

# Cheltenham Borough Council

**Cabinet – 24 February 2026**

**Council – 27 February 2026**

## **General Fund Revenue and Capital – Final Budget Proposals 2026/27**

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**Accountable member:**

Deputy Leader and Cabinet Member for Finance & Assets, Councillor Peter Jeffries

**Accountable officer:**

Adele Talyor – Director of Finance and Operations (Section 151 Officer)

**Accountable scrutiny committee:**

Budget Scrutiny Working Group

**Ward(s) affected:**

All

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**Key/Significant Decision:**

Yes

**Executive summary:**

This report sets out the revised budget for 2025/26 and the Cabinet's final budget proposals for 2026/27.

The Council has faced unprecedented financial challenges over the last few years, with over a decade of financial austerity resulting in significant cuts by central government to council funding, a period of high inflation, the Covid pandemic, and the cost-of-living crisis.

In December 2025, a draft budget was set out for 2026/27 including all the information that we knew at the time including the provisional Local Government finance settlement. This saw significant changes in the way that Local Government finance is

being distributed from 2026/27 onwards. The draft budget was also based on the financial position during 2025/26 at the time of writing the report.

For 2026/27, we have seen the introduction of the much-anticipated Fair Funding Review, including the reset of the Business Rates Retention Scheme, which brings significant changes to the formula for local government funding. The use of more up-to-date data and a multi-year financial settlement is welcomed, but the continued shift towards a greater cost burden falling upon local council taxpayers and the chronic underfunding of the sector is not.

The 2025/26 Net Budget was set at £19.055m, and this included a contribution to General Fund Balances of £0.560m. Following a detailed review of all of budgets, savings and asset disposals the latest forecast is an overspend of £0.662m for the year against this. This means that instead of contributing to General Fund Balances there will be a drawdown on them of £0.101m for the year reducing them down from £1.286m to £1.184m at the end of 2025/26 financial year. The key items driving this position are non-delivery of savings and delays to asset disposals.

The level of General Fund Balances has been reviewed and updated with the level being set at £1.5m for 2026/27 with the budget proposal contributing £0.316m to bring them up to this level.

A review of all the Earmarked Reserves has been undertaken to identify for each reserve if it is still required or if they can be reallocated. This review has reduced the number of Earmarked Reserves from 26 down to 10. Part of the process has been to top up the Business Rates Retention Equalisation Reserve to £500,000, the IT Repairs & Renewals Reserve to £150,000 and New Initiatives Reserve to £1m in recognition of the LGR implementation costs.

The budget for 2026/27 has been adjusted for the variances in the current year and updates for known changes such as inflation, the local government finance settlement and a council tax increase of 2.99% (Band D £252.11). The budget includes growth of £0.159m and makes additional contributions to General Fund Balances to bring them up to £1.5m. The resulting savings target for 2026/27 is £1.054m which will be delivered through a savings programme that has 4 key areas of focus which are:

- Staffing establishment review – A review of the staffing establishment budgets focussed on identifying any vacant roles and unallocated staffing budgets that can be removed. This review is also a key part of preparing for LGR and ensuring that HR records and staffing budgets are fully aligned.
- Base budget review – An efficiency review of the base budget to identify savings and additional income that can be delivered with no impact upon services. This will involve a line-by-line review of all budgets looking at actual spend and income compared to the budget over the last few years to identify

variances. This review will assist with the preparation for LGR and will ensure that all of the detailed base budgets are as accurate as possible.

- Discretionary service review - This review will focus upon reviewing the discretionary services and identifying possible savings options for members to consider.
- Capital project and funding review – A detailed review of the capital programme including a detailed analysis of likely timings of likely spend and asset disposals.

The Medium-Term Financial Strategy (MTFS) covers the 3-year period 2026/27 to 2028/29 which aligns to the multi-year finance settlement. The forecast budget gap for 2027/28 is £491,785.

The budget is being set against the background of Local Government Reorganisation (LGR) and the proposals would see all assets and liabilities of Cheltenham transferring to a new unitary in April 2028.

The Section 151 officer has reviewed the 2026/27 budget proposals and concluded that they are robust and that the level of Reserves is adequate.

**Recommendations: Cabinet recommends that Council:**

- 1. approves the revised budget for 2025/26 which is reported as part of the budget monitoring process in Section 6 and Appendix 15.**
- 2. considers the budget assessment by the Section 151 Officer at Appendix 2 when agreeing the following recommendations.**
- 3. approves the final budget proposals including a proposed council tax for the services provided by Cheltenham Borough Council of £252.11 for the year 2026/27 based on a Band D property (an increase of 2.99%).**
- 4. approves the budget strategy for the delivery of savings / additional income totalling £582,852 at Appendix 4.**
- 5. approves the revenue growth items totalling £159,334 at Appendix 5.**
- 6. approves the capital programme at Appendix 6.**
- 7. approves that the minimum level of General Fund Balances is set at £1.5m.**
- 8. approves the use of reserves and general balances and note the projected level of reserves, as detailed at Appendix 7.**
- 9. approves the programmed maintenance programme at Appendix 8.**

- 10. approves the Local Council Tax Support Scheme for working age customers in Appendix 9.**
  - 11. approves the Medium-Term Financial Strategy (MTFS) detailed in Appendix 10.**
  - 12. approves the Pay Policy Statement for 2025/26, including the continued payment of a living wage supplement at Appendix 11.**
  - 13. approves the proposed fees and charges schedule for 2026/27 at Appendix 12, subject to appropriate consultation where required.**
  - 14. approves the Minimum Revenue Provision Policy 2025/26 at Appendix 13.**
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## **1. Implications**

### **1.1. Financial, Property and Asset implications**

As detailed in the report.

**Signed off by:** Jon Whitlock, Head of Finance (Deputy S151 officer)

### **1.2. Legal implications**

The budget setting process must follow the Council's Budget and Policy Framework Rules.

Members are not generally regarded as having a personal or prejudicial interest in the setting of the council budget and council tax. However, any member who is in arrears of council tax needs to give careful consideration to the provisions of section 106 of the Local Government Finance Act 1992. This states that if any arrears remain unpaid for at least two months, then the member must disclose this at the beginning of the meeting, which is to consider the council tax calculation and shall not vote on the matter. It is a criminal offence to disregard this requirement. Any member likely to be in such a position should seek advice as quickly as possible from the Monitoring Officer.

There is a legal requirement under the Local Government Finance Act 1992, sections 31A and 42A to set a balanced budget. The budget proposals include budgets for expenditure and income and use reserves to fund one off expenditure, fund future expenditure or phase in the impact of increased expenditure in accordance with the Medium-Term Financial Strategy.

The Act also contains requirements for local authorities to hold a referendum where council tax is proposed above specific levels. The relevant basic amount

of council tax in 2026/27 will require a referendum if it is 3%, or more than 3%, above its 2025/26 level.

This means that a shire district authority will need to exceed the percentage referendum thresholds in order to be subject to a referendum.

Section 25 of Local Government Act 2003 requires the Authority's Section 151 Officer to comment on the robustness of the estimates and the adequacy of reserves.

By approving the budgets for the capital programme, Cabinet is making key decisions as to the use of the budget. Consequently, the acceptance of tenders in excess of £100,000 by the lead member (or officers if authorised under the constitution) for contracts required to deliver works, services and supplies under the approved budget headings, will not be key decisions.

In accordance with the Council's approved Investment Strategy, the Council is able to lend money to support local public services and stimulate local economic growth. These include loans to organisations and residents within the Borough which support the priorities of the Council.

Sections 38-43 Localism Act 2011 set out the requirements that a Local Authority must publish an annual pay policy statement setting out the Authority's policies relating to the remuneration of its Chief Officers, its lowest paid employees and the relationship between the remuneration of the Chief Officers and other employees. It is up to the Authority to define who its lowest paid employees are. It must also include (a) the level and elements of remuneration for each Chief Officer, (b) remuneration of Chief Officers on recruitment, (c) increases and additions to remuneration for each Chief Officer, (d) the use of performance-related pay for Chief Officers, (e) the use of bonuses for Chief Officers, (f) the approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the authority, and (g) the publication of and access to information relating to remuneration of Chief Officers.

The Authority's Pay Policy Statement must be approved by a resolution of the Authority before it comes into force. Amendments may be made within each year by the passing of a resolution. Once approved it must be published as the Authority sees fit and further pay determinations must be made in accordance with the policy.

**Signed off by:**

Alison McKane, Interim Deputy Monitoring Officer  
[alison.mckane@cheltenham.gov.uk](mailto:alison.mckane@cheltenham.gov.uk)

### 1.3. HR implications

Relationships with the two recognised trade unions continue to remain very positive. The Executive Leadership Team and the HR team will continue to work closely with TU colleagues in order to ensure that any potential impact on employees as a result of realisation of budget savings are kept to a minimum.

**Signed off by:** Julie McCarthy, [HR@cheltenham.gov.uk](mailto:HR@cheltenham.gov.uk)

### 1.4. Environmental and climate change implications

The annual budget aims to deliver the outcomes defined by the Council's corporate business plan, including the priority to be carbon neutral by 2030, and resourcing should be aligned to the delivery of corporate plan priorities.

**Signed off by:** Maizy McCann, Climate Emergency Officer,  
[maizy.mccann@cheltenham.gov.uk](mailto:maizy.mccann@cheltenham.gov.uk)

### 1.5. Corporate Plan Priorities

The actions outlined in this budget proposal to implement savings and grow our commercial income will help ensure that the council can continue to deliver its corporate objectives as set out in the 2025-28 Corporate Plan. It also means we will be well placed to deliver the priorities in this new Corporate Plan which was presented to Council for approval in February 2025.

This report contributes to the following Corporate Plan Priorities:

- Key priority 1: Securing our future
- Key priority 2: Quality homes, safe and strong communities
- Key priority 3: Reducing carbon, achieving council net zero, creating biodiversity
- Key priority 4: Reducing inequalities, supporting better outcomes
- Key priority 5: Taking care of your money

**Signed off by:** Ann Wolstencroft, Director of Corporate Resources  
[ann.wolstencroft@cheltenham.gov.uk](mailto:ann.wolstencroft@cheltenham.gov.uk)

### 1.6 Equality, Diversity and Inclusion Implications

The proposals for the 2026/27 general fund revenue and capital budgets are focused on the delivery of the 2025-28 plan. Any savings or efficiencies to deliver the budget that require separate decisions will be subjected to their own equality impact assessments. An equality impact assessment for the decisions in this report is included in Appendix 14

## **1.7 Performance management – monitoring and review**

The savings will be delivered through a combination of a staffing establishment review, base budget review, discretionary service review and capital review. To ensure the deliverability of these savings it is proposed that detailed project plans for each area will be produced so that these can then be monitored from Quarter 1 budget management reporting onwards to Cabinet with oversight from Budget Scrutiny Working Group.

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## **2 Background**

2.1 In accordance with the Council's Budget and Policy Framework Rules, which are part of the Council's constitution, the Cabinet is required to prepare interim budget proposals for the financial year ahead and consult on its proposals for no less than four weeks prior to finalising recommendations for the Council to consider. The consultation took place between the period 23 December 2025 to 31 January 2026, and this report sets out the final proposals for 2026/27.

2.2 The Council must set a budget in accordance with provisions of the Local Government Finance Act 1992. The Council has a statutory responsibility to set and approve a balanced budget each year. Section 25 of the Local Government Act 2003 requires the Council, in setting its budget, to have regard to the report of its Section 151 Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of its proposed financial reserves.

## **3 Budget Assessment of the Section 151 Officer**

3.1 Under Section 25 of the 2003 Local Government Act, there is a legal requirement for the Section 151 Officer to make a report to the authority when it is considering its budget, council tax and housing rents (see separate report on Housing Revenue Account to Council) covering the robustness of estimates and adequacy of reserves. The Act requires councillors to have regard to the report in making decisions at the Council's budget and council tax setting meeting.

3.2 The Section 151 Officer is satisfied that the proposed budget for 2026/27 has been based on sound assumptions and are robust. In terms of reserves the assessment is that the Council has adequate reserves to fund operations in 2026/27. The full assessment is attached at Appendix 2.

## **4 Budget Monitoring & Revised 2025/26 Budget**

4.1 The Council regularly monitors its budget and formally reports to Cabinet on a quarterly basis. As part of this monitoring, a revised budget for the current year (2025/26) is produced to update the original budget approved in February 2025 for known changes. The original budget set the net spend for the year at £19.056m, and the Revised Budget updates this to £19.460m.

- 4.2 Following a detailed review of all budgets, savings, and asset disposals, the latest forecast is an overspend of £0.662m. This means that instead of contributing to General Fund Balances as planned, there will be a drawdown of £0.101m, reducing the balance from £1.286m to £1.184m by the end of 2025/26. The key drivers of this position are the non-delivery of savings and delays to asset disposals, as previously reported to Cabinet through the Budget Monitoring process.
- 4.3 There is also an issue in the current year relating to business rates, following completion of the statutory NNDR1 form at the end of January 2026. This is largely due to a significant revaluation appeal during the year. The Council's share of the deficit on the Business Rates Collection Fund is £1.016m, and accounting rules require that this impacts the 2026/27 financial year. The Council holds a Business Rates Retention Equalisation Reserve for this purpose, but the scale of this adjustment would substantially deplete it. Therefore, as part of the reserves review, the Equalisation Reserve will be increased to £0.500m in 2026/27.
- 4.4 The breakdown of changes resulting from the 2025/26 Revised Budget process is set out in Appendix 3. Both the 2025/26 Revised Budget and the 2026/27 budget proposals have been adjusted to reflect these changes.

## **5 The Cabinet's Budget Strategy for 2026/27**

- 5.1 The approach to the development of the 2026/27 budget proposals were set out in the Budget Strategy, Process & Timetable 2026-27 to Cabinet at its meeting on 21 October 2025. The assumptions were:
- The projection will be for a standstill budget, prepared under a general philosophy of no growth in levels of service.
  - Pay Inflation: assumptions of 3% for the national pay award.
  - Budgeted for employee pay inflation and an increase in member's allowances for 2026-27 which will include contingency for any pay award.
  - An inflationary increase of the relevant costs in the base budget.
  - The impact of prevailing interest rates on the investment portfolio will be assessed in preparing the budget. The Treasury Management Panel will consider the position in respect of treasury management activity during the budget setting cycle.
  - An assessment of the charges made to Cheltenham Borough Homes and the Housing Revenue Account will be incorporated in the budget

proposals, including assessing the impact on the General Fund of the change in activity for 2025-26 and beyond following the transfer of housing services back in-house.

- A council tax increase of 2.99% will be used for modelling purposes.

5.2 Based upon this approach and the latest information available such as base rates, inflation and the local government finance settlement, the key assumptions for 2026/27 budget are:

- Pay Inflation: assumptions of 3% for the national pay award.
- Pensions: Contribution based upon the latest Triennial Review of the Pension Fund by the Actuary with the primary rate of 17.1% and the secondary fixed amount of £290,000.
- Business Rates payable: 3.9%
- Council Tax: Tax base of 45,008.70 Band D equivalents for the year, this increase generates additional income of £136,716 for 2026/27 and the 2.99% increase provides a further £329,463. Collection fund surplus of £800,000 with CBC's share being £87,171
- Average borrowing costs: 3.75% with borrowing levels based upon the capital programme.
- Fees & Charges: a full schedule of the proposed fees and charges for 2026/27 has been included at Appendix 11. Some services have applied the full inflationary increase on their fees and charges with others applying a lower uplift when market forces apply. The proposed changes are subject to the relevant steps being taken to follow legislative requirements.

5.3 The Budget Scrutiny Working Group has been meeting during the course of the year and has made a positive contribution to the budget setting process in considering various aspects of the budget leading to its publication. The group met on 7 January 2026, and comments have been fed back to the Overview and Scrutiny Committee and the Cabinet.

## **6 Local Government Funding**

6.1 It has been widely recognised nationally that the funding mechanism for councils has become out of date. A Fair Funding Review was first published in 2016 and set out to establish a new up to date funding system that was simpler and fairer. However, this was subject to a number of delays and never got implemented.

6.2 During 2025 MHCLG launched a consultation on Fair Funding Review 2.0 and on 20 November 2025, the Government published a Policy Statement and response

to the consultation. The review sought feedback on a new funding model aimed at directing resources to areas of greatest need, based on updated evidence around service demand, local costs, and council tax capacity. This funding review marks a significant reform of Council finances, aiming to allocate funding more equitably based on each authority's relative needs and available resources. However, there is no recognition of the additional costs of providing services in rural areas.

- 6.3 A central element of these changes is a full reset of the Business Rates Retention Scheme, which has shaped how councils are funded since April 2013, when local authorities were first allowed to retain 50% of locally collected business rate growth rather than paying all income into a national pool. From the 2026/27 financial year, the Government has introduced new business rates baselines for every council. This reset will remove the accumulated business rates growth built up since earlier years, meaning all authorities will start from a refreshed and consistent baseline.
- 6.4 Based upon the new Fair Funding Review the Local Government Provisional Finance Settlement was announced by MHCLG on 17 December 2025 for consultation with the final figures being published on 9 February 2026. There were several errors by MHCLG in the provisional settlement which have been corrected in the final settlement figures. They were on business rates pooling roll-in where MHCLG realised that they have used the "wrong" methodology to roll the pooling gains into the 2025-26 baseline. In the provisional settlement, the pooling gains were allocated entirely to tariff authorities and were not shared with top-up authorities. There was also an error by MHCLG on the tax base growth projections due to the treatment of second home premiums in the forecast. These corrections did not affect Cheltenham's funding for 2026/27 but resulted in a small change of £0.011m for 2027/28.
- 6.5 This is the first multi-year settlement for a decade and provides figures for three years from 2026/27 to 2028/29.
- 6.6 The Government tightly controls the level of council tax through the Local Government Finance Settlement which assumes a 2.99% increase and the referendum legislation which requires any increase above this level to be subject of a local referendum. There is an exception to this for 6 upper tier councils for 2026/27 and 2027/28 and for 7 councils for 2026/27 where they can increase council tax above the limit because they are in receipt of Exceptional Financial Support (EFS) from MHCLG. This does not apply to Cheltenham.
- 6.7 The funding in the Local Government Finance Settlement for Cheltenham is set out below and clearly shows a reduction in funding over the next 3 years. The equivalent figure for the current year is £7.698m, so the total reduction in funding over the period is £1.428m (18.6%). The settlement is relying upon increases in council tax to make up the shortfall.

	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
Business Rates	£2.866m	£2.932m	£2.991m
Revenue Support Grant	£4.353m	£3.830m	£3.279m
<b>Fair Funding Allocation</b>	<b>£7.218m</b>	<b>£6.762m</b>	<b>£6.270m</b>

6.8 In line with the Local Government Finance Settlement the Cabinet is proposing a 2.99% increase in council tax in 2026/27, an increase of 14p per week for a Band D property which will generate income of £11,347,143.

## 7 Reserves

7.1 The Council holds General Fund Balances to cover unforeseen circumstance and Earmarked Reserves which are funds set aside for a specific purpose.

7.2 The updated assessment recommends that of the level of General Fund Balances be set at £1.5m which is equivalent of 7.5% of a net budget of £20m. This updated level takes account of the publication of a three-year funding settlement from Government, which provides greater certainty, and takes account of the financial risks facing the Council and level of Earmarked Reserves.

7.3 The forecast for the current year is that there will be a reduction of £0.101m for the year which will mean they go down from £1.286m to £1.184m at the end of 2025/26 financial year. In order bring the level of General Fund Balances up the required level of £1.5m the 2026/27 budget proposal include a contribution £0.316m.

7.4 A review of all of the Earmarked Reserves has been undertaken to identify if the reserve is still required or if they can be reallocated. This review has reduced down the number of Earmarked Reserves from 26 down to 10. As part of the process:

7.4.1 the Business Rates Retention Equalisation Reserve has been increased to £500,000

7.4.2 the IT Repairs & Renewals Reserve has been increased to £150,000

7.4.3 the New Initiatives Reserve has been increased to £1m in recognition of the Local Government Reorganisation (LGR) implementation costs.

7.5 The Chief Financial Officer (Section 151 Officer) is required to comment on the adequacy of the reserves for which the budget provides. At the start of

2025/26 the total amount of Earmarked Reserves & General Fund Balances stood at £4.795m, and they are forecast to increase to £5.231m by the end of 2026/27. Full details of the reserves are set out in Appendix 7.

## **8 Local Government Reorganisation (LGR)**

- 8.1 All Gloucestershire councils are required to make provision within their 2026/27 financial plans for their local contributions to the Local Government Reorganisation (LGR) programme. The funding model for the LGR transition fund has been agreed as follows: Gloucestershire County Council will contribute 55% of the total fund, with the remaining 45% split equally between the six district and borough councils.
- 8.2 Gloucestershire County Council will act as the accountable body for the jointly contributed transition fund. Contributions from each council will be called upon in line with the cashflow requirements of the LGR portfolio, ensuring that programme delivery is adequately resourced throughout the year.
- 8.3 Where a council is unable to provide its contribution in line with the programme's cashflow requirements—for example, where contributions are dependent on asset disposals that have yet to be realised—arrangements will be made by the LGR Portfolio supported by the s151 officers across Gloucestershire to accommodate such circumstances. This may include agreeing alternative payment schedules or temporary bridging arrangements, to ensure the programme remains on track while recognising individual councils' financial positions.
- 8.4 Governance of the transition fund will be owned by the Joint Programme Board and overseen by the Leaders Steering Group, with regular reporting into each council's corporate overview and scrutiny arrangements. This ensures transparency, accountability, and effective oversight of expenditure and programme progress.
- 8.5 The County Council is the accountable body, with governance and reporting arrangements as set out above. Where contributions are delayed due to funding sources such as asset disposals, the LGR Portfolio will make appropriate arrangements.
- 8.6 At present, the Council is not able to fully fund its share of the implementation costs from reserves. Provision has been made through the New Initiatives Reserve, which has been increased to £1m and could be used to cover LGR costs if they were capitalised and spread over 20 years alongside other transformation and change work. Further work will be undertaken with the LGR Portfolio to review options for funding the Council's share of LGR implementation costs and identify the most appropriate

approach.

8.7 The majority of the LGR implementation costs will be incurred by the new unitary council in 2028/29.

## **9 Local Council Tax Support Scheme**

9.1 The working age council tax support scheme for 2026/27 was approved by Council on 15th December 2025. Changes approved for 2026/27 were:

- to increase the amount of income disregarded in respect of disabled children
- extend the income band levels for families with more than 2 children, reflecting the removal of the two-child benefit cap
- Increase the income band levels in the scheme in line with the increase in welfare benefits. Authority to adjust the income band levels, once all welfare benefit increases were known, was given the Chief Executive, or Deputy Chief Executive, in consultation with the Cabinet Member Finance and Assets

9.2A further amendment is required in the 2026/27 scheme so that disability related income, in connection with Universal Credit, is always treated consistently across claims. This will ensure that the maximum entitlement to support is awarded. The Scheme is detailed in Appendix 9.

## **10 Treasury Management**

10.1 UK inflation has eased from its 2024 highs, standing at 3.4%, and is forecast to fall to around 2.5% in 2026, reaching the Bank of England's 2% target by 2027. This decline reflects reducing energy-price pressures and slower domestic cost growth. Economic growth remains subdued, with GDP expected to rise by around 0.9% in 2026, constrained by weak real incomes and modest investment. Arlingclose, our Treasury Management Advisors, are forecasting two further base-rate cuts over the next year.

10.2 Security of capital remains the Council's primary investment objective. We will continue to monitor closely the relative benefits of fixed versus temporary borrowing, as well as the performance of the Schroder Income Fund. When it is financially prudent to do so, we will also consider the climate implications of how this money is invested in the future.

10.3 Appendix 3 summarises the budget estimates for interest and investment income, which will continue to be reviewed and updated as new information becomes available, particularly in relation to capital programme financing updates

## 11 Balancing the 2026/27 Budget

11.1 Updating the estimates for all of the changes identified in this report leaves a budget gap of £1.054m, which will be addressed through a savings programme focused on four key areas:

- Staffing establishment review – A review of staffing establishment budgets focusing on identifying vacant roles and unallocated staffing budgets that can be removed. This work is also a key part of preparing for LGR, ensuring that HR records and staffing budgets are fully aligned.
- Base budget review – An efficiency review of the base budget to identify savings and additional income that can be delivered with no impact on services. This will involve a line-by-line review of all budgets, examining actual spend and income compared to budget over recent years to identify variances. This review will support LGR preparation and ensure detailed base budgets are as accurate as possible.
- Discretionary service review – This review will focus on discretionary services and identify potential savings options for members to consider.
- Capital project and funding review – A detailed review of the capital programme, including analysis of likely spending timescales and asset disposals.

11.2 To ensure these savings are deliverable, detailed project plans will be produced for each area. These will be monitored from Quarter 1 budget management reporting onwards, with oversight from the Budget Scrutiny Working Group.

## 12 Capital Programme

12.1 The strategy for the use of the council's capital resources is driven by our corporate priorities. The delivery of capital receipts from our asset management activities is an important source of funding with the timings and delivery of these currently under review.

12.2 A monitoring exercise has been carried out to ensure that the capital programme, approved by Council on 21 February 2025, are being delivered as planned within allocated capital budgets, some of which are timetabled to straddle several financial years. The approved 2025/26 capital programme totals £41.420m and this includes the approved carry forwards from 2024/25. The capital programme for the period 2025/26 to 2028/29 is set out at Appendix 6.

## 13 Pay Policy Statement

13.1 Section 38 of the Localism Act requires local authorities to produce Pay Policy Statements, which must include the authority's policy on pay dispersion. Pay dispersion refers to the relationship between the remuneration of Chief Officers and the remuneration of other staff.

13.2 The Pay Policy attached at Appendix 10 includes the following key requirements of the Localism Act 2011:

- the policy on pay for each of the 'in-scope' officers
- the policy on the relationship between Chief Officers and other officers
- the policy on other aspects of remuneration, including recruitment, increases in remuneration, performance-related pay, bonuses, termination payments, and transparency

13.3 These requirements ensure that the Council's approach to remuneration is clear, transparent, and consistent with statutory obligations.

## 14 Consultation and feedback

14.1 The formal budget consultation on the detailed interim budget proposals took place from 23 December 2025 to 31 January 2026. The Cabinet sought to ensure that the opportunity to contribute to the consultation was publicised as widely as possible, predominantly through its social media channels.

14.2 During the consultation period, interested parties including businesses, parish councils, tenants, residents, staff, and trade unions were encouraged to comment on the initial budget proposals. Only one formal response was received, covering both the General Fund and the Housing Revenue Account, and the budget reports address the issues raised.

## 15 Future Years

15.1 The Medium-Term Financial Strategy (MTFS) sets out the expected resources and costs of services over future years, and best practice recommends planning over a five-year period. This allows the Council to plan changes effectively and manage its finances responsibly. However, given the LGR timetable—which would see the authority cease on 31 March 2028—and the existence of a three-year multi-year finance settlement, it is appropriate for the MTFS to cover the period 2026/27 to 2028/29.

15.2 The forecast of service costs and expected resources is set out in Appendix 16. The projected budget gaps for each year are:

- 2027/28: £0.491m
- 2028/29: £0.666m

15.3 These projections will continue to be refined as further information becomes available, including updates to government funding, inflation, interest rates, and the financial implications of LGR.

## 16 Alternative options considered

16.1 The financial strategies implemented since November 2020 to refresh the commercial strategy, review asset management and invest in growth have so far meant the Council have not needed to pursue this course of action and have instead been able to apply continued focus to the ambitions of the 2025-2028 Corporate Plan.

## 17 Key risks

17.1 See Risk Assessment in Appendix 1.

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### Report author:

Adele Taylor - Director of Finance and Operations (Section 151 Officer)

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### Appendices:

1. Risk Assessment
2. Section 151 Officer budget assessment report (Section 25)
3. Summary net budget requirement
4. Budget Savings / Additional Income
5. Revenue Growth Items
6. Capital programme
7. Projection of reserves
8. Programmed Maintenance programme
9. Local Council Tax Support Scheme for Working Age Customers

10. Medium Term Financial Strategy (MTFS)
11. Pay Policy Statement
12. Fees & Charges Schedule for 2026/27
13. Minimum Revenue Provision Policy Statement 2026/27
14. Equality Impact Assessment
15. Movements in 2025/26 budget from original to revised

**Background information:**

1. 2025/26 Final Budget Proposal report to Council - 21 February 2025
2. Budget Strategy, Process & Timetable 2026-27 – 21 October 2025
3. Budget Monitoring Report 2025/26 – position on 30 November 2025 report to Cabinet – 16 December 2025
4. The provisional local government finance settlement for 2026/27
5. General Fund Revenue and Capital – Interim Budget report to Cabinet - 23 December 2025
6. 2026/27 Budget Consultation – 23 December 2025 to 31 January 2026
7. The final local government finance settlement for 2026/27

## Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
52	If the Council is unable to come up with long term solutions which close the gap in the medium-term financial strategy, then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision.	Cabinet	5	4	20	Reduce	<ul style="list-style-type: none"> <li>- Commercial strategy &amp; activities</li> <li>- Quarterly budget monitoring</li> <li>- Cabinet engagement - budget proposals</li> <li>- Increased capacity in the finance team</li> <li>- Cabinet Away Day challenge and decisions</li> <li>- Ongoing monitoring of targets for workstreams/services</li> </ul>	Director of Finance & Assets	Ongoing
403	Prioritisation of capital resources – If CBC are unable to prioritise medium term projects and programmes which require significant capital financing, then it will increasingly have to rely of borrowing to fund service	Cabinet	5	4	20	Reduce	<ul style="list-style-type: none"> <li>- Ongoing review and alignment of the capital programme with the Corporate Plan</li> <li>- Quarterly budget monitoring</li> <li>- Cabinet engagement - budget proposals</li> </ul>	Director of Finance & Assets	Ongoing

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	investments increasing the pressure on our revenue budgets to fund repayments.						<ul style="list-style-type: none"> <li>- Gateway reviews of all projects through the Corporate Programme office</li> <li>- Cabinet Away Day challenge and decisions</li> <li>- Business case and approval for all new projects, including allocation of resource and budgets</li> </ul>		
53	If General Balances are not strengthened, then insufficient reserves will be available to cover unanticipated spend or deficits resulting in the levels which will consequently fall below the minimum required level as recommended by the Section 151 Officer in the council's Medium Term Financial Strategy	Director of Finance & Assets	5	3	15	Reduce	The MTFs is clear about the need to enhance reserves and identifies a required reserves strategy for managing this issue. In preparing the budget for 2025/26 and in ongoing budget monitoring, consideration will continue to be given to the use of fortuitous windfalls	Director of Finance & Assets	Ongoing

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							and potential future under spends with a view to strengthening reserves whenever possible.		
199	If the Government review concludes significant changes to business rate retention, Government grant funding or Council Tax generation for Cheltenham then the MTFS budget gap may increase, requiring greater savings than already planned.	Director of Finance & Assets	5	4	20	Reduce	<p>The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by the Council.</p> <p>The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool / pilot.</p> <p>Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.</p>	Director of Finance & Assets	Ongoing