

CABINET

14 JULY 2026

BUDGET & BUSINESS PLANNING 2027/28 – 2031/32

Report by Deputy Chief Executive (Section 151 Officer)

RECOMMENDATION

1. The Cabinet is **RECOMMENDED** to
 - a) Note the report and the starting point for the 2027/28 budget;
 - b) Approve a five-year period for the medium-term financial strategy to 2031/32 and ten-year period for the capital programme to 2036/37;
 - c) Note the high-level timetable for the budget process.
 - d) Note the requirement for the Council to set a sustainable balanced budget for 2027/28 which shows how income will equal spending plans.

Executive Summary

2. Oxfordshire County Council provides 85 per cent of local government services in Oxfordshire based on expenditure, 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.
3. The Strategic Plan 2025 - 2028 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 is expected to cease to exist and the new unitary authority or authorities in Oxfordshire will formally begin operating. Objectives are provided under each of the three themes and there are nine headline projects that will be delivered by 2027. 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.
4. Implemented from 2026/27 onwards, the Fair Funding Review 2.0, along with a business rates reset, is delivering the most significant change in the distribution of funding to local government in over a decade. The impact is phased over three years with more significant reductions in funding expected in 2027/28 and 2028/29 than in 2026/27. To manage this the Council needs to make savings of at least £15.5m in 2027/28, rising to £22.0m in 2028/29, as well as achieving all existing savings. More savings will be required if inflation

in the wider economy or demand for the Council's services increases the Council's costs beyond existing assumptions.

5. Nationally public finances are expected to be extremely challenging over the medium term. Locally, Local Government Reform is expected to be implemented in Oxfordshire from 1 April 2028 with successor councils setting budgets ahead of vesting day. Leading up to that the Council needs to continue to direct its resources using the most efficient means possible towards achieving its purpose and priorities, while ensuring that it delivers high quality services to residents and planning on a 'going concern basis.' In other words, the Council should not take short terms decisions which will impact on the financial sustainability of a new unitary council/s.
6. This report sets out background and context to the budget process for 2027/28 along with a timetable for the agreement of the budget in February 2028.

Developing the Budget and Medium-Term Financial Strategy

7. Based on the Government's timeline for Local Government Reform the 2027/28 budget is expected to be the last one for Oxfordshire County Council. The intention of providing the Medium-Term Financial Strategy (MTFS) up to 2031/32 is so that future funding and expenditure plans are available to support the development of budgets for the successor council(s) leading up to vesting day on 1 April 2028.
8. Financial sustainability and resilience require successful and sustained focus on delivery of the following critical elements and financial planning principles for the revenue budget and medium-term financial strategy:
 - Managing the impact of rising need through demand management.
 - Effective financial management and the delivery of agreed savings as well as planned outcomes from investments.
 - Ensuring the level of earmarked reserves and general balances is adequate based on the level of risk and financial uncertainty and only using one-off resources for temporary purposes.
9. Draft proposals required to set a balanced budget for 2027/28 will be published in the autumn.
10. Following consideration of budget proposals by Performance & Corporate Services Overview and Scrutiny Committee in January 2027, Cabinet at its meeting on 26 January 2027 will propose their budget to Council. This will include:
 - Balanced 2027/28 revenue budget;
 - Indicative 2028/29 to 2031/32 funding and expenditure position;
 - Capital & Investment Strategy 2026/27 – 2036/37;
 - Earmarked Reserves and General Balances Policy Statement 2027/28;
 - Treasury Management & Investment Strategy for 2027/28.

11. Progress on achieving priorities and investments and savings built into the budget is tracked through the Council's outcomes framework with updates shared in the Business Management and Monitoring reports to Cabinet.
12. Following the County Council elections in May 2025, the Liberal Democrat administration consulted on a new [Strategic Plan](#). This was subsequently approved and adopted by Council on 4 November 2025 following consideration of the consultation [feedback](#).
13. A phased approach to engagement and consultation is planned including:
 - i) drawing on insight from previous residents' surveys, youth engagement and online budget simulator activity to understand priorities in the context of available resources
 - ii) a series of focus groups in early autumn with a crosscut of the population to explore the foundation principles on which the 2027/28 budget is being built, local and strategic priorities, and other matters where a temperature check would be valuable in the context of business and budget planning, and
 - iii) formal consultation on the substance of the 2027/28 budget. The outputs will be considered by Cabinet and reported to Performance and Corporate Services Overview and Scrutiny Committee to assist decision making on the administration's proposed budget in January 2027.
14. Based on the timetable proposed in this report Council will set a budget for 2027/28, a medium-term financial strategy to 2031/32 and capital programme to 2036/37 on 9 February 2027. Performance progress against the budget for 2027/28 will be monitored through the Business Management & Monitoring reports to Cabinet.

Background

15. This report provides context and background information as well as updates about the wider economic environment since the 2026/27 budget and Medium-Term Financial Strategy was agreed in February 2026. It also explains the on-going impact of the Fair Funding Review 2.0 in 2027/28 and 2028/29.
16. For the purposes of Local Government Reorganisation and providing a baseline to create budgets for the new unitary councils, it is proposed that the MTFs should be extended by a year to 2031/32 to align with the Oxfordshire district councils. The capital programme will be extended by one year to cover the 10 - year period to 2036/37.
17. This report sets out:
 - 2027/28 draft revenue budget taking account of previously proposed budget changes as approved by Council in February 2026;

- Assumptions for 2027/28 onwards in the MTFS agreed in February 2026;
- Approach to updating the 10 - year Capital Programme;
- Approach to engagement and consultation; and
- Approach to Climate and Equality Impact Assessments.

18. Annexes are attached as follows:

- Annex 1 Consolidated Grant Funding
- Annex 2 Core planning assumptions
- Annex 3 Services and planned budgets for 2027/28 (based on the changes in the February 2026 MTFS)
- Annex 4 General Balances and Contingency
- Annex 5 Timeline & key dates

Core Spending Power

19. 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 includes:

$$\begin{array}{r}
 \text{Fair Funding Assessment (and grants rolled into Revenue Support Grant)} \\
 + \\
 \text{Families First Partnership (within Children, Families and Youth Grant)} \\
 + \\
 \text{Homelessness, Rough Sleeping and Domestic Abuse Grant} \\
 + \\
 \text{Council Tax Requirement} \\
 + \\
 \text{Recovery Grant (not applicable to Oxfordshire County Council)} \\
 + \\
 \text{Funding Floors (not applicable to Oxfordshire County Council)} \\
 = \\
 \textbf{Core Spending Power}
 \end{array}$$

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

21. The total amount of local government funding allocated through the Fair Funding Assessment is split into two parts: a baseline funding level - the amount of need to be met via retained business rates and Revenue Support Grant.

22. 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.

23. Core Spending Power for 2026/27, and provisional totals for 2027/28 and 2028/29 were published as part of the Final Local Government Settlement for 2026/27.

Table 1: Core Spending Power: Oxfordshire County Council¹

Oxfordshire					
	2024-25	2025-26	2026-27	2027-28	2028-29
	£ millions	£ millions	£ millions	£ millions	£ millions
Fair Funding Allocation	0.0	0.0	179.7	168.5	158.1
<i>of which: Baseline Funding Level</i>	0.0	0.0	69.5	71.1	72.5
<i>of which: Revenue Support Grant</i>	0.0	0.0	97.0	97.4	85.5
<i>of which: Local Authority Better Care Grant</i>	0.0	0.0	13.2	-	-
Legacy Funding Assessment	174.5	185.8	0.0	0.0	0.0
<i>of which: Legacy Business Rates⁴</i>	104.2	105.9	0.0	0.0	0.0
<i>of which: Legacy Grant Funding⁵</i>	59.6	66.7	0.0	0.0	0.0
<i>of which: Local Authority Better Care Grant</i>	10.7	13.2	0.0	0.0	0.0
Council tax requirement	498.6	533.3	570.4	610.0	652.3
Homelessness, Rough Sleeping and Domestic Abuse	1.2	1.5	1.6	1.6	1.7
Families First Partnership	1.7	3.3	6.4	6.4	5.5
Total Transitional Protections	0.0	0.0	0.0	0.0	0.0
Grants rolled in to Revenue Support Grant	2.1	2.2	0.0	0.0	0.0
Total Recovery Grant Allocation	0.0	0.0	0.0	0.0	0.0
Core Spending Power	678.2	726.0	758.0	786.5	817.6
Core Spending Power year-on-year change (£ millions)		47.9	32.0	28.4	31.1
Core Spending Power year-on-year change (%)		7.1%	4.4%	3.8%	4.0%
Core Spending Power change since 2024 (£ millions)		47.9	79.8	108.3	139.4
Core Spending Power change since 2024 (%)		7.1%	11.8%	16.0%	20.6%
Core Spending Power change since 2025 (%)			4.4%	8.3%	12.6%

24. By 2028/29 the Council's Core Spending Power will increase by £91.6m 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

¹ Published by MHCLG on 9 February 2026 as part of the Final Local Government Finance Settlement for 2026/27.

therefore assumes that there will be further council tax increases of 4.99% in each of 2027/28 and 2028/29 paid by Oxfordshire residents which will raise additional council tax income of £119.0m by 2028/29 compared to 2025/26.

25. The difference is a net reduction of £27.4m 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 compared to 2025/26 is £30.5m².
26. The Local Authority Better Care Grant, which is included in 2026/27, will be rolled into Revenue Support Grant (RSG) from 2027/28 onwards. This has a significant impact on the overall grant funding as most of this is effectively removed from the total from 2027/28 with RSG only increasing by £0.4m compared to 2026/27. RSG then reduces further in 2028/29.
27. The government's 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 £32.6m.
28. If the Council chose not to increase council tax by 4.99% each year the reduction in funding would increase further.

Consolidated Grant Funding

29. In addition to changes to the way funding is distributed a range of grants were consolidated into one of four Consolidated Grants as part of the 2026/27 settlement:
 - Children, Families and Youth Grant (including Families First Partnership)
 - Homelessness, Rough Sleeping and Domestic Abuse grant
 - Public Health Grant
 - Crisis and Resilience Fund
30. Annex 1 includes a summary of the funding expected through each of these from 2026/27 to 2028/29. The Families First Partnership element of the Children, Families and Youth Grant and the Homelessness, Rough Sleeping and Domestic Abuse grant are part of Core Spending Power.

Core budget assumptions (February 2026 MTFS)

31. Planning assumptions for non - pay, contract and income inflation, pay inflation and contingency are included in Annex 2.

² £27.2m in the Provisional Finance Settlement.

Revenue Plan: Service Budgets

32. The Council's revenue budget supports a range of service provision which contributes to the Council's vision and priorities. Most of these services continue from one year to the next. Due to the continuity of service provision, the first step in building the budget for 2027/28 will be to roll forward 2026/27 budgets including any permanent changes agreed during 2026/27. This starting point will then be adjusted for previously proposed changes planned for 2027/28 built into the MTFS agreed in February 2026.
33. Further changes needed to reflect new service pressures, investments or savings will be added to this starting point, to achieve the indicative budget for 2027/28. These changes will be published in the autumn with further updates in the report the Performance & Corporate Services Overview and Scrutiny Committee in January 2027.
34. Annex 2 sets out the previously proposed budget changes for 2027/28. Indicative service budgets for 2027/28 including previously proposed changes agreed by Council in February 2026 are:

Service	2026/27 Budget Rolled Forwards	Add Previously Proposed Changes in current MTFS	Indicative Budget 2027/28	Change in Budget
Adult Services	£295.8m	£16.1m	£311.9m	5.4%
Children's Services	£233.1m	£8.4m	£241.5m	3.6%
Environment & Highways	£52.0m	£4.6m	£56.6m	8.8%
Economy & Place	£18.9m	-£0.6m	£18.3m	-3.2%
Public Health & Communities	£9.1m	£0.1m	£9.2m	1.4%
Oxfordshire Fire & Rescue Service and Community Safety	£32.6m	£0.5m	£33.1m	1.4%
Resources and Law & Governance	£76.1m	-£2.2m	£73.9m	-2.9%
Redesign and commercial savings to be allocated to services	-£8.7m	-£1.8m	-£10.5m	
Pay inflation to be held centrally	£8.4m ³	£7.2m	£15.6m	
Service total	£717.3m	£32.3m	£749.7m	4.5%

35. £12.5m will be added for demographic growth and population changes and £16.0m for inflation in 2027/28.

Revenue Plan: Changes to Budgets Held Centrally

Proposed Changes to Budgets Held Centrally

Interest on Cash Balances

³ This will be used to fund pay inflation in 2026/27 once uplifts are agreed and will be moved to services during the year to align with on-going increases in pay costs.

36. The level of cash held by the council is being increasingly impacted by the unfunded overspend on High Needs Dedicated Schools Grant. The level of future interest earned will be materially impacted by the deficits in 2026/27 and 2027/28 and the potential receipt of High Needs Stability Grant.
37. Budgeted interest on cash balances was 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. The increase assumed a relatively more optimistic position based on a higher assumed level of cash balances and returns in 2026/27.
38. The February 2026 MTFS assumes that interest reduces by £2.7m in 2027/28 because the amount of cash and interest rates are both expected to reduce. Because of global economic factors, interest rates remain higher than anticipated so it is possible that the level of budgeted interest can be increased by up to £3.5m but confirmation of the funding for the High Needs DSG deficit is needed to help confirm this. The central case forecast is for the base rate to remain at 3.75% for the foreseeable future. In the short term, risks to this rate remain to the upside, whilst longer term, risks are to the downside.

Financial planning assumptions

Council Tax and Adult Social Care Precept

39. As part of the Local Government Finance Settlement for 2026/27 the government confirmed that the general (or core) council tax referendum limit would remain at 3% throughout the spending review period. In addition, local authorities with adult social care responsibilities can increase council tax by a further 2.0% to fund adult social care through the Adult Social Care Precept. The MTFS is aligned to Core Spending Power which assumes an increase of 4.99% in each of 2027/28 and 2028/29. From 2029/30 the increase assumed in the plan reduces to 3.99% on the basis that inflation will reduce so the core increase reduces to 1.99%.
40. The MTFS agreed in February 2026 assumes the following council tax increases:

	2027/28	2028/29	2029/30	2030/31
Core Council Tax Increase	2.99%	2.99%	1.99%	1.99%
Adult Social Care Precept	2.00%	2.00%	2.00%	2.00%
Total Council Tax Increase	4.99%	4.99%	3.99%	3.99%
Band D Council Tax	£2,106.92	£2,212.06	£2,300.32	£2,392.10
Annual Band D Increase	£100.14	£105.14	£88.26	£91.78
Weekly Band D Increase	£1.93	£2.02	£1.70	£1.77

Council Tax Base

41. 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. The tax base for 2026/27 is 282,728. Each +/-0.25% variation to the increase in the taxbase will generate around £1.5m more or less on-going council tax income.
42. In 2026/27 the growth in the taxbase in South Oxfordshire District Council and Vale of White Horse District Council was impacted by a delay in the Valuation Office Agency issuing council tax bands for new homes. The reduction in the assumed tax base growth to 1.33% (from 1.75% assumed in the MTFS agreed in February 2025) reduced council tax income in 2026/27 by an estimated £2.4m. However, since households will receive council tax bills backdated to the occupation date (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 is being used to fund the shortfall in 2026/27. The MTFS assumes the increase in 2027/28 is higher (2.17%) to take account of the properties in the backlog being incorporated into the taxbase. It then reverts to 1.75% from 2028/29 onwards.
43. The actual growth in the taxbase for 2027/28 will be notified by the districts later in the budget process. Current updates indicate that significant improvements to the backlog were made during the last quarter of 2025/26 and this has continued in early 2026/27. Based on the substantial property growth already seen in the List between the last taxbase setting and now, along with the expected number of banded new builds coming on board prior to the next tax base setting exercise, it is possible that taxbases increases of approximately 2.3% for South Oxfordshire District Council and 3.5% for Vale of White Horse District Council might be expected in 2027/28.
44. A 1% increase in council tax will generate around £5.8m on-going funding for the Council's services in 2027/28. An £11.6m increase to budgets for adult social care is needed to align with the funding generated through the 2% adult social care precept – this will include previously proposed changes such as demography as well as pay and price inflation and other changes. The growth in the council tax base broadly aligns with the demographic growth in the MTFS but is not directly linked to this as social care expenditure/need, for example, will not correlate with housing growth in the short term.

Council Tax Collection Fund

45. As well as updating the council tax base, each district will also make assumptions about the anticipated level of council tax to be collected in any given year. Where actual income varies from those assumptions it will create a one – off surplus or deficit that is then shared with the County Council as a precepting authority.
46. The County Council's share of surpluses on council tax collection is estimated to be £8.0m in each year of the MTFS agreed in February 2026. The actual surplus for 2026/27 notified by the district councils was £8.0m, reduced from £9.5m in 2025/26.

47. The budgeted level of surplus for 2027/28 will need to be considered as part of the Budget & Business Planning Process.

Business Rates Local Share and Collection Fund

48. Any growth in the business rates local share was reset from 2026/27. Any growth that increases funding in 2027/28 is likely to be notified after the budget is set.
49. The Business rates collection fund has generally only had a very small immaterial impact up to 2025/26. The notified surplus for 2026/27 is £2.3m. It is unlikely that the collection fund position for 2027/28 will be known until March 2027.

Updates for 2027/28

50. The council tax base for 2027/28 needs to be shared by the district councils (as billing authorities) by 31 January 2027. Generally this information has been shared in December or early January to enable the combined council tax base and precept to be calculated. Council tax surpluses or deficits need to be estimated and declared by billing authorities by 15 January each year. Information about business rates income and collection fund surpluses or deficits needs to be shared by the districts by the end of January 2027. Where information is not received in time to be incorporated into the budget estimates will be included with an update provided through the Business Management & Monitoring Reports during 2027/28.
51. As set out in the Reserves and Balances Policy Statement for 2026/27 £4.0m funding held in the Collection Fund Reserve is available to manage any reductions to the assumed level of funding.

Draft 2027/28 to 2028/29 Revenue Budget

52. Based on assumptions in February 2026 there is a budget shortfall of £15.5m in 2027/28 increasing to £22.0m in 2028/29.
53. In the Final Settlement RSG increased by £2.4m in 2026/27 and £1.2m in 2027/28. The increase in each year is impacted by the transition to the new formulae so by 2028/29 the additional funding is then fully reallocated to other areas. This means it can only be treated as one – off in 2026/27 and 2027/28; the on-going shortfall by 2028/29 remains at £22.0m. The use of the additional £1.2m funding in 2027/28 will be considered through the budget process.
54. The shortfall in 2027/28 will need to be closed by the time Council sets the budget in February 2027.

	2026/27 Budget £m	2027/28 Indicative Budget £m	2028/29 Indicative Budget £m
Funding:			
Council Tax Requirement	567.4	608.6	650.2
Council Tax Collection Fund Surplus	8.0	8.0	8.0
Baseline Funding Level (Business Rates)	69.5	71.1	72.5
Business Rates Local Share and Surplus	1.3		
Revenue Support Grant	95.1	96.2	85.5
Revenue Support Grant (one – off ⁴)	2.4	1.2	0.0
Improved Better Care Fund	13.2	0.0	0.0
Total Funding	756.9	785.1	816.2
Council Tax increase	4.99%	4.99%	4.99%
Net Operating Budget	756.9	799.3	838.2
Deficit (February 2026 MTFS)		15.5	22.0
Deficit (February 2026 MTFS adjusted for one – off RSG in Final Local Government Settlement)	0.0	14.3	22.0

General balances, contingency and earmarked reserves

55. A local authority is not permitted to allow its spending to exceed its available resources so that overall it would be in deficit. Section 25 of the Local Government Finance Act 2003 requires that when a local authority is agreeing its annual budget and council tax precept, the Chief Finance Officer must report to it on the following matters:
- The robustness of the estimates made for the purposes of the (council tax requirement) calculations
 - The adequacy of the proposed financial reserves
56. The Council maintains general balances to provide a contingency against unplanned or unexpected events. As set out in the Earmarked Reserves and General Balances Policy Statement agreed in February 2026, and explained further in Annex 4, the risk assessed level for 2026/27 is £32.7m. This is equivalent to around 4% of the net operating budget and equates to around three weeks net expenditure. A review will be undertaken later in the budget and business planning process to determine the appropriate level of general balances for 2027/28.

⁴ This is a correction in the Final Local Government Settlement for 2026/27.

57. To help mitigate pressures in demand led services and other risks the Council continues to hold an on-going contingency budget of £6.3m in 2026/27. Unless this is allocated to pressures on an on-going basis during the year this will remain in the budget for 2027/28. The use of the contingency budget to help manage service pressures in 2025/26 illustrates the importance of this approach in protecting general balances and the Council's financial resilience.
58. Most of the funding held in reserves is expected to be used for specific agreed purposes to support revenue expenditure or to fund the capital programme. An assessment of the funding held in reserves and planned use up to 31 March 2028 will be carried out during 2026/27 with the outputs used to inform the budget process for 2027/28.

Financial Outlook and Risks

59. The direct and indirect impacts of the following are significant issues and risks that will need to be managed in 2027/28 and then by the successor council(s):
60. **Inflationary pressures** in the wider economy including the National Living Wage (NLW). The remit that the Government has set requires a benchmark of two-thirds of median earnings to be used as "the key reference point" for future rates. The Low Pay Commission (LPC) estimate that to maintain the NLW at two-thirds of median earnings, a rate between £13.02 and £13.34 (or an increase of between 2.4% and 5.0%) would be required in April 2027, with a central estimate of £13.18 (3.7%).

While the estimated median increase is within the estimated increase in inflation assumed in the MTFs these projected figures above are indicative only. The final recommended rate will be subject to the LPC's deliberations later in the year, which must also take account of the state of economy, labour market and living costs.

61. **Continued pressures on demand for social care and the sufficiency of market provision, particularly for Children's Social Care.** Demand for children's social care continues to rise along with the cost of placements, driven by a lack of capacity in the market. While the government have indicated that they will take action to manage excessive profits by children's social care providers it is unclear how this will be implemented and what effect it will have locally.
62. **Potential changes to the Better Care Fund from 2027/28:** 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 £32m 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 financial sustainability.

63. **Social Care/Health - Fair Pay Agreement:** The Government's Fair Pay Agreement (FPA) process in adult social care aims to address the recruitment and retention issues in the adult social care sector, ensuring fair pay and working conditions for care professionals. The government has introduced the Social Care Negotiating Body to negotiate fair pay agreements that set minimum standards for pay and terms and conditions. The first fair pay agreement is set to be implemented in 2028, with an initial investment of £500m nationally to support local authorities in improving pay and terms and conditions for adult social care workers.

The implementation of the agreement presents a material and as yet unquantified cost risk for adult social care services. Information provided by national bodies indicates that the initial funding provision is unlikely to be sufficient to meet the scale of workforce enhancements needed so this is a risk that may increase future costs.

64. **Redefinition of Health Tasks and wider pressures on health funding on the Integrated Care Board:** Integrated Care Boards (ICBs) across the country are operating under significant financial pressure. This increases the potential of unfunded pressures emerging within the system and adult social care which creates uncertainty for medium-term financial planning.

Dedicated Schools Grant (DSG) and High Needs Deficit

65. The School and Early Years Finance (England) Regulations 2020 stipulate that a deficit on the DSG must be carried forward to be funded from future DSG income unless permission is sought from the Secretary of State for Education to fund the deficit from general resources. Regulations require the negative balance to be held in an unusable reserve. The DSG 'statutory override' was extended for a one-off period of three years (up to March 2028).
66. Demand for High Needs continues to outstrip the growth in the grant funding and as set out in the Business Management & Monitoring Report to Cabinet in June 2026 the deficit compared to Dedicated Schools Grant (DSG) funding for High Needs was £56.8m in 2025/26. This has increased the cumulative deficit to £149.3m as at 31 March 2026. Combined with positive balances on other DSG blocks the overall deficit is £135.3m.
67. As set out in the report to Cabinet in March 2026 and the subsequent report on the SEND Reform Plan in June 2026, the government will fund, through a High Needs Stability Grant, up to 90% of the overall deficit up to 31 March 2026 subject the agreement of a SEND Reform Plan. Local authorities will be required to fund the remaining cumulative deficit up to 31 March 2026.
68. There are currently no further details provided on the second or third phases of the scheme to deal with deficits which accumulate in 2026/27 and 2027/28, other than to say that the Government will confirm the detail on further support before the end of the statutory override in March 2028. It is likely the Council will need to fund further elements of the deficits in 2026/27 and 2027/28 but there is no information about this at this stage.

69. Because of the significant pressures relating to High Needs and other budgets with demographic volatility a demographic risk reserve was created in 2019/20. Reflecting the change in where some of the responsibility for the accumulated deficit lies (from the Department for Education to local authorities), the contribution to the Demographic Risk Reserve was increased from £4m in 2025/26 to £8m per annum from 2026/27 onwards. A further one – off addition of £8.0m was made in 2025/26 increasing the total held in the reserve to £33m as at 31 March 2026. Pending approval of the SEND Reform Plan £13.5m of this would need to be used to fund 10% of the net DSG deficit.
70. Based on Oxfordshire's SEND Reform Plan future deficits are estimated at £66.3m in 2026/26 and £78.8m in 2027/28 after taking account of the impact of mitigations in the plan. Based on the updates shared as part of the Final Settlement for 2026/27, the Government are unlikely to announce any details about arrangements to manage the deficits in each of those years until close to 31 March 2028. If the Council was required to fund 10% the estimated funding required would be £14.5m. However, this would vary with the actual deficits and depending on the percentage to be funded locally.

Capital & Investment Strategy

71. 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.
72. 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.
73. Council is required to approve the capital and investment strategy annually to demonstrate that capital expenditure and investment decisions are in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability. The capital and investment strategy incorporates the treasury management strategy and the investment strategy and is supplemented by the property strategy and highways asset management plan.
74. As part of the Council's annual assurance process, the capital programme is reviewed to ensure ongoing alignment with strategic priorities and resident outcomes. In response to Local Government Reorganisation, a comprehensive review of all approved investments is being undertaken, with a focus on removing schemes not expected to reach delivery by 2028, excluding

those that are health and safety–driven, essential to core service delivery, or largely grant-funded.

75. Proposed changes impacting on 2027/28 and future years will be published as part of the budget process.

Budget Engagement & Consultation

76. Following the County Council elections in May 2025, the Liberal Democrat administration consulted on a new [Strategic Plan](#). This was subsequently agreed by Council on 4 November 2025 following consideration of the consultation [feedback](#).
77. Plans for engagement and consultation activity to support the 2027/28 business and budget planning are still at a formative stage. The Council is currently drawing on insight from previous residents' surveys, youth engagement and online budget simulator activity to understand priorities in the context of available resources.
78. Further engagement will take place in early autumn, and it is proposed this is through a series of focus groups representing a crosscut of the population. This would follow a similar approach to that which informed the development of the current strategic plan.
79. These groups will be given the context of the transition to Local Government Reorganisation in Oxfordshire from April 2028, where the Council needs to ensure that resources continue to be directed towards priorities while maintaining financial sustainability and avoiding creating adverse impact on successor authorities. They would explore views in more depth including the foundation principles on which the 2027/28 budget is being built, local and strategic priorities, and other matters where a temperature check would be valuable in the context of business and budget planning.
80. This activity would be followed by formal consultation on the substance of the 2027/28 budget during the winter period. In addition, any significant budget proposals impacting on service delivery will be subject to a separate consultation, including those related to agreed budget lines from previous years. A recent example of this is the exercise seeking views on proposed changes to charges for some statutory and non-statutory adult social care services.

Budget and Business Planning Timeline for 2027/28

81. The Provisional Local Government Finance Settlement is expected to be published by the Government in late 2026. This is expected to confirm funding for 2027/28 and updated provisional funding for 2028/29. The final settlement is likely to be announced in late January/early February 2027.
82. Revenue and capital budget proposals will be published in the autumn so that these can be consulted on as relevant. The updated position following the

Provisional Local Government Finance Settlement for 2027/28 will be considered by the Performance and Corporate Services Overview and Scrutiny Committee on 15 January 2027 (see Annex 4).

83. The district councils are required to provide council tax bases and information about business rates surpluses/deficits by 31 January 2027. Council tax collection surpluses/deficits are required to be provided by 15 January each year. Provisional figures are expected to be shared in December 2026. These will be used to inform the budget proposed by Cabinet in January 2027.
84. Cabinet will take into consideration the comments from the Performance and Corporate Services Overview and Scrutiny Committee in January 2026 alongside the funding available announced as part of the provisional local government settlement, in setting out its proposed budget on 26 January 2027. The Capital and Investment Strategy, including the Treasury Management Strategy, and review of charges will be included as part of the proposed budget.
85. The Council meeting to agree the 2027/28 revenue budget, medium term financial plan and capital programme will take place on 9 February 2027. The Council is legally required to share the County Council precept with the district councils by 1 March 2027.

Staff implications

86. There are no staffing implications arising directly from this report. Further information will be shared through the budget and business planning process.

Climate implications

87. Climate Action is a policy priority for Oxfordshire County Council. The Council will publish commentary on the potential climate implications of changes to service and capital delivery arising through the budget planning process.

Equality and inclusion implications

88. There are no equality and inclusion implications arising directly from this report. A high-level assessment of the broad impact of the revenue budget proposals will be included as part of the published information in January 2027. More detailed impact assessments, which will take account of feedback from the public engagement, consultation and from scrutiny, will accompany the Cabinet's proposed budget in January 2027.

Risk management

89. Risks and opportunities to the Council and levels of reserves and balances will be considered as part of the budget and business planning process.

Financial implications

90. The Council is required by law to set a balanced budget for 2027/28 before 1 March 2027. 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 the first stage in the process to achieve these objectives.

Comments checked by:

Kathy Wilcox, Head of Corporate Finance

Legal implications

91. The Council is required under the Localism Act 2011 to set a council tax requirement for the authority. This report provides information which, when taken together with the future reports up to January 2027, will lead to the council tax requirement being agreed in February 2027, together with a budget for 2027/28, five year medium term financial strategy and ten year capital programme.
92. 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.
93. The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. Financial procedures have been established to ensure the Council's proper financial administration including procedures for budget control. Pursuant to these procedures, Cabinet is provided the information as set out in this report with regards to revenue and capital budgets.
94. The setting of a balanced budget includes the duty to report on the robustness of the estimates provided and the adequacy of financial reserves in place in accordance with Section 31A of the Local Government Finance Act 1992 and Section 25 of the Local Government Act 2003. The Council's prospective expenditure must not be likely to exceed its resources available to meet that expenditure.
95. The setting of budgets and monitoring financial information also contributes to meeting the Council's Best Value Duty therefore this report complies with that legal duty.

Comments checked by:

Jay Akbar
Head of Legal & Governance (Deputy Monitoring Officer)

LORNA BAXTER
Deputy Chief Executive (S151 Officer)

Annexes: Annex 1 Consolidated Grant Funding
 Annex 2 Core planning assumptions
 Annex 3 Services and planned budgets for 2027/28
 (based on the changes in the February 2026 MTFS)
 Annex 4 General Balances and Contingency
 Annex 5 Timeline & key dates

Background papers: [Strategic Plan 2025 – 2028](#)
 [Financial Plan 2026/27 – 2030/31](#)
 [SEND Reform Plan](#)

Contact Officer: Kathy Wilcox, Head of Corporate Finance
 Natalie Crawford, Capital Programme Manager
 Verity Royle, Planning & Reporting Manager
 Carole Stow, Engagement & Consultation Manager

July 2026

Annex 1: Consolidated Grant Funding

Children, Families and Youth Grant (including Families First Partnership)

1. 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.
2. The ringfenced Families First Partnership element is specifically identified in Core Spending Power.

	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

Homelessness, Rough Sleeping and Domestic Abuse Grant

3. This grant consolidated 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.
4. In 2025/26 the Council received £1.5m for Domestic Abuse Accommodation Support. This increased to £1.6m in 2026/27 and 2027/28 and to £1.7m in 2028/29 and is within Core Spending Power.

Public Health Grant

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

	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%

6. The consolidated Public Health Grant is required to be used exclusively for public health activity, plus a small number of additional conditions.

Crisis and Resilience Fund

7. The Crisis & Resilience Fund (CRF) consolidated two previous 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.
8. 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.

Annex 2: Core Budget Assumptions

Inflation

1. Based on the latest forecast by the Office for Budget Responsibility (OBR) the Consumer Price Index is expected to fall to 3.1% in 2026 and 2.9% for 2027 to 2029. An updated forecast from the OBR is expected to be shared in time for the Autumn Statement.
2. The latest estimate from the Office for National Statistics indicates that CPI inflation was 3.5% for the 12 months up to March 2026 compared to an increase of 2.4% in the year to March 2025. The Retail Price Index (RPI) increased by 4.2% in the 12 months up to March 2026, compared to an increase of 3.3% in the year to October 2025.
3. Increases to fees and charges need to reflect cost recovery as well as any considerations about affordability so they will be calculated individually with an average increase of 2.5% assumed reflecting a composite of pay and non – pay inflation increases.

National Living Wage

4. As set out in the report the increase from 1 April 2027 is likely to be announced late in 2026 following consultation by the Low Pay Commission .
5. The impact of the final agreed increase on the rates the Council pays for services will need to be considered as part of the budget process along with other inflationary pressures for both pay and non – pay expenditure.

Pay Inflation

6. A 3.2% increase for all National Joint Council for Local Government Service (NJC) Green Book employees, effective from 1 April 2025 was agreed in July 2025. Employers have made a full and final offer of a 3.3% increase in 2026/27 but this has been rejected by the unions who submitted an initial claim for an increase of 10% or at least £3,000 and are now launching ballots for industrial action.

The MTFS agreed in February 2026 includes funding for estimated pay inflation increases of 3.0% in each year from 2027/28 onwards. The increase in the National Living Wage and the level of inflation more generally may impact on whether this is sufficient to meet the potential increase in 2027/28. Each additional 1% is estimated to cost around £2.0m. Estimated pay inflation will be held centrally until pay awards are agreed.

Contract Inflation

7. Funding for contract inflation has been built into service budgets for 2026/27 based on the relevant contract specification and timing of uplifts for different contracts. Funding for inflationary uplifts in 2027/28 was added to the plan on an indicative basis and will need to be reviewed and updated as part of the budget process.

8. The ability to meet the additional cost of both contract and pay inflation within the available funding will need to be considered as part of the Budget & Business Planning process for 2027/28.

Government Grants

9. The February 2026 MTF5 assumes that all current all ringfenced and un-ringfenced government grants reflect notified known changes in future years. Any grants that are not part of the settlement are expected to continue unless there is information that changes that.
10. An update on un-ringfenced grant funding, as well as changes to any other grants where those may be consolidated or reduced as part of funding reform, is expected to be received as part of the Local Government Settlement for 2027/28.

Annex 3 Services and planned budgets for 2027/28 (based on the changes in the February 2026 MTFS)

	2026/27 Roll over Budget	Pressures and Funding	Investments	Savings	Movement	Feb 2026 2027/28 Budget
Adult Services	£295.8m	£16.3m	£0.0m	-£0.3m	£16.1m	£311.9m
Children's Services	£233.1m	£8.4m	£0.3m	-£0.3m	£8.4m	£241.5m
Public Health & Communities	£9.1m	£0.1m	£0.0m	£0.0m	£0.1m	£9.2m
Environment & Highways	£52.0m	£4.7m	£0.0m	-£0.1m	£4.6m	£56.6m
Economy & Place	£18.9m	-£0.6m	£0.0m	£0.0m	-£0.6m	£18.3m
Fire & Rescue and Community Safety	£32.6m	£0.5m	£0.0m	£0.0m	£0.5m	£33.1m
Resources and Law & Governance	£76.1m	-£2.1m	£0.0m	-£0.1m	-£2.2m	£73.9m
Pay Inflation	£8.4m	£7.2m	£0.0m	£0.0m	£7.2m	£15.6m
Cross Cutting savings	-£8.7m	£0.0m	£0.0m	-£1.8m	-£1.8m	-£10.5m
Service area budgets	£717.3m	£34.5m	£0.3m	-£2.5m	£32.3m	£749.7m
Budgets held Centrally	£30.3m	£14.2m	£0.0m	£0.0m	£14.2m	£44.4m
Contingency	£6.3m	£0.0m	£0.0m	£0.0m	£0.0m	£6.3m
Corporate Funding	-£753.9m	-£30.9m	£0.0m	£0.0m	-£30.9m	-£784.8m
Overall Deficit	-£0.0m	£17.8m	£0.3m	-£2.5m	£15.5m	£15.5m

Service	Description	Category	Pressures £'000	Investments £'000	Savings £'000	Movement £'000
Adult Services	2026ASC1 - Projected increase in demand resulting from population growth.	Demand	6,429			6,429
Adult Services	2026L&CO1 - Revenue costs of borrowing to support the cost of additional complex needs accommodation for adults of working age	Policy Change	120			120
Adult Services	2027ASC02 - Forecast increases to the cost of care packages due to inflation. 2028/29 onwards are new years being added to the MTFS.	Inflation	9,864			9,864
Adult Services	2027ASC05 - Increased cost of contract renewal relating to services for Adults with Learning Disabilities to match framework rates (HOWDAB2 contract)	Contract & Third Party spend	237			237
Adult Services	2026L&CO19 - Savings associated with additional in-house residential accommodation for adults with complex needs	Other			-120	-120
Adult Services	2027ASC008 - Efficiencies in new supported living contract reduces contract costs	Contract & Third Party spend			-145	-145
Adult Services	2027ASCPEN - Reduction within employer pension contribution rate reduced by 1% from 19.9% to 18.9% for 2026/27 and then a further 1% in each of 2027/28 and 2028/29	Pay Inflation	-301			-301
Total Adult Services			16,349	0	-265	16,084

Service	Description	Category	Pressures £'000	Investments £'000	Savings £'000	Movement £'000
Children's Services	2027CSPEN - Reduction within employer pension contribution rate reduced by 1% from 19.9% to 18.9% for 2026/27 and then a further 1% in each of 2027/28 and 2028/29	Pay Inflation	-665			-665
Children's Services	2026CS16 - Update to Home to School demographic growth. This figure assumes the same annual growth of 7% (Post 16 SEN) and 9% (SEN) and factors in the volume cost impact of increasing Out of County provision.	Demand	3,200			3,200
Children's Services	2025L&CO24 - Invest to save returns resulting from reducing numbers of private placements for children we care for through increase in internal care provision (see 2025L&CO5)	Contract & Third Party spend			-120	-120
Children's Services	2026CS23 - Introduction of a no detriment policy for Special Guardianship Orders to increase local capacity to support children we care for	Demand			-167	-167
Children's Services	2025L&CO5 - Revenue borrowing costs associated with adding three new children's homes from 2026/27 (including one focused on older children) to the capital programme.	Support future savings		120		120
Children's Services	Contract Inflation (RPIX - 4.2%; RPI - 4.1%; CPI - 2.5%)	Inflation	836			836
Children's Services	Income Inflation (2.0%)	Inflation	-34			-34
Children's Services	2026CS12 - Inflation - funding for estimated inflationary increases to the cost of care.	Inflation	2,890			2,890
Children's Services	2027CS02 - Children's Social Care - Demographic growth	Demand	787			787
Children's Services	2027CS03 - Children's Social Care - Adjust Contract Inflation to reflect anticipated increases	Inflation	-280			-280
Children's Services	2027CS04 - Children's Social Care - Placement Inflation	Inflation	163			163
Children's Services	2026CS19 - Social Work Apprenticeships - Additional funding to align with 2025CS793 Recruitment & Retention Strategy (apprenticeships). This investment will enable us to recruit at least 25 new social work apprentices, contributing to our long-term goal of reducing reliance on temporary social work staff.	Service Enhancement		183		183
Children's Services	2026CS10 - Demand increases resulting from population growth	Demand	1,510			1,510
Total Children's Services			8,407	303	-287	8,423

Service	Description	Category	Pressures £'000	Investments £'000	Savings £'000	Movement £'000
E&H	2027E&H19 - Use pEPR funding to manage Waste Management pressures.	Other	-1,650			-1,650
E&H	2027E&H20 - Use of pEPR funding to meet costs of managing the disposal of waste packaging means council budget can be released.	Other	1,650			1,650
E&H	2026EH102026E&H1 - Demand increases resulting from population growth increasing waste tonnes being disposed of, ranging from 2.9% to 3.2% per annum	Demand	400			400
E&H	Contract Inflation (RPI - 2.2%; CPI - 1.6%; EPI 1.7% and other fixed rates)	Inflation	2,910			2,910
E&H	E&H - Income Inflation (2.0%)	Inflation	-394			-394
E&H	2026EH14 - The waste management contract was extended until October 2027, so costs associated with a new contract were moved to 2027/28.	Contract & Third Party spend	625			625
E&H	Contract Inflation (RPI - 2.2%; CPI - 1.6%; EPI 1.7% and other fixed rates) move home to school transport inflation to Children's Services.	Inflation	-790			-790
E&H	Contract Inflation (RPI - 2.2%; CPI - 1.6%; EPI 1.7% and other fixed rates) move Concessionary Fares inflation to E&P.	Inflation	-350			-350
E&H	2027E&H2 - Energy Recovery - add new years to plan	Inflation	-150			-150
E&H	2027E&H9 - Additional costs to cover purchasing strategy of carbon allowances (hedging etc) in the run up to the beginning of the scheme in January 2028. Includes the Monitoring and external support costs.	New Responsibilities	1,000			1,000
E&H	2027E&H9 - Potential New Burdens grant from central government for Carbon Allowances (not yet confirmed)	New Responsibilities	-800			-800
E&H	2027E&H13 - 2026E&H25 - a short term contract for running HWRCs in Oxfordshire would be relatively more expensive in the short run but would potentially increase options for savings following Local Government Reform.	Contract & Third Party spend	2,000			2,000
E&H	2027E&H13 - It is anticipated that through commercial negotiation the cost of the contract can partially reduce, though it is anticipated that the council will take a greater share of the risk.	Contract & Third Party spend	-300			-300
E&H	2027E&H18 - The cost of the planned programme to assess, inspect and remove infected ash trees across the county.	Other	1,528			1,528

Service	Description	Category	Pressures £'000	Investments £'000	Savings £'000	Movement £'000
E&H	2027E&H15 - Savings on food and garden waste contract. Actual spend is weather dependent and mainly driven by that so may not be achievable.	Contract & Third Party spend			-50	-50
E&H	2027E&H16 - Improvements to contractual arrangements for bulking, haulage and disposal of Persistent Organic Pollutants.	Contract & Third Party spend			-50	-50
E&H	2026EH19 - Increase in maintenance of highway assets as a result of the maintainable network growing.	Demand	250			250
E&H	2026EH28 - Use commuted sums to fund increase in maintenance as a result of network and asset growth (offsets 2026EH11, 19, 20 and 28)	Demand	-250			-250
E&H	2027E&H4 - Demand for joint ticketing deal has exceeded expectations, to provide service on an ongoing basis additional funding will be required.	Demand	62			62
E&H	2027E&H4 - Funding for P&R joint ticketing deal	Demand	-62			-62
E&H	2027E&H5 - Increased number of RTP1 assets across county due to sustained BSIP investment. To ensure larger asset base can be maintained and maximum operating lifespans achieved additional funding will be required.	Demand	17			17
E&H	2027E&H5 - Funding for RTP1 Operations	Demand	-17			-17
E&H	2027GG4 - Reclaim footpaths and cycleways and pavements– including vegetation clearance, siding-out and repair of uneven surfaces and defects	Non-continuance	-900			-900
E&H	2027E&HPEN - Reduction within employer pension contribution rate reduced by 1% from 19.9% to 18.9% for 2026/27 and then a further 1% in each of 2027/28 and 2028/29	Pay Inflation	-123			-123
Total Environment & Highways			4,656	0	-100	4,556

Service	Description	Category	Pressures £'000	Investments £'000	Savings £'000	Movement £'000
E&P	2026L&CO12 - Phase five of School Streets scheme (revenue cost of implementation/maintenance)	Other	-30			-30
E&P	Contract Inflation (RPI - 2.2%; CPI - 1.6%; EPI 1.7% and other fixed rates) move to E&P RE Concessionary Fares	Inflation	350			350
E&P	2027E&P3 - One - off funding to support the delivery of a rail strategy for Oxfordshire.	Other	-350			-350
E&P	2027E&P3 - Use Enterprise Zone retained business rates funding for the delivery of the Rail strategy (as per conditional approval by Cabinet in October 2025)	Reserves funded expenditure	350			350
E&P	2027E&P5 - Model renewal required to baseline the new Strategic Development Plan for Oxfordshire and/or the Thames Valley.	Service Enhancement	-500			-500
E&P	2027E&P6 - Increase strategic planning resources to start the production of the new Strategic Development Plan for Oxfordshire and/or the Thames Valley	Other	-350			-350
E&P	2026EP7 - Temporary reduction in revenue works budget in central Oxfordshire team while activity is focussed on alternatively funded core schemes falls out in 2027/28	Non-continuance	40			40
E&P	2026EP1 - Additional temporary resource to support the development of four nationally significant infrastructure projects in 2025/26 and 2026/27 falls out in 2027/28	Non-continuance	-75			-75
E&P	2026L&CO8 - Resourcing to support the recommendations of the Citizens Assembly on transport in 2025/26 and 2026/27 falls out in 2027/28	Non-continuance	-50			-50
E&P	2026L&CO10 - £0.1m funding for Full Business Case development for Greenways cross-country cycle routes connecting rural villages and market towns to/from Oxford will continue in 2026/27 but then falls out in 2027/28.	Non-continuance	-100			-100
E&P	E&P - Income Inflation (2.0%)	Inflation	-27			-27

Service	Description	Category	Pressures £'000	Investments £'000	Savings £'000	Movement £'000
E&P	2027E&P2 - Highway Agreements Team income profile requires adjustment to ensure alignment with income forecast. In past 3 years there has been over-lap in fee type and timing of fees drawn in, that has artificially inflated income. 'Old' fees are now running down and as such just one style of fee is being drawn in. This will result in a net reduction each year in forecast income.	Other	700			700
E&P	2027E&P2 - Use of S278 Reserve to offset against Highways Agreements team income generation risk, due to the tailing off of the number of houses being developed. This is only a short term funding fix, by which time the risk of an on-going income shortfall may be realised.	Reserves funded expenditure	-475			-475
E&P	2027E&PPEN - Reduction within employer pension contribution rate reduced by 1% from 19.9% to 18.9% for 2026/27 and then a further 1% in each of 2027/28 and 2028/29	Pay Inflation	-80			-80
Total Economy & Place			-597	0	0	-597

Service	Description	Category	Pressures £'000	Investments £'000	Savings £'000	Movement £'000
FR & CS	FR & CS - Income Inflation (2.0%)	Inflation	-3			-3
FR & CS	FR & CS - Contract Inflation	Inflation	165			165
FR & CS	2027FRCSSPEN - Reduction within employer pension contribution rate reduced by 1% from 19.9% to 18.9% for 2026/27 and then a further 1% in each of 2027/28 and 2028/29	Pay Inflation	-42			-42
FR & CS	2027CSS106 - Thames Valley Shared Fire Control System one-off set up costs	Demand	350			350
Total Fire & Rescue and Community Safety			470	0	0	470

Service	Description	Category	Pressures £'000	Investments £'000	Savings £'000	Movement £'000
PH	New expenditure budget for the increase to the Public Health Grant to address the latest requirements set out by the Government.	Other	1,040			1,040
PH	Increase to public health grant funding notified in Provisional Finance Settlement	Other	-1,040			-1,040
PH	2027PHC4 - Utilisation of government grant to fund domestic abuse services means £0.200m of council funding can continue to be released in 2026/27.	Other	200			200
PH	PH - Income Inflation (2.0%)	Inflation	-12			-12
PH	2027PHPEN - Reduction within employer pension contribution rate reduced by 1% from 19.9% to 18.9% for 2026/27 and then a further 1% in each of 2027/28 and 2028/29	Pay Inflation	-60			-60
Public Health & Communities			128	0	0	128

Service	Description	Category	Pressures £'000	Investments £'000	Savings £'000	Movement £'000
RLG	2026RLGIT1 - IT - Contract Inflation	Inflation	90			90
RLG	2026RLGFC1 - Contract Inflation	Inflation	160			160
RLG	2026RLGHR1 / 2026RLGHR2 - Contract Inflation	Inflation	10			10
RLG	2026RLGL1 - Legal - Contract Inflation	Inflation	40			40
RLG	2026RLGL1 - Coroners - Contract Inflation	Inflation	40			40
RLG	Multiple - Contract/Business Rates Inflation	Inflation	403			403
RLG	2027L&G100 - Coroner Service - The Coroner Mortuary Provision annual £0.264m contract expired on 31/03/25 after 30 years, an extension has been agreed by OCC & OUH with £0.291m increase effective 1/4/2025. Total annual cost £0.555m.	Inflation	17			17
RLG	2027RES104 - Estates - New Banbury Library joint project with Cherwell District Council to be delivered in 2027/28	Inflation	150			150
RLG	2026RLGR1 - Registration Service - Income Inflation - Fees & Charges	Inflation			-60	-60
RLG	2027RLGPEN - Reduction within employer pension contribution rate reduced by 1% from 19.9% to 18.9% for 2026/27 and then a further 1% in each of 2027/28 and 2028/29	Pay Inflation	-419			-419

Service	Description	Category	Pressures £'000	Investments £'000	Savings £'000	Movement £'000
RLG	2027GG3 - One off funding to support the development of a community cohesion action plan and further actions arising from that.	Non-continuance	-100			-100
RLG	Planned expenditure for LGR	Other	-2,799			-2,799
RLG	2027RES111 - Additional costs arising from 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 in 2026/27 increasing to £1.3m on-going from 2027/28. The part year cost in 2026/27 is proposed to be met from the Transformation Reserve. Further organisational redesign savings will be required to offset the on-going cost from 2027/28.	Other	300			300
RLG	TDCE - Income Inflation (2.0%)	Inflation	-22			-22
RLG	2026TDCE3 - Contract Inflation	Inflation	10			10
	Total Resources and Law & Governance		-2,120	0	-60	-2,180
Pay Inflation	Pay Inflation @ 3.0% from 2027/28.	Pay Inflation	7,208			7,208
Corporate	Cross Cutting Savings - Organisational Redesign	Cross Cutting Savings			-1,800	-1,800
	Overall Total		34,501	303	-2,512	32,292

Annex 4 General Balances and Contingency

General Balances

11. The Council maintains general balances to provide a contingency against unplanned or unexpected events.
12. Although there is no recognised official guidance on the level of general balances, the key factor is that the level should be justifiable in the context of local circumstances. The Council's external auditor comments on the level of balances and reserves as part of the annual audit of the Council's financial position. Financial regulations require Council to decide on the level of general balances it wishes to maintain before it can decide the level of council tax. This will be done as part of the annual budget setting process.
13. The risk assessment for the level of balances for 2026/27 is shown below:

Area of risk	2026/27 £m	Explanation of risk/justification of balances	2025/26 £m
Emergencies	7.5	An allowance of 1.0% of annual net operating budget for the cost of responding to emergencies that falls outside of eligibility for the Bellwin Scheme	6.4
Service overspends	8.9	Risk that services will overspend due to unforeseen pressures, demography or demand and no mitigations are available - assumes 1.25% overspend in 2026/27.	8.2
Contingent liabilities & insurance risk	3.8	Possible liabilities for which no provision has been made or funding set aside in an earmarked reserve (0.5% of net expenditure or minimum to meet quantified contingent liabilities)	3.2
Major contracts & 3rd party spend	7.5	Risk of contractors failing, mis-specification, or non-delivery plus contract costs increase by more than allowed for in the budget - calculated as 1.0% of estimated spend with suppliers.	7.4
Capital Programme risk	5.0	Risk related to capital grant funding ceasing before schemes are completed or increases in costs compared to the level of grant funding.	5.0
Total (one - off funding)	32.7		30.2
Contingency (on-going funding)	6.3		7.3
Total Balances and Contingency	39.0		37.5
Risk assessed level of balances as % of net operating budget of £753.0m	4.3%		
Risk assessed level of balances and contingency as % of net operating budget of £753.0m	5.2%		
Net operating budget - spend per week	14.5		
Weeks of spend	2.3		

14. The risk assessment for 2027/28 will be considered as part of the budget process.

Contingency

15. To help manage the impact of financial risk, a corporate contingency budget is held to cover:

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

16. £6.2m contingency budget is available in 2026/27. The level of on-going contingency budget that will be held for 2026/27 will be considered as part of the Budget & Business Planning process.

Annex 5 Timeline and Key Dates

Date	
Autumn 2026	Chancellor's Autumn Budget Statement
November/December 2026	Publication of draft budget proposals ⁵
November/December 2026	All councillor budget briefing (following publication of proposals)
Late November / December 2026	Government publish Provisional Local Government Finance Settlement for 2027/28
7 January 2027	Publication of report for Performance & Corporate Services Overview & Scrutiny Committee. This will set out funding updates following the Provisional Local Government Finance Settlement, the proposed budget for 2027/28, proposed changes to the capital programme, proposed fees and charges and the MTFS.
8 – 12 January 2027 (date tbc)	All councillor budget briefing on the proposed budget
13 January 2027	Audit & Governance Committee consider the Treasury Management Strategy for 2027/28 and assessment against the CIPFA Financial Management Code.
15 January 2027	National deadline for districts to share council tax surpluses or deficits
15 January 2027	Performance & Corporate Services Overview & Scrutiny Committee consider funding updates, proposed budget for 2027/28, proposed changes to the capital programme, proposed fees and charges and MTFS.
18 January 2027	Publication of Budget & Business Planning report for Cabinet
26 January 2027	Cabinet propose budget for 2027/28, MTFS, Financial Strategy, Capital & Investment Strategy and Treasury Management Strategy for 2027/28
31 January 2027	Final deadline for districts to share council tax base (this is expected to be shared in December or early January)
Early February 2027	Final Local Government Finance Settlement for 2027/28
29 January 2027	Publication of report for Council including the Chief Finance Officer's Statutory Report.
5 February 2027	Publication of opposition amendments
9 February 2027	Council consider and agree budget for 2027/28, MTFS, Capital & Investment Strategy and Treasury Management Strategy

⁵ This be confirmed as part of Member Engagement Strategy for the 2027/28 budget.