

Draft Revenue Budget for 2026-27	
Executive Summary	This report presents the latest iteration of the budget for 2026/27. It is intended to present the position as we currently know it and it will need to be updated as more information becomes available e.g. the impact of the final Local Government Finance Settlement for 2026/27.
Options considered.	No other options have been considered as it is a legal requirement to calculate “the expenditure which the authority estimates it will incur in the forthcoming year in performing its functions” and then subtract “the sums which it estimates will be payable for the year into its general fund”. This is required to set a balanced budget before 11 March 2026.
Consultation(s)	<p>The Overview and Scrutiny Committee will have the opportunity to review this report at its meeting on 11 February 2026.</p> <p>Budget consultation is taking place on the Council’s website currently for anyone to share their views. Consultation with Business Rates payers is also being undertaken. The results of both these consultations will be included in the report being presented to full Council on 18 February 2026.</p>
Recommendations	<ol style="list-style-type: none"> <li>1. That Cabinet consider the proposed balanced budget including movement in reserves and recommended approval to full Council.</li> <li>2. To approve the creation of an £0.75m Ear Marked Reserve to mitigate the Revenue costs of Local Government Reorganisation.</li> <li>3. To approve the use of the Communities reserve to fund a revenue budget of £4,000 per Member to allow the award of small local grants.</li> <li>4. That an alternative option for balancing the budget should be agreed to replace costs or savings not taken forward if there are any.</li> <li>5. That Cabinet agree that any additional funding announced as part of the final Local Government Settlement announcement be transferred to reserves.</li> <li>6. That Cabinet decide which proposed new capital bids should be recommended to full Council for inclusion in the Capital Programme.</li> </ol>
Reasons for recommendations	To enable the Council to set a balanced budget.
Background papers	2025/26 Budget report presented to full Council on 19 February 2025.

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<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Cllr Lucy Shires
<b>Contact Officer</b>	Don McCallum Director of Resources and s151 Officer <a href="mailto:Don.McCallum@north-norfolk.gov.uk">Don.McCallum@north-norfolk.gov.uk</a>

<b>Links to key documents:</b>	
Corporate Plan	Strong, Responsible & Accountable Council.
Medium Term Financial Strategy (MTFS)	The setting of a balanced budget for 2026/27 provides the base position for reviewing the following years of the Medium Term Finance Plan.
Council Policies & Strategies	Budget Setting & Medium Term Finance Strategy.

<b>Corporate Governance:</b>	
Is this a key decision	Yes
Has the public interest test been applied	Yes
Details of any previous decision(s) on this matter	

## 1. Purpose of the report

This report is being presented to Cabinet to enable it to finalise the budget, to consider the assumptions made in the draft budget and to confirm it's alignment with the Corporate Plan.

## 2. Introduction & Background

- 2.1 Local authorities across the UK continue to experience significant financial pressure arising from external factors largely outside of local control. These pressures are most acutely reflected in demand-led services, including temporary accommodation, where cost and demand remain areas of focus. In addition, the introduction of new burdens, including the requirement to implement separate domestic food waste collection services, is placing further pressure on already constrained revenue budgets. Over recent years, a number of authorities have issued Section 114 notices, and others have sought Exceptional Financial Support from Government to manage acute financial challenges. This context continues to underline the fragility of the local government funding environment as councils set budgets for 2026/27 and beyond. Funding for the Council is reduced in real terms, highlighted in the charts at 2.7 and the Funding section of this report (3.15 to 3.21) and includes a Government funding floor of 95% of Core Spending Power. Additionally, new burdens have been placed on the Council with insufficient funding including Local Government Reorganisation and a domestic food

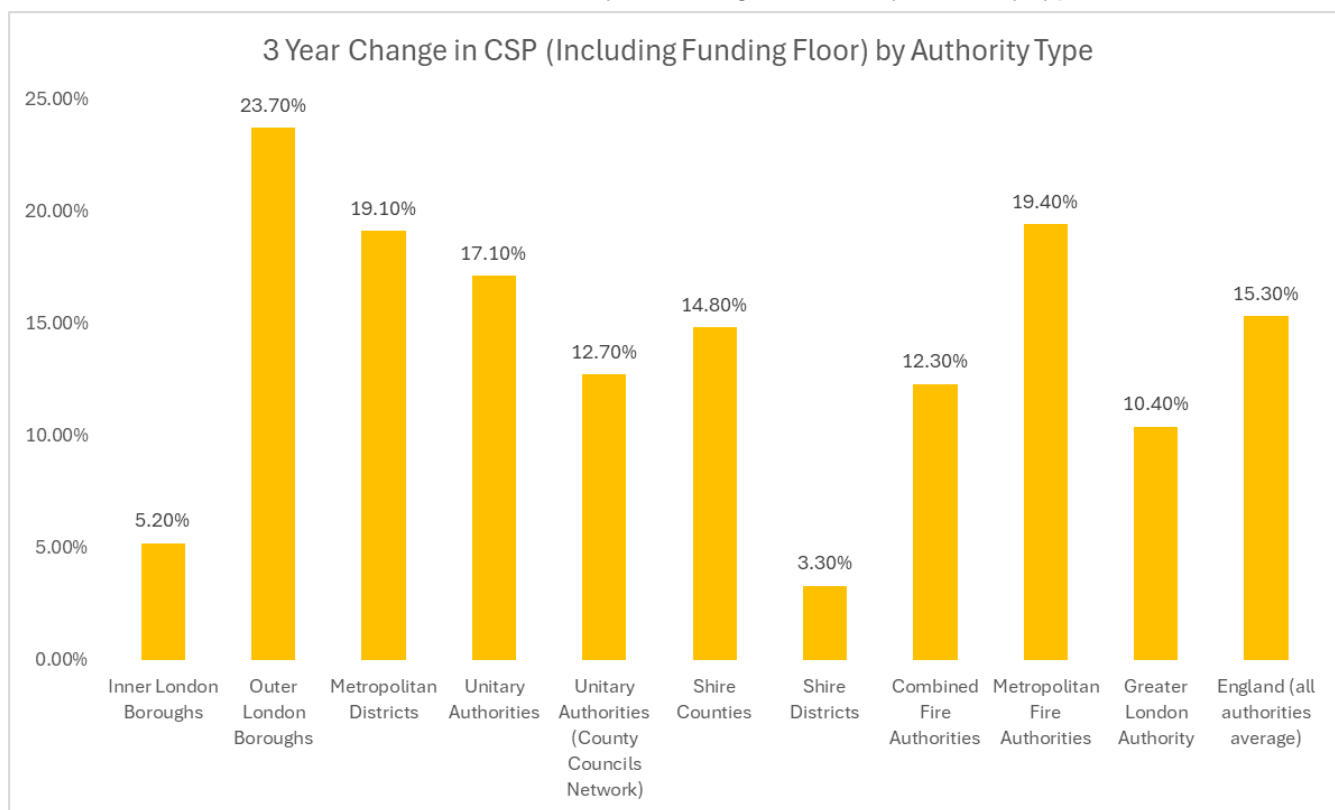
waste collection service. The Rural Services Network forecasts that by 2028/29 Government Funded Spending Power will see a 52% gap per head between the most urban and the most rural councils. For this Council Government funding per head of population is projected to decrease by 23% from 2024/25 (£105.38 per head) to 2028/29 (£80.99 per head). In comparison English authorities overall will increase by 24%. Previous and current prudent budgeting and reserves management allow the Council to consider this balanced budget for 2026/27.

- 2.2 The Provisional Local Government Finance Settlement for 2026/27 confirms the most significant reform of local government funding in over a decade. The settlement introduces the first stage of the Fair Funding Review, a full reset of the Business Rates Retention System, and the consolidation of a number of existing grants into core funding. Collectively, these changes result in substantial redistribution of resources across the sector.
- 2.3 At a national level, Core Spending Power (CSP) increases over the three-year period are unevenly distributed. Outer London borough authorities and metropolitan councils see the largest gains, while shire counties experience below-average growth and shire district councils receive the lowest increases of any authority class. The settlement is heavily reliant on assumed council tax increases and transitional protections, with funding floors and damping mechanisms playing a central role in preventing immediate cash reductions for a large number of authorities.
- 2.4 While the settlement provides a degree of certainty through its three-year structure, it does not address underlying funding adequacy and creates ongoing risks beyond 2028/29, particularly due to the scale of transitional protections and the potential for a funding “cliff edge” when these unwind.
- 2.5 District councils are the clear losers from the current funding reforms. Analysis of the settlement shows that shire districts experience the lowest increase in Core Spending Power nationally, at approximately 3.3% over three years, even after the application of funding floors. This compares unfavourably with national average growth of over 15% and significantly higher increases for metropolitan and Outer London borough authorities.

The principal drivers of this outcome are:

- The business rates baseline reset, which removes historic growth previously retained by districts.
  - Redistribution within the Fair Funding Review towards authorities with social care responsibilities.
  - Changes to Relative Needs Formulae, including reduced recognition of non-resident demand and the removal of bespoke rural and coastal adjustments.
- 2.6 A significant proportion of district councils, including North Norfolk District Council are reliant on 95% funding floor protection to avoid real-terms and, in some cases, cash-terms reductions. Funding floors in this context act as a stabilisation mechanism rather than a source of growth and reinforce the structural weakness of district council funding within the reformed system.

2.7 The chart below shows the 3 year change in CSP by authority type.



### 3. Current Proposed Budget for 2026/27

3.1 The 2026/27 budget presented below is a balanced budget – see line 27. The MTFS is contained in Appendix A along with further detail of Service Budgets contained in Appendix B

Table 1: General Fund Summary Budget

General Fund Summary 2026/27 Base Budget				
Line No.	Column A	Column B	Column C	Column D
		2025/26 Base Budget £	2025/26 Updated Budget £	2026/27 Base Budget £
	<b>Service Area</b>			
1	Corporate Leadership/ Executive Support	4,384,567	4,384,567	4,587,873
2	Resources	6,970,323	7,008,241	7,275,279
3	Service Delivery	10,994,087	11,004,087	12,618,062
4	<b>Net Cost of Services</b>	<b>22,348,977</b>	<b>22,396,895</b>	<b>24,481,214</b>
5	Parish Precepts	3,736,377	3,736,377	3,736,377
6	Capital Charges	(2,962,374)	(2,962,374)	(2,962,374)
7	REFCUS	(761,647)	(761,647)	(761,647)
8	Interest Receivable	(1,403,400)	(1,403,400)	(1,375,700)
9	External Interest Paid	302,100	302,100	271,700
10	Revenue Financing for Capital:	320,000	1,458,051	278,600
11	Minimum Revenue Provision	527,257	527,257	624,090
12	IAS 19 Pension Adjustment	276,280	276,280	276,280
13	<b>Net Operating Expenditure</b>	<b>22,383,570</b>	<b>23,569,539</b>	<b>24,568,540</b>
14	Parish Precepts	(3,736,377)	(3,736,377)	(3,736,377)
15	Council Tax	(7,812,582)	(7,812,582)	(8,138,972)
16	Retained Business Rates	(8,660,926)	(8,660,926)	(5,623,934)
17	New Homes bonus	(596,090)	(596,090)	0
18	3.2% Funding Guarantee/Floor Funding	(805,165)	(805,165)	0
19	Revenue Support Grant	(335,416)	(335,416)	(6,322,463)
20	NI Compensation	(150,583)	(150,583)	0
21	Recovery Grant	(194,584)	(194,584)	(194,584)
22	Extended Responsibility Grant	(1,616,000)	(1,283,233)	(1,312,840)
23	Damping Funding	0	0	(79,801)
24	<b>Total Income from Government Grant and Taxpayers</b>	<b>(23,907,723)</b>	<b>(23,574,956)</b>	<b>(25,408,971)</b>
25	<b>(Surplus)/Deficit</b>	<b>(1,524,153)</b>	<b>5,417</b>	<b>(840,431)</b>
26	<b>Contribution To/(From) Earmarked Reserves</b>	<b>1,524,153</b>	<b>5,417</b>	<b>840,431</b>
27	<b>Net Position</b>	<b>0</b>	<b>0</b>	<b>0</b>

3.2 The table above shows

- The Original Base Budget in Column B was approved by full Council on 19 February 2025. It shows a balanced budget position for 2025/26.

- In Column C is the updated balanced budget position for 2025/26, which includes approved adjustments and virements to the 2025/26 base position.
  - The only significant movement between the base and updated position for 2025/26 is the inclusion of an updated capital financing position. This can be seen in column C, line 10. The corresponding financing is part of line 26 Contribution To/(From) earmarked Reserves.
- In Column D the proposed budget for 2026/27 is balanced (line 27).
- Line 6 shows the net cost of running the Council's services i.e. £24.481m. It is the total of Lines 1 to 3. This figure comprises the service expenditure, less income from grants and contributions and fees and charges income generated by the services.
- Line 13 is the total cost of operating as a Council i.e. £24.569m and includes items that are not attributable to any particular service e.g. investment income, borrowing costs and pension adjustments.
- Line 24 is the amount of funding from Government Grant and Local Taxpayers i.e. £25.409m.
  - Line 14 is the income that NNDC will collect from taxpayers for the town and parish councils' precepts which is matched at line 5 as NNDC pay this straight over to the town and parish councils. This figure is currently provisional as at the time of producing this report there were a number of precept requests that had not yet been returned. The deadline for this is the end of January 2026.
  - Line 15 is NNDC's Council Tax income to be collected from Council Taxpayers. This includes an assumed increase of 2.99%, which is the same as in 2025/26.
  - Line 16 is NNDC's Business Rate income to be collected from Businesses within the District. This figure has reduced significantly due to resetting from 1 April 2026.
  - Line 17 to 23 are the grants that NNDC will receive from Central Government.
- Line 25, Column D is the surplus that needs to be transferred to NNDC reserves i.e. £0.840m. It should be noted that this surplus has been achieved due to the receipt of the extended responsibility grant which has been allocated to earmarked reserves as part of the figure in line 26.
- Line 26, Column D shows the net surplus being allocated to earmarked reserves, i.e. £0.840m. This also includes earmarked reserves used to fund one off expenditure within the service. It should be noted that a summary of the reserves being utilised is contained in paragraphs 3.11 – 3.13.

### **Cost of Service Variances 2025/26 to 2026/27**

- 3.3 The Net Cost of Services changes in base budget from 2025/26 to 2026/27 are summarised in Table 3 below and significant variances are explained in paragraphs 3.5 to 3.10.

Table 3: Variance Base Budget 2025/26 to 2026/27

	2025/26 Base Budget £000	2026/27 Base Budget £000	Variance £000	Movement %
Employees	17,162	16,480	(682)	(3.97%)
Premises	4,116	4,627	511	12.41%
Transport	283	258	(25)	(8.83%)
Supplies and Services	13,331	14,890	1,559	11.69%
Transfer Payments	20,188	15,894	(4,294)	(21.27%)
Capital Charges	3,724	3,724	0	0
Income (External)	(36,455)	(31,392)	5,063	(13.89%)
<b>Total Net Cost of Service</b>	<b>22,349</b>	<b>24,481</b>	<b>2,132</b>	

### Employees

- 3.4 The significant variances in employee costs are summarised in Table 4 below.

Table 4: Employee Cost Variances

£000	Main Explanation
507	Employee inflation – based on an increase of 3% on Salary, National Insurance and Pension costs.
77	Additional legal post (2026/27 only)
119	Staffing growth including previously forecast restructuring savings not made.
(86)	Savings identified including £35k within the CLT team as a result of restructuring in 2025/26.
(1,275)	Removal of non-recurring items. This relates to posts which have been funded by grant income or earmarked reserves.
281	Fixed term posts funded from earmarked reserves.
(348)	Reduction in pension deficit funding requirement based on the Pension Fund Triennial valuation 2025 where the fixed amount payable has reduced from £1,191k to £843k.
43	Other minor movements
<b>(682)</b>	<b>Total Movement</b>

### Premises Costs

- 3.5 Significant variances are highlighted in the following table:

Table 5: Premises Costs Variances

£000	Main Explanation
89	Inflation, main item £61k in relation to Drainage Board Levies
225	One-off growth for work to the Councils assets, not allocated to the capital programme.
100	Leisure services growth.
125	Increase to sea defense budget to allow for reactive coastal works.
(28)	Other minor movements
<b>511</b>	<b>Total Movement</b>

## Transport Costs

3.6 Significant variances are highlighted in the following table:

Table 6: Transport Costs Variances

£000	Main Explanation
(6)	Lease payments moved to capital under new IAS 16 lease financial regulations.
(11)	Savings on employee transport costs including mileage, lump sum payments and public transport.
(7)	Non-recurring expenditure, removal of lump sum payments for temporary funded staff.
2	Transport-related expenditure funded from earmarked reserves
(3)	Other Minor movements
<b>(25)</b>	<b>Total Movement</b>

## Supplies and Services

3.7 There are a number of variances across this wide-ranging category of expenditure the most significant being those highlighted in the following table:

Table 7: Supplies and Services Variances

£000	Main Explanation
206	Transfers - £120k increase in Bed and Breakfast costs offset by recoverable charges. £25k Benefits administration software costs offset by grant income. £61k Disabled Facility Grant supplies and services offset by top slice of DFG grant.
273	Inflation – £33k Car park management contract, £20k Bank Charges, £34k ICT License fees and software costs, £43k Cleansing Contract, £28k News Contract, £112k Waste contract, £3k Insurance contract.
25	Growth One off – Pier 125 Year celebrations
1,457	Permanent growth - £1,391k, Environmental services growth some of which has been offset by income. £64k Increased contributions
(105)	Savings – (£105k) External Audit fees
248	Funding from reserves - £38k Local Plan, £50k Environmental Sustainability projects. £160k grants and contributions.
(487)	Non-recurring – (£330k) UK Prosperity Fund grant payments (offset by loss of grant income). Reserve funding (£87k) Local Plan and Environmental sustainability projects.
(58)	Other minor movements
<b>1,559</b>	<b>Total Movement</b>

## Transfer Payments

3.8 The decrease in expenditure of (£4,294k) is predominantly due to the decrease in Housing Benefit payments of £4,347k which is in line with the mid-year subsidy estimate for 2025/26. This reduction is primarily related to the ongoing implementation of Universal Credit. This saving in expenditure will be offset by a compensating reduction in subsidy income. (see section 3.9 below). The balance is made up of £53k Inflation on internal service charge transfers.



## Income

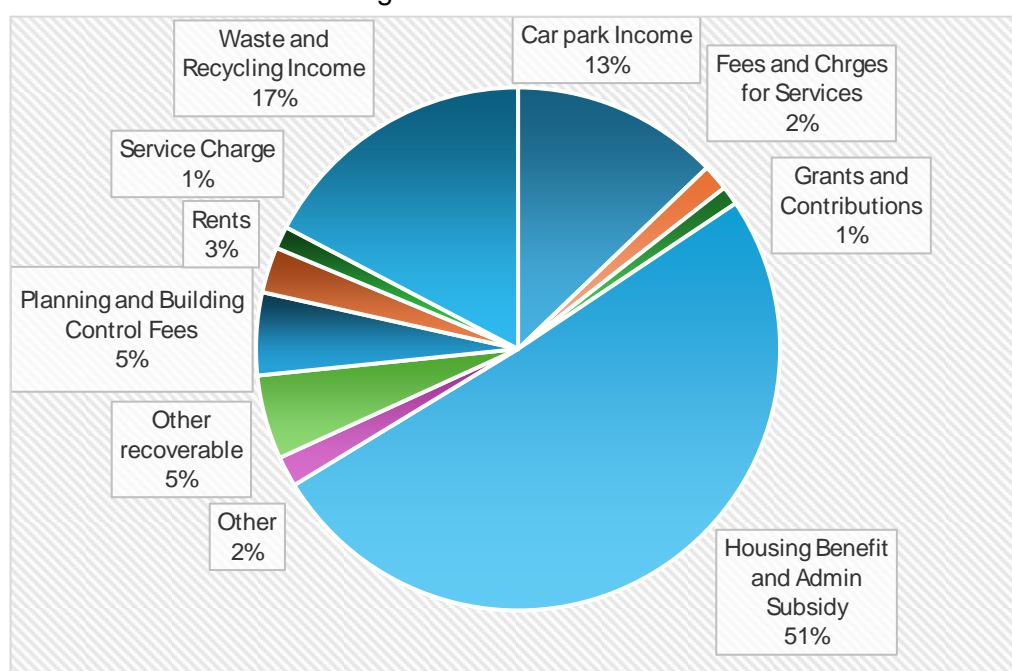
- 3.9 The significant variances in income between Base 2025/26 and 2026/27 are summarised in Table 8 below:

Table 8: Income Variances

£000	Main Explanation
4,227	Transfers – £4,347k Housing Benefit Subsidy offset by reduced expenditure (Transfer payments), this is based on the mid-year subsidy return 2025/26. (£120k) Recoverable homelessness charges, offset by additional expenditure.
(129)	Inflation – Composting (£12k), Chalet rental income (£33k), Internal Service Charges (£12k), Industrial Units (£6k), Leisure facilities (£21k), Street Cleaning (£11k), Car park income (£34k).
94	Growth – Loss of rental income Cromer office £18k. Reduced income from H & S training courses £20k, Reduced Land Charge Income following transfer of functions to the land registry £33K. New Income for Loudon Rd, Cromer site (£27k). One off land charge grant removed. £50k
(369)	Other income growth – Waste and recycling income (£219k), Car park fee income (£150k)
58	Capital Salaries - reduction in staff time charged to capital projects. £58k
1,477	Non-recurring – Grant income including Homeless Prevention grant and UK Prosperity Fund, both of which have been offset by a reduction in expenditure.
(295)	Other minor movements
<b>5,063</b>	<b>Total Movement</b>

- 3.10 The pie chart below shows the make-up of the 2026/27 budgeted income.

Table 9: 2026/27 Budgeted Income



## **Reserves**

- 3.11 The Council holds a General Fund Reserve which it keeps for unexpected expenditure or for emergencies. The Council's s151 Officer assesses what the minimum level for this reserve should be each year to ensure that the Council has sufficient funds to meet any unexpected expenditure. As part of the 2026/27 £304k has been allocated to the General Reserve. After this transfer the General Reserve balance is £2.9m.
- 3.12 The Council also holds Earmarked Reserves, which have been set up to fund specific expenditure. These reserves are being used to fund some of the costs of services. There are also instances of contributions being made to the reserves and this is where it is known that costs will be incurred in the future and so the contributions are set aside. The main use of reserves factored into the 2026/27 budget are as follows:
- £300k Allocated to the Asset Management reserve
  - £750k Establishment of a Local Government Organisation (LGR) reserve
  - (£279k) Net Zero Reserve, capital financing in relation to the Fakenham Sports Centre decarbonization project.
  - £285k, Second Homes Premium, to assist with possible budget shortfalls in relation to Homelessness costs and irrecoverable housing subsidy.
  - (£160k), Communities Reserve used to fund grants and contributions.
- 3.13 The Communities Reserve is proposed to fund the award of small revenue grants by Members to appropriate organisations or individuals within their own or neighbouring wards. A working group officers and members will make recommendations on purpose and governance controlling the granting of awards. It is anticipated that the purpose of the reserve and the grants so funded will remain unchanged that is to make a difference to the economic and social wellbeing of the area.

3.14 A full breakdown of the use of Reserves can be found at Appendix D.

Table 10: Use of Reserves

	Updated Budgeted Movement 2025/26 £	Budgeted Movement 2026/27 £
General Fund	(14,706)	303,844
Capital Projects	(474,807)	0
Asset Management	(172,169)	300,000
Benefits	(51,567)	0
Building Control	(19,874)	0
Business Rates	(18,000)	(18,000)
Communities	0	(160,000)
Delivery Plan	(609,432)	(50,000)
Election Reserve	60,000	0
Extended Responsibility Grant	1,283,233	0
Grants	(95,159)	(83,854)
Housing	(284,460)	(219,959)
Legal	(4,579)	0
Local Government Reorganisation	0	750,000
Major Repairs Reserve	(50,000)	0
Net Zero Initiatives	(21,400)	(278,600)
New Homes Bonus (NHB)	(83,763)	0
Planning	46,763	12,000
Second Homes Premium	515,337	285,000
<b>Total</b> (as shown at line 26 in GF Summary Para 3.1)	<b>5,417</b>	<b>840,431</b>

### Funding

- 3.15 On the funding side, one of the assumptions that has been made is to increase the Council Tax by 2.99% for a Band D property.
- 3.16 Councils Medium Term Financial Strategy in part relies on increasing Council Tax income. This is a relatively stable source of income with collection being cost effective. The provisional Local Government Financial Settlement (LGFS) assumes that District Councils apply the maximum increase before a referendum is required, being the higher of 2.99% or £5 in Council Tax. An increase of 2.99% represents an increase of £5.19 per Band D property.
- 3.17 The recommendation is to increase Council Tax in 2026/27 by 2.99% for a Band D property. The table below shows what the total Council Tax income will be for 2026/27 and that the additional income generated by the 2.99% increase for a Band D will be for the year.

Table 11: Council Tax

		<b>Council tax 26/27</b>
<b>1</b>	Council Tax Base for 26/27	46,377.70
<b>2</b>	Band D Council Tax before increase	£173.52
<b>3</b>	Maximum increase allowed (2.99% increase)	£5.19
<b>4</b>	Band D Council Tax after increase (Add Lines 2 and 3)	£178.71
<b>5</b>	<b>Income assuming CT increase (line 1 multiplied by Line 4)</b>	<b>£8,228,158</b>

Additional Council Tax generated by the annual increase - Council Tax base <b>(Line1)</b> multiplied by Maximum increase allowed <b>(Line 3)</b>	£240,700
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- 3.18 The forecast income level for the Retained Business Rates comes from the completion of the NNDR1. This is completed during January, with the deadline for completion being 31 January 2026 and so the final forecast figure is not yet available. There is a forecast of £5.624m included currently and this will be updated as soon as the NNDR1 has been completed.
- 3.19 It is noted that there is a major decrease of £3.037m in the Retained Business Rates when compared to the 2025/2026 budget which is due to the Business Rates Reset. The business rates reset is the point at which the Government re-bases the Business Rates Retention system, effectively wiping out accumulated gains and losses and recalculating each council's funding baseline in an attempt to reflect current need and resources. Moreover, changes to Business Rates Pooling rules created more downside than upside risk so the current Norfolk Business Rates Pool will terminate on 31 March 2026.
- 3.20 The remaining income comprises grants from central government. The provisional LGFS was announced on 17 December 2025. As covered in the Introduction and Background paragraphs 2.2 and 2.3 there was a significant redistribution of grants. The Council received a zero per cent increase in core spending power. The movement in Government Funding is shown in the table below.

Table 12 : Government funding

<b>Government Funding</b>	<b>2025/26 Base Budget £</b>	<b>2025/26 Updated Budget £</b>	<b>2026/27 Base Budget £</b>
New Homes bonus	(596,090)	(596,090)	0
3.2% Funding Guarantee	(805,165)	(805,165)	0
Revenue Support Grant	(335,416)	(335,416)	(6,322,463)
NI Compensation	(150,583)	(150,583)	0
Recovery Grant	(194,584)	(194,584)	(194,584)
Extended Responsibility Grant	(1,616,000)	(1,283,233)	(1,312,840)
Damping Funding	0	0	(79,801)
<b>Total Grant Funding</b>	<b>3,697,838</b>	<b>3,365,071</b>	<b>7,909,688</b>

- 3.21 The General Fund Summary has been updated to reflect the provisional funding announced. The final Local Government Finance Settlement will be announced in late January or early February.

#### 4. The Medium-Term Financial Strategy

- 4.1 The Medium-Term Financial Strategy (MTFS) has been prepared alongside the budget for 2026/27. Further detailed MTFS income and expenditure can be found as Appendix A. The Medium-Term Financial Strategy is also being presented as an agenda item to this Committee.
- 4.2 The Government's Budget announcement and the provisional LGFS included the Business Rates Reform and the Fair Funding Review. This has been confirmed to be a three year settlement. However, it is noted that the 3 year settlement period information has been provided for conflicts with the current understanding of the timelines involved with local government reorganization; whereby it is understood that that NNDC would cease to exist after the 2027/2028 financial year.
- 4.3 As we have a 3 year settlement, for prudence the MTFS has been prepared for the next 3 years. Assumptions have been made for the years 2027/28 and 2028/29 which are shown below.

Table 13: Projected Deficit over the life of the MTFs.

	2025/26 Base Budget	2025/26 Updated Budget	2026/27 Base Budget	2027/28 Projection	2028/29 Projection
	£'m	£'m	£'m	£'m	£'m
<b>(Surplus)/Deficit</b>	<b>(1.524)</b>	<b>0.005</b>	<b>(1.000)</b>	<b>0.582</b>	<b>1.109</b>
<b>Contribution To/(From) Earmarked Reserves</b>	<b>1.524</b>	<b>(0.005)</b>	<b>1.000</b>	<b>0.353</b>	<b>0.412</b>
<b>Net Position</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.935</b>	<b>1.521</b>

#### 4.4 Assumptions included are:

- The pay award is assumed to be at 3% for year 2026/27 as the rate of inflation has started to fall.
- Increases in costs have been included for all years where we are contracted to increase costs on an annual basis.
- Increases in fees and charges (included in the Net Cost of Services) have been increased based on prudent assumptions that are in line with the increases that have been assumed for expenditure.
- For the calculation of Council Tax income, the maximum increase has been applied to the Band D Council Tax each year at 2.99%.
- For the central government funding, the assumptions made are for the amounts included in the provisional local government settlement.

## **5. Capital Programme**

- 5.1 Capital expenditure is incurred on providing new assets and improving its existing ones. As capital expenditure is incurred, a source of finance must be identified. Capital expenditure can be financed by applying capital receipts (raised by selling assets), grants and other revenue resources or alternatively through borrowing. A summary of the Capital Programme is shown below. The list of schemes that are included in the approved programme can be found at Appendix C and the details of proposed new bids is contained in Appendix E.

Table 14: The Capital Programme and its Funding for 2025/26 to 2030/31

Approved Capital Programme	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Budget 2030/31
	£	£	£	£	£	£
Our Greener Future	14,315,002	7,040,612	300,000	-	-	-
Developing Our Communities	14,337,003	-	-	-	-	-
Meeting Our Housing Needs	6,080,613	2,300,000	2,000,000	2,000,000	2,000,000	2,000,000
Investing In Our Local Economy & Infrastructure	3,231,603	60,000	-	-	-	-
A Strong, Responsible & Accountable Council	363,320	60,000	-	-	-	-
<b>Total Approved Capital Programme</b>	<b>38,327,541</b>	<b>9,460,612</b>	<b>2,300,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
Financing	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Budget 2030/31
	£	£	£	£	£	£
Grants	24,523,160	8,147,712	2,000,000	2,000,000	2,000,000	2,000,000
Other Contributions	3,780,000	300,000	-	-	-	-
Reserves	1,438,049	278,600	-	-	-	-
Revenue Contribution to Capital (RCCO)	20,000	-	-	-	-	-
Capital receipts	2,952,942	610,000	300,000	-	-	-
Borrowing	5,613,390	124,300	-	-	-	-
<b>Total Financing</b>	<b>38,327,541</b>	<b>9,460,612</b>	<b>2,300,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>

Capital Bids	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Budget 2030/31
	£	£	£	£	£
Our Greener Future	820,000	-	-	-	-
Developing Our Communities	715,000	1,030,000	2,170,000	-	-
Meeting Our Housing Needs	1,000,000	1,000,000	1,000,000	1,000,000	-
Investing In Our Local Economy & Infrastructure	1,930,000	-	-	-	-
A Strong, Responsible & Accountable Council	15,000	-	-	-	-
<b>Total of Bids</b>	<b>4,480,000</b>	<b>2,030,000</b>	<b>3,170,000</b>	<b>1,000,000</b>	<b>-</b>
Financing	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Budget 2030/31
	£	£	£	£	£
Grants	1,000,000	1,000,000	1,000,000	1,000,000	-
Other Contributions	75,000	-	-	-	-
Reserves	-	-	-	-	-
Revenue Contribution	-	-	-	-	-
Capital Receipts	15,000	-	-	-	-
Internal / External Borrowing	3,390,000	1,030,000	2,170,000	-	-
<b>Total Financing</b>	<b>4,480,000</b>	<b>2,030,000</b>	<b>3,170,000</b>	<b>1,000,000</b>	<b>-</b>

- 5.2 The proposed funding for the schemes is also shown in Table 14 above. Consideration is given to level of grants we have available, the level of capital receipts we have and what we might generate in future years and for any expenditure financed through borrowing. After these sources of financing have been applied then the balance for any financing required will have to be met through borrowing. Borrowing increases the Council's 'Capital Financing Requirement' (CFR). This will result in a revenue charge (one that impacts on the bottom line of the budget and is a charge to the Council Taxpayer) called the Minimum Revenue Provision (MRP) that is made to reflect the funding of the CFR by the taxpayer. It is required to be set aside each year starting the year after the works are completed and/or the asset comes into use. It is a charge to revenue that covers the repayment of the borrowing needed to finance the capital expenditure. As the need to borrow increases, the CFR and MRP also increase. If the Council has sufficient cash resources to meet the expenditure, it will not be necessary to borrow externally in the short term, and cash balances can be used to cover the expenditure. This is referred to as 'internal borrowing' and attracts an MRP charge in the same way that external borrowing does.
- 5.3 Any new projects included in the programme in the future will need to be financed by borrowing, which will result in an additional MRP charge if no capital resources such as capital grants or capital receipts are available. Alternatively, existing revenue reserves could be used to finance these projects through a revenue contribution to capital (RCCO) which would avoid the need to make an MRP charge. Both are charges to the General Fund and will be included in the amount to be met from Government grant and local taxpayers.
- 5.4 In addition to the existing capital programme, approval is also being sought to include the proposed capital projects as outlined within Appendix E. Cabinet should agree on which of these projects should be included for full Council's consideration.

## **6. Corporate Plan Objectives**

- 6.1 Financial Sustainability and Growth – a balanced budget based on savings that are achievable will ensure the Council's financial sustainability over the medium term.

## **7. Financial and Resource Implications**

- 7.1 The Council must set a balanced budget for 2026/27 before 11 March 2026. This report presents a balanced budget for 2026/27 which has been achieved by identifying budget savings. The Medium-Term Financial Strategy is also presented as a separate agenda item at this meeting.

### **Comments from the S151 Officer:**

The Council must set a balanced budget before the start of the forthcoming financial year.



## 8. Legal Implications

- 8.1 This report does not raise any new legal implications.

### Comments from the Monitoring Officer

The annual budget report needs to be considered with reference and in accordance with the following:

- Consideration of any consultation responses (including the requirements under section 65 Local Government Finance Act 1992 with regard to consultation with bodies/representatives or persons subject to non-domestic rates, being the statutory budget consultation).
- The Council provides both statutory and discretionary services. Where a statutory duty exists to provide a service, there needs to be adequate provision to allow the statutory duty to be exercised so as not to place the Council at risk of failing to discharge a statutory duty. In provision for discretionary services, this should be exercised reasonably, balancing the nature and quality of the service with the cost of provision.
- The Council has a fiduciary duty to the taxpayers in its district.
- As with other Council decisions, the budget decisions must have regard to the Council's public sector equality duties and requirement to reduce crime and disorder.
- Members must have regard to the section 25 Local Government Act 2003 report of the Council's Chief Finance Officer which comments as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- Any failure to set a legal budget may lead to the issue of a s.114 report or other intervention.

### Section 106 Local Government and Finance Act 1992

Under Section 106 a Member who has not paid an amount due in respect of their Council Tax for at least 2 months after it became payable is precluded from voting on any matters affecting the level of Council Tax or the arrangements for administering the Council Tax. (The Member is, however, entitled to speak.) Any Member affected by Section 106 is required to make a declaration to that effect at the commencement of the meeting or immediately on arrival if this is at a later time.

## **9. Risks**

- 9.1 This report does raise the risk that a balanced budget may not be set, but the financial sustainability of the Council is already included in the risk register.

## **10. Net Zero Target**

- 10.1 This report does not raise any issues relating to Climate change.

## **11. Equality, Diversity & Inclusion**

- 11.1 This report does not raise any new issues relating to equality and diversity.

## **12. Community Safety issues**

- 12.1 This report does not raise any issues relating to Crime and Disorder considerations.

## **13. Conclusion and Recommendations**

- 13.1 This report presents a balanced General Fund budget for 2026/27. The assumptions in arriving at this position are laid out in the report.
- 13.2 It is recommended that Cabinet agree on which of the revenue savings should be included in the budget. If any savings are not taken, then it should be agreed what alternative option should be taken to set a balanced budget that can be recommended to full Council on 18 February 2026.
- 13.3 It is recommended that if there is any increase in funding when the final Local Government Settlement is announced that this is used in place of the use of reserves.