

2026/27 DRAFT RECREATION REVENUE AND CAPITAL BUDGETS

AGENDA ITEM NO. 12

MEETING: RECREATION COMMITTEE

DATE: 15TH OCTOBER 2025

REPORT BY: FINANCE MANAGER

1.0 Purpose of the Report

1.1 The purpose of this report is to present for Members' consideration, comments, and approval the draft 2026/27 Revenue and Capital Budgets for the Recreation Committee.

2.0 Background to the Report

2.1 The Council approved the 2025/26 to 2029/30 Medium Term Financial Plan (MTFP) in September. The MTFP sets the scene for and provides the overriding strategy and principles for the setting of the Council's 2026/27 Revenue and Capital Budgets.

2.2 The Budget Framework and Timetable for the setting of the Council's 2026/27 Revenue and Capital Budgets were approved at the September meeting of the Policy and Resources Committee.

2.3 The Budget Framework provided details of the background to the budget setting process, linked to the MTFP, and set out the key principles to be applied and the budget setting methodology that would be used for the setting of the 2026/27 Revenue and Capital Budgets.

2.4 The Budget Timetable provided the timeframe for the setting of the budgets and the reporting of the draft budget to the various Committees and Sub-Committees of the Council.

2.5 Officers have subsequently been working on the development of the draft 2026/27 Revenue and Capital Budgets for each Committee and the draft budgets have now been agreed by senior officers at a Performance Management Group Meeting, and at a meeting of the Chairmen and Vice Chairmen of the Committees and political group spokespeople.

2.6 The draft 2026/27 Capital Programme Budgets have also been reported to and agreed at the meeting of the Asset Management Sub-Committee.

2.7 The draft 2026/27 Recreation Revenue and Capital Budgets are set out in this report and the attached appendices for Members' consideration.

3.0 Current Financial Situation / Medium-Term Financial Plan

- 3.1 The Medium-Term Financial Plan (MTFP) was approved by the Council in September and reviewed the impact of the challenging and uncertain economic times on the Council's finances and budgets.
- 3.2 A reminder of the key issues relating to the 2026/27 budget setting process are set out in this section of the report.
- 3.3 The MTFP concluded that the Council remains in good financial health at the present time with a balanced Revenue Budget in place for the 2025/26 financial year and healthy level of balances and reserves.
- 3.4 However, looking ahead, the medium-term outlook for the Council's Revenue Budget over the next five years continues to highlight a number of potential budget challenges over the coming years, and this will mean that the setting of the 2026/27 Revenue Budget will need to consider a number of risks and potential financial challenges, including:
- The current economic climate and Government spending and taxation plans e.g. possible public sector spending cuts, tax increases, increasing inflation, changes in interest rates and reduced consumer spending power;
 - The third-year reduction to the Local Council Tax Reduction Scheme (LCTRS) Grant by Durham County Council;
 - The continuing pressures on expenditure budgets from higher than inflation increases in some areas, particularly on insurance, water, service contracts and capital works;
 - Significant likely increases in the National Living Wage, and its subsequent impact on the local government pay scale (including the deletion of the lowest salary scale point in April 2026), as well as union pressure for public sector pay to keep pace with inflation; and
 - The changed priorities of the new Reform Administration at Durham County Council, and the very real risk that a decision may be made to cut the Council Tax Support Grant by more than has been forecast or to phase out the grant completely to assist in balancing their budget and fund their own priorities.
- 3.5 The draft 2026/27 Revenue and Capital Budgets have been developed in line with the five key principles from the Medium-Term Financial Plan which are:
1. Continuing to provide all Council services, facilities and events and maintaining current standards of service.
 2. Identifying and delivering efficiency savings where possible.
 3. Ensuring the continued delivery of the Asset Management Plan via the Capital Programme Budgets.
 4. Safeguarding a prudent level of balances and reserves.
 5. Implementing an increase in council tax between the years 2026/27 to 2029/30 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.

- 3.6 In relation to staffing costs, the events, sports complex and golf complex staffing budgets have been based on the latest approved staffing structure of the Council. Any specific requirements identified by service managers e.g. changes to staff cover requirements and overtime provision, have also been incorporated in the budgets. The draft 2026/27 Revenue Budgets make provision for a 4% increase in staffing costs to account for the expected pay award next year.
- 3.7 Gas and electricity costs have stabilised and fallen back and it is estimated that these budgets will deliver an underspend in the current year, with increases of 8% on gas and 6% on electricity costs in 2026/27. Further information on these budgets is included in Section 4 of the report below.
- 3.8 In relation to inflation on running costs, despite the Consumer Price Index currently standing at 3.8%, there continues to be significant increases in some costs incurred by the Council, with insurance premiums anticipated to increase in the region of 7.5% based on current premiums, and some day-to-day supply and service costs and capital works still experiencing from high increases in prices.
- 3.9 A general inflationary increase of 3.5% has been included in the draft 2026/27 Revenue Budgets, but only for those areas where increases in costs cannot be avoided and where costs have increased at a higher level than the prevailing inflationary rate.
- 3.10 As previously reported, in light of the higher-than-expected Revenue Budget underspend delivered in the 2024/25 financial year, the Finance Manager has undertaken a full review of the Revenue Budget and where possible reduced any underutilised expenditure budgets and increased some income targets.
- 3.11 In relation to the 2026/27 Capital Programme Budget, the Medium-Term Financial Plan highlights a risk that the Council faces some potentially 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 deterioration in the level of the Council's balances and reserves.
- 3.12 In light of this, the Council has previously agreed that future capital investment will continue to be closely monitored and controlled with only essential expenditure being incurred during these challenging economic times in order to protect and preserve Council reserves.
- 3.13 The 2026/27 Capital Programme Budget has therefore been prepared on the basis of essential investment only, mainly linked to the delivery of the Asset Management Plan.
- 3.14 As part of the 2025/26 budget setting process, a review of the Capital Budget took place with a view to controlling capital spending and protecting balances, and a similar review of the 2026/27 Capital Budget will need to be undertaken as part of this budget setting process.

4.0 Draft 2026/27 Recreation Revenue Budgets

- 4.1 The detailed draft 2026/27 Recreation Revenue Budgets are attached at **Appendix 1** for Members' consideration.
- 4.2 Members will note that the attached draft budget figures include the actual outturn figures for the last two financial years; 2023/24 and 2024/25.
- 4.3 The prior year income and expenditure figures are included to enable Members to take actual spending and income figures into account, in their consideration of the draft 2026/27 budget proposals.
- 4.4 A summary of the draft Recreation Revenue Budgets is shown below:-

Budget 2025/26 £	Recreation Revenue Budget	Inflation and Committed Growth £	Investment in Service £	Savings and Increased Income £	Budget 2026/27 £
219,600	Community Events	6,100	-	(3,750)	221,950
381,200	Sports Complex	40,450	-	(56,250)	365,400
20,450	Sports Pitches	2,400	-	-	22,850
104,700	Golf Course	21,950	-	(21,300)	105,350
(8,850)	Driving Range	10,300	-	(8,000)	(6,550)
238,000	Parks and Play Areas	9,850	-	-	247,850
955,100	Total Budget	91,050	-	(89,300)	956,850

- 4.5 The draft 2026/27 Recreation Committee Revenue Budget shows an increase of £1,750 or 0.2% to £956,850.
- 4.6 Pay awards, inflation, other unavoidable increases in costs, and falls in income have added £91,050 or 9.5% to the budget.
- 4.7 However, these budget increases have been largely offset by some cost reductions and increased income which total £89,300 or 9.3%.
- 4.8 No discretionary additional or new investment in services in the Recreation Budgets has been provided for in light of the current financial situation being faced by the Council. This is in order to help balance the 2026/27 Revenue Budget and restrict the Council Tax.
- 4.9 In relation to events, sports and golf complex staffing costs, staffing budgets have been adjusted to reflect the agreed pay offer of 3.2% in the current year, as the 2025/26 budget made provision of 4%. The 2026/27 budgets include provision for a forecast 4% staff pay award. The staffing budget also incorporates the deletion of salary pay point 2 from April 2026 with additional costs in the region of £4,900. Finally the staffing budget also includes the additional costs, of approximately £8,800, associated with the restructure at the golf complex, approved in June 2025. Overall the events, sports complex and golf complex staffing budgets have increased in the region of £34,200.

- 4.10 Provision has also been made, only where absolutely unavoidable, for a number of inflationary increases in running costs. A general inflationary increase of 3.5% has also been included in the draft budget for those areas where increases in costs cannot be avoided. These include service agreements, business rates, water, machine rentals, fun in the parks and fireworks. Most other budgets, where possible, have been frozen at existing levels with an expectation that inflationary increases will be absorbed, although this is becoming more difficult with some budgets now being stripped back.
- 4.11 One area of expenditure where there has been continued high inflationary pressure is insurance premiums. The Council's insurance broker has indicated that insurance costs are anticipated to increase in the region of 7.5% in 2026/27 on current premiums.
- 4.12 In relation to gas and electricity costs, these have stabilised and fallen back compared to the very high costs experienced in 2022/23 at the height of the cost-of-living crisis. After some further work and research by the Finance Manager, it is estimated that these budgets will deliver an underspend in the current financial year, with estimated increases of 8% on gas and 6% on electricity costs in 2026/27.
- 4.13 The 2026/27 gas and electricity budgets have therefore been prepared based on the research undertaken and projected taking into account the current usage. These budgets will be updated if any additional information is provided prior to the budgets being finalised in January.
- 4.14 Changes in income at the sports complex, sports pitches, golf complex and driving range have been included in the draft budget in line with current year trends and have resulted in some increases in income budgets, although some income budgets have been frozen at 2025/26 levels. Please note that the associated expenditure budgets (bar and catering stocks, machine rentals, vending, hot drink stocks and driving range ball stocks) have been aligned with projected income, reflecting the relationship between costs and income over the previous three years.
- 4.15 The impact of the national economic situation may result in further changes to the income and expenditure budgets, and these will need to be monitored and factored into the final 2026/27 Revenue Budget ahead of the setting of the Precept in January.
- 4.16 The draft Revenue Budgets will be updated to take into account feedback from members at this round of meetings and then later in the year if there are any changes that are required prior to the budget being finalised and approved in January 2026.
- 4.17 A summary of the main changes in respect of each individual budget is detailed on the following pages.

4.18 Events

The Events Budget shows an increase of £2,350 to £221,950.

Additional budget provision has been made for increases in staffing costs from the forecast local government pay award.

Whilst budget provision for most events has been frozen at existing levels, the Fun in the Parks and Fireworks Display Budgets have been increased in line with inflation to ensure the Council is able to continue to provide these events at current levels. The Senior Citizens Excursion budget has been reduced by £3,000 to reflect the change in providing £15 cash for refreshments for all trips rather than funding a sit-down meal.

There has also been small increase in income from Fun in the Parks.

4.19 Sports Complex

In overall terms, the Sports Complex Budget shows a reduction of £15,800 to a net running cost of £365,400.

Additional budget provision has been made for increases in staffing costs from the forecast local government pay award, inflationary increases in a number of premises costs, including business rates, water, service agreements (including the additional costs associated with the new regulations on simpler recycling) and insurances, and increased spending on bottle vending, hot drinks and catering stocks in line with projected increases in associated income and inflationary increases.

However these cost increases have been more than offset by reductions in costs including significant reductions in gas and electricity charges, a significant fall in bar stocks (reflecting the relationship between costs and income over the previous three years) and reduced telephone costs.

In addition to this there are net increases in projected income totalling £17,650, including:

- Increases in bar and catering income linked to price increases;
- Increases in confectionary and hot beverages income;
- An assumed price increase on sporting activities of 3%;
- Increases in sports hall hire income due to increased usage and the holding of various events at the facility.

4.20 Sports Pitches

This budget shows an increase of £2,400 to a net running cost of £22,850.

This is largely due to inflationary increases and a reduction in income (due to a reduction in the number of teams).

4.21 Golf Course

This budget shows an increase £650 to a net running cost of £105,350.

Additional budget provision has been made for increases in staffing costs from the forecast local government pay award, inflationary increases in a small number of expenditure budgets, including business rates and insurances.

Income budgets have been increased reflection the substantial growth in membership numbers over the current year (the associated golf subscriptions expenditure budget has been increased to reflect this). The green fee budget has also been increased to reflect a 3% increase in fees and charges.

4.22 Driving Range and Golf Shop

This budget has increased by £2,300 bringing the net surplus down to £6,550.

There have been inflationary increases in premises and supplies and services costs, including the additional costs associated with the new regulations on simpler recycling, but these costs have been partially offset by reductions in gas, electricity and telephone costs.

The driving range income budgets have been frozen, with the exception of hot beverages which has been increased in line with anticipated income, and golf equipment sales income which has continued to fall back over the last few years. The golf equipment sales income budget and associated expenditure budget have both been adjusted to reflect this.

In overall terms the driving range continues to generate a surplus of income over expenditure, which is a very positive achievement in these challenging economic times.

4.23 Parks and Play Areas

This budget has increased by £9,850 per year to £247,850, largely as a result of additional budget provision for increases in staffing costs from the forecast local government pay award subsequently feeding through in the central support staffing recharges, and some inflationary increases in running costs.

4.24 Recreation Fees and Charges

The 2026/27 Draft Recreation Revenue Budget has assumed a 3% increase in fees and charges for some of the sports complex activities and green fees at the golf course.

No other increases relating to fees and charges are yet built into the sports pitches, golf memberships, equipment hire, buggy hire or driving range fees budgets.

Fees and charges will be considered separately at a Special Meeting of the Policy and Resources Committee, and, if any increases are agreed, then this would generate additional resources which could then be added to the income budgets, if required later in the year, to help balance the Revenue Budget.

5.0 2026/27 Draft Recreation Capital Programme Budgets

- 5.1 In relation to the 2026/27 Capital Programme Budget, the Medium-Term Financial Plan highlighted a risk that the Council faces some potentially 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 deterioration in the level of the Council's balances and reserves over the medium term.
- 5.2 In light of this, the Council has previously agreed that future capital investment will continue to be closely monitored and controlled with only essential expenditure being incurred during these challenging economic times, in order to protect and preserve Council balances, and the 2026/27 Capital Programme Budget has been prepared on the basis of essential investment only, mainly linked to the delivery of the Asset Management Plan.
- 5.3 As part of the 2025/26 budget setting process, a review of the 2025/26 Capital Budget took place with a view to reducing capital spending and protecting balances, and a similar review of the 2026/27 Capital Budget will be undertaken as part of the 2026/27 budget setting process.
- 5.4 To be clear, it is *not* being recommended that *all* capital investment is restricted, more that investment should be focussed on those essential projects that contribute towards the delivery of the Asset Management Plan, such as building works, vehicle and machine replacement, and play area safety surfacing replacement.
- 5.5 The proposed 2026/27 Recreation Capital Programme Budget is attached at **Appendix 2** and currently stands at **£155,900**.
- 5.6 The budget includes all of the capital projects included in the Medium-Term Financial Plan and Asset Management Plan. Officers have undertaken a review of the projects and made recommendations as to which projects are considered essential, which need to be included in the budget as provisional sums, which projects can be deferred to a future year, and which projects can be deleted from the programme. This proposed classification of the capital projects making up the draft budget was considered by the Asset Management Sub-Committee on 9th October.
- 5.7 A list and description of the projects making up the draft 2026/27 Recreation Capital Budget is detailed below, including the officers' recommendations:
- 5.8 A list and description of the projects making up the draft 2026/27 Recreation Capital Budget is detailed below, including the officers' recommendations:

Replacement Festive Lighting £2,500

This is an annual budget provision which provides for the replacement of the Council's festive lighting on a rolling programme over the coming years. It has been recommended that this budget is included as an essential sum subject to the outcome of the annual testing to enable the ongoing replacement programme to take place.

Replacement Events Marquee £3,000

This budget provides for the replacement of the main marquee used for Council events such as the Fun in the Parks and Fireworks Display. It has been recommended that this budget is deferred to a future year as there is no urgent need to replace this marquee at the present time.

Replacement Santa Tours Sleigh Sides and Post Boxes £1,500

This is a new budget provision and provides for the replacement of the Santa Tours sleigh sides and Santa Letter post-boxes as required. It has been recommended that this budget is included as provisional sum to enable replacement to take place as required.

Simpasture Pavilion Building Works £2,500

This budget provides for door and window replacement to the park pavilion and football changing rooms building. It is recommended that the budget is held as a provisional sum for any required repairs or works.

Goal Posts £1,200

This budget provides for the ongoing replacement of goal posts for the football pitches. It is recommended that this budget is included as an essential sum to enable the ongoing replacement of goal posts as required.

St Oswald's Park Public Toilets £10,000

This budget provides for building related projects at St Oswald's Pavilion, being the public toilet refurbishment. It has been recommended that this project is included as an essential sum.

Town Park Street Light Column Testing £2,500

This budget provides for the testing of the street light columns in the Town Park which are due to be undertaken next year. It is therefore recommended that this budget is included as an essential sum.

Play Area Surfacing Replacement £25,000

This is an annual budget provision which provides for a rolling programme of replacement of safety surfacing across all of the Council's play areas. It has been recommended that this budget is included as an essential sum to be spent on any required replacements next year.

Golf Shop Changing Rooms £5,000

This budget has been identified for refurbishment of the toilet and showers at the Golf Complex. This is not deemed as essential at the present time and it has therefore been recommended that this project is again deferred to a future year.

Golf Irrigation System Repairs £4,000

This is an annual budget provision which provides for the ongoing repairs of the Golf Course irrigation system on a rolling programme over the coming years as well as some essential electrical repairs. It has been recommended that this budget is included as an essential sum to be utilised in funding any required repairs to the irrigation system.

Golf Course Footpaths £1,200

This is a new annual budget provision and has been identified for maintaining the footpaths on the golf course, improving access during inclement weather. It has been recommended that this budget is included as an essential sum to enable an ongoing maintenance programme to be implemented.

Golf Shop Launch Monitor £1,500

This budget provides for the replacement of the launch monitor within the golf shop. It has been recommended that this budget is included as provisional sum to enable replacement to take place over the coming years as required.

Golf Buggy Replacements £18,000

This budget provides for replacement of the remaining three golf buggies. There are currently six buggies available for hire on the golf course when the buggies are in use, and normally there are a maximum of five on the golf course at any one time, usage had fallen in recent years but has increased in the current year in line with the increased memberships. It is recommended that this budget is included as a provisional sum with a review of buggy requirements following the 2026/27 membership renewal period.

Vertidrainer Machine £35,000

This budget provides for the purchase of a vertidrainer machine for use on the golf course. It has been requested by works management and the greenkeeping team having been identified as a priority investment in the Golf Complex Improvement and Investment Plan and is deemed as essential in improving the drainage on the golf course, which has been identified by members and green fee players as a key priority in the recent golf survey. This machine could also be utilised in other Council facilities such as the football pitches and cemeteries.

Sports Complex Drainage Repairs £5,500

This budget provides resources to deal with ongoing repairs and works relating to the drainage system at the sports complex, if required. It has been recommended that this budget is included as a provisional sum to be utilised only in the event of drainage works being required.

Sports Complex Female Toilet Refurbishment £11,000

This budget provides for the refurbishment of the female toilets following on from the refurbishment of the male toilets this year. It has been recommended that this budget is included as an essential sum.

Sports Complex Changing Room Refurbishment £24,000

This budget provides for the proposed refurbishment of the male and female changing rooms. It has been recommended that this budget is included as an essential sum.

Sports Complex Events Table and Chairs £2,500

This budget provides for the replacement of the tables and chairs used for internal events at the sports complex. It has been recommended that this budget is included as essential work.

- 5.9 Members are asked to consider the proposed 2026/27 Recreation Capital Programme Budget and confirm which projects should go ahead as essential, which should be retained as provisional sums, and which should be deferred to a future year or deleted altogether.

6.0 Budget Timetable

6.1 The remaining timetable for the setting of the 2026/27 Revenue and Capital Budgets is summarised below:

- **22nd 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 2026/27;
- **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;
- **3rd December:** Budget update report to Policy and Resources Committee setting out details of the above, if required;
- **21st January:** Final 2026/27 Revenue and Capital Budgets to be reported to and approved by Policy and Resources Committee;
- **28th January:** 2026/27 Precept to be approved by Full Council and Council Tax increase to be declared.

7.0 Policy Implications

7.1 The consideration of the 2026/27 draft Recreation Revenue and Capital Budgets contributes towards the achievement of Strategic Aim 2 in the Council's Service Delivery Plan:

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

8.0 Staffing Implications

8.1 The draft budget proposals set out in this report were prepared in consultation with and agreed by the relevant service managers.

9.0 Financial Implications

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

10.0 Crime and Disorder Implications

10.1 None.

11.0 Equal Opportunities Implications

11.1 None.

12.0 Environmental, Biodiversity and Climate Change Implications

12.1 No direct implications.

13.0 Risk Assessment

- 13.1 A full risk assessment will be included in respect of the setting of the Council's 2026/27 Revenue and Capital Budget, at the final stage of the budget setting process, when the Council determines and approves the 2026/27 Precept in January 2026.

14.0 General Data Protection Regulations (GDPR)

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

15.0 Recommendations

- 15.1 It is recommended that Members:-
- a) Receive the report;
 - b) Consider and agree the draft 2026/27 Recreation Revenue Budget and feedback any proposed amendments to officers;
 - c) Consider the draft 2026/27 Recreation Capital Programme Budget and confirm which projects should go ahead as essential works, which should be retained as provisional sums, and which should be deferred to a future year or deleted altogether.