fully set out in the report.

11.0 Crime and Disorder Implications

11.1 None.

12.0 Equal Opportunities Implications

12.1 None.

13.0 Environment, Biodiversity and Climate Change Implications

13.1 None.

14.0 Risk Assessment

14.1 A risk assessment is not necessary at this early stage of the budget setting process.

14.2 A full risk assessment is included in the Medium-Term Financial Plan and a further risk assessment will be included prior to the setting of the 2027/28 Precept in January, confirming the robustness of the budget estimates and the adequacy of the proposed levels of balances and contingencies.

15.0 General Data Protection Regulations (GDPR)

15.1 There is no personal or sensitive data required for this proposal which may have any implications for GDPR.

16.0 Recommendations

16.1 It is recommended that:-

(i) the budget framework and timetable for the setting of the Council's 2027/28 Revenue and Capital Budgets is approved;

(ii) The proposed online budget consultation as part of the 2027/28 budget process is agreed.