

<b>Name of Committee:</b>	Full Council		
<b>Committee Date:</b>	Thursday, 26 <sup>th</sup> February 2026		
<b>Report Title:</b>	Havant Borough Council Budget 2026/27		
<b>Responsible Officer:</b>	Steven Pink, Director of Finance and Resources (Section 151 Officer)		
<b>Cabinet Lead:</b>	Councillor Phillippa Gray - Cabinet Lead for Finance & Governance		
<b>Status:</b>	Non-Exempt		
<b>Urgent Decision:</b>	No	<b>Key Decision:</b>	No
<b>Appendices:</b>	Appendix A – Revenue Budget 2026/27 Appendix B – Medium-Term Financial Strategy 2026/27 to 2030/31 Appendix C – Capital Strategy 2026/27 to 2030/31 Appendix D – Capital Programme 2026/27 to 2030/31 Appendix E – Usable Reserves 2025/26 to 2030/31 Appendix F – Treasury Management Strategy 2026/27 Appendix G – Investment Strategy 2026/27 Appendix H – Minimum Revenue Provision Statement 2026/27 Appendix I – Council Tax Resolution 2026/27 Appendix J – Business Rates 2026/27 Appendix K – Statement of Robustness 2026/27		
<b>Background Papers:</b>	<a href="#">Agenda for Cabinet on Wednesday, 11th February, 2026, 5.30 pm   Havant Borough Council</a>		
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<b>Report Number:</b>	HBC/022/26		

## Corporate Priorities:

The Council's agreed corporate priorities play a significant role in setting a balanced budget. Beyond supporting the delivery of statutory services, the proposed budget is primarily designed to deliver the Council's corporate priorities. All services, investment, savings, and the capital programme, including any bids for new investment, are measured against their ability to support the corporate priorities.

Not only is it a legal requirement for the Council to set a balanced budget, but it is also vital to allow the Council to deliver against its corporate priorities without putting the financial viability of the Council at risk.

Approval of the capital programme ensures projects align with corporate priorities and remain affordable, transparent, and mindful of financial risk. Each proposed project is assessed against its contribution to these priorities.

The Medium-Term Financial Strategy (MTFS) evaluates the Council's financial position over the next five years, identifying risks and enabling timely planning. This needs to be calculated with strong consideration to all current corporate priorities and may shape any changes to those priorities in the coming years.

## **Executive Summary:**

The Council presents a robust, balanced budget for 2026/27 despite significant external pressures. Changes in government policy, funding availability, and economic conditions have influenced the ability to set and deliver this budget. Salary costs, the Council's biggest area of expense, and general inflation have both outpaced the rate of any funding increases in recent years. This is compounded by demand-led pressures such as temporary accommodation and homelessness which have combined to place significant stress on the Council's financial reserves.

The presented balanced budget includes a transfer to essential reserves of £436K over and above the cost of services. This transfer is to replenish overused reserves and strengthen the Council's fragile financial resilience. Industry standards recommend that Council hold a Minimum Level of Balances (reserves) of 5% of Net Revenue Budget (NRB). The Council's assessed level was 4.7% at the start of the current financial year and predicted to fall to 2.1% by 31 March 2026. This transfer would increase that level up to 3.2% by 31 March 2027. The Council's total revenue reserves stand at ~22% of NRB but the majority of these reserves are either ringfenced, committed, or planned for specific purposes.

The net cash limited revenue budget for 2026/27 is £21.6M, an increase of 10.4% on the current year. To achieve this, the following recommendations and assumptions have been made:

- To increase council tax in line with the maximum allowable rise (2.99%) without triggering a referendum. The actual rate proposed is 2.97% due to rounding of the cash values.
- Retained business rate income is set as per the provisional finance settlement issued on 18 December 2025 in conjunction with fair funding review.
- Treasury investment income is assumed in line with forecast market data from independent industry specialists.

Based on current data and best estimates, the MTFS forecasts a base budget deficit of £9.1M by 2030/31. To address this, the Council will continue and expand its savings and efficiency programme, focusing on cost reduction and income generation to close the gap within the MTFS period.

The Capital Programme will invest up to £223M over the next five years, including £113M of secured funding for major coastal protection schemes. Key projects include flood and coastal erosion risk management at Eastoke, Selmore, and Mengham; habitat creation at Conigar and Warblington; and restoration of Hayling Oyster Beds. Other initiatives focus on regeneration and community improvements, such as Waterlooville Environmental Enhancements, the Havant Town Centre Vacant Shops Scheme, and the Meridian Centre reconfiguration. The programme also delivers active travel upgrades like the Waterlooville–Denmead corridor and Hermitage Stream improvements, as well as infrastructure enhancements at the Spring Arts and Heritage Centre. Additional investments include play area upgrades, new sports facilities at Front Lawn Community Hub, retrofitting housing sites, and biodiversity improvements at The Bog, Purbrook. Essential replacements for waste collection vehicles and equipment, hybrid meeting AV provision are also planned. Funding sources vary by project and may include external grants, Community Infrastructure Levy, capital receipts, and reserves.

Cabinet recommends that Council:

1. Approve the Revenue Budget 2026/27 as set out in Appendix A
2. Approve the revised Medium-Term Financial Strategy for the period 2026/27 to 2030/2031 as set out in appendix B
3. Approve the Capital Strategy 2026/27 to 2030/31 as set out in Appendix C
4. Approve the Capital Programme 2026/27 to 2030/31 as set out in Appendix D
5. Approve the reserves position as set out in Appendix E
6. Approve the Treasury Management Strategy 2026/27 as set out in Appendix F
7. Approve the Investment Strategy 2026/27 as set out in Appendix G
8. Approve the Minimum Revenue Provision Statement 2026/27 as set out in Appendix H
9. Approve an increase in council tax of 2.97% allowable under general powers to increase council tax without a referendum.
10. Set the band D Council Tax rate for Havant Borough Council at £246.87, representing a £7.11 increase on the current charge and approve the Council Tax Resolution as set out in Appendix I
11. Notes the Business Rates 2026/27 analysis as set out in Appendix J
12. Endorse the statement of the Section 151 Officer on the robustness of the budget and adequacy of the Council's reserves as set out in Appendix K

## **1.0 Introduction**

- 1.1 The process for setting the 2026/27 budget began in September 2025. Members and officers undertook a comprehensive review, considering financial pressures, opportunities, service demands, commitments, and economic conditions.
- 1.2 Following this process, the Council is presented with proposals for the revenue budget, Medium-Term Financial Strategy, Capital Strategy and Programme, Treasury Management Strategy, and the Council Tax resolution for 2026/27.

## 2.0 Background

- 2.1 Local authorities in England are legally required to set a balanced budget each financial year under the Local Government Finance Act 1992. This means the Council must ensure that planned expenditure does not exceed available resources, taking into account income from council tax, business rates, government grants, and other funding streams. While the term “balanced” is not explicitly defined in law, it is interpreted as a budget that is sustainable and does not rely on unlawful borrowing or deplete reserves to an imprudent level.
- 2.2 The responsibility for advising on the robustness of the budget and the adequacy of reserves lies with the Section 151 Officer, as set out in the Local Government Act 2003. At the time of budget setting, the Section 151 Officer must provide a formal statement under Section 25 of the Act, confirming that the estimates are sound and reserves are sufficient to manage financial risks. Members are legally required to have regard to this advice when approving the budget.
- 2.3 Failure to set a lawful budget by the statutory date can result in serious consequences, including intervention by the Secretary of State under the Local Government Act 1999, reputational damage, and potential personal liability for Members.
- 2.4 In addition to the legal requirement to balance the budget, councils must consider wider financial planning principles. The MTFS provides a forward-looking view of the Council’s financial position, typically over a five-year period, and identifies risks and opportunities. This enables early action to address funding gaps and supports long-term sustainability.
- 2.5 The Council must also comply with the CIPFA Financial Management Code and the Prudential Code, ensuring that financial decisions are affordable, prudent, and sustainable. This includes setting strategies for capital investment, treasury management, and fees and charges,

alongside monitoring performance throughout the year.

- 2.6 Given the current economic climate, rising demand-led pressures, and uncertainty in government funding, robust financial planning and risk management are essential. The Council's approach must balance statutory duties with the need to protect services, maintain reserves, and plan for future challenges.

### **3.0 Economic Environment**

- 3.1 As well as the Council's direct funding and cost pressures, there are a number of wider economic pressures that impact the Council's budget, even if not directly.
- 3.2 Councils nationally continue to face significant funding shortfalls. Despite the statutory requirement to set a balanced budget, many authorities are relying on service reductions, asset disposals, and the use of reserves to bridge the gap. The Council has identified £1.7M of savings through its Savings and Efficiencies Programme for 2026/27. This programme will remain a key component of the Council's strategy throughout the MTFS period, supporting efforts to close the projected funding gap and maintain financial sustainability.
- 3.3 Rising demand and cost pressures, particularly in temporary accommodation, continue to impact the council's financial position. While preventative services have helped reduce the number of families entering temporary accommodation, the associated costs remain a significant financial burden on the Council.

### **4.0 Relationship to the Corporate Strategy**

- 4.1 Effective delivery of the corporate strategy requires both an approved balanced revenue budget, and an agreed capital programme. Without these, the Council would be restricted to only delivering statutory functions.

4.2 Ensuring that key projects that support the corporate strategy have approved funding (whether revenue or capital) is essential to ensuring the achievement of their objectives.

4.3 Our Corporate Strategy; outlines four themes of wellbeing, pride in place, growth and being a responsive Council. These themes seek to improve the health of our communities, protect our natural environment and build for the future. Underpinning our Corporate Strategy, we have our Corporate Strategy Delivery Plan which articulates in more detail the work we are taking forward for delivery.

#### 4.3.1 **Wellbeing**

Additional funding of £1.1M in the revenue budget to assist with temporary accommodation and homelessness costs.

Delivery of our purchased temporary accommodation to provide support to those who are at risk of homelessness.

Continued investment in our play park refurbishment programme.

Explore options for social housing provision in the borough including potential owning and managing our own.

#### 4.3.2 **Pride in Place**

Take forward our bids to Government for funding to support four new major coastal projects aimed at reducing the risks of coastal flooding and erosion as well as habitat creation.

Delivery of our regeneration initiatives across the borough in Havant, Waterlooville, Leigh Park and Hayling Island.

Continued development and delivery of our Local Plan and Infrastructure Development Plan for the borough.

Delivery of the Environment Act changes, including the launch of our new food waste collection service in 2026/27.

Continued monitoring of Norse to ensure delivery against agreed service metrics.

#### 4.3.3 **Growth**

Taking forward our Climate Change and Biodiversity strategies including supporting local businesses to acquire 'green skills' Implementation of a programme of Civil Engineering projects to improve active travel routes, such as new or improved cycle routes around the borough.

Enable and support employment opportunities and local business growth through initiatives such as Youth Hub and Link up Leigh Park.

#### 4.3.4 **A Responsive Council**

Progression of our work around Local Government Reorganisation to ensure the council is ready for implementation of the new unitary structure in Hampshire.

Ensure improvements to our customer services are progressed in line with our Customer Access & Experience Strategy.

Delivery of our Savings & Efficiency programme, ensuring those savings identified as part of the budget setting are delivered in a timely manner.

- 4.4 Our updated Capital programme includes a number of initiatives which support the delivery of the Corporate Strategy. New projects in the capital programme include various infrastructure projects across the borough including the retrofitting of five key housing sites, new bids for coastal flooding projects, biodiversity projects in Hayling and

Purbrook and the expansion of our vacant shop scheme. All these new projects and existing projects being taken forward are articulated within the capital programme.

## **5.0 The Annual Budget Process**

- 5.1 The annual budget setting process commenced in September 2025. The first step was to establish available funding, primarily Council Tax receipts, retained Business Rates, non-ring-fenced government grants, and investment income.
- 5.2 The final figures were confirmed following the government's finance settlement announcement shortly before Christmas.
- 5.3 The Finance Business partners worked with Directors and Service Managers to identify cost pressures and service gaps.
- 5.4 A Savings and Efficiency Programme was agreed by Cabinet on 3 December 2025. The programme has identified £1.7M in savings to be delivered in 2026/27 and these assumptions have been built into the base budget.
- 5.5 Known and expected cost pressures are identified, service changes are financially evaluated, and revenue budget pressure and capital bids are submitted to the finance department for assessment. They are then scrutinised and challenged for accuracy and appropriateness before the first draft submission is shared with the Strategic Leadership Team and the Cabinet.
- 5.6 The budget is presented to the Overview and Scrutiny Committee on 9 February 2026, prior to Cabinet on 11 February who will vote on recommending its approval by Full Council on 26 February 2026.
- 5.7 All Councillors were invited to a budget briefing on 4<sup>th</sup> February 2026.

## 6.0 Revenue Budget

- 6.1 After the announcement of the Local Government provisional finance settlement, the available cash funding for the proposed 2026/27 revenue budget is £21.6M. This has increased significantly from the £18.1M assumed in the MTFs from February 2025. The increase is due to additional Extender Producer Responsibility funding (£0.9M), an allowance in the Fair Funding Review for the introduction of Food Waste collection (~£0.7M), and transitional arrangements to mitigate the anticipated losses from the Business Rates Reset (~£1.9M).
- 6.2 The funding for 2026/27 is £22M (£21.6M cost of services, £0.4M transfer to reserves) which comprises £4M in retained Business Rates, £4.8M Revenue Support Grant as part of Fair Funding Review, £10.7M in Council Tax receipts, and £2.5M in non-ringfenced government grants. Additional specific grants and income from fees and charges are included within the net cash limit but do not form part of core funding. Overall, funding is in excess of the net cost of services and the surplus has been transferred to reserves.
- 6.3 The funding figures include an assumption that Council tax will be increased by 2.97%, that Business Rates are based on the provisional finance settlement and fair funding review.
- 6.4 Reserves include a £1M transfer from the Regeneration Capital Reserve to the new Local Government Reorganisation Reserve (LGR). The Council will be using the Capital Receipts Flexibility scheme to support the costs of transformational work leading up to the creation of the new unitary authority. In addition, £149K has been allocated to earmarked reserves and £287K to the General Fund Reserve.

## 7.0 Medium-Term Financial Strategy 2026/27 to 2030/31

- 7.1 The Council's MTFS, set out in Appendix B, covers the five-year period from 2026/27 to 2030/31 and provides a prudent framework for managing the Council's finances in the context of ongoing financial uncertainty and constrained resources. It summarises the forecast revenue position, funding assumptions, identified savings and growth, and the resulting budget gaps over the medium term.
- 7.2 A balanced budget has been achieved for 2026/27; however, the MTFS identifies forecast funding gaps after transfers to reserves of £1.4M, £2.8M, £2.5M and £2.4M in the years 2027/28 to 2030/31 respectively, cumulative budget gap of £9.1M over the MTFS period. These gaps reflect ongoing service cost pressures, particularly within housing and property services, alongside pay and non-pay inflation, reductions in income, and the Council's limited resource base to absorb further cost increases.
- 7.3 The MTFS includes identified savings totalling £2M. These savings are offset by unavoidable service growth of £2.47M, and an assumed reduction in income of £0.8M over the lifetime of the MTFS.
- 7.4 To support the 2026/27 budget, it is recommended that Council Tax is increased by 2.97%, in line with referendum limits, recognising the importance of maintaining essential services while seeking to minimise the impact on residents.
- 7.5 Business rates and other grant income assumptions are aligned to the outcomes of the Fair Funding Review and are based on the provisional three-year finance settlement for the period from 2026/27, issued on 18 December 2025, providing a degree of short-term certainty. Notwithstanding this, the MTFS recognises the ongoing risks associated with funding reform and business rates volatility beyond the settlement period.

- 7.6 Usable reserve levels remain low and continue to represent a key financial risk to the Council. As part of a longer-term strategy to strengthen financial resilience.
- 7.7 The MTFs, detailed in the Appendix B, will continue to be reviewed and refreshed annually to reflect changes in funding, demand, and government policy, with further work required to identify additional savings and income opportunities to ensure the sustainability of the Council's finances over the medium term.
- 7.8 The Council proposes to continue the savings and efficiency programme to close the medium-term funding gap so that it continues to live within its financial means.

## **8.0 Local Government Reorganisation**

- 8.1 Hampshire and the Isle of Wight are undergoing a process of Local Government Reorganisation where the existing two-tier system will be replaced by a single tier unitary structure. This means that, from April 2028 it is expected that Havant Borough Council will no longer exist as a legal entity. However, the functions and responsibilities of the Council will continue, and financial planning should continue based on the known funding and demand pressure for the Council as it currently operates. This information will be vital to the new unitary authority as they set out their first budgets, and the Council cannot make any assumptions on decisions to be made by the new authority.

## **9.0 Capital Strategy**

- 9.1 The Capital Strategy is a key policy document that sets out the Council's approach to the Capital Programme, use of capital resources, and Asset Management Plans. It aligns with other strategic plans, including the Regeneration Strategy and the MTFs. Prepared in accordance with the Prudential Code (2018), the Capital Strategy requires approval by Full Council.

- 9.2 The objectives of the Capital Strategy are to:
- Provide a longer-term view of capital expenditure plans.
  - Provide an overview of the governance process for approval and monitoring of capital expenditure.
  - Provide an overview of asset management planning.
  - Provide expectations around debt and use of internal borrowing to support capital expenditure.
  - Define the authority's approach to commercial activities including due diligence and risk appetite.
  - Define the available knowledge and skills to the authority in relation to capital investment activities
- 9.3 For the year ended 31 March 2025 the Council's asset portfolio consisted of £34.5M of investment property, £106.7M of property, plant and equipment and £524K of assets under construction.

## **10.0 Capital Programme 2026/27 to 2030/31**

- 10.1 The Capital Programme aims to set out the planned capital expenditure and projects to be delivered over the next 5-year period. It includes any existing "live" projects that are carried over from the prior year's capital programme (along with any agreed funding) and any new approved projects submitted through the capital bidding processes.
- 10.2 The Council is proposing to invest up to £223M in its capital programme by 2030/31.
- 10.3 The capital programme is funded from existing and assumed future capital resources. These include:
- Capital receipts.
  - Section 106 Fund.
  - Community Infrastructure Levy (CIL) funds (both Strategic and Neighbourhood CIL).

- Capital Grants.
- Borrowing.
- Use of Reserves

## **11.0 Annual Minimum Revenue Provision (MRP)**

11.1 Where the Council uses borrowing to finance capital investment, it is required to make prudent provision for the repayment of that debt through a charge to the revenue budget known as Minimum Revenue Provision (MRP). The Council has reviewed its MRP policy in line with the latest statutory guidance and has adopted the asset life annuity method for capital expenditure incurred after 1 April 2008. This approach aligns the cost of borrowing with the useful life of the assets and provides a sustainable profile of revenue charges over time. The full Annual MRP Statement for 2026/27 is set out at Appendix H.

## **12.0 Options**

- 12.1 Option 1 – To approve the presented budget (as per the recommendations). Members agree the proposed budget, including all recommendations, funding assumptions, risks, and savings proposals.
- 12.2 Option 2 – Reject the proposed budget and request an alternative or amended budget be presented to a future meeting of the Full Council before the statutory deadline.
- 12.3 Members are reminded that they have a statutory obligation to agree a balanced budget by 11 March 2026.
- 12.4 Whilst there are alternatives to the recommended options, each will have a financial consequence that would require further investigation and consultation to be able to produce a balanced budget. For example, deciding not to increase Council Tax would mean having to

make revenue budget savings of approximately £354K.

- 12.5 In accordance with Council Standing Order 20.3, when the Cabinet makes recommendations to the full Council in relation to calculating the budget requirement and setting the Council tax, any amendments to those recommendations which affect those calculations, or the level of Council tax must be submitted in writing and received by the Monitoring Officer by 4pm on the seventh day after the meeting of the Cabinet. Any such amendment, together with the recommendations of the Cabinet, will be referred to the Overview & Scrutiny Committee which will report to the Council meeting at which the full Council calculates the budget and sets the Council Tax (the Budget Council meeting).

### **13.0 Conclusion**

- 13.1 The 2026/27 budget reflects months of collaboration between the Council's Strategic Leadership Team and Officers, and elected members. The revenue budget has been balanced within existing funding while safeguarding the Council's limited reserves.
- 13.2 The MTFS signals future challenges, including a projected deficit. Continued action will be required to maintain financial stability and protect reserves.
- 13.3 The Council's savings and efficiency programme is projected to deliver £1.7M in savings, helping to balance the budget and close the gap identified in the MTFS . Local authorities face rising costs (inflation, demand for services) and often limited or uncertain funding from central government. The savings programmes help bridge gaps between income and expenditure without relying solely on reserves or emergency measures.

- 13.4 The capital programme delivers substantial investment in the Borough's infrastructure and community assets, alongside continued support for essential services.

## **14.0 Implications and Comments**

### **14.1 Section 151 Comments**

14.1.1 The proposed budget for the 2026/27 financial year has followed an extensive and robust process to ensure that it is both reasonable and deliverable. All assumptions and estimates have been evidenced based and included following consultation between finance professional and the relevant service managers.

14.1.2 Whilst the financial settlement has delivered a significant increase on expected figures, it should be remembered that due to the business rates reset, it was expected that the Council's funding would reduce due to the drop in retained business rates locally. The fair funding review has resulted in a transitional grant to cover the next three financial years to smooth the fall in funding from business rates.

14.1.3 The fair funding review has also changed the pre-existing calculation methods and has introduced a heavy weighting based on the Indices of Multiple Deprivation. This has also resulted in the increase of funding being provided to the Council and reflects the economic and health challenges faced by some parts of the Borough.

14.1.4 The additional funding has allowed the Council to deal with many of its prominent cost and demand pressures in the budget, including putting an additional £1.1M over and above inflationary pressures in its Housing service to tackle the rising costs of, and number in, temporary accommodation. This service area has driven overspends in recent years and

caused the Council's revenue reserves to fall to uncomfortably low levels.

14.1.5 The Capital Programme, whilst extensive, has been built on available and expected funding and is not requiring of any significant unsupported borrowing. This prudent approach supports the delivery of key services as it minimises any impact of the revenue budget.

## 14.2 Financial Implications

14.2.1 Projected savings for 2026/27 under the Savings and Efficiency Programme will be monitored, with progress reported regularly to Cabinet and the programme will run annually and continue to address the funding gap throughout the MTFS period. Any additional in-year savings identified will be ring-fenced and allocated to the Financial Management Reserve at year-end.

14.2.2 All the other main financial implications are detailed throughout the report and its appendices.

## 14.3 Monitoring Officer Comments

14.3.1 Councillors have a duty to seek to ensure that the Council acts lawfully. They are under an obligation to produce a balanced budget. Councillors must not come to a decision which no reasonable authority could come to; balancing the nature, quality, and level of services which they consider should be provided against the costs of providing such services.

14.3.2 The Council's Constitution requires Full Council to set Council Tax and agree the Budget for the forthcoming financial year. The Budget, MTFS, Capital Programme and various financial strategies appended to this report, are key parts of the Council's Budget and Policy framework and as such form the

parameters in which the Council operates over the upcoming financial periods.

## 14.4 Legal Implications

14.4.1 In accordance with the Local Government Finance Act 1992, local authorities in England and Wales are required to set a balanced budget for each financial year.

14.4.2 S.151 Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs while s.25 Local Government Act 2003 requires the Council to have due regard to a statement on the adequacy of reserves and the robustness of the budget, produced by the Chief Financial Officer, when making its budget decisions.

14.4.3 Members have a fiduciary duty to weigh the needs of service users against the interests of local taxpayers. In planning the budget, Members are under a fiduciary duty to act prudently, responsibly, in a business-like manner and in their view of what constitutes the best interests of the general body of local taxpayers. In deciding upon expenditure, the council must fairly hold a balance between recipients of the benefits of services provided by the council and its local taxpayers.

14.4.4 Members should note that their fiduciary duty includes consideration of future local taxpayers as well as present local taxpayers. The Council has a duty under the Local Government Finance Act Page 24 1992 (the 1992 Act) to set a balanced budget.

14.4.5 Failure to set a lawful Council Tax could have serious financial results for the council and make the council vulnerable to an Order from the Courts requiring it to make a council tax. Information must be published and included in the council tax

demand notice.

14.4.6 The Secretary of State has made regulations, which require charging authorities to issue demand notices in a form and with contents prescribed by these regulations. Under Section 114 (2) and 114 (3) of the Local Government Finance Act 1988, the Chief Financial Officer is required to make a report, if it appears to him/her that a decision or course of action the council or an officer has agreed or is about to make is unlawful, or that expenditure is likely to exceed resources available.

14.4.7 Section 25 of the Local Government Act 2003 imposes a specific duty on the S151 Officer to formally report to council at the time the budget is considered, and the council tax is set on the robustness of the budget estimates and the adequacy of financial reserves. This statement by the S151 Officer is included alongside the budget and council tax setting report to both Cabinet and Full Council each February.

## 14.5 **Equality and Diversity**

14.5.1 The Council has undertaken a cumulative Integrated Impact Assessment of the 2026/27 budget proposals and Medium-Term Financial Strategy. This draws together the outputs from service-level budget development, corporate officer review and member engagement to consider the combined impacts of the budget as a whole.

14.5.2 For the first time, the budget process has been underpinned by detailed service-level budget packs completed and approved by budget managers and subject to review and challenge by Finance Business Partners. These were reconciled to the MTFS and formed the basis for corporate consideration of service, financial and impact implications.

14.5.3 The cumulative assessment highlights that the most significant potential impacts arise in service areas supporting vulnerable adults, older people, and residents experiencing socio-economic disadvantage. While the budget includes positive impacts through prioritisation and targeted investment, there are potential risks associated with service redesign, demand management activity and income generation proposals.

14.5.4 The assessment also identifies a number of positive and enabling impacts within the budget proposals. These include the introduction of a new food waste collection service, supporting environmental sustainability and improved recycling performance; an enhanced and affordable capital programme, with minimal external borrowing, focused on regeneration, active travel improvements, flood defence and wider infrastructure development; and investment in essential fleet and waste vehicle replacements to maintain service resilience and health and safety standards.

14.5.5 In addition, proposals to bring customer services, digital functions and the planning system back in-house are expected to deliver positive impacts through greater operational control, improved service integration, stronger data and performance management, and enhanced customer experience over the medium term.

14.5.6 These considerations have informed the development of the final proposals, including the emphasis on protecting statutory services, phasing significant changes, and maintaining strong corporate monitoring and safeguarding arrangements.

## 14.6 Human Resources

14.6.1 There are no direct implications arising from this report. However, a key driver for the budget being agreed are staff

costs associated with critical service and project delivery. The budget addresses identified salary costs, and overheads, such as inflation and pay increases, needed to maintain front line resourcing. Any material changes or amendments will require consideration of HR impacts, as well determination on how that then affects services.

## **14.7 Information Governance**

14.7.1 There are no Information Governance implications arising from this report.

## **14.8 Climate and Environment**

14.8.1 There are limited climate and environment impacts as a result of the recommendations within the report.

## **15.0 Risks**

15.1 Failure to set a balanced budget would likely trigger a Section 114 notice and result in both a very strict series of cost control measures and an intervention from central government.

## **16.0 Consultation**

16.1 The Council has undertaken extensive internal consultation as part of the budget-setting process. The budget has been developed in collaboration with the Chief Executive, Directors, budget holders, Cabinet, and Cabinet Leads.

16.2 The budget was presented at an All-Member briefing on 4 February and reviewed by the Overview and Scrutiny Committee on 9 February 2026.

## **17.0 Communications**

17.1 Subject to approval by Full Council the finalised budgets will be published on the Council website.

<b>Agreed and signed off by:</b>		<b>Date:</b>
<b>Cabinet Lead:</b>	Councillor Phillipa Gray	26 January 2026
<b>Executive Head:</b>	Steven Pink	28 January 2026
<b>Monitoring Officer:</b>	Jo McIntosh	27 January 2026
<b>Section151 Officer:</b>	Steven Pink	28 January 2026