

Updates to Budget Setting Report 2026/27

Introduction

The government published the final local government finance settlement for 2026/27 on 9 February 2026. Due to the relatively late publication of the final settlement this year, it was not possible to reflect the impact of this within the draft Budget Setting Report which was considered by Cabinet at their meeting the following day. However, the final Budget Setting Report as presented to Full Council has now been updated with the latest information.

Final local government finance settlement

The final local government finance settlement contained no significant changes from the provisional settlement. For this council, the only change impacting core spending power was in relation to the ringfenced consolidated grant for homelessness, rough sleeping and domestic abuse. This grant has increased by £105,000 in 2026/27, £70,000 in 2027/28, and £36,000 in 2028/29. This increase is in recognition of the new burdens placed upon the council's homelessness functions arising from the Renters' Rights Act, and there is likely to be a corresponding reduction in any additional new burdens grant the council will receive in this respect. Therefore, for the purposes of budget setting, no additional overall income has been assumed in this regard.

The table below sets out changes to the council's core spending power for 2026/27 between the provisional and final settlements:-

Core spending power (CSP) (£m)	2025/26 Actual	2026/27 Provisional	2026/27 Final
Business rates	15.637	7.144	7.144
Core government grants	4.374	12.148	12.148
Ringfenced government grants	2.626	2.064	2.169
Council Tax	10.615	11.069	11.069
Transitional protection	-	-	-
Total funding	33.252	32.425	32.530
Change from previous year	11.2%	(2.5%)	(2.2%)

Following the publication of the final settlement, the council's funding advisors have issued an updated funding model which makes some relatively minor changes to some of the assumptions used, for example in relation to future inflation rates, to better reflect the outcomes of the settlement. In addition, our modelling

has been updated to reflect more up to date information now available in respect of forecast business rates income, and the forecast deficit on the Council Tax collection fund.

The impact of all of these changes on the budget projections over the next five years is set out in the following table:-

Final settlement changes (£m)	2026/27	2027/28	2028/29	2029/30	2030/31
Corporate Hub – Increased business rates cost of collection allowance	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
Total changes to service budgets	(0.019)	(0.019)	(0.019)	(0.019)	(0.019)
Increased business rates baseline	-	(0.037)	(0.057)	(0.078)	(0.100)
Reduced business rates growth	0.112	0.035	0.034	0.105	0.037
Change in non-ringfenced government grants	(0.004)	0.033	0.054	-	-
Total funding changes	0.108	0.031	0.031	0.027	(0.063)
Council share of forecast Council Tax collection fund deficit as at 31 March 2026	0.027	-	-	-	-
Total other changes	0.027	-	-	-	-
Net budget changes before reserve movements	0.116	0.012	0.012	0.008	(0.082)
Additional contributions to / (from) reserves in respect of above	(0.116)	(0.012)	(0.012)	(0.008)	(0.037)
Change to savings requirement	-	-	-	-	(0.119)
Net savings requirement per BSR v2 – cumulative	-	0.375	0.750	1.125	1.492
Revised net savings requirement – cumulative	-	0.375	0.750	1.125	1.373
Revised net savings requirement – new each year	-	0.375	0.375	0.375	0.248

As set out above, the relatively minor changes will slightly reduce the council's five-year savings target from £1.492 million to £1.373 million. The recommended profile of savings in earlier years remains unchanged.

The changes will also slightly reduce contributions to reserves by £185,000 over the next five years – however reserves are still projected to remain comfortably above their target levels.

Car park business permits

There was an error within Appendix T(a) to the Budget Setting Report considered by Cabinet in respect of car park business permits. Whilst it was always intended that the cost of these be increased, unfortunately this was omitted from the draft Budget Setting Report due to administrative error. The correct proposed fees are now included at Appendix T(a), and the relevant table reproduced below:-

Season ticket charges – Business permits			
Queen Anne Terrace and Grafton Centre car parks	Quarterly fee 2025/26 (incl VAT)	Quarterly fee 2026/27 (incl VAT)	Change
	£	£	%
24/7 premium Grafton East, Grafton West and Queen Anne Terrace car parks	1,250.00	1,250.00	0.0
Monday-Friday 8am-6pm One car park*	825.00	1,000.00	21.2
Monday-Friday 24/5 One car park*	1,000.00	1,100.00	10.0
Night owl 6pm-8am, 7 nights per week One car park*	530.00	530.00	0.0

* Excluding Grand Arcade and Park Street car parks

Note that the cost of the 24/7 premium permit has been frozen to increase its attractiveness relative to the other options, which have historically been heavily discounted.