CABINET - 27 JANUARY 2026

Budget and Business Planning 2027/28 – 2030/31

Report by the Deputy Chief Executive (Section 151 Officer)

RECOMMENDATIONS

1. In relation to the Revenue Budget and Medium Term Financial Strategy (Section 4);

Cabinet is RECOMMENDED to:

a) approve the Review of Charges for 2026/27 (Annex A, page 1 -58, 67) and in relation to the Registration Service, the charges for 2027/28 (Annex A, page 59 – 62) and 2028/29 (annex A page 63 – 66);
b) receive any recommendations and observations from Performance and Corporate Services Overview and Scrutiny Committee;
c) approve the Financial Strategy for 2026/27 (Section 4.5);
d) approve the Earmarked Reserves and General Balances Policy Statement for 2026/27(Section 4.6), including the creation of a new Lane Rental reserve and the renaming of the Demographic Risk Reserve to the High Needs DSG Deficit Risk Reserve;
e) approve the use of retained business rates from EZ1 Science Vale Growth Accelerator and EZ2 Didcot Growth Accelerator as set out in paragraph 169-172 and Annex B;
f) note that following any funding changes as a result of the final Local Government Finance Settlement and information from the district and city councils in relation to business rates or council tax will be managed as set out in Paragraph 10; and
g) delegate to the Deputy Chief Executive (Section 151 Officer), in consultation with the Leader of the Council and the Cabinet Member for Finance, Property and Transformation, the authority to make any appropriate changes to the proposed budget not covered by Paragraph 10.

Cabinet is RECOMMENDED to RECOMMEND Council:

h) approve a Medium Term Financial Strategy for 2026/27 to 2030/31 as set out in Section 4.1 (which incorporates changes to the existing Medium Term Financial Strategy as set out in Section 4.2);
i) agree the council tax and precept calculations for 2026/27 set out in Section 4.3 and in particular:

   (i) a precept of £567,372,274;
   (ii) a council tax for band D equivalent properties of £2,006.78.

2. In relation to the Capital and Investment Strategy and Capital Programme (Section 5);

Cabinet is RECOMMENDED to recommend Council to:

j) approve the Capital and Investment Strategy for 2026/27 – 2036/37 (Section 4.1) including;
   (i) the Minimum Revenue Provision Methodology Statement (Section 5.1 Annex 1);
   (ii) the Prudential Indicators (Section 5.1 Annex 2) and

k) approve the Treasury Management Strategy Statement and Annual Investment Strategy for 2026/27 (Section 5.2); and
   (i) continue to delegate the authority to withdraw or advance additional funds to/from external fund managers to the Deputy Chief Executive (Section 151 Officer);
   (ii) approve that any further changes required to the 2026/27 Treasury Management Strategy be delegated to the Deputy Chief Executive (Section 151 Officer) in consultation with the Leader of the Council and the Cabinet Member for Finance, Property and Transformation;
   (iii) approve the Treasury Management Prudential Indicators; and
   (iv) approve the Specified Investment and Non - Specified Investment instruments as set out in Section 5.2.

l) approve the new capital proposals for inclusion in the Capital Programme and proposed pipeline schemes (Section 5.3)
m) approve the capital programme (Section 5.4)
n) approve a budget reduction of £7.1m originally allocated to fund a new mortuary (para 183)
o) approve the return of the full budget allocation of £4.5m previously assigned to support the Council's exit from the Joint Use Agreements (para 184)
p) approve a £2.0m reduction in budget for the East Oxford Active Neighbourhoods programme (para 185)

Executive Summary

3. This report includes information on funding and other updates announced by the Chancellor of the Exchequer in the Autumn Budget on 20 November 2025, the Finance Policy Statement on 26 November 2025, the Provisional Local Government Settlement on 17 December 2025 and further information on grant consolidation published on 18 December 2025. The report also includes new revenue budget proposals for the period 2026/27 to 2030/31, proposed additions to the capital programme and pipeline and proposed fees and charges for 2026/27.

4. The report is the culmination of the Budget and Business Planning process for 2026/27 to 2030/31 and sets out the Cabinet's revenue budget for 2026/27, medium term financial strategy to 2030/31, capital programme to 2035/36 plus supporting policies, strategies and information.

5. The Budget and Business Planning report to Council on 10 February 2026 will be set out in five sections:
    1. Leader of the Council's Overview
    2. Budget engagement and consultation findings
    3. Section 151 Officer's Statutory Report
    4. Revenue Budget Strategy
    5. Capital & Investment Strategy

6. Sections 1 and 3 re not published as part of this report, but will be published as part of the report for Council on 10 February 2026. This report sets out the budget engagement and consultation 2026/27 findings (Section 2), the Cabinet's proposed Revenue Budget Strategy (Section 4) and the Capital & Investment Strategy (Section 5). Alongside this, the report also sets out the Review of Charges for 2026/27.

7. Cabinet's revenue budget proposals take into consideration the latest information on the council's financial position outlined in this report. In finalising the proposals, Cabinet has taken into consideration feedback from the public engagement and consultation on the revenue budget proposals. Section 2.1 provides analysis of the responses to all of the engagement and consultation activities.

8. Observations and recommendations from the Performance & Corporate Services Overview & Scrutiny Committee meeting on 16 January 2026 will be considered once published.

9. Some information in relation to funding for 2026/27 remains outstanding and estimates have been made. This includes:

    - The Final Local Government Finance Settlement.
    - Confirmation of Business Rates collection fund position.

10. Any reductions to assumed business rates income arising from the collection fund position will be managed through the Collection Fund reserve. Any increases to funding notified following the publication of this report will be added to General Balances.

Organisation Background and Strategy

11. Oxfordshire County Council provides 85 per cent of local government services by expenditure in Oxfordshire, including adult and children's social care, some education services, fire and rescue, libraries and museums, public health, roads, trading standards, waste disposal and recycling.

12. On 4 November 2025, Council approved and adopted the Strategic Plan 2025 - 2028. This builds on the 2022-2025 plan and retains the overarching vision of a greener, fairer and healthier Oxfordshire. This is centred around strong and connected communities, healthy places to live, and a thriving local economy that benefits everyone. The plan covers the period from November 2025 up to when the Council will cease to exist and the new unitary authority or authorities in Oxfordshire will formally begin operating. The council's purpose and approach to improving the lives of residents across the three priority objectives is set out in the strategic plan and will be considered through the budget process.

13. The budget and Medium Term Financial Strategy (MTFS) support the strategic plan and are reviewed and updated each year through the budget & business planning process. Through this process the council is required to set a balanced budget for the coming year so that forecast expenditure is aligned with forecast income.

14. From 2026/27 onwards the Fair Funding Review 2.0 along with a business rates reset will deliver the most significant change in the distribution of funding to local government in over a decade. The Government announced individual local authority funding allocations for 2026/27 – 2028/29 on 17 December 2025 as part of the Provisional Local Government Finance Settlement for 2026/27. Further information relating to specific grants that will be consolidated from 1 April 2026 onwards was published on 18 December 2025. The final settlement is expected to be received in early February 2026.

15. This report explains the council's updated funding position based on the information known at this stage and what that means when the funding available is combined with budget proposals for 2026/27 onwards.

Section 2 - Budget engagement and consultation

16. Following the elections in May 2025, the county council engaged on a new Strategic Plan. This was part of a number of engagement activities that ran over the summer with residents, focused on their priorities and seeking their views on local government reorganisation. Activities included nine focus groups, four schools' sounding boards and a representative residents' survey.

17. The Strategic Plan was agreed by Cabinet in October 2025 following consideration of this feedback. This feedback is also being used to inform the budget and business planning process.

18. Additional engagement outputs from the 2025 annual representative residents' survey will also be considered by Cabinet and are attached at Annex 4. The council's annual representative residents' survey was undertaken between 26 June and 20 August 2025 and 1,203 residents aged 18+ participated. The final respondent profile was 'weighted' by local authority area, age and gender to reflect Oxfordshire's population aged 18+ from the 2021 census profile.

19. The degree of residents' satisfaction across 20 different council service varied widely. Fourteen services showed significantly increased net satisfaction compared with last residents' survey in 2024 and the largest increases were for registration of births and deaths etc (18 per cent increase), Fire and rescue service - emergency response (14 per cent increase), early years education and support/care for vulnerable groups (13 per cent increase for both). None showed a significant decline in net satisfaction.

20. Overall, the maintenance of roads (63 per cent) was felt to be the council service most important for local people in the area however only 20 per cent were satisfaction with the maintenance of roads and 23 per cent with the maintenance of pavements. The poor condition of highways (16 per cent) was the issue most likely to be spontaneously named by respondents as the most important that residents in their local area faced, and when asked to spontaneously suggest one thing the council should improve, respondents' leading theme was improving roads and paths and fixing potholes (25 per cent).

21. The survey contained a dedicated section specifically to inform the budget. Respondents were given a brief explanation of the financial challenges that the council faces and asked how much they agreed or disagreed with each of a list of 10 possible approaches that the council could take to make savings / generate income. Four of these drew strong net support of nearly +50% or higher and the highest agreement was for reduce costs by operating from fewer buildings and using those we keep to their full capacity, which more than eight out of 10 respondents (84 per cent) agreed with as a course of action for the council. By far the least popular ideas were generating additional income by increasing council tax and reducing spending on frontline services, with net agreement of -40 per cent for each.

22. Against the continued backdrop of the national cost of living crisis, over half the respondents (57per cent) felt worse off and although most people (56%) had never or rarely struggled to pay bills in the last year, about a quarter (26 per cent) had done so sometimes, 10 per cent most of the time, and 3 per cent all the time.

23. With regards to whether the council should consider potential Council Tax increases of 3.99 or 4.99 per cent to help fund adult social care and other key services, just over a third of respondents (34 per cent) agreed with the notion of a 3.99 per cent increase, but only 19 per cent supported an increase as high as 4.99 per cent. These two options for potential Council Taxes overall drew general disagreement and net agreement scores of -12 per cent and -40 per cent respectively.

24. Key findings from the engagement which were shared as part of the agenda for Performance & Corporate Services Overview and Scrutiny Committee in January are set out in Section 2.1. Any recommendations and observations from Performance & Corporate Services Overview & Scrutiny Committee (to follow) will be added at Section 2.2 ahead of the Cabinet meeting.

Section 4 - Revenue Budget Strategy

25. The Budget and Business Planning report to Cabinet on 18 November 2025 provides background to the council's existing Medium Term Financial Strategy (MTFS) and Strategic Plan as well as funding reform and other changes that will affect the council from 2026/27 onwards.

26. Following the Provisional Local Government Finance Settlement for 2026/27, this report explains the impact of funding reform on the council along with an update on pressures that need to be managed in 2026/27 and proposals to meet those.

27. Funding reform will be phased over three years with more significant reductions in funding expected in 2027/28 and 2028/29 than in 2026/27. Action will be needed early in 2026 to consider how to manage the impact of funding reductions in 2027/28 and 2028/29 within the context of local government reorganisation in Oxfordshire from 1 April 2028.

28. This section sets out the Council Tax Requirement and council tax for band D equivalent properties for 2026/27, and the MTFS to 2030/31. It comprises the following sections:

Impact of the Fair Funding Review 2.0

29. Consultation on the Fair Funding Review 2.0 ran from 20 June to 15 August 2025. The response to the consultation and publication of the Finance Policy Statement were originally expected in late September but were delayed and published by the Ministry of Housing Communities and Local Government (MHCLG) on 20 November 2025. Some elements of funding in the Policy Statement were not included in the consultation and have a significant impact on the distribution of funding nationally.

30. Behind the new allocations there is a full business rates reset (for the first time since the Business Rates Retention Scheme was introduced in 2013/14), major changes to Relative Needs Formulas (RNFs), and the simplification of many grants into either the Fair Funding Assessment or into one of four Consolidated Grants.

31. Core Spending Power is the government's measure of the core revenue funding available for local authority services through the local government finance settlement. It consists of revenue grant funding made available through the settlement, locally retained business rates and council tax. The calculation of Core Spending Power from 2026/27 includes:

Fair Funding Assessment (and grants rolled into Revenue Support Grant)
+
Families First Partnership (within Children, Families and Youth Grant)
+
Homelessness, Rough Sleeping and Domestic Abuse Grant
+
Council Tax Requirement
+
Recovery Grant (not applicable to Oxfordshire County Council)
+
Funding Floors (not applicable to Oxfordshire County Council)
=
Core Spending Power

Core Spending Power

32. The council's Core Spending Power for 2026/27, 2027/28 and 2028/29 was published in the Provisional Local Government Finance Settlement on 17 December 2025 and is shown in Table 1 below.

33. The Fair Funding Allocation will comprise Revenue Support Grant (RSG) and business rates funding (through the Baseline Funding Level). In 2026/27 it also includes the Local Authority Better Care Grant, but this will be rolled into RSG from 2027/28 onwards.

Table 1: Core Spending Power: Oxfordshire County Council[1]

CORE SPENDING POWER					
Oxfordshire					
Illustrative Core Spending Power of Local Government:					
	2024-25 £ millions	2025-26 £ millions	2026-27 £ millions	2027-28 £ millions	2028-29 £ millions
Fair Funding Allocation[1]	0.0	0.0	177.3	167.2	158.1
of which: Baseline Funding Level	0.0	0.0	69.5	71.1	72.5
of which: Revenue Support Grant[2]	0.0	0.0	94.6	96.1	85.5
of which: Local Authority Better Care Grant[3]	0.0	0.0	13.2	-	-
Legacy Funding Assessment	172.1	182.3	0.0	0.0	0.0
of which: Legacy Business Rates[4]	100.6	102.3	0.0	0.0	0.0
of which: Legacy Grant Funding[5]	60.8	66.7	0.0	0.0	0.0
of which: Local Authority Better Care Grant	10.7	13.2	0.0	0.0	0.0
Council tax requirement[6,7]	498.6	533.3	570.4	610.0	652.3
Homelessness, Rough Sleeping and Domestic Abuse[8,9]	1.2	1.5	1.5	1.5	1.5
Families First Partnership[10]	1.7	3.3	6.4	6.4	5.5
Total Transitional Protections[11]	0.0	0.0	0.0	0.0	0.0
of which: 95% income protection	0.0	0.0	0.0	0.0	0.0
of which: 100% income protection	0.0	0.0	0.0	0.0	0.0
of which: Fire and Rescue Real-terms floor	0.0	0.0	0.0	0.0	0.0
Grants rolled in to Revenue Support Grant[12]	2.1	2.2	0.0	0.0	0.0
Recovery Grant	0.0	0.0	0.0	0.0	0.0
Recovery Grant Guarantee[13]	0.0	0.0	0.0	0.0	0.0
Mayoral Capacity Fund	0.0	0.0	0.0	0.0	0.0
Core Spending Power	**675.8**	**722.5**	**755.5**	**785.1**	**817.4**
Core Spending Power year-on-year change (£ millions)		46.7	33.1	29.6	32.3
Core Spending Power year-on-year change (%)		6.9%	4.6%	3.9%	4.1%
Core Spending Power change since 2024 (£ millions)		46.7	79.7	109.3	141.6
Core Spending Power change since 2024 (%)		6.9%	11.8%	16.2%	20.9%
Core Spending Power change since 2025 (%)			4.6%	8.7%	13.1%

[1] Published by MHCLG on 17 December 2025 as part of the Provisional Local Government Finance Settlement for 2026/26.

34. By 2028/29 the council's Core Spending Power will increase by £94.9m compared to 2025/26. However, council tax projections for 2026/27 to 2028/29 assume that local authorities will increase their Band D council tax in line with the maximum allowable level set out by the council tax referendum principles published alongside the settlement. Core Spending Power therefore assumes that there will be further Council tax increases of 4.99% in each of the next three years paid by Oxfordshire residents which will raise £119m. The difference is a net reduction of £24.1m in grant and business rates funding from central government. This includes an increase of £3.1m in funding for the Families First Partnership that will need to be used to fund new investment and activity in preventative services for children's social care in line with guidance published by the government. The underlying reduction in grant funding is £27.2m.

35. Compared to the assumptions in the MTFS agreed in February 2025 there is a reduction in grant and business rates funding of £5.1m in 2026/27, and a further £11.8m from 2027/28.

36. The Core Spending Power table assumes that the tax base will increase by 1.86% each year. This is higher than the 1.75% assumption in the February 2025 MTFS; by 2028/29 the additional 0.1% growth each year would generate £2.1m more council tax funding. If this doesn't materialise and the increase was 1.75% the funding reduction would be £29.3m.

37. If the council chose not to increase council tax by 4.99% each year the reduction in funding would increase further – i.e. this would not be made up from other funding.

38. The reduction in funding is in line with the assumptions set out in the Budget and Business Planning report to Cabinet in October 2025, which estimated a reduction of between £25m and £50m with a mid – range planning assumption of £35m and the Financial Strategy for 2025/26 which explained that reductions in funding of between £20m to £45m could be expected from funding reforms from 2026/27 onwards.

Fair Funding Allocation and Grants Rolled into Revenue Support Grant

Fair Funding Allocation

39. The Fair Funding Allocation is based on a new, updated assessment of relative need, a new resource adjustment, and an expanded approach to adjusting for the differences in costs faced by local authorities.

40. The total amount of local government funding allocated through the Fair Funding Assessment will be split into two parts: a baseline funding level - the amount of need to be met via retained business rates and Revenue Support Grant. In 2026/27 only it will also include the Local Authority Better Care grant.

41. To calculate the Fair Funding Assessment, a relative need share for each local authority is determined using nine Relative Needs Formulae (RNFs). This share is a measure of the costs and demand the council faces in the delivery of local services compared to other local authorities. As a result of this calculation every local authority will receive a unique allocation.

42. The 'overall need share' for 2026/27 onwards will be determined by nine Relative Needs Formulas (RNFs) weighted by the size of relevant expenditure for that service. An 'overall need share' of 1% would mean the local authority has 1% of the total need in England. Oxfordshire County Council's weighted need share for 2026/27 is 0.94% and is made up as follows:

Table 2: Weighted need shares by formula

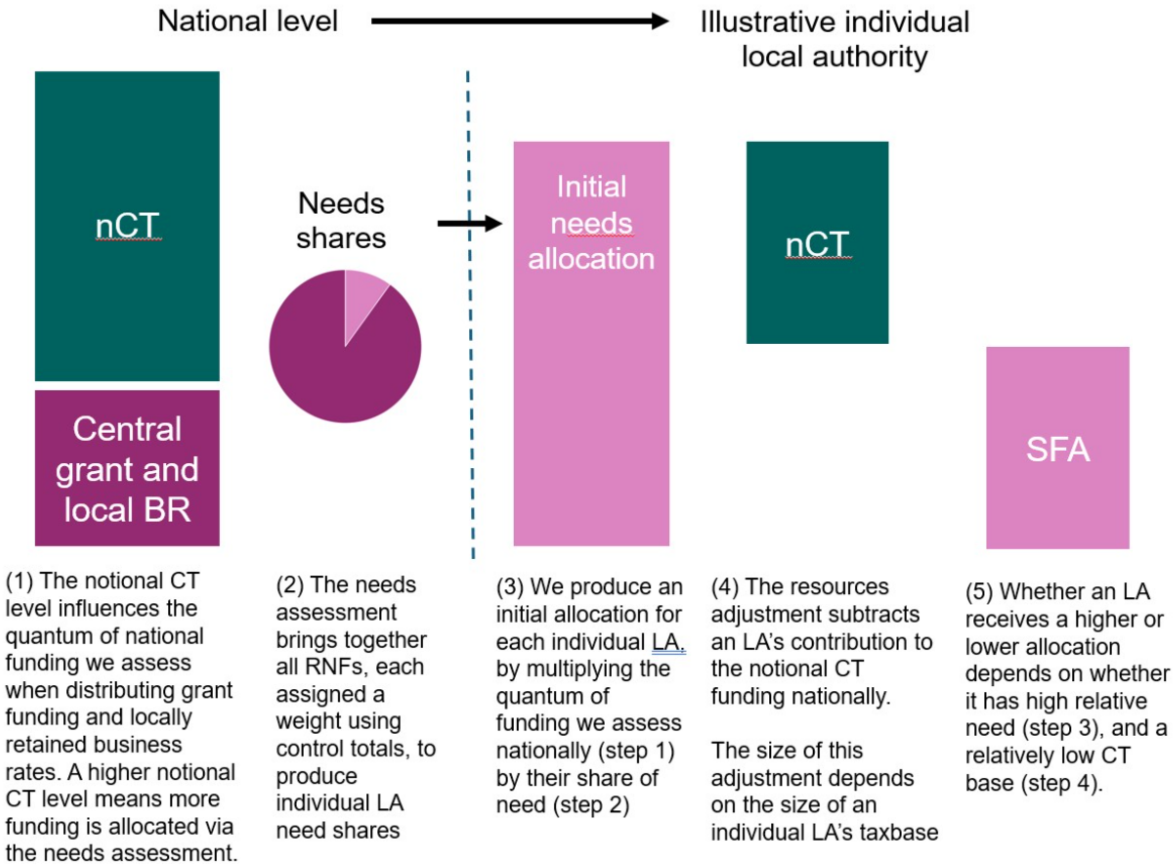
Formula	Weighted Need Share (2026/27)	Weighted Need Share (2027/28)	Weighted Need Share (2028/29)
Adult Social Care Relative Need Formula	0.421942%	0.423571%	0.425277%
Children and Young People's Services Relative Need Formula	0.172753%	0.172753%	0.172753%
Foundation Formula (Upper Tier)	0.195192%	0.195847%	0.196525%
Fire & Rescue Relative Need Formula	0.050583%	0.050758%	0.050939%
Highways Maintenance Relative Need Formula	0.047314%	0.047314%	0.047314%
Home to School Transport Service Relative Need Formula	0.053723%	0.053723%	0.053723%
Overall Relative Need Share	**0.941508%**	**0.943967%**	**0.946531%**

43. The impact of new formulae will be phased in over next three years.
- **2026/27** – 1/3 use of new formulae, 2/3 use of old
- **2027/28** – 2/3 use of new formulae, 1/3 use of old
- **2028/29** – funding distribution fully based on new formulae

44. A resource adjustment is then overlaid on the share of funding that is generated as a result of the need share. This directs funding towards places that have a weaker council tax base and are less able to meet their needs through locally raised council tax income. Councils with stronger council tax bases, in relative terms, are assumed to need less grant funding compared to those with weaker bases.

45. A notional level of Band D council tax (£2,060 in 2026/27 with 84.4% assumed to be the county share of this and 4.6% for Fire & Rescue) is multiplied by the tax base to determine the amount of grant funding needed to meet the gap between the needs allocation and notional council tax.

46. The Settlement Funding Assessment (SFA) is the relative needs share less this resources adjustment. This is illustrated in the chart below published by the government as part of the provisional settlement.



<u>Grants Rolled into Revenue Support Grant (RSG)</u>

47. As part of the Fair Funding Review 2.0, the government has sought to simplify the funding system and move as many grants as possible into Revenue Support Grant, known as being ‘rolled in’.

48. £65.8m grants already included in Core Spending Power that will be consolidated, or ‘rolled’ into RSG from 2026/27 are:
    - Social Care Grant (£48.6m)
    - Market Sustainability & Improvement Fund (£10.0m)
    - Children and Families Grant (£1.6m)
    - Employer National Insurance Contributions (£4.4m)
    - New Homes Bonus (£1.1m)

49. Grants added to RSG within Core Spending Power (£0.9m in 2025/26) are:
    - Local Reform and Community Voices: Deprivation of Liberty Safeguards Funding (£0.3m)
    - Local Government Finance Data Review (£0.1m)
    - Virtual School Heads for children with a social worker and children in kinship care (£0.2m)
    - War Pensions Disregard Grant (£0.2m)
    - Social Care in Prisons Grant (£0.1m)

50. All Adult Social Care grants in the 2025/26 Settlement have been consolidated within the Fair Funding Assessment for 2026/27 onwards.

51. The 2026/27 Local Authority Better Care Grant allocations remain the same as in 2025/26 (£13.2m). From 2027/28 onwards this funding will be rolled into RSG and it will no longer be a separate grant. Despite that there is only a small increase (£1.6m) in RSG that year causing a net funding reduction of £11.6m.

Children, Families and Youth Grant including Families First Partnership

52. The Children, Families and Youth grant is designed to strengthen local authority support for children and families across England, reducing inequalities and breaking down barriers to opportunity. It underpins key national reforms to children's social care through the Families First Partnership programme, will help support children and young people from low-income families receive enriching activities and nutritious meals through the school holidays, support access to childcare during term time and the holidays, and improve outcomes for post-16 looked-after children and care leavers. It will bring together the following funding streams into a single consolidated grant.

53. The ringfenced Families First Partnership element is specifically identified in Core Spending Power. The remaining element has been rolled into the Revenue Support Grant.

Table 3: Children, Families and Youth Grant

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Families First Partnership				
Children's Social Care Prevention Grant	1.530			
Children and Families – Family Help	1.732			
Total Families First Partnership	**3.262**	**6.407**	**6.407**	**5.472**
Children and Families Grant				
Post – 16 Pupil Premium Plus Programme	0.148	0.148	0.148	0.148
Holiday Activities and Food Programme	1.558	1.649	1.563	1.563
Subtotal	**1.706**	**1.797**	**1.711**	**1.711**
Total Children, Families and Youth Grant	**4.968**	**8.204**	**8.118**	**7.183**

54. Local authorities will be expected to use this funding to deliver the following programmes in line with relevant guidance issued by the Department for Education (DfE):

- Families First Partnership Programme
- Holidays, Activities and Food programme
- Pupil Premium Plus Post-16 - promoting the education of looked-after and previously looked-after children

55. The government is proposing to distribute funding for the Families First Partnership programme via the final version of the Children and Young People's Services (CYPS) relative needs formula and an area cost adjustment to account for variation in the cost of delivering services.

56. The Holiday, Activities and Food funding will maintain its existing distribution based on the proportion of England's Free School Meal (FSM)-eligible pupils attending schools in their area for the duration of the multi-year Settlement. The distribution of local authority capacity funding is based on the proportion of England's school-age children attending schools in their area, and the levels of FSM-eligibility.

57. Because of these requirements the £3.1m increase in funding for the Families First Partnership within Core Spending Power in 2026/27 is expected to be used to fund new activity rather than being available to meet existing pressures.

Homelessness, Rough Sleeping and Domestic Abuse Grant

58. This grant consolidates four funding streams: the Prevention and Relief element of the former Homelessness Prevention Grant, the Rough Sleeping Accommodation Programme, Rough Sleeping Prevention & Recovery Grant, and Domestic Abuse Accommodation Support.

59. In 2025/26 the council received £1.5m for Domestic Abuse Accommodation Support. This will continue unchanged in 2026/27 and the following two years and is within Core Spending Power.

Council Tax Requirement

60. The Council Tax Requirement is the total amount of council tax that a local authority needs to raise to fund its services. It is calculated based on the number of Band D equivalent dwellings in an area (the taxbase) and the Council Tax rate set by the council. Core Spending Power assumes local authorities increase their Band D council tax in line with the maximum allowable level set out by the council tax referendum principles published alongside the Provisional Local Government Finance Settlement. It also assumes an annual increase in the taxbase, based on previous growth.

<u>Council Tax Referendum Principles</u>

61. The general (or core) council tax referendum limit will remain at up to 3% throughout the three - year settlement period. In addition, local authorities with adult social care responsibilities can increase council tax by up to a further 2.0% to fund adult social care through the Adult Social Care Precept.

62. For the purposes of the MTFS it is proposed that the maximum council tax increase of 4.99% is assumed for 2026/27 to 2028/29 in line with government assumptions.

Table 4: Council Tax Increases

	2025/26	2026/27	2027/28	2028/29
Core Council Tax Increase	2.99%	2.99%	2.99%	2.99%
Adult Social Care Precept	2.00%	2.00%	2.00%	2.00%
Total Council Tax Increase	**4.99%**	**4.99%**	**4.99%**	**4.99%**
Band D Council Tax	**£1,911.40**	**£2,006.78**	**£2,106.92**	**£2,212.06**
Annual Band D Increase	**£90.84**	**£95.38**	**£100.14**	**£105.14**
Weekly Band D Increase	**£1.75**	**£1.83**	**£1.92**	**£2.02**

63. The Band D council tax increase for 2029/30 and 2030/31 is assumed at 3.99% (comprising a 2.0% Adult Social Care Precept and 1.99% general increase) on the basis that there is no government guidance on referendum limits beyond 2028/29. An additional 1% on the general precept was previously only allowed when inflation was high.

Council Tax Base

64. The council tax base is the number of Band D equivalent dwellings in a local authority area adjusted for the assumed rate of collection of council tax. Billing authorities (district councils) are required to provide this information to the precepting authorities and the method used to calculate the tax base is prescribed in regulations. The tax base for 2025/26 was 279,025.13 and growth of 1.75% per year is assumed in the MTFS reflecting anticipated increases in the number of households in Oxfordshire paying council tax. Each +/-0.25% variation generates around £1.4m more or less council tax. Generally, the increase in recent years has been close to this assumption.

65. Updates from the district councils received in December 2025 estimate that the tax base will grow by 1.33% in 2026/27 to 282,727.69. The growth in South Oxfordshire District Council and Vale of White Horse District Council is impacted by a delay in the Valuation Office Agency issuing council tax bands for new homes with over 2,000 now awaiting confirmation of their council tax band.

66. This reduction in the assumed tax base growth will reduce council tax income in 2026/27 by an estimated £2.4m. However, since households will receive backdated council tax bills (or can choose to pay an estimated amount ahead of receiving this) this income will be received in future years with a larger increase in the taxbase anticipated at that point. To smooth out the impact on the budget the Collection Fund reserve will be used to fund the shortfall in 2026/27.

67. Core Spending Power assumes that the council tax base will increase by 1.85% each year of the settlement to 2028/29, which is the average growth for the period 2021/22 to 2025/26. This is higher than the 1.75% assumption in the MTFS and higher than the actual growth for 2026/27 of 1.33%.

68. Oxford City Council's taxbase remains subject to approval by the Audit & Governance Committee on 28 January 2026. The final council tax base for 2026/27 will be confirmed in the report to Council on 10 February 2026 following approval by all of the district councils but is not expected to change from the position set out in this report.

Recovery Grant and Funding Floors

69. The Recovery Grant was introduced in 2025/26 to provide un-ringfenced funding to areas with greater need and demand for services and less ability to raise income locally. While this was expected to be removed from 2026/27 onwards, the Provisional Settlement sets out that the grant and allocations will continue unchanged.

70. A number of different funding floors, introduced following the consultation, will be used to protect councils with the largest reductions in funding so that they do not drop below this level. The cost of these floors will be met from the overall national funding so this reduces the remaining funding to be allocated to all councils.

71. The council will not receive any additional funding relating to either the Recovery Grant or protection through funding floors.

Other funding updates outside Core Spending Power

72. In addition to the principle of rolling as many grants into Revenue Support as possible, as part of the Fair funding Review 2.0, the government also set out the principles for considering which specific grants could be consolidated into bigger grants. For these, the principles were that the grants must be ongoing and stable. These sit outside of Core Spending Power as they are not provided to every local authority.

<u>Crisis & Resilience Fund Grant</u>

73. The Crisis & Resilience Fund (CRF) consolidates two funding streams, the Household Support Fund and Discretionary Housing Payments, and needs to be used to provide financial support to help residents with issues related to the cost of living.

74. The council will receive £4.8m in 2026/27 and 2027/28 and £5.8m in 2028/29, compared to £5.9m in 2025/26. This funding is not within Core Spending Power.

75. Draft guidance has been issued for the CRF which places a greater emphasis on building resilience in individuals and households requiring support. Crisis payments can still be provided, as long as these are based on identified need and are connected to the provision of support to increase financial resilience. The proposed spending programme will be considered by Cabinet in April 2026.

Public Health Grant

76. Four funding streams will be consolidated into the ringfenced Public Health Grant. The distribution will continue unchanged, with an equal annual percentage uplift.

Table 5: Public Health Grant

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Public Health Grant	37.098	41.981	43.021	44.150
Drug and Alcohol Treatment and Recovery Improvement Grant	3.074			
Local Stop Smoking Services and Support Grant	0.778			
Individual Placement and Support Grant	0.239			
Swap to Stop Programme	0			
Total	**41.189**	**41.981**	**43.021**	**44.150**
Increase from previous year		**1.92%**	**2.48%**	**2.62%**

77. The consolidated Public Health Grant will be subject to the same grant conditions as in 2025/26, including a ringfence requiring local authorities to use the grant exclusively for public health activity, plus a small number of additional conditions. The combined increase of £0.792m in 2026/27 will need to be used to fund additional expenditure as required in the grant conditions.

Council Tax Collection Fund Surpluses/Deficits

78. In addition to the tax base, the Local Government Finance Act 1992 requires billing authorities to determine the estimated surplus or deficit on the council tax collection fund as a result of income from council tax/ratepayers being more or less than originally estimated. Estimates for the forthcoming year are formed from the position for three years; the actual position for the prior financial year, the estimate for the current financial year and an estimate for the forthcoming financial year. Surpluses/deficits are shared between billing and major precepting authorities.

79. The MTFS assumes that the county council's share of surpluses on the council tax collection fund will be £8.0m in 2026/27. Based on notifications received by 16 January 2026 the total surplus is estimated to be £8.259m. The additional funding will be held in the Collection Fund Reserve.

Business Rates Collection Fund Surpluses/Deficits

80. Information on Business Rates Collection Fund Surpluses/Deficits is outstanding and not expected to be received until after the budget has been agreed by Council. The final position will be updated in the Business Management & Monitoring Reports for 2026/27 and managed through the Collection Fund Reserve.

Other updates

Inflation and the National Living Wage

81. An increase of 4.1% to £12.71 for workers aged 21 and over (from £12.21) from 1 April 2026, and to £10.85 per hour for 18-20 year olds (from £10.00) was announced as part of the Government's Budget Statement on 26 November 2025.

82. The Autumn Budget assumes Consumer Price Index (CPI) inflation of 3.5% and Retail Prices Index (RPI) inflation of 4.6% in 2025/26. In 2026/27 CPI and RPI are forecast to be 2.2% and 3.4% respectively. CPI is forecast to fall to 2%, whilst RPI is forecast to fall to 3.0% in 2027/28.

83. The increase in the National Living Wage means that pressure relating to pay inflation (based on national agreements) for the council's employees is now likely to be at least 0.5% higher than the 2.5% increase assumed for 2026/27 in the February MTFS. Each additional 1% is estimated to cost around £2.3m.

84. An increase to 3.2% in 2026/27, mirroring the increase in 2025/26, can be managed through existing funding for pay inflation. £3.9m remaining on-going funding for pay inflation held centrally but not required fund estimated pay inflation in 2026/27 is proposed to be released to meet other service pressures. £0.8m funding set aside for additional employer's National Insurance costs in 2025/26 can also be released as a saving.

85. Funding for a 3.0% increase in pay costs is built into the budget each year from 2027/28 onwards.

Packaging Extended Producer Responsibilities (pEPR)

86. Oxfordshire County Council will receive a packaging extended producer responsibility (pEPR) payment total of £5.3m during 2025/26. This funding is to cover the costs that the Council currently incurs in handling (e.g. treatment and disposal) of packaging waste. This is the first year of pEPR payments and it is expected that payments will be made every year from now on. The payment will be £5.4m in 2026/27 with further amounts expected from 2027/28.

87. The council must demonstrate that this money is spent on waste management services that deal with packaging waste. In 2025/26 the funding was treated as one – off, on the basis that there was no certainty that it would continue; a new reserve was created to hold the funding which is being used to support one – off projects supporting the treatment and disposal of packaging waste. The funding that will be received in 2026/27 will be used to meet the cost of recycling credits for the district councils that collect packaging materials for

recycling and for the cost of treatment at the council's energy recovery facility at Ardley. The equivalent base budget funding will be released as a saving without any impact on service delivery.

Adult Social Care

88. The Department for Health and Social Care (DHSC) will set out "adult social care notional allocations for each local authority for 2026/27 to 2028/29, which are intended as a reference point to support local budget-setting and inform local decisions on adult social care spending" despite the un-ringfencing of most of the grants.

89. The 10 Year Health Plan for England announced reform to the Better Care Fund to focus on integrated services. DHSC and MHCLG will shortly set out further detail on the approach to reform. Where this involves any change to the NHS and local authority minimum contributions to pooled funding these will not be introduced before 2027/28. The council's share of the Better Care Fund within the Pooled Budgets is £33m in 2026/27 so any change to the level of funding or the required use within that total in future years could have a significant impact on the council.

Local Government Reform

90. The government will set a 'funding envelope' for the new local authorities created where areas reorganise. This envelope will be set by combining the grant allocations of the relevant local authorities in the year(s) of the multi-year settlement following reorganisation.

91. Areas will need to agree how to divide the funding where the establishment of new unitary authorities means existing local authorities, including Fire & Rescue Authorities, are split. The government will provide guidance to local authorities on how to arrive at local agreements and will set out a timeline for when these agreements must be reached.

92. If areas are unable to reach an agreement, the MHCLG Secretary of State will make a determination on the share of settlement allocations due to new unitary councils. The government is clear that the use of a backstop is a last resort and areas should make every effort to come to local agreements.

93. Beyond the current multi-year settlement each new council or authority would receive funding based on the Fair Funding Allocation and wider Core Spending Power.

Proposed Changes to Service Budgets

94. The budget supports a range of service provision which contributes to the Strategic Plan. Because most of these services continue from one year to the next the first step in building the budget for 2026/27 is to roll forward 2025/26 budgets. This starting point has then been adjusted for previously proposed changes for 2026/27 built into the MTFS agreed in February 2025 and new changes being added in this budget process.

95. 2028/29, 2029/30 and 2030/31 are additional years that need to be added to the MTFS. The budget changes in those years include total estimated demographic growth for Adult Social Care, Children's Social Care and Waste Management, and inflation including estimated pay inflation at 3.0%. Budgets for 2027/28 are indicative and will need to be updated in future budget processes.

96. The report to Performance & Corporate Services Overview and Scrutiny Committee on 16 January 2026 explained that because of the timing of the settlement it was not possible to set out a balanced position for 2026/27 and that there was a gap of £5.4m that would need to be managed in the final budget agreed by Council on 10 February 2026. Additional changes needed to balance, and to reflect the planned use of reserves more clearly, are included in this report and are summarised in Annex 4.2.1.

Adult Services

97. Demography has been recalculated based on recent activity trends in relevant cohorts; this is predicted to increase costs by a total of £5.4m from 2026/27. Inflationary increases in the cost of care packages are expected to be £5.6m. There is a £0.9m pressure (2027ASC03 and 2027ASC04) relating to increased costs of emergency telecare provision and community equipment following a provider failure in 2025/26 and a £0.5m increase as a result of contract renewal for services for adults with learning disabilities (2027ASC05).

98. High-cost complex placements have continued to increase during 2025/26. The ongoing impact of these placements will create a pressure estimated at £3.6m if they continue into 2026/27 and beyond (2027ASC06).

99. These pressures are partially offset by savings totalling £1.9m arising from contract reviews and updates, the use of assistive technology, efficiencies within existing supported living contracts, savings arising from additional in-house residential accommodation for adults with complex needs and the continuing use of Public Health grant to help fund Community Capacity Grants.

100. The Council's Adult Social Care charging policy currently makes a standard allowance for Disability Related Expenditure (DRE) of 35 per cent. Subject to a full consultation process the Council's proposal is to consider a reduction of the DRE to 25 per cent which would produce a potential in year saving of £0.500m (2027ASC012). Following consultation, the Council will consider next steps and in the event that the Council decides not to proceed with this proposal, alternative savings will need to be found.

Children's Services

101. The Business Management and Monitoring Report to Cabinet in October 2025 explained that there is underlying pressure of £5.2m in 2025/26 relating to pressures in children's social care that is being managed with one – off funding. This has increased since then and the on-going effect in 2026/27 is now estimated to be £8.7m (2027CS01) plus a further £2.8m full year effect (2027CS11). Additionally, there is an increase of high-cost complex placements

causing pressures in the current year is leading to the under-delivery of savings £1.2m in 2025/26 (2027CS05), which is also part of the demography pressure in 2026/27.

102. An assumed reduction in the number of children we care for which was expected to reduce costs by £4.2m from 2026/27 (2025CS787). While work is continuing to achieve this the current level of activity means this is not expected to be possible. On that basis the risk adjustment of £5.0m that was also built into the budget (2026CS11) to manage the risk around previously proposed Financial Strategy savings of £5.0m built into the MTFS agreed in February 2025 will be used to offset the expected £4.2m reduction in demographic growth.

103. There is also £1.8m for demographic growth for Children We Care For (2027CS02 and 2027CS10).

104. £3.2m additional funding is forecast to be required in 2026/27 for home to school transport based on demographic growth and an estimated increase in the number of EHCPs. New ways of working within home to school transport activities and contracts is expected to reduce costs by £1.175m (2026RELGEST10 and 2027CS14) from 2026/27.

105. In Education, there is also additional funding of £1.0m for Educational Psychology (2026CS33) and a £0.8m proposed increase to funding for the SEND Casework Team (2027CS30), both required due to the sustained pressures in these services linked to the number of Education, Health and Care Needs Assessment and subsequently, Education, Health and Care Plans.

106. There is an investment of £0.7m in recruitment and retention and apprentices (2025CS790/1/3).

107. £0.5m one – off funding for investments in 2025/26 will fall out in 2026/27 (2026L&CO2/3 and 6).

108. The pressures for children's social care are partially offset by previously proposed savings to manage demand safely, exit children from care in a planned timely way, bring children back into county and planned reduction of private placements, totalling £4.6m (2025CS723, 724, 726, 2026CS23 and 2025L&CO24 and 25). There are also £1.2m previously proposed savings relating to reducing agency staffing (2025CS721). These savings are partly offset by a new risk adjustment of £2.1m.

109. The council has a school improvement team that operates in non-academy schools to support improvement in standards. The team will continue to offer support, and schools do pay towards this without covering the full cost. A government grant that helped towards this was withdrawn earlier in the decade, and the council has substituted this from its own funds. A first move to schools fully paying for the service is planned, which will allow a saving of £0.1m. More than half of Oxfordshire primary schools are academies and all but one

secondary school and will therefore not be affected by this proposal (2027CS13).

110. As explained in paragraph 53 the Children, Families and Youth Grant will increase by £3.1m in 2026/27. The expenditure budget and grant funding will be added to the budget for Children's Services for use to support the Families First Partnership Programme.

Environment & Highways

111. There are additional costs of £0.5m arising from the cost of maintaining growth in highways assets (2026EH11,19 and 20) plus £0.2m to extend drainage work beyond gullies (2027E&H7). These will be met from the use of commuted sums. Other pressures, including £0.3m to maintain an increased number of network management assets (2027E&H5) will be met from drawdowns from reserves or grant funding. Existing asset routine & cyclical highways maintenance is estimated to cost an additional £0.350m on-going from 2026/27 (2027E&H8).

112. Following approval of the Lane Rental Scheme by the Department for Transport there is a £1.1m increase in the budgeted income from 2026/27(2026EH23).

113. Additional demographic demand in Waste Management is expected to cost £0.650m. Since the council must demonstrate that the notified £5.4m packaging Extended Producer Responsibility (pEPR) funding in 2026/27 is spent on waste management services that deal with packaging waste this will be used to support £0.6m pressures within Waste Management and the cost of disposing of packaging waste. The equivalent base budget (£4.8m shown as 2027E&H20) will be released to support the wider budget.

114. Costs relating to a purchasing strategy for carbon emissions relating to waste incineration in the run up to the beginning of the Carbon Emissions Trading scheme in January 2028 are estimated at £0.360m in 2026/27 and then increase by a further £1.0m in 2027/28. A potential new burdens grant will potentially be available to meet some of this cost and an estimated amount is built into the proposals from 2027/28.

115. Demand for joint park and ride ticketing deal has exceeded expectations. To provide this on an ongoing basis additional funding of £0.4m will be required from 2026/27 and is proposed to be met from the Parking Account (2027E&H4). Long stay parking charges at Thornhill Park and Ride for people using the coach to travel to Heathrow and Gatwick (2026L&CO22) are proposed to be introduced from April 2026. 2026L&CO22 included a nominal amount of income for this but will be updated as part of the monitoring reports in 2026/27.

116. The cost of managing ash tree die back in Oxfordshire is expected to be £0.5m in 2026/27 increasing to £2.0m in 2027/28 (2027E&H17 and 2027E&H18). £0.150m of this can be funded by commuted sums (2027E&H17). Further work is required to understand the future timeline and a realistic plan to manage the removal and planting of new trees in later years of the MTFS. The cost is currently shown as a revenue pressure on the basis that the majority of the cost

is the removal of diseased trees but this will need to be reviewed in future budgets as it may be possible to capitalise the cost of planting new trees.

117. The council will reduce the on-going £1.5m additional investment in its gully cleaning budget agreed in February 2025 by £0.3m, following analysis of information collected from this year's programme to empty every highway gully in the county. A number of the gullies were empty of silt when visited, along with some having wider drainage network defects that need fixing. The programme will therefore focus on the most impacted areas of the gully network, including those on high speed roads and those which are more than 50 per cent full of silt. This means an additional £1.2m is still planned, and the capital budget will include a £2m investment in each of 2026/27 and 2027/28 to improve drainage systems that have been found to require major repair after years of neglect.

Economy and Place

118. Income from Highways Agreements is expected to be £0.7m lower in 2026/27 because of changes to the structure of fees being charged. This will be managed through funding held in reserves in 2026/27 but there is a risk that there may be an on-going shortfall from 2027/28 onwards (2027E&P2).

119. The £0.350m cost of delivering the Rail Strategy is proposed to be met from Enterprise Zone retained business rates funding in line with the conditional approval agreed by Cabinet in November 2025 (2027E&P3). Budgeted expenditure of £1.254m and the equivalent EZ Business Rates funding is also proposed to be added to the budget (2027EP8 and 2027EP9) for additional economic strategy and delivery capacity and capability at Oxfordshire County Council and Enterprise Oxfordshire.

120. The £0.5m one - off cost of renewing modelling to baseline a new spatial development strategy for Oxfordshire and/or the Thames Valley and £0.350m for staffing resource to support that will be funded from £10m held in reserves to support costs associated with local government reorganisation and devolution in Oxfordshire (2027E&P5 and 6).

121. 2026EP2 agreed as part of the 2025/26 budget was an investment of £0.080m in carbon sequestration to move the council's operational emissions towards a negative net total (i.e. beyond 'net zero'). This will be removed from the budget (2027EP7) but support for Carbon Dioxide Removal technologies will continue through the council's pre-emptive procurement of carbon credits to meet the agreed net-zero target and through support for supply-side measures, including through the Local Nature Partnership

122. One – off funding for one – off investments including £1.0m to leverage investment in rail (2026EP12) and £2.0m for pro-active flooding measures (2026EPWe10) agreed by Council in February 2025 will fall out in 2026/27. Since these were expected to be used over a longer period funding not spent at the end of 2025/26 will be held in the Budget Priority reserve for use in 2026/27.

Public Health & Communities

123. Public health grant needs to be spent within the terms and conditions of ring fence. Approximately 80% of the public health budget is spent on mandated statutory services, most of which are preventative in nature and will contribute towards reducing demand across system, particularly in the short term, across the health and care system.

124. However, the real value and leadership is in embedding public health approach across the system and the council. To realise the ambition of becoming Marmot place, all directorates are investing on prevention and public health approach to improve health and wellbeing outcomes, reduce inequalities and reduce health care demand. These examples include investment into early years, family hub, active transport infrastructure, food strategy, community capacity grant, mental wellbeing provision and creating libraries and other front facing settings into community hubs. Working in partnership with ICB public health has also secured significant fund for community development activities such the well together provision and physical activity programmes. All these initiatives have benefits across multiple domains from improving health and wellbeing, positive climate interventions, cost of living and managing demands across public sector. As well as delivering against the public health grant, the public health team will work with wider directorates and the wider system to build a total place offer to enhance the public health delivery across the system.

125. Following confirmation of funding for 2026/27 onwards, Public Health grant can continue to be used to support community capacity grants (£0.250m 2027PHC2)) in Adult Services and Family Solutions Plus (£0.250m) in Children's Services (2027PHC3) meaning the equivalent council budget can be released.

126. £0.2m council funding for domestic abuse can also be released following confirmation of the grant funding as part of the Provisional Settlement (2027PHC4).

Oxfordshire Fire & Rescue & Community Safety

127. Grant funding for the Fire Protection Team is expected to be lower than the total required to fund the nine posts in the team so there is a pressure of £0.1m making up the shortfall (2027CSS101). There are also pressures totalling £0.3m related to firefighter ill health and injury costs and unachievable savings dating back to 2023/24 (2027CSS103 and104). Previously proposed changes include £0.2m contract inflation, a £0.1m increase to the annual contribution to the vehicle replacement reserve (2025CSafety670) and £0.2m additional funding relating to the national roll out of the Emergency Services Mobile Communication Programme (Operational Radios) (2026FRCS2).

Resources and Law & Governance

128. A £0.5m pressure in Law and Governance relates to the on-going cost of Legal locum cover needed to manage vacancies and increased demand (2027L&G102).

129. There is also £0.4m pressure in the Coroner Service comprising a £0.3m increase in the on-going cost of the mortuary provision at the John Radcliffe Hospital (2027L&G100) and a £0.1m increase to align with the judicial pay scale (2027L&G103).

130. In December 2025 Council agreed to increase member allowances by 8.3%. The additional cost is £0.1m (2027L&G104).

131. In Property and Assets, the £0.3m on-going cost of a Housing Team will be met from the Transformation Reserve in 2026/27 only (2027RES103). There are £0.250m new savings relating to energy costs (2027RES106) and a further £0.250m from efficiencies in Facilities Management (2027RES107).

132. A £0.8m investment in Financial & Commercial Services (2027RES102) will need to deliver at least an equal saving across the council as a result of better management and identification of commercial and third-party opportunities.

133. By paying for some staffing costs out of its capital programme budget for major projects the council can save £0.150m from its day to day revenue budget.

134. The part year effect of the IT Operations redesign, and investment needed to support the organisation be ready for Local Government Reorganisation is estimated to be up to £1.0m. This will be met from the Transformation Reserve in 2026/27 along with the cost of Copilot and other IT licences. The on-going cost from 2027/28 will need to be met by additional organisational redesign savings that can be achieved as a result of the use of technology to enable efficiencies.

135. £4.8m budgeted expenditure and grant funding for the Household Support Fund element of the Crisis & Resilience Fund notified as part of the Provisional Settlement will be added to the budget. The use will be considered by Cabinet in April 2026.

<u>Local Government Pension Scheme (LGPS) Employer Contributions</u>

136. LGPS regulations require an actuarial valuation to be carried out every three years, under which contribution rates for all employers are set for the following three years. The Funding Strategy Statement sets out the assumptions and methodology underpinning actuarial valuation exercise. Making employer contribution rates reasonably stable is an important funding objective and contributions are set with this in mind. As a result of the 2025 valuation, the employer contribution has changed. The required contribution rate will reduce from 19.9% to 18.9% for 2026/27 and will reduce by a further 1.0% per year to 16.9% by 2028/29. Consequently, there is a reduction in costs of £1.7m in 2026/27, with further reductions in 2027/28 and 2028/29. These savings (2027PHPEN) are shown in the relevant service to align with budgets for employer pension costs.

Proposed Changes to Budgets Held Centrally

Interest on Cash Balances

137. The level of cash held by the council is being increasingly impacted by the unfunded overspend on High Needs Dedicated Schools Grant and the level of future interest earned will be materially impacted by depending on the solution put in place for the management of these deficits.

138. Interest on cash balances is estimated to be £3.0m higher in 2026/27 than previously assumed as a result of higher cash balances and the continuing impact of higher interest rates in the local authority lending market. After taking account of this increase the budget for interest in 2026/27 is £11.7m compared to £12.9m in 2025/26. The increase assumes a relatively more optimistic position based on a higher assumed level of cash balances and returns in 2026/27. There is a risk that up to £1.5m of this may not be achieved especially if the High Needs DSG deficit increases in 2026/27.

139. The increase of £3.0m is assumed to fall out in 2027/28 because of a reduction in the level of cash balances by then as a result of the High Needs DSG Deficit. There is a risk that the reduction in 2027/28 could be larger than this depending on the arrangements for the management of the deficit.

Contingency Budget

140. To help manage the impact of financial risk in the proposed budget and MTFS, an on-going corporate contingency budget is held to cover risks including demographic and inflationary pressures being higher than forecast.

141. The current contingency budget is £7.3m. This will be reduced to £6.3m in 2026/27. The remaining amount would be sufficient to meet a 1% overspend on Adult Social Care and Children's Social Care budgets plus £1.0m for other risks.

142. £4.9m on-going funding that has been used to fund one – off investments in 2025/26 and was then added to contingency from 2026/27 in the February MTFS can be released as planned to help manage reductions in funding in 2026/27.

Dedicated Schools Grant Funding and High Needs (SEND)

143. In line with the CIPFA Code of Practice, and the statutory over-ride which is in place until 31 March 2028, deficits on High Needs on Dedicated Schools Grant (DSG) have been held in an unusable reserve since 2020/21. The forecast deficit of £70.7m in 2025/26 will increase the total accumulated negative balance for High Needs held in this reserve to £163.2m at 31 March 2026. (Update in Budget Monitoring report para 38). If expenditure continues at the same rate the deficit would be expected to reach over £300m by 31 March 2028.

144. Currently the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 which formalise the accounting treatment of the High Needs deficit into an unusable reserve, explicitly state that 'Local authorities must not charge DSG deficits to a revenue account'

145. The Provisional Local Government Finance Settlement consultation document includes the following:

"…once the Statutory Override ends at the end of 2027-28, funding will be managed within the overall central government DEL envelope… ***local authorities will of course be expected to manage the system effectively and where this is the case we would not expect local authorities to need to fund future special educational needs costs from general funds***".

146. Regarding the cumulative deficits which exist now and will likely be larger by 2028, the consultation states:

"*Whilst we do not expect local authorities to plan on the basis of having to meet deficits in full, any future support will* **not be unlimited**. *Councils must continue to work to keep deficits as low as possible".*

"To support local authorities to do this, we are disseminating best practice and case studies from previous programmes focussed on efficient spending, such as Safety Valve and Delivering Better Value, and providing all local authorities with advisers to help consider how these learnings can be applied….We will provide further detail on our plans to support local authorities with historic and accruing deficits and conditions for accessing such support later in the Settlement process."

147. Paragraph 39 of the National Funding Formula (NFF) for Schools 2026-27 document includes the following:

"*It is clear that the extent of the* ***divergence between high needs NFF allocations and spending*** *in different local authorities raises questions about aspects of this allocation methodology.* ***The Department will therefore review the high needs funding system for future years, to ensure that it will properly support the reformed SEND system***."

148. These statements set an expectation that local authorities will be required to meet some of the historic deficit. Reflecting this change, and the expectation that the council will need to manage at least some of the deficit, it is proposed to increase the contribution to the Demographic Risk Reserve from £4m in 2025/26 to £8m per annum from 2026/27 onwards. Alternatively, this contribution could, if this was allowed, be used to support borrowing of up to around £120m or around two thirds of the forecast deficit as at 31 March 2026. Further information on the future arrangements for the management of High Needs DSG deficits is expected in the Final Settlement in February 2026.

Early Years and Schools' DSG

149. Funding for the early years block increases by 16.05% which is above average increase due to 2025/26 having part year funding for entitlements brought in from September 2025. The schools' blocks will increase by 4.39% compared to 2025/26, but there are Schools Budget Share grant and National Insurance Contribution grants also rolled into the DSG baseline for 2026/27 so when comparing to the annualised grant for 2025/26 the funding has increased by only 1.40%.

150. The provisional outline of the 2026/27 four blocks of funding for DSG are still being clarified. An update and recommendation on the 2026/27 funding and forecast will be presented in the March 2026 Business Management and Monitoring report to Cabinet.

Proposed Budgets for 2026/27

151. Table 6 shows the impact of the proposed changes for each service and for budgets held centrally in 2026/27.

Table 6: Proposed changes to budgets 2025/26 to 2026/27

Service Areas	Budget Rolled Forward from 2025/26	Fair Funding Review 2.0 Grant Changes[2]	Fair Funding Review 2.0 Consolidated Grant Increases	Change in Budget			2026/27 Budget
				Add Previously Proposed changes in current MTFS	Add New budget changes	Total	
	£m	£m	£m	£m	£m	£m	£m
Adult Services	259.3	23.2		15.1	-1.6	13.5	296
Children's Services	214.9	1.6	-3.1	3.4	17.9	21.3	234.7
Environment & Highways	55.1			1.3	-5.4	-4.1	51
Economy & Place	21.0			-3.5	1.5	-2.0	19
Public Health & Communities	13.3	-4.6	-0.9	0.8	-0.1	0.7	8.5
Oxfordshire Fire & Rescue Service and Community Safety	31.7			0.5	0.3	0.8	32.5
Resources and Law & Governance	57.5		-4.9	-0.8	10.9	10.1	62.7
Transformation, Digital & Customer Experience	7.4			0.2	0.1	0.3	7.7
Cross Cutting Proposals – To be Allocated to services once achieved				-4.2		-4.2	-4.2
Pay Inflation	6.5			6.9	-4.7	2.2	8.7
Service Total	**666.7**	**20.2**	**-8.9**	**19.7**	**18.9**	**38.6**	**716.6**
Budgets Held Centrally							
Capital Financing Costs	30.6			2.2		2.2	32.8
Interest on balances	-12.9			4.1	-3.1	1.0	-11.9

[2] These changes only impact on grant funding held by services. Corresponding expenditure budgets are unaffected.

Service Areas	Budget Rolled Forward from 2025/26 £m	Fair Funding Review 2.0 Grant Changes[2] £m	Fair Funding Review 2.0 Consolidated Grant Increases £m	Change in Budget: Add Previously Proposed changes in current MTFS £m	Change in Budget: Add New budget changes £m	Change in Budget: Total £m	2026/27 Budget £m
Contingency	7.3			4.9	-6.0	-1.1	6.2
Un-ringfenced Specific Grants	-59.7	57.1		2.6		2.6	0.0
Insurance	1.8					0.0	1.8
Budgeted contribution to General Balances	2.7			-2.7		-2.7	0.0
Budgeted contributions to (+) or from (-) Reserves							
Remove contribution from COVID-19 Reserve	-2.3			2.3		2.3	0.0
Budgeted contribution to Prudential Borrowing Costs	8.3					0.0	8.3
Budgeted contribution to Demographic Risk Reserve	4.0				4.0	4.0	8.0
Contribution from Local Government Reorganisation and Devolution Reserve	0.0				-3.6	-3.6	-3.6
Contribution from Transformation Reserve	-1.6			1.6	-3.1	-1.5	-3.1
Remove one – off contribution to the Capital Reserve	1.4			-1.4		-1.4	0.0
Hold additional collection fund surplus in Collection Fund Reserve					0.3	0.3	0.3
Add one – off contribution from the Collection Fund	0.0				-2.4	-2.4	-2.4
Total Budgets Held Centrally	**-20.4**	**57.1**	**0.0**	**13.6**	**-13.9**	**-0.3**	**36.4**
Net Operating Budget	**646.3**	**77.0**	**-8.9**	**33.4**	**5.1**	**38.5**	**753.0**
Funding	**646.3**						**753.0**
Deficit	**0.0**						**0.0**

Medium Term Financial Strategy

152. The combined effect of proposed budget changes and the impact of funding reform over the medium term is summarised in Table 7. Based on a deficit of £5.4m in 2026/27 this increases to £19.4m in 2027/28 and then £25.9m in 2028/29. The funding for the three years from 2026/27 to 2028/29 is not expected to change materially as the Fair Funding Allocation is as per the

settlement and council tax is already assumed to increase by 4.99% in each year. Further detail is included in Section 4.1.

153. Plans to manage the on-going deficit from 2027/28 onwards will need to be developed from early 2026 onwards.

Table 7: Medium Term Financial Strategy

	2026/27 Proposed Budget £m	2027/28 Indicative Budget £m	2028/29 Indicative Budget £m	2029/30 Indicative Budget £m	2030/31 Indicative Budget £m
Funding:					
Council Tax	567.5	608.6	650.2	687.9	727.9
Council Tax Collection Fund	8.3	8.0	8.0	8.0	8.0
Business Rates Collection Fund	0.0	0.0	0.0	0.0	0.0
Fair Funding Allocation:					
Revenue Support Grant	94.5	96.1	85.5	85.5	85.5
Baseline Funding Level	69.5	71.1	72.5	72.5	72.5
Local Authority Better Care Grant	13.2				
Total Funding	**753.0**	**783.8**	**816.2**	**853.9**	**893.9**
Note: **Valuation Agency Office (VOA) Backlog**					
Reduction in taxbase growth in 2026/27 (for VOA backlog of 2,000 houses)	-2.4	-2.5	-2.7	-2.9	-2.9
Assume taxbase growth catches up in 2027/28		2.5	2.7	2.9	2.9
Subtotal Impact of VOA Backlog	**-2.4**	**0.0**	**0.0**	**0.0**	**0.0**

	2026/27 Proposed Budget £m	2027/28 Indicative Budget £m	2028/29 Indicative Budget £m	2029/30 Indicative Budget £m	2030/31 Indicative Budget £m
Net operating budget prior year	**646.3**	**753.0**	**799.3**	**838.2**	**883.0**
Previously proposed changes	19.9	36.1			
New budget changes	16.0	-0.9			
Add new years to MTFS			33.3	36.1	38.7
Reduction in Pay Inflation	-3.9				
Pay Inflation (add new years to plan @ 3% per annum)			6.9	6.9	6.9
Employer's NI	-0.8				
Reduction in Employer's Superannuation Contributions	-1.7	-1.7	-1.7		
Total Service Budget Changes	**29.5**[3]	**33.5**	**38.5**	**43.0**	**45.6**
Budgets Held Centrally					
Previously Proposed changes	13.7	1.2			
<u>New Changes</u>					
Additional £3.0m interest on cash balances	-3.0	3.0			
Release £4.9m funding used to fund one - off investments in 2025/26	-4.9				

[3] This is the sum of previously proposed and new service changes plus new ringfenced consolidated grant funding.

	2026/27 Proposed Budget £m	2027/28 Indicative Budget £m	2028/29 Indicative Budget £m	2029/30 Indicative Budget £m	2030/31 Indicative Budget £m
Additional contribution to demographic risk reserve (or for borrowing for High Needs)	4.0				
Add additional increase to Council Tax Surplus to Collection Fund Reserve	0.3	-0.3			
Reduce Contingency Budget	-1.0				
Capital Financing		0.1	0.4	1.8	2.5
Use of Reserves					
Use Collection Fund Reserve to manage impact of taxbase backlog	-2.4	2.4			
Contribution from Transformation Reserve (IT Redesign)	-2.8	2.8			
Contribution from the Local Government Re-organisation and Devolution Reserve	-3.6	3.6			
Total Changes to Budgets Held Centrally	**0.3**	**12.8**	**0.4**	**1.8**	**2.5**
Changes to Grants (Fair Funding Review 2.0)					
Grants moved from ringfenced grant budgets into the Fair Funding Allocation	66.7				
Adjust grants rolled in for existing planned changes to grants	-3.0				
Remove Local Authority Better Care Fund Grant from Adult Services (moved to Strategic Measures)	13.2				
Net Operating Budget	**753.0**	**799.3**	**838.2**	**883.0**	**931.1**
Total Funding	**-753.0**	**-783.8**	**-816.2**	**-853.9**	**-893.9**
Budget Deficit	**0.0**	**15.5**	**22.0**	**29.1**	**37.2**
Council Tax increase	**4.99%**	**4.99%**	**4.99%**	**3.99%**	**3.99%**

Earmarked Reserves and General Balances

154. Cabinet is recommended to approve the Earmarked Reserves and General Balances Policy Statement (Section 4.6) (recommendation e). This sets out the purpose of reserves along with planned contributions to and from Earmarked Reserves, including both the Transformation Reserve and Local Government Re-organisation and Devolution Reserve, and the proposed minimum level of General Balances for 2026/27. The forecast level of earmarked reserves over the period of the MTFS is set out in Section 4.6.1.

155. The risk assessed level for general balances for 2026/27 is £32.7m which is equivalent to 4.3% of the proposed net operating budget of £753.0m. After taking account of the £6.3m contingency the overall level of contingency and balances is 5.2% of the net operating budget. The overall risk assessed level is unchanged from the total for 2025/26 but the assessment of risks contributing to that has been updated. Further details are set out in Annex 1 of Section 4.6.

<u>High Needs DSG Deficit</u>

156. In line with a change to the CIPFA code of practice on DSG High Needs deficits an unusable reserve to hold negative High Needs DSG balances was created in 2020/21. The forecast deficit of £70.7m in 2025/26 will increase the total accumulated negative balance for High Needs held in this reserve from £92.3m to £163.2m at 31 March 2026.

Review of Charges 2026/27 to 2028/298 – Annex A

157. The council charges for services whenever it is lawful for it to do so. Income from fees and charges, which contributes to the overall funding for the council is estimated at 9% of the council's funding in 2025/26.

158. All services are asked to consider, as part of the annual budget and business planning process, the activities which make up the delivery of each service and assess which of them may be made the subject of a charge.

159. Charges that are specified nationally or are statutory will be updated in line with national guidance. Charges for adult social care will continue to be assessed as in line with the Care Act 2014 and the council's charging policy. Other charges are proposed to increase to reflect the impact of inflation. Where charges relate to the council priorities, the proposed change has been considered in that context.

160. All of the individual charges and proposed changes are listed in detail in Annex 3 with changes mainly reflecting inflationary increases. Updates include the following:

Home to School Transport

- Charge for spare seat scheme proposed to be uplifted by 3% from 1 September 2026.

Park and Ride

- Price of combined tickets proposed to be kept unchanged in 2026/27.
- Water Eaton & Thornhill season ticket proposed to be increased from £300 - £400 per year.
- Thornhill and Water Eaton: introduction of 8 - day airport pass (£15), 15 - day pass (£30).

On-street parking

- A new 2 hour charge for Zone 2 in Oxford (including Jericho) will be implemented in 2026/27 in line with 2026L&CO23 agreed as part of the budget in February 2025. The cost will be double the 1 hour parking charge, keeping the charging in line with the 1 and 3 hour parking.
- Proposed increases in Abingdon, Henley, Wallingford and Woodstock.

Household Waste Recycling Centres

- Household Waste Recycling Centre (HWRC) charges increased on average by 3%.

School Meals

- The cost of each school meal is proposed to remain unchanged at £2.90.

161. The Registration Service has also reviewed and proposed charges which will enable the service to confirm the cost of services, including bookings for ceremonies such as marriages and civil partnerships up to 31 March 2027.

162. Cabinet is recommended to approve the Review of Charges in Annex A (recommendation a).

Use of Enterprise Zone Business Rates Funding – Annex B

163. From 31 March 2024, Local Enterprise Partnerships (LEPs) ceased to have official recognition and existing LEP functions were transferred to upper-tier local authorities or combined authorities, where they exist. Since then the County Council has had a controlling interest in Enterprise Oxfordshire Ltd (previously OxLEP Ltd) and is the sole member.

164. From April 2024, the County Council also took on the responsibility for the utilisation of the Oxfordshire Enterprise Zone business rates following the transfer of LEP functions into upper tier local authorities.

165. Enterprise Zones (EZs) were established across the UK in 2012 as part of the Governments "Plan for Growth (2011)", supporting businesses and promoting economic growth and wellbeing. Science Vale EZ1 was created in 2012 and is located around the Harwell Campus and Milton Park sites. The Didcot Growth Accelerator EZ2 was created in 2016 and is located around the Milton Park and areas of the north of Didcot.

166. The growth in business rates within these zones over a 25-year period from their establishment is retained by the local authority to be reinvested in local economic priorities.

167. The Enterprise Zone (EZ) Business Rates – Forecast & Update on Planning Use report to Cabinet on 21 October 2025 set out investment priorities for the use of the retained EZ BR funding, financial principles for the use & availability of EZ Funding and proposals for the conditional use to:

- Enable the delivery of priorities arising from the forthcoming OxRail strategy.
- Conditionally approve an allocation of up to £4m from Enterprise Zone 2 (Didcot Growth Accelerator) for infrastructure that directly enhances access to the Enterprise Zone itself.
- Conditionally approve an allocation of £0.700m in 2025/26 for additional economic strategy and delivery capacity and capability at Oxfordshire County Council and Enterprise Oxfordshire from the Enterprise Zone 1 retained business rate funding.

- Conditionally approve an on-going allocation of up to £1.254m each year for additional economic capacity and capability at Oxfordshire County Council and Enterprise Oxfordshire from 2026/27 – 2027/28, from the Enterprise Zone 1 retained business rate funding.

168. In addition an annual revenue contribution has been made towards the operational costs of Enterprise Oxfordshire. As part of the council's budget process for 2025/26 this was agreed up to and including 2026/27 and amounts to £1.6m in 2026/27. It is proposed (recommendation e) to add a further contribution of £1.6m in 2027/28.

169. It is also proposed (recommendation e) that a that a contribution of £0.160m from EZ2 is made to the Vale of White Horse District Council for operational costs of EZ2 in 2026/27. The forecast assumes that this contribution will continue over the life of the enterprise zone and increase with inflation but the contribution for 2027/28 will be agreed in February 2027.

170. There is also a £10m contribution to OxRail 2040, and £4.0m towards infrastructure that directly enhances access to the Enterprise Zone itself that have conditional approval. These amount are is included in the forecast use of EZ1 and EZ2 to reflect the anticipated inclusion of the relevant schemes in the capital programme.

171. Budgeted expenditure of £1.254m and the equivalent EZ Business Rates funding is proposed to initially be added to the budget for Economy & Place (2027EP8 and 2027EP9) for additional economic strategy and delivery capacity and capability at Oxfordshire County Council and Enterprise Oxfordshire. An update on how this funding will be utilised will be included in future reports.

172. These contributions will be made from accumulated business rates in the two Enterprise Zones. All of the conditionally approved funding and the additional £1.6m funding for Enterprise Oxfordshire are included in the forecast in Annex B.

173. Annex B sets out the estimated income over the 25-year period for each Enterprise Zone along with the use of funding agreed (including funding with conditional approval) up to October 2025 and recommended in this report.

Capital and Investment Strategy – Section 5

174. Section 5 sets out the capital and investment strategy for 2026/27, the Treasury Management Strategy for 2026/27 and supporting information. It is comprised of the following sections:

Section 5.1:	Capital and Investment Strategy 2025/26 – 2034/35
Section 5.2:	Treasury Management Strategy 2026/27
Section 5.3:	Proposed changes to the Capital Programme and pipeline schemes
Section 5.4	Proposed Capital Programme 2025/26 to 2034/35

175. The Capital and Investment Strategy (Section 5.1) outlines the council's approach to capital investment over the next ten years and incorporates the requirements of the CIPFA Prudential Code for Local Authorities.

176. Cabinet is recommended to approve the Capital and Investment Strategy for 2026/27, including the Capital Prudential Indicators and Minimum Revenue Provision Policy Statement which form annexes to the strategy (recommendation k).

177. Cabinet is recommended to approve the Treasury Management Strategy for 2026/27 (Section 5.2) including the relevant Prudential Indicators and Specified Investment and Non-Specified Investment instruments. To enable the Treasury Management team to operate effectively, Cabinet is also recommended to continue to delegate the authority to withdraw or advance additional funds to/from external fund managers to the Deputy Chief Executive and Section 151 Officer and approve that any further changes required to the 2026/27 Treasury Management Strategy be delegated to the deputy Chief Executive and Section 151 Officer in consultation with the Leader of the Council and the Cabinet Member for Finance (recommendation k).

178. The Council's Capital Programme is derived from the priorities identified in the supporting strategies and sets out the agreed capital investment to deliver those priorities. The programme is refreshed annually and agreed by Council each February. Section 5.3 sets out the proposed changes to the existing Capital Programme. It also sets out the proposed pipeline schemes – these have indicative funding requirements pending further development and initial business cases. Once developed and business cases approved, these will be brought forward for inclusion in the capital programme.

179. Capital expenditure obtains or improves buildings, vehicles, equipment or other assets owned by the council. The capital programme shows how the Council will use capital expenditure to support the delivery of its priorities. It is split into a firm programme of schemes which have been agreed to progress and a pipeline of future schemes. The firm programme aligns to the funding available and the agreed level of prudential borrowing.

180. The programme is updated quarterly and fully refreshed as part of the Budget and Business Planning Process. This includes a review of all schemes in the pipeline and firm programme, to ensure that it remains aligned to the latest priorities, reflects the latest cost projections and timescale for delivery, and incorporates the current funding position.

181. The capital pipeline, agreed in February 2025, provides funding for schemes which were agreed to support the council's priorities, have an agreed need, a confirmed alignment with the prioritisation framework and a basic mandate. These schemes are subject to further development ahead of being added to the firm capital programme. There is a further pre-pipeline of schemes that are pending funding becoming available and are at an early stage of development. Updates to the pipeline and pre-pipeline will be considered as part of the business and budget planning process for 2026/27.

182. The total value of capital proposals requiring funding from the Council's corporate resources is £24.1m. This figure includes £16.1m to be returned to the Capital Programme, reflecting savings from completed projects, as well as funding released from schemes that have been reduced in scope or discontinued. The release of funding back into the capital programme allows resources to be diverted to the highest- priority programmes, ensuring optimal use of limited capital funding.

183. A total project budget of £16.9m was approved for the development and delivery of a new mortuary and then subsequently reduced by £14.2m. Whilst the project remains active, an extension to the existing contract has been confirmed. The Council is in discussions with a third- party partner with the intention of establishing a joint programme and as a result, the project scope is expected to change significantly. It is therefore proposed that £7.1m of the allocated funding be returned to the capital programme to fund higher priority schemes.

184. It is proposed that £4.5m of funding, agreed by Council in February 2022, is to be returned to the programme. The investment was originally established to support the Council's exit from Joint Use Agreements. However, due to forthcoming changes associated with Local Government Reform, the funding can no longer be applied as intended.

185. A £2.0m reduction to the East Oxford Neighbourhood project budget agreed by Council in February 2024, is proposed to reflect the planned refined scope. The remaining allocation will be targeted towards the most important elements of the programme, ensuring that priority outcomes are delivered and best value for money is achieved, whilst releasing funds for higher priority programmes.

186. If all proposed investments are approved, then all available funding will be allocated to the capital projects outlined in this report. Given the Council's challenging financial position, no additional Prudential Borrowing is proposed.

187. Capital schemes put forward as part of the 2026/27 budget have been prioritised as follows:

- Schemes that facilitate compliance with minimum statutory duties relating to health & safety, schools, and delivery of business-critical services
- Schemes that generate revenue, are self-funding or facilitate cost-avoidance strategies
- Schemes that contribute to the improvement of the highway network, including road safety measures, flood prevention work and pothole prevention measures such as surface dressings
- Schemes that encourage and facilitate active travel and improve Oxfordshire towns
- Schemes that enhance energy efficiency and promote the adoption of sustainable and environmentally responsible solutions
- Schemes which are partly funded by Section 106 developer contributions but require additional funding to progress.

188. The draft capital programme for 2026/27 to 2035/36 is attached at Section 5.4. Cabinet is recommended to approve the new capital proposals for inclusion in the programme (recommendation m) and the capital programme (recommendation n). A summary of the proposed capital programme is set out in Table 16.

189. The ten-year Capital Programme shows a shortfall of funding/over-programmed of £10.4m.

Table 9: Proposed Capital Programme

Strategy / Programme	Current Year 2025/26 £m	Proposed Firm Programme (2 years) £m	Proposed Pipeline Programme £m	Total Programme £m
Pupil Place Plan	32.6	96.3	105.6	234.5
Major Infrastructure	116.3	395.3	185.7	697.3
Highways Asset Management Plan	64.4	116.4	127.0	307.8
Property, Estates and Investment Strategy	28.8	67.8	17.1	113.7
ICT	7.8	4.3	0.6	12.7
Passported Funding	8.9	9.6	2.3	20.8
Vehicles and Equipment	2.9	7.1	17.7	27.7
Total Estimated Capital Programme Expenditure	**261.7**	**696.8**	**456.0**	**1,414.5**
Earmarked Reserves	**0**	**61.0**	**81.0**	**142.0**
Total Estimated Capital Programme	**261.7**	**757.8**	**537.0**	**1,556.5**

Risk Management

190. To help manage the impact of financial risk in the proposed budget and MTFS, an on-going corporate contingency is held. The proposed level of corporate contingency budget for 2026/27 is £6.3m and is held to cover:

- the risk that demographic pressures are higher than forecast;
- any unfunded new burdens or unfunded elements of government grant;
- any unbudgeted pay award and other inflationary risks; and
- the risk that proposed savings are not achieved in full, based on the performance targets set out in the Financial Strategy.

191. The statutory report of the Chief Financial Officer required under Section 25 of the Local Government Act 2002, which forms part of the suite of papers considered by Council in setting the budget each February, includes a section assessing the key financial risks.

192. In addition to corporate contingency, one-off funding is held in general balances to ensure that a major incident or emergency can be managed without impacting on other services.

Equality and Inclusion Implications

193. The Equality Act 2010 imposes a duty on local authorities that, when making decisions of a strategic nature, decision makers must exercise 'due regard to the need to eliminate unlawful discrimination… advance equality of opportunity… and foster good relations.'

194. In developing budget proposals, services have considered the potential impact of change with respect to equality, diversity and inclusion, in line with the council's refreshed framework agreed by Cabinet on 19 November 2024, "Including Everyone".

195. The refresh of the framework gives the opportunity to realign the council's Equality, Diversity and Inclusion (EDI) goals with the broader strategic priorities and reconsider how the framework can be used to drive meaningful change. The council has a track record of going beyond its legal equality duty by considering groups and communities beyond the protected characteristics of the Equality Act. For example, the council considers the impact of its decisions on rural communities, armed forces communities, areas of deprivation and carers. The new Including Everyone framework goes further, recognising the council's commitment to considering future generations in decision-making, as well as refugees and asylum seekers by becoming a Council of Sanctuary. The new framework also includes reference to the socioeconomic duty and consideration of residents experiencing socio-economic disadvantage.

196. A draft overarching summary impact assessment for equalities, taking into account the overall impact of the budget proposals, is included at Section 4.7. It should be noted that a number of proposals are very early in the business case development process.

Sustainability Implications

197. The Climate Action Framework sets the council's commitment to tackling the climate emergency which is underpinned by the Council's priority to put action to address the climate emergency at the heart of our work.

198. A draft overarching summary impact assessment for climate of the budget proposals is included at Section 4.8. A number of the proposals are very early in the business case development process and therefore will be subject to fuller Climate Impact Assessment as the proposals are developed.

Staff Implications

199. Staffing implications are being considered as part of the Budget and Business Planning process and any proposals are consistent with the council's People and Culture Strategy.

Financial Implications

200. The Council is required by law to set a balanced budget for 2026/27 before 1 March 2026. Alongside this, there is a requirement under Section 25 of the Local Government Finance Act 2003 for the Chief Finance Officer to prepare a statement on the robustness of the budget estimates and the adequacy of reserves. This report is part of the process to achieve these objectives.

201. The impact of both the Fair Funding Reform 2.0 and the deficit on High Needs DSG are both serious risks to the future financial sustainability of the council. In the context of local government reform in Oxfordshire, it is really important that sustained action is taken over the coming months to set and manage expenditure within a balanced budget for 2026/27 and to prioritise actions needed to be able to reduce on-going expenditure and set a balanced and sustainable budget for 2027/28.

Comments checked by:

Kathy Wilcox, Head of Corporate Finance

Legal Implications

202. Part 3.2 of the Councils' constitution (Budget and Policy Framework) sets out the obligations and responsibilities of the Cabinet and the Council in approving, adopting and implementing the council's budget and policy framework.

203. The Council Tax scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 1992. This report leads to the council tax requirement being agreed by Council in February 2026, together with a budget for 2026/27, two-year medium term financial strategy covering the period to 2030/31 and ten - year capital programme.

204. The Council is required to set a balanced budget taking account of balances and any other available reserves before the commencement of the financial year to which it relates. The Local Government Finance Act 1992 requires a council to set a balanced budget. To do this the council must prepare a budget that covers not only the expenditure but also the funding to meet the proposed budget. The Local Government Act 2000 states that it is the responsibility of the council, on the recommendation of the Cabinet to approve the budget and related council tax requirement.

205. The Local Government Act 2003, section 25 requires the council's Section151 Officer to report to the council on the robustness of the estimates made and the adequacy of the proposed financial reserves assumed in the budget calculations.

206. The Council has a fiduciary duty to council tax payers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of the Council Tax payers and ratepayers and the community's interest in adequate and efficient services and the need to act in

good faith in relation to compliance with statutory duties and exercising statutory powers.

207. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on a calculation which might affect the calculation of the council's budget if they have an outstanding council tax debt of over two months. If a councillor is present at any meeting at which relevant matters are discussed, they must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.

Comments checked by:

Anita Bradley, Director of Law & Governance and Monitoring Officer

Lorna Baxter, Deputy Chief Executive (Section 151 Officer)

Annexes:	Annex A:	Review of Charges 2026/27 and Registration - 2027/28 & 2028/29
	Annex B:	Enterprise Zone 1 and 2 Retained Income
	Section 2.1:	Feedback from the public consultation on the substance of the 2026/27 budget.
	Section 2.2	Observations from Performance & Corporate Services Overview & Scrutiny Committee (to follow)
	Section 4.1:	Revenue Budget 2026/27 and MTFS to 2030/31
	Section 4.2:	Previously Agreed and New Budget Changes 2026/27 – 2030/31
	Section 4.2.1	Changes since the report to PCSOSC on 16 January 2026
	Section 4.3:	Council Tax and Precepts 2026/27
	Section 4.5:	Financial Strategy 2026/27
	Section 4.6:	Earmarked Reserves and General Balances Policy Statement 2026/27
	Section 4.6.1	Forecast Earmarked Reserves (to follow)
	Section 4.7	Overarching Equalities Impact Assessment
	Section 4.8:	Overarching Climate Impact Assessment
	Section 5.1:	Capital and Investment Strategy 2025/26 – 2034/35
	Section 5.2:	Treasury Management Strategy 2026/27
	Section 5.3:	Proposed changes to the Capital Programme and pipeline schemes
	Section 5.4	Proposed Capital Programme 2025/26 to 2034/35

	Section 4.4	*Detailed Revenue Budgets for 2026/27 will be included in the report to Council on 10 February 2026*

Contact Officers: Kathy Wilcox, Head of Corporate Finance
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January 2026