

To: Cabinet: Date: 11 February 2026

To: Council Date: 23 February 2026

Report of: Head of Financial Services

Title of Report: Medium Term Financial Strategy 2027-28 to 2029-30 and 2026-27 Budget

Summary and recommendations

Purpose of report:	To present the outcome of the budget consultation and agree the Council's Medium Term Financial Strategy for 2027-28 to 2029-30 and 2026-27 Budget for recommendation to Council
Key decision:	Yes
Cabinet Member:	Councillor Ed Turner, Deputy Leader and Cabinet Member for Finance and Asset Management
Policy Framework:	The budget is a Budget and Policy Framework document

Recommendations: Cabinet is asked to consider the outcome of the public consultation, agree the amendments to the Consultation Budget and recommend that Council resolves to:

- 1. Note** the approval by Cabinet on 21 January 2026 and subsequently agreed by the Council on 26 January of an increase of 4.8% i.e. CPI+1% in line with the recent Government announcement referred to in paragraph 28 from 1st April 2026, giving an average weekly increase of £8.47 per week, and a revised weekly average social rent of £143.40 as set out in Appendix 5 based on a HRA budget as set out in Appendix 4;
- 2. Approve** the 2026-27 General Fund and Housing Revenue Account budgets and the General Fund and Housing Revenue Account Medium Term Financial Strategy as set out in Appendices 1-9, noting:
 - a) the Council's General Fund Budget Requirement of £32.185 million for 2026/27 and an increase in the Band D Council Tax of 2.99% or £10.66 per annum representing a Band D Council Tax of £367.38 per annum; and
 - b) the General Fund and Housing Revenue Account Capital Programme as shown in Appendix 6;
- 3. Agree** the fees and charges shown in Appendix 7;

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Appendices	
Appendix 1	Summary of General Fund Budget by Service 2026-27 to 2029-30
Appendix 2	General Fund Revenue Budget by Service 2026-27 to 2029-30
Appendix 3	Detailed General Fund Service Budgets Bids and Savings Proposals 2026-27 to 2029-30
Appendix 4	Housing Revenue Account Budget 2026-27 to 2029-30
Appendix 5	Council House Rent by property type for 2026-27
Appendix 6	General Fund and HRA Capital Programme 2026-27 to 2029-30
Appendix 7	Fees and Charges for 2026-27
Appendix 8	Risk Register
Appendix 9	Equalities Impact Assessment
Appendix 10	Budget Consultation

Introduction by the Portfolio Holder for Finance and Corporate Assets, Cllr Ed Turner

In the run-up to this budget, there was significant uncertainty, because the government had announced fundamental reforms to the way local government is financed, under a programme called “Fairer Funding”. We took an appropriately cautious approach planning our budgets, and in fact, when looking at all income streams in the round, the funding settlement has led to the release of around an additional £4.7 million favourable over the next four years. We are of course aware that the government also proposes to reorganise local government in Oxfordshire, and so in fact a new council is likely to take over in 2028, but it would “inherit” funding earmarked at this stage for Oxford City Council, and so we continue to plan as though our council were continuing to exist for the four-year period. We are also taking a prudent view of some pressures, such as potential reductions in car park income, the need for additional legal capacity at the City Council, treatment of National Insurance, and likely assumptions about council tax collection rates.

Nonetheless, this welcome boost of funding from the government has enabled us to look closely at people’s priorities, as expressed to councillors but also through our annual survey of residents. A number of significant changes are proposed (and discussed in paragraph 20 of the report below).

In particular, we are seeing very significant pressure to act now, and act big, on the issue of fly-tipping. Residents are reporting more and more fly-tipped items. In addition, some are concerned that the County Council’s decision to require appointments to be made at Redbridge is an inconvenience and might lead to increased fly-tipping. So in this budget, we propose:

- To remove charges for the collection of bulky items of waste, as soon as is feasible, and certainly from April 2026. This will alleviate householders already burdened by cost of living pressures. There is absolutely no excuse, ever, for fly-tipping, but we hope the ending of charges will also reduce its occurrence.
- An expanded team of officers, funded both by council tenants' rents and general taxpayers, to work on reducing crime and anti-social behaviour, in conjunction with Thames Valley Police. We expect this expanded team to make the reporting of fly-tipping, and catching fly-tippers, an early priority.

We also believe that this team will help people feel safer in their communities – again a major priority emerging from our survey of residents. We do not engage in consultation for the sake of it but do so because we want what people think to shape our priorities.

There are some other important proposals:

- We propose expanded funding to grit cycle paths. With extreme weather sadly an ever more frequent occurrence, funding was included last year but new equipment was not available to undertake gritting for the recent cold snap, and we are sadly aware of a significant number of falls leading to injury. Gritting will be available and deliverable with the extra funds. We also encourage the County Council (which is ultimately responsible for highways) to consider measures to support pedestrians who risk slipping over.
- We propose an additional cut of the City's verges each year. The County Council reduced funding in this area, we increased it last year, and propose to do so again, as excessively long grass looks untidy, and again we have been told it undermines people's pride in their areas.
- We propose to reinstate additional grant funding in the latter years of this budget. It was reluctantly proposed to reduce funding last year, but with the extra resources we can make more funds available, which are expected especially to benefit the City's excellent advice agencies. There are two other areas of increased grant funding. Last year, the Council needed to reallocate an officer post on international links towards its wider events team. This places a greater burden on the volunteers who support those links, so we propose a new, £20k annual grant pot to support them in working in partnership with the City Council to enable these links to flourish. Secondly, we propose new fund to support live music projects in Oxford. The member champion in this area has heard how this is a sector particularly exposed to current financial pressures, and while there is a limit to the amount of support the City Council can give commercial events, we believe having a flexible pot available will enable events which might otherwise not be viable to flourish. A process to apply for this money will be made available in due course.
- We propose several measures to support grassroots sport and play. Specifically, we propose a substantial fund to support grassroots sports clubs with bids to improve their facilities (whether this will be as part of larger bids or to undertake urgent smaller items), we propose to freeze all pitch hire fees for the second year running for council pitches, we propose funding for Blackbird Leys Adventure Playground as a one-off, provisionally to improve the quality of the outdoor space, and we confirm our funding for a reinstated creche at Blackbird Leys Leisure Centre.

- There is growing concern about the safety of boats moored on the River Thames from Folly Bridge towards Iffley Lock and beyond. Our proposal is to allocate £200,000 towards addressing this issue, but it will need to be done in partnership with the Environment Agency, and landowners such as colleges of Oxford University.

One feature of the changed way of giving councils their funding is that substantial funds previously earmarked separately to help homeless and vulnerably housed people will instead be “rolled into” the main council grant. However, we confirm that we intend to safeguard this money in full, going forward, for its original purpose. Sadly, homelessness in Oxford remains a significant problem and we want to do our very best to support those who are in this most difficult position. We also confirm our intention to take further radical action to tackle Oxford’s housing crisis. Funding for 1,692 new council homes is to be made available, as well as £32 million to help purchase 260 properties to be used as temporary accommodation.

Finally, we propose to continue funding for full council tax reduction for those on the lowest incomes – we see no sense in issuing council tax demands for small amounts of money to those with the least ability to pay.

To be able to propose these positive, radical measures to make a real difference to people’s lives is heartening, and we are confident that local people will be able to see the difference in their neighbourhoods.

Introduction

1. This report reflects the outcome of the consultation on the draft budget that was agreed by the Cabinet on 11th December 2025 (the Consultation Budget”) as well as incorporating changes which have arisen since the consultation budget was published.
2. The consultation on the Draft Budget began on 12th December 2025 and ended on 31 January 2026. The consultation document was available on the Council’s website and also use was made of the Citizens’ Panel.
3. For ease of reading; the report is split into three sections:
 - Section A General Fund Revenue Budget
 - Section B Housing Revenue Account (HRA) Budget
 - Section C Capital Programme

Section A – General Fund Revenue Budget

4. Since the publication of the Consultation Budget a number of key issues have arisen which are summarised below:

Local Government Finance Settlement 2025-26

5. On the 17th December 2025 the Government announced the provisional local government finance settlement for the 3 year period 2026-27 to 2028-29. The paper provided information on the impact on the councils in terms of its core spending power. The Government launched its formal consultation on the settlement which

closed on 14th January and the final Local Government Finance Settlement for 2026-27 it understood to be on **9th February**.

Core Spending Power

6. Core spending power is a term used by Government to indicate the financial resources given to local authorities in a given financial year. It consists of
 - a. **Settlement Funding Assessment (SFA)** – This consists of :
 - i. **business rates baselines** -the amount the Government believes local authorities should retain from business rates to run services after tariffs or top ups, and
 - ii. **revenue support grant** -the amount given to local authorities based on the local authorities share of a national pot of relative need at the national level i.e. £76.5 bn for 2026-27 after allowing for an assumed level of council tax (£2,063 for 2026-27) against the local authorities tax base. In addition a basket of grants have been rolled into 1 figure. For Oxford City these would primarily consist of the temporary accommodation element of the homelessness prevention grant, national insurance compensation grant, funding floor grant and transitional business rates funding
 - b. **Assumed council tax**. This assumes that local authorities maximises the referendum flexibilities multiplied by an average tax base per authority over the last 3 years
 - c. **Grants not rolled into revenue support grant** consisting of 4 grants the main one relevant to Oxford being Homelessness prevention and rough sleeping grant.
 - d. **Recovery grant**

The National picture for the comparison of core spending power over the 3 year period compared to 2025-26 indicates the following :

Table 1 Summarised Core Spending Power figures for England 2025/26 to 2028/29

Figures in £m	2025/26 adjusted CSP for like-for- like comparison	Change, 2025/26 adjusted to 2026/27	2026/27 CSP	2027/28 CSP	2028/29 CSP	Change, 2025/26 adjusted to 2028/29
FFA: baseline funding level	15,646		16,240	16,613	16,948	
FFA: revenue support grant	14,700		15,048	17,788	17,948	
FFA: LABCG topslice	2,640	-	2,640	-	-	
Total FFA	32,985	943	33,928	34,401	34,896	1,911
Compensation for underindexing the multiplier	-					
Council tax	38,656	2,552	41,208	44,012	47,000	8,344
Consolidated Homelessness Grant	725	69	794	816	835	110
Cons Children, Families and Youth Grant	523	330	853	853	729	206
Recovery Grant	600	149	749	713	699	99
Funding Floor	-	147	147	353	568	568
Mayoral capacity fund	34	-1	33	33	33	-1
Total core spending power	73,522	4,190	77,712	81,041	84,619	11,096

7. Of the £11bn increase over the 3 years almost 75% is in respect of the assumed council tax with another 6% (£668m) for protection measures and only 17% (£1.9 bn) representing new funding through the Fairer funding Assessment roughly in line with inflation over the period. The conclusion would be that there is limited new funding on the system.

8. The headline increase for Oxford City are shown as 0%, 3.93% and 4.24% for the 3 year period, i.e. an increase of £3.05 million (7.69%). This includes an assumed increase in Council Tax of 2.99% per year (including the first year where the overall increase is 0%); assumed increases in council tax effectively reduce the amount of government funding available within the core spending power figure.

TABLE 2 : Finance Settlement 2026-27

FINANCE SETTLEMENT 2026-27									
Core Spending Power					SETTLEMENT				
					Oxford City Council				
					2025-26	2026-27	2027-28	2028-29	Total
					£m	£m	£m	£m	£m
Settlement funding assessment (business rates plus RSG)					0.000	15.499	16.348	17.146	49.0
	Business rates baseline funding				0.000	7.837	8.017	8.179	24.0
	Revenue Support Grant				0.000	7.662	8.331	8.968	25.0
	Local authority better care grant				0.000	0.000	0.000	0.000	0.0
Legacy Funding assessment					13.372	0.000	0.000	0.000	0.0
Assumed council tax					16.993	17.685	18.405	19.154	55.2
	Homelessness, rough sleeping grant				4.714	2.903	2.842	2.905	8.650
	Domestic abuse				0.000	0.040	0.040	0.040	0.120
	Families first partnership				0.000	0.000	0.000	0.000	0.000
	Transitional protections				0.000	0.069	0.000	0.000	0.000
Grants	Rolled into RSG				1.117	0.000	0.000	0.000	0.0
	Recovery grant				0.391	0.391	0.391	0.391	1.2
	Recovery grant guarantee				0.000	0.000	0.000	0.000	0.0
	Mayoral capacity fund				0.000	0.000	0.000	0.000	0.0
Core spending power					36.587	36.587	38.026	39.637	114.060
Increase in core spending power year on year (£millions)						0.00	1.44	1.61	3.05
Increase in core spending power year on year (%)						0.00	3.93	4.24	7.69

9. The council's allocation of rough sleepers, temporary accommodation and Preventing Homelessness grant appears to reduce from the current level of £4.714 million to £2.903 million although it is understood that the balance of this grant which essentially relates to temporary accommodation grant has been transferred into Revenue Support Grant. Since there is no separate breakdown for Revenue Support Grant there is no way to substantiate this assertion.

Impact on the Budget

10. The impact of the changes in core spending power to the Consultation Budget agreed by Cabinet in December 2025 can be summarised as follows. It should be noted that the four-year prediction has been largely based on the assumption for year 3 as in reality there will be another reset in 2029-30 the details of which cannot be forecast with any degree of accuracy.

Table 3 : Finance Settlement comparison to Consultation Budget

Settlement Adjustments				
Additional RSG	(3,997,000)	(4,771,000)	(5,264,000)	(5,264,000)
Reduction in homeless, rough sleeping and TA grant	1,578,000	1,639,000	1,576,000	1,576,000
Recovery grant	(391,000)	(391,000)	(391,000)	(391,000)
Reduced business rates income	3,602,922	2,891,563	1,321,212	2,032,061
Transitional protection	(69,000)	0	0	0
Revised Net Deficit/ (surplus)	723,922	(631,437)	(2,757,788)	(2,046,939)

11. Over the 4 year period the total variation to the Consultation Budget from the Finance Settlement is shown as **£4.7 million favourable, £2.665 million favourable over the 3 year period**. The main differences arise from

- a. **Revenue Support Grant** – Revenue support grant is influenced by the calculation of both the National relative need i.e. £76bn and the authority's allocation of this need based on its share of the individual elements of the funding formula. In reality, it is almost impossible to ascertain how the calculations have been derived especially since there is no split of this grant. It is no wonder that this shows the largest variance to that budget given the limited amount of information we were working on, although this variance has been increased due to the business rates transition protection being included in RSG rather than business rates as we had expected. The variance over the 4 year period is favourable, £14 million over the 3 years.
- b. **Homelessness and Rough sleepers grant**. The council base grant for these elements included within its base budget was around £4.5 million broken down as follows
 - i. £2.130 million Homelessness Prevention Grant (HPG)
 - ii. £0.493 million Rough Sleeper Accommodation Programme (RSAP)
 - iii. £1.856 million Homelessness recovery grant

The Government had previously trailed that an element of this grant (approx. 54%) would be split off for temporary accommodation and rolled into Revenue Support Grant. The analysis indicates that the total of these grants have been reduced from £4.5 million per annum to £2.9 million per annum a reduction of £6.3 million over the 4 year period and a reduction of around £4.8 million over the 3 year period on the specific grant although some funding for temporary accommodation has been rolled into RSG, the exact amount is unclear.

- c. **Recovery Grant** – no assumption was made for this element and therefore there is 3 year favourable variance of £1.2 million or £1.5 million over the 4 year
- d. **Baseline business rates** – This indicates an adverse variance of £1.1 million over the 3 year period to that assumed for the budget. In reality this is only one part of equation when calculating retained business rates which will be retained by the authority when tariffs are not taken into account. The variance in business rates budgeted to that assumed now, is £9.8 million adverse over the 4 year period and £7.8 million over the 3

year period, although one significant part of this is transition relief for this reduction which has been transferred to RSG. It is worth noting that

- i. Safety net payments are based on 100% of the baseline funding amounts and Oxford City Council is in receipt of a safety net payment of £1.3 million in 2026-27 given that the number of appeals has increased significantly.
- ii. There is no growth above baseline forecast for the next 4 years, a reduction of £5.2 million to that previously forecast. Any growth above baseline is subject to levy payments of 10%, reduced from 50% previously.

Inflation/ Interest Rates

12. The Consumer Prices Index (CPI) in November was 3.5% down from the 3.8% in the year to the end of October 2025. Current forecasts would indicate that rates will continue to fall back in 2026, closer to the Governments forecast level of 2% although this is unlikely to be reached until midway through 2026/27.
13. In December 2025 the Bank of England cut base rates by 0.25% to 3.75%. Latest forecasts predict base rates to steadily falling back to 3.50% and then 3.25% by September 2027. There would continue to be a financial impact on the Councils wholly owned Housing Company and equally the HRA. A 1% increase in borrowing interest rates could increase capital charges in the HRA by around £1.5 million per annum.

Business Rates Distribution Group

14. Under the new Retained business rates methodology announced in the Provisional Funding Settlement the Safety Net for authorities not meeting their baseline funding level for business rates income, is set at 100% for 2026/27 and the banding Levy Rate for authorities overachieving their baseline funding level is now only 10%, rather than 50% used currently.
15. The whole concept of a pool is that the levy rate will be reduced, so increasing business rates income. The benefit from being in new pools is now only 10% whilst authorities in a pool are only compensated for falling below safety net in aggregate not at individual authority level. There is therefore little potential benefit from joining a pool (or joining a Business Rate Distribution Group) and a risk of Safety Net loss to joining a pool for 2026/27. Consequently, Oxfordshire Councils have agreed not to form an Oxfordshire Pool in 2026/27.

Council Tax

16. The Provisional Finance Settlement confirms the referendum limit for council tax rises of up to 2.99% for all authorities with shire districts able to increase by the higher of £5 or up to 2.99%. In addition, there continues to be an adult social care (ASC) precept of 2% available in 2026-27.
17. The estimate of the tax base for 2026-27 presented to the Audit and Governance Committee on 28th January 2026 estimates a tax base of 49,719.6 Band D equivalent properties, an increase of 2.3% on last years figure. The Consultation budget was based on a higher tax base of 49,866 resulting in a reduction of council tax income of around £52k per annum.

Other Key Assumptions

18. Key assumptions included within the Consultation Budget Proposals that remain unchanged include :

- **Council Tax** – The recently announced referendum principles are in line with previous assumptions and the recommendation of a council tax increase of 2.99% for 2026-27 followed by increases of 2.99% thereafter.
- **Income streams** – In accordance with the Consultation Budget unless specified below.
- **Efficiencies** – largely in accordance with the Consultation Budget with some exceptions detailed below
- **Fees and charges** – largely in accordance with Consultation Budget with a few exceptions below
- **Investment interest** – in accordance with consultation budget
- **Returns from wholly owned companies** – in accordance with the consultation budget
- **Pay-** 2025-26 is the second year of the 2 year pay deal agreed with the staff and unions. Following a ballot of members, a 2 year pay deal commencing 1-4-2026 has been reached as follows:
 - **Year 1** - A pay increase of the higher of 3.5% or £1500 per annum
 - **Year 2** – A pay increase of 3%

Changes since the Consultation Budget

19. A number of other proposed changes to the Consultation Budget that was agreed by the Cabinet on 11th December 2025 are set out below:

- **Provisional Funding Settlement** - £4.7 million favourable variance over the 4 year plan, £2.665 million over the 3 year settlement period – see paragraphs 10-11
- **Council tax income - £231k reduction over the 4 year plan** – see paragraph 16-17 above
- **Collection Fund Deficit** - A £100k increase in the council's share of the collection fund deficit of £850k charged to revenue in respect of 2025-26 changes in business rate and council tax income.
- **National Insurance Compensation Grant** - £250K per annum. Grant to compensate councils for increases in national insurance increased in 2025-26 was previously assumed to be outside Revenue Support Grant although it is understood that this grant, along with a number of other grants, has now been rolled in.
- **Moorings** - £200k funded from Community Infrastructure levy. The City Council is currently chairing the Oxford Riparian Stakeholder Group- consisting of representatives from the various landowning colleges and other landowning organisations and individuals and the Environment Agency. One of the emerging options is to seek a contractual arrangement with boaters either as formal or semi-permanent residential moorings or for formal visitor moorings. It is proposed that the City Council develop a study looking in detail at what amenities will be needed and how they could be provided across the various land ownerships. Once developed the wider landowners would meet any costs and land agreements with any subsequent work.

- **Legal Services re-organisation** – The legal services team has of late suffered a significant number of staff losses which have proved difficult to replace on a permanent basis. Current vacancies are being filled by locums at significant cost to the Council. Restructure proposals would see increases in salaries to bring parity with the current market for legal staff and the employment of permanent staff as a replacement for the locums currently employed. The additional cost would be in the order of £380k per annum over the current budgeted establishment of £1.9 million, £200k of which is already provided elsewhere in the budget, a further £100k which can be achieved by capitalisation of legal salaries and the remaining £80k to be included as part of a variation to the consultation budget.
- **Car parks Income** – At the time of setting the Consultation Budget base income from car parking was identified as being substantially higher. As a result additional income was included in the budget of around £900k per annum. Early indications are that the introduction of the congestion charging by Oxfordshire Council has seen some reduction in income from city centre car parks. An amount in the order of £250k per annum is considered prudent to reduce car parking by, in the light of this.

20. In addition to the above a number of other changes to the Cabinet proposals in the Consultation budget are recommended:

- **Upgrading Wolvercote bathing area** - £7k one off to improve picnic tables in Wolvercote
- **Verge Cutting** – £30k per annum- In 2023 Oxfordshire County Council reduced the number of times verges were cut in a year from 6 to 1. The City Council provided additional funds to increase this back to 3 cuts per annum. This additional money increases the number of cuts to 4 times per year.
- **Gritting of cycle paths**. £142k over 4 years – In 2025-26 an amount of £58k was included for the purchase of vehicles together with £33k per annum for a crew to undertake gritting of cycle paths. Unfortunately, there were delays in implementing this initiative. These additional monies together with monies unspent from this financial year provide the funds at £60k per annum to undertake gritting from 2026-27.
- **Town Twinning - £20k per annum**- The Consultation Budget included a reduction of a town twinning officer. These additional funds provide some support for volunteers in the various twinning links who sustain this important activity, to enable them to be supported in enabling the links to thrive.
- **Public Realm Infrastructure – £30k per annum** - In 2025-26 an amount of £30k per annum was provide in the budget to undertake work to furniture, flower beds and other infrastructure in the city centre. An additional amount has now been included because the current £30k per annum is insufficient to maintain the existing aging infrastructure
- **Sporting Infrastructure support fund - £100k per annum** – This new initiative provides support to grass roots organisations when submitting bids for match funding grant applications for sporting infrastructure or to offer small amounts of direct support to replace equipment. Full terms of the fund will be set out in due course.

- **Voluntary Sector Grants -£44k per annum.** In 2025-26 the Council removed £44k funding from voluntary sector grants from 2028-29 onwards. This proposal reinstates the grant removed.
 - **Support for Blackbird Leys adventure playground-** £30k one off – This proposal provides funds provisionally to assist with the refurbishment of aging infrastructure at this site
 - **Additional 3 fte neighbourhood wardens £120k per annum –** Responding to the budget consultation where 60% of respondents supported the proposal in the Consultation Budget to include 2 officers to deal with anti-social behaviour together with 3 community support officers specifically to be deployed on Council estates this proposal would see the introduction of another 3 fte officers to work within the city and neighbourhoods.
 - **Live music events support -** £20k per annum for 2 years. This flexible fund will enable the City Council to support live music events, on a flexible basis. Full terms of the funding will be set out in due course.
- **Hinksey Pool additional opening hours £63k per annum.** Sadly, it is proposed to remove this item from the budget as additional it is not considered economical. The cost of £63k was just for cold water swimming for two months, and heating the pool would have cost an additional £60k per annum. Given likely usage, a cost of some £2000 per day for pool opening, largely outside school holidays, could not be justified, but we will continue to look at ways that this might be delivered more cost-effectively.

Fees and Charges

21. Two changes are proposed from the Consultation Budget

- **Bulky Waste - £102k per annum.** This provides for the removal of the current charge for the removal of bulky waste and is seen as a positive step to reducing the amount of fly tipping in the city. In addition, A £40K one off amount has been provided to deal with pent up demand and the initiative will operate with effect from March 2026.
- **Playing pitches - £7k per annum.** The Consultation Budget proposed an increase of 4.88% and 7.55% for the use of playing pitches by adults for weekdays and bank holidays/weekends respectively. The removal of this increase will be welcomed by the many adults and youth use these facilities for sporting activity.

Summary of Changes to Medium Term Financial Strategy (MTFS)

22. The Council's General Fund MTFS is shown in Appendices 1-3 to this report together with assumptions around the fees and charges set out in Appendix 7. A summary of the movement in the Medium-Term Financial Strategy from the Consultation Budget agreed in December 2025, taking account of the changes highlighted above is shown below:

Table 4 Summary of changes to Consultation Budget

	2026-27 £000'S	2027-28 £000'S	2028-29 £000'S	2029-30 £000'S
Consultation Budget Net Budget Requirement	33,732	35,018	35,222	35,014
Changes since the consultation budget				
Car parks income reduction	250	250	250	250
Legal services restructure	380	380	380	380
Saving in property services re legal services	-100	-100	-100	-100
Transfer from pay contingency	-100	-100	-100	-100
Increase in legal recharges to capital	-100	-100	-100	-100
Moorings	200			
Moorings funded from CIL	-200			
Reduction in homelessness grant rolled into RSG	1,578	1,639	1,576	1,576
Recovery Grant unbudgeted	-391	-391	-391	-391
Transitional relief unbudgeted	-69	0	0	0
NI Compensation Grant rolled into RSG	250	250	250	250
Changes since consolidation budget	1,698	1,828	1,765	1,765
Labour Group changes				
Upgrade Wolvercote bathing area	7			
Extra verge cutting	30	30	30	30
Bulky waste free collection	102	102	102	102
Additional gritting budget for cycle paths added to the £33k in the budget	44	44	27	27
Town twinning support	20	20	20	20
Public realm infrastructure maintenance	30	30	30	30
Pitch fees freeze	7	7	7	7
Sporting infrastructure improvement fund	100	100	100	100
Reverse previous grants cut			44	44
Support BBL adventure playground	30			
Additional 3fte neighbourhood wardens	120	120	120	120
Live music events support	20	20		
Hinkey pool extended opening hours	(63)	(63)	(63)	(63)
Labour Group Changes	447	410	417	417
Sub total changes since the consultation budget	2,145	2,238	2,182	2,182
Transfer to/(from) reserves	(3,692)	(2,539)	(1,124)	15
Net Budget Requirement	32,185	34,717	36,280	37,211
Financed By :				
Council Tax-	(17,636)	(18,356)	(19,103)	(19,881)
Retained Business Rates	(6,887)	(8,030)	(8,209)	(8,362)
Revenue Support Grant	(7,662)	(8,331)	(8,968)	(8,968)
Total	(32,185)	(34,717)	(36,280)	(37,211)
(surplus)/deficit	0	0	0	0
General Fund Working Balance				
Working Balance 1st April	(3,856)	(3,856)	(3,856)	(3,856)
Transfer (to)/from balance	0	0	0	0
Working Balance 31st March	(3,856)	(3,856)	(3,856)	(3,856)

23. Over the next 4 years the transfer from reserves is estimated at £7.4 million.

Budget Consultation

24. The consultation concentrated on the Council's proposed budget a number of key areas which are shown below. There were 358 responses by the time that the

Consultation closed on 31st January. Appendix 10 to this report provides the detail of the responses with a summary shown below for each of the main areas:

Approach to Budget Setting

- There was reasonable support for most aspects of the Council's budget setting strategy with the use of its wholly owned companies to generate external trading income featuring highly, 72% of consultee responses either agreeing or strongly agreeing.
- 73% of respondents agreed with the strategy to use the Council's wholly owned housing development company to develop social and market dwellings and deliver financial returns back to the Council.
- There was more support for increasing council tax by the maximum permissible rate of 2.99%, 53% in support compared to respondents that did not support at 32%.
- 52% agreed to the council using reserves to balance the budget with 17% disagreeing

Fees and Charges

- 38% of respondents agreed to increasing garden waste charges by around 5% with a similar percentage disagreeing.
- 50% agreed with increasing car parking charges 37% disagreeing
- 63% agreed with no increases on park and ride charges with 18% disagreeing
- 32% agreed with increasing charges on bulky waste collections with 46% disagreeing.
- Only 24% agreed with increasing leisure fees and charges by between 5 % and 7% with 55% disagreeing
- 35% of respondents agreed with increasing football pitch charges with 34% disagreeing

Savings

- 62% agreed with reducing our spend on international links with 12% disagreeing
- 47% agreed with the council making savings in its council tax reduction scheme with 20% disagreeing.
- 64% agreed with selling artefacts no longer on display with 19% disagreeing
- 78% agreed with selling the Lord Mayors car number plate FC1 with 10% disagreeing
- 55% agreed to sell other buildings to reduce borrowing costs with 21% disagreeing

Additional Spend

- i. 62% agreed to employing 2 new officers to deal with Anti social behaviour with 21% disagreeing

- ii. 60% agreed to the employment of 3 new community officers with 22% disagreeing
- iii. 50% agreed with introducing a creche a Blackbird Leys Leisure Centre with 20% disagreeing
- iv. 15% agreed with additional weed spraying to garage forecourts with 52% disagreeing
- v. 46% agreed with additional opening hours at Hinksey Pool with 25% disagreeing

Alternative Budget Approach

- vi. 26% agreed with continuing to provide service but reducing their scale or frequency with 39% disagreeing
- vii. 40% agreed to stop delivery of less important services with 26% disagreeing
- viii. Only 25% agreed to freezing council tax and making service cuts with 60% disagreeing

Service Priorities

- ix. Highest prioritisation, a 4 or 5, (71%) was given by respondents to maintaining our parks and open spaces, followed by homelessness (70%) and affordable housing (73%). The lowest prioritisation (1, 2) was given to tackling climate change (33%) enhancing the city centre (26%) promoting self service (24%) and providing grants to the voluntary sector (24%).

Capital

- x. There was highest support for the investment in our council housing stock (72%) provision of affordable housing with 61% either agreeing, followed by purchasing property for homeless families (51%).

Council Housing

- xi. There was most support for maintaining our existing council dwellings (70%) followed by building more affordable homes (63%) and undertaking more energy efficiency measures (43%), improving the look and feel of our council estates (33%) and targeted estate regeneration (32%)

General Comments

25. A number of general comments were made by respondents with the main themes including:

- There is a need for more in areas like Wood Farm which currently lacks decent facilities and support services for young people
- Adding an extra bin for cardboard will make it more difficult for people to recycle
- Increase funding to improve the quality and standard of sports pitches
- There has been a disappearance of front gardens flowers and shrubs being replaced by tar and paving

- We don't need better outdoor gyms we need better playgrounds
- Encourage council house tenants to take care of their own properties
- Support for the council's approach to balancing investment in housing community services and sustainability
- Some investment needs to be funded by contributions from others e.g. the universities
- Concerns around councils' approach to protecting heritage and culture in the city and selling off civic treasures
- Good to see some development of the Bullnose Pub and the old nursery
- All new and temporary housing should be within existing boundaries.
- Fix what is currently broken and then look to reinvest any funds available
- City Council is well intentioned in providing value for money to the community
- Focus on alleviating poverty and on the basics, sports culture etc should take a back seat
- I would pay more council tax to the council
- Do things to reduce spending and increase income from non council tax sources
- Waste recycling has continued to fail Oxford tenants
- Council could address cost of living crisis by reducing council tax as well as charges for parking and waste collection
- Council has a responsibility to invest in the future of the city
- Overriding priority should be to provide decent housing for everyone
- No mention of prioritising pedestrians and cyclists over cars. Footpaths are in an appalling condition and illegal parking over kerbs common place
- I support investment on parks, sport and community facilities and training venues for the young
- We need better cycling provision urgently
- People who live on council estates should accept the responsibility of maintaining their homes
- Ensure planning applications add value to and enhance the local community while meeting stringent environmental standards to address biodiversity loss and climate change
- Bring back recycling centres

Risk Implications

26. The main risks to the balanced position of the General Fund Consultation Budget (Appendix 8) are that:

- a) Adverse financial implication of Local Government Reorganisation impacts existing authority.
- b) Impact of rising cost of homelessness
- c) Savings from efficiencies and transformation may not be achieved
- d) Failure or uncertainty of major partners to deliver for instance in Leisure is possible
- e) The Council's wholly owned companies may not perform as well as expected leading to reduced income to the Council
- f) Business Rates income may be lower than forecast
- g) Variations in interest rates or non-performance of property funds or multi asset vehicles may affect returns to council
- h) Slippage in the capital programme could adversely affect revenue savings and additional income in the MTFS
- i) Cuts by partner organisations such as the Oxfordshire County Council could adversely affect service provision.

Section B Housing Revenue Account Budget

Issues arising since the publication of the consultation budget

27. The Council published its Consultation Budget on 11th December 2025 including the Housing Revenue Account (HRA) Budget. On 21st January 2025 the Cabinet approved the rent increase for 2026-27 in line with the proposed Consultation Budget for the Housing Revenue Account as detailed in Appendices 4 and 5 to this report as follows :

- Approve an increase of 4.8% + up to £2 for rent convergence (max) for 2026/27 (subject to any subsequent cap on increases imposed by central government) in social dwelling rents from 1st April 2026 giving an average weekly increase of £8.47 per week, and a revised weekly average social rent of £143.40 as set out in the Financial Implications section of this report.
- Approve an increase to rents for shared ownership dwellings as outlined in paragraph 21 of the Financial Implications.
- Approve an increase to service charges by 4.8% (CPI + 1%) to enable the HRA to recover the associated cost of supply.
- Approve an increase to the charge for a garage of 5.0%, equating to an increase of £1.00 per week for a standard garage within a curtilage with a revised charge of £21.00 per week.

28. Since that time the Government announced on 28th January 2025 that

- Rent convergence **will not** be implemented for 2026/27 and rents will be able to be increased by CPI+1%, i.e. the standard rent announced by the Government in the Spending review which will remain in force for 10 years from 1-4-2026.
- In 2027-28 weekly rents will be permitted to rise by £1 per week for affected properties towards rent convergence over and above CPI+1%
- From 2028-29 weekly rents for affected properties will be permitted to rise by £2 per week over and above the rent standard of CPI +1% until formula rent is reached

29. The decision by the Government has no impact on either the agreed rent increase taking by Cabinet and Council and no impact on the budget since any increased revenue from the formula rent increases being consulted on were not factored into the Councils budget. The £1 per week increase to formula rent results in £357k per annum additional income with the £2 per week increase resulting in £714k per annum additional revenue.

30. There are a few nominal changes to the Consultation Budget for the Housing Revenue Account as published at Cabinet on 11th December 2025 in respect of :

- An additional £70,000 pa has been included for contaminated waste collections at blocks. This is when the communal recycling bins have mixed waste and cannot be collected as normal.
- Additional salary cost - £125k per annum
- Additional rental income in respect of rental convergence referred to in paragraph 28-29 above £3.2 million for the 3 years commencing 1-4-2027.

31. The Summary revised HRA Budget taking account of the changes highlighted in paragraphs 28 to 30 above is summarised below:

Table 5: Housing Revenue Account

	2026/27 £000's	2027/28 £000's	2028/29 £000's	2029/30 £000's	2030/31 £000's
Income	(68,207)	(75,315)	(79,839)	(86,177)	(91,519)
Expenditure	68,833	73,960	76,923	80,292	83,859
Net Operating Expenditure/(income)	(1,374)	(1,355)	(2,916)	(5,886)	(7,660)
Investment income	(43)	(31)	(40)	(57)	(83)
(Surplus)/Deficit for the Year	(1,417)	(1,386)	(2,955)	(5,942)	(7,743)
(Surplus)/Deficit b/fwd	(5,832)	(7,249)	(8,635)	(11,590)	(17,532)
(Surplus)/Deficit c/fwd	(7,249)	(8,635)	(11,590)	(17,532)	(25,275)

Key Assumptions

32. Key assumptions included in the HRA Budget include:

- **Rent increases** – In accordance with paragraph 28 above.
- **New Dwellings** - The HRA will continue to purchase the affordable housing from OCHL's 10 year development programme. The current HRA Capital programme includes £165 million being spent on the purchase of 448 new build affordable homes from OCHL. The overall commitment to OCHL is for the purchase of 806 dwellings will be completed over the MTFP (running to March 2030), of which 424 will have been completed by 31st March 2026. In addition to the OCHL new build developments, the HRA is directly commissioning 847 affordable homes with an overall budget of £286 million. 107 of these homes are forecast be completed by 31st March 2026

- **Debt** - An increase in the level of HRA debt to around £450 million by the end of 2026-27 and peak debt of £800million by 2036-37. An annual interest cover ratio of approximately 1.25 throughout the life of the HRA Business Plan
- **Interest rates** - As at 31-3-2025 the loans outstanding with the HRA related to a mix of self-financing debt taken out in 2012, and more recently loans for the development and acquisition of new homes. Interest rates on these loans are fixed at varying rates with an average of 3.9%.
- **Working Balance** - HRA working balance not to fall below £3.5 million
- **Disposals** - 20 dwellings per year is assumed from 2026-27 onwards.
- **Inflation** - All the assumptions for inflation are the same as for the Council's General Fund Budget.

Risk Implications

33. The main risks to the balanced position of the HRA Budget are summarised below and detailed in Appendix 8:

- Rent increases do not continue at CPI+1% after the first 10 years
- Increase in interest rates together with the requirement to stay within prudent covenants such as interest cover will restrict the amount of activity in the HRA especially in the early years of the Business Plan.
- Increased rent arrears due to economic climate
- Construction delays may be experienced by the Councils wholly owned Housing Company and any subsequent effect on capital spend on new housing and net rental streams
- Variations in estimates causing cash flow problems

Section C Capital Programme

34. The Council's Draft Capital Programme for consultation amounted to around £738 million of spend over the four year period 2026/27 to 2029-30, details of which are shown in Appendix 6.

35. Since the consultation budget there have been a number of changes which are :

Table 6 Capital Changes since Consultation Budget

Table 6 Summary Capital Programme Changes since Consultation Budget							
				2026-27 £	2027-28 £	2028-29 £	2029-30 £
General Fund							
Consultation Budget				69,751,926	31,758,184	30,868,554	14,262,887
New Payroll / HR System				100,000	150,000		0
Toilet Refurbishment				50,000	50,000	0	0
Slippages since November 2025							
	DRS			-3,239	0	0	0
	MT Vehicles/Plant Replacement Programme.			-500,000	900,000	1,344,119	0
	Car Parks Resurfacing			14,787	0	0	0
	ICT - QL Exploitation			-9,684	0	0	0
	Port Meadow Moorings			29,825	0	0	0
	New Burial Space			200,000	100,000	0	0
	Redbridge Masterplan Feasibility			16,798	0	0	0
	Regeneration Property Purchase/Odeon			10,060,159	0	0	0
	City Wide Cycling Infrastructure Contribution			18,000	0	0	0
	Diamond Place Redevelopment			65,460	0	0	0
	City Cycle Schemes (Growth Deal)			120,000	0	0	0
	St Michael's Street Levelling Works			-5,605	0	0	0
	Blackbird Leys Regeneration (GF element)			-255,948	150,000	-342,052	0
	Essential Repair Grants			-5,000	0	0	0
	Sub Total General Fund			79,647,479	33,108,184	31,870,621	14,262,887
Housing Revenue Account							
Consultation Budget				140,336,337	149,132,860	89,881,556	199,121,704
Slippages since November 2025							
	Energy Efficiency Initiatives			3,338,614	-1,095,963	0	0
	Blackbird Leys Regeneration			0	0	-2,000	0
	East Oxford development			-8,728	0	0	0
	Properties Purchased From OCHL			-114,543	-5,415,643	24,552,665	-18,839,251
	Northfield Development Phase 1			-20,000	-3,228,000	401,258	0
	Oxford North Development			702,314	1,174,000	0	0
	Leiden Road (c. 12 affordable homes)			1,297,447	-1,989,138	-286,393	0
	Underhill Circus (c. 11 affordable homes)			1,700,466	-1,347,424	-354,292	0
	HRA Barton Acquisitions			6,225,120	-11,051,885	0	0
	Northfield Development Phase 2			20,000	3,228,000	924,832	0
	Elsfield Hall			0	0	1,400,446	0
	Sub Total HRA Capital			153,477,027	129,406,807	116,518,072	180,282,453
Overall Capital Programme				233,124,506	162,514,991	148,388,693	194,545,340

Significant variations include :

- **ODEON** - Another 3 week extension to tender period was approved given number of extra architects drawings issued and to ensure good quality accurate submissions. A number of small delays to build programme mean start on site estimated date now pushes into next financial year, and spend drawdown has been reprofiled.
- **Fleet** - The above spend has been impacted by a complete review in procurement process and this has considerably delayed ordering new assets. As such much of the asset procurement for this year might now roll over into 26-27. Some budget has been adjusted to take this into account but until a procurement process has been completed and lead times determined from suppliers (subject to that procurement) it is difficult to say which year the spend will occur.
- **Properties Purchased from Housing Company** – Updated appraisals and slippages in start on sites for schemes has resulted in a reprofiling of schemes although over the 4 year programme there is little change in the overall budget made available.

36. The resultant capital programme is shown below with the 40% optimum bias applied. The total programme over the four year period is estimated at £738 million. Applying 40% optimism bias the programme is reduced to £621 million.

Table 7 Capital Programme – 2026-27 to 2029/30

Optimism Bias 40%	£	£	£	£
General Fund	79,647,480	33,108,184	31,870,621	14,262,887
Slippage from previous year	-	31,858,992	25,986,870	23,142,996
Slippage in current year at 40%	-31,858,992	-25,986,870	-23,142,996	-14,962,353
Revised Programme	47,788,488	38,980,306	34,714,495	22,443,530
HRA	153,477,027	129,406,807	116,518,072	180,282,453
Slippage from previous year	-	61,390,811	76,319,047	77,134,848
Slippage in current year at 40%	-61,390,811	-76,319,047	-77,134,848	-102,966,920
Total revised programme assuming optimism bias of 40%	139,874,704	153,458,876	150,416,766	176,893,910

37. The main risks to the Capital Programme are set out in Appendix 8 and summarised below:

- a) Interest rate rises which would increase financing costs
- b) Right to buy disposals as detailed in the assumptions are not as forecast which could cause a shortfall in funding of schemes
- c) Slippage in Capital Programme and consequential impact on delivery of Council's priorities
- d) Robustness of estimates

Housing Company

38. There are no changes to the forecast financial returns from OCHL trading as OX Place to the Council over the 4-year MTFS period since the Consultation Budget as follows:

Table 8: Revenue Returns to Council from OCHL 2026/27 to 2029/30				
	2026/27	2027/28	2028/29	2029/30
	£000's	£000's	£000's	£000's
Loans outstanding at year end to Company	20,810	14,310	18,364	11,610
Revenue Returns to Council				
Gross Interest	1,469	1,230	1,140	1,220
Dividends	3,000	-	-	-
Total	4,469	1,230	1,140	1,220

39. The Company are intending to pay a dividend of £3 million in 2026-27 which has been factored into the MTFS. After this year, there are currently no further dividends forecast by the Company or included within the councils MTFS.
40. At a meeting in December 2025 shareholders were advised that following changes to tenure and the delivery of a number of key schemes such as Redbridge and Sandy Lane, there would be a significant increase in forecast surpluses, although it was too early to include these surpluses in any dividend recommendation, given the need for these schemes to obtain planning permission. The Company have jointly with the Council commissioned consultants to look at its current business strategy going forward which could bring improvements to dividends. This work will be presented to shareholders in due course.

Oxford West End Development (OXWED)

41. The Council has a 50/50 partnership with Nuffield College to undertake the development of the land at Oxpens for residential and commercial purposes. The 2024-25 accounts for the LLP have recently been approved and indicate a loss for the organization of £2.6m for the year.
42. The Council has invested money on a 50/50 basis with its partner Nuffield College at a loan investment rate of 4% above base rates with loans outstanding and accrued interest at 31-3-2025 of circa £21 million.
43. In October 2025 the scheme received planning permission, and at their meeting on 1st December 2025 shareholders were given an update on the latest position. Shareholders were advised that commercial land values had declined and whilst residential land values have remained constant whole site returns compared to those anticipated in October 2023 had substantially reduced. As a result, Oxwed were in the process of a masterplan review to consider whether any changes should be looked at now to allow an early viable residential led first phase should proceed to get the scheme moving.
44. This would be likely to take the scheme into the second quarter of 2026 especially if it is decided to pursue a planning variation. An update would be provided to shareholders in April.
45. It is unlikely that this strategy would lead to any financial return to the Council over the next 4 year MTFS.

Oxford Direct Services Limited (ODSL)

46. There are no changes to the forecast financial returns from ODS to the Council over the 4-year period of the MTFS since the Consultation Budget which are in the region of £2 – 2.4 million per annum. Revenue from ODS is forecast as follows:

Table 9: Oxford Direct Services Revenue – 2025-26 to 2029-30

Update to shareholders December 2025-							
		2025-26	2026-27	2027-28	2028-29	2029-30	
		£000's	£000's	£000's	£000's	£000's	
Supluses							
ODSL		2,000	1,800	1,400	600	500	
ODSTL		600	900	800	1,800	2,500	
		2,600	2,700	2,200	2,400	3,000	
Dividends		2,000	2,400	2,400	2,400	2,400	

47. At the shareholders meeting in December a dividend of £2.4 million was declared for 2025-26 following the sign off of the Company's accounts for 2024-25.

Financial Implications

48. These are covered within the main body of the report.

Legal Implications

49. The Council is required to set a balanced and robust budget taking account of working balances and any other available reserves before the commencement of the financial year to which it relates. Consultation has to be undertaken with the general public for a period of 6 weeks in accordance with CIPFA guidance and the Council must take into account feedback from the budget consultation process when setting its budget.

50. The Local Government Act 2000 states that it is the responsibility of the full Council, on the recommendation of the executive to approve the budget and related council Tax demand.

51. The Local Government Act 2003, section 25 requires the Council's Section 151 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. This will be done at the meeting of the Council in February 2026 when the Budget is considered.

52. Failure to set a legal budget may lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999.(EG/81267/2/2/26)

Risk Implications

53. These are shown in Appendix 8 of the report and highlighted within the body of the report.

Equalities Impact Assessment

54. A copy of the Equalities Impact Assessment is given in Appendix 9 attached to this report.

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Background Papers:
None

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