

To: Finance &amp; General Purposes Committee

<b>Subject:</b>	<b>Medium-Term Financial Plan (2025/26–2029/30)</b>
<b>Reason for Briefing Note:</b>	Updates and amendments to the medium term financial plan 2025/2026 – 2029/30
<b>Responsible Officer(s):</b>	Chief Executive Officer / Town Clerk
<b>Senior Lead:</b>	Director of Finance & Resources
<b>Date:</b>	15 <sup>th</sup> December 2025
<b>File Path:</b>	

**Summary :*****For consideration by the Finance & General Purposes Committee***

Each year the Medium Term Financial Plan is brought for review. This is a substantial document.

This log sets out recommended amendments, additions, and clarifications to ensure the Medium Term Financial Plan (MFTP) reflects current national policy, economic conditions, legislative changes, financial risk factors, and sector best practice. Each recommendation identifies the *reason for amendment*, the *section affected*, and the *recommended action*.

**1. National Economic Assumptions and Inflation**

<b>Ref</b>	<b>Section</b>	<b>Reason for Amendment</b>	<b>Recommendation</b>
1.1	3.1 National Economic Situation	Inflation and interest rate data now outdated. Sector-specific inflation remains higher than CPI.	Update references to CPI, utilities inflation (20–30% above pre-2021), insurance inflation 8–15%, and capital inflation (4–10%).
1.2	3.1	Bank of England base rate changed; medium-term forecasts updated.	Replace base rate reference with expected 2026/27 rate of <b>3.5%–4.25%</b> and note gradual stabilisation.
1.3	3	Include OBR growth forecast.	Add GDP growth forecast of <b>1.0–1.5%</b> for 2026/27.

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## 2. Pay, Workforce & Real Living Wage

Ref Section	Reason	Recommendation
2.1 7.2 Annual Pay Awards & RLW	Incorrect RLW amount listed ("£12.60").	Replace with accurate 2025/26 RLW (£12.60) and include 2026/27 RLW of <b>£13.45 FROM 1<sup>st</sup> April 2026.</b>
2.2 7.2	WSMTC is an accredited Real Living Wage employer.	Add explanatory paragraph confirming employer obligations and annual implementation dates.
2.3 7.2	NLW trajectory missing (statutory rate).	Add reference to Government requirement for NLW to reach two-thirds of median earnings by 2026.
2.4 7	Staffing structure and pay compression risks.	Add note on expected pay compression at lower NJC levels and potential requirement for role evaluation.

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## 3. Local Government Funding, Devolution & NSC Context

Ref Section	Reason	Recommendation
3.1 3.2 Government Funding	New Government policies and multi-year settlements pending.	Update to reflect multi-year settlement expected from 2026/27 but no additional funding for town/parish councils.
3.2 4.0 Local Issues (NSC)	NSC's financial instability is a significant risk.	Expand risk wording: include pressure on NSC budget, potential asset transfer acceleration, and risk of service withdrawal.
3.3 4.0	Devolution developments continue to evolve.	Add requirement for asset condition surveys, TUPE assessment, and full lifecycle costing before accepting additional assets/services.

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**. Reserves & Balances**

Ref Section	Reason	Recommendation
4.1 7.14 Balances & Reserves	CIPFA guidance evolving; resilience concerns sector-wide.	Strengthen language referencing CIPFA's 2024 Financial Resilience Advice.
4.2 7.14	Minimum reserve level (3.5 months) may no longer be adequate given increased risk.	Recommend considering increasing minimum General Reserve to <b>4 months</b> net expenditure.
4.3 7.14	Revenue support fund concept undeveloped.	Add evaluation criteria for potential introduction of a Revenue Support Fund in future years.

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**5. Capital Programme, Asset Management & Inflation**

Ref Section	Reason	Recommendation
5.1 8 & 11 Capital	Construction inflation remains volatile.	Insert updated construction and materials inflation assumptions (4–10%).
5.2 7.7 Premises Costs	Major assets (32 Waterloo Street, Waterpark, Quarry) have high-cost maintenance profiles.	Ensure PPM and EMRRP reflect updated 5-year survey; note expected increases.
5.3 11	Reserves may not cover long-term liabilities.	Add requirement for annual capital affordability review and prioritisation model.
5.4 Various	Climate and carbon-reduction legislation increasing capital requirements.	Add note referencing Roadmap to Zero 2030 implications.

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**. Risk Assessment**

Ref	Section	Reason	Recommendation
6.1	9.0 Risk Assessment	Missing modern risk categories now required by insurers and auditors.	Add new risks: cyber security, climate/weather, supply chain, insurance volatility, service income volatility.
6.2	9.0	No standalone financial risk register.	Recommend creation of a <b>Financial Risk Register Appendix</b> and annual reporting.
6.3	9	Local authority sector instability increasing.	Add risk relating to potential S114 notices in principal authorities affecting service dependency.

**7. Income Generation, Fees & Charges**

Ref	Section	Reason	Recommendation
7.1	7 Income	Income areas affected by cost-of-living pressures.	Add narrative reflecting reduced disposable income affecting Theatre, Museum, Tourism.
7.2	7	Charging policy not clarified.	Add a statement on annual fees and charges review mechanism linked to CPI.
7.3	7.12–7.13	Museum & Blakehay have revised operating profiles.	Add updated business plan assumptions and income projections to reflect 2024 service performance.

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**. Tax Base & Precept Forecasting**

Ref	Section	Reason	Recommendation
8.1	7.15 Council Tax Base	200-property annual growth assumption may need review.	Confirm with NSC strategic housing projection for 2025–2030.

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Ref Section	Reason	Recommendation
8.2 7.14	Precept increase modelling unclear in narrative.	Add table summarising % annual increases and Band D impact over 5 years.

**9. Community Engagement & Consultation**

Ref Section	Reason	Recommendation
9.1 5 Community Priorities	Survey methodology needs overhaul to improve completion rate.	Add updated consultation strategy: shorter rolling surveys, periodic workshops, digital feedback portal.
9.2 5	2023/24 survey not repeated in 2024 due to operational changes.	Add explanation of revised consultation cycle.

**10. Document Structure & Clarity Improvements**

Ref Area	Reason	Recommendation
10.1 Foreword	Narrative references outdated inflation timelines.	Update wording to reflect 2023–2025 economic environment.
10.2 Introduction	Repetition across sections.	Consider condensing overview sections.
10.3 Appendices	Appendix references incomplete or missing.	Add Appendix A (Revenue Forecast), Appendix B (Capital Programme), Appendix C (Reserves Forecast), Appendix D (Balance Sheet Forecast).

**1. Compliance & Best Practice Additions**

Ref Area	Reason	Recommendation
11.1 Whole Document	Draft does not reference the Transparency Code.	Add statement confirming compliance.

## BRIEFING NOTE:

## Item 7

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<b>Ref</b>	<b>Area</b>	<b>Reason</b>	<b>Recommendation</b>
11.2	Procurement	No reference to updated procurement thresholds (2024).	Add compliance note for Contract Procedure Rules.
11.3	Environment Act 2021	Parish duties regarding biodiversity net gain not referenced.	Add section on BNG and implications for open-space management.

To: Finance & General Purposes Committee

<b>Subject:</b>	<b>National Financial Conditions Relevant to 2026/27</b>
<b>Reason for Briefing Note:</b>	Updates
<b>Responsible Officer(s):</b>	Chief Executive Officer / Town Clerk
<b>Senior Lead:</b>	Director of Finance & Resources
<b>Date:</b>	15 <sup>th</sup> December 2025
<b>File Path:</b>	

**Summary :**

***For consideration by the Finance & General Purposes Committee***

National conditions in 2026/27 will continue to significantly influence WSMTC's financial planning. Wage inflation linked to the Real Living Wage, sector-specific inflation, and expected changes in Government policy all contribute to cost pressures in this year.

## 1. Real Living Wage (RLW) and National Living Wage (NLW)

As an accredited Real Living Wage Employer, WSMTC must implement annual increases announced by the Living Wage Foundation.

Although the RLW for 2026/27 will not be formally announced until October 2026, trends indicate:

- RLW has risen by 14.7% between 2022–2024.
- Forecast annual increases of **6–8%** for the next two years.

**Confirmed RLW for 2026/27:**

**£13.45 per hour** (actual)

The Government also intends for the statutory National Living Wage to track two-thirds of median earnings. As a result, the NLW has been confirmed as **£12.71 per hour** for 2026.

**Budget impacts for 2026/27 include:**

- Upward pressure on all lower spinal points on the NJC scale.

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- Increasing employer pension contributions linked to higher pay.
  - Increased national insurance costs.
  - Potential for job evaluation pressures due to pay compression.
- 

**2. Inflation and Sector-Specific Price Pressures**

**General CPI Inflation**

- OBR forecasts CPI between **2.0% and 2.6%** for 2026/27.
- However, local government inflation consistently exceeds CPI due to market conditions.

**Sector-Specific Pressures**

**Insurance:**

- Sector-wide increases of **8–15%** continue due to global claims inflation and extreme weather impacts.

**Utilities:**

- Gas and electricity expected to remain **20–30% above pre-2021 levels**.
- Water industry PR24 settlement leads to above-inflation increases through 2030.

**Construction and Capital Works:**

- Material inflation: **4–6%**
- Labour inflation: **5–7%**
- Specialist work (M&E, roofing): **6–10%**

These pressures impact:

- PPM budgets
  - EMRRP programmes
  - Capital projects including Waterloo Street, Waterpark, and Old Town Quarry
- 

**3. National Economic Outlook**

**Interest Rates**

- Expected Bank of England Base Rate for 2026/27: **3.5%–4.25%**.
- Impacts investment income, PWLB borrowing, and LGPS pension valuations.



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**Economic Growth**

- Forecast UK GDP growth for 2026/27: **1.0–1.5%**.
  - Reduced consumer spending may continue to affect income-generating services such as:
    - Blakehay Theatre
    - Weston Museum
    - Cemetery Services
    - Tourism and Events
- 

**4. Local Government Sector Pressures**

**Funding Settlements**

- First multi-year settlement expected in **2026/27** under the Labour Government.
- No indication of additional core funding for town and parish councils.

**Devolution Trends**

Due to financial pressures on principal authorities nationally:

- Increased expectation for town and parish councils to take on discretionary assets and services.
- Relevant to WSMTC's 2026/27 budget increases for parks, play areas, grounds maintenance, and Old Town Quarry.

**Audit Reform**

- National audit reform expected to phase in from 2026, possibly increasing audit fees.
- 

**5. Demographic Pressures**

Nationally observed trends relevant to 2026/27:

- Ageing population → increases demand for cemetery and bereavement services.
  - Housing growth → increases tax base but also maintenance obligations.
  - Coastal town inequalities → higher community expectations on town councils for discretionary services.
-

**To: Finance & General Purposes Committee****Summary Statement for Inclusion in MTFP**

“In 2026/27, national economic and policy conditions are expected to place continued upward pressure on WSMTC’s Revenue Budget. The Real Living Wage is forecast to increase to between **£13.30 and £13.80**, contributing to rising staffing costs. Sector-specific inflation remains materially above CPI, with insurance, utilities, and construction experiencing increases of **4–10%**. Multi-year funding settlements for local government are expected to commence from 2026/27, although no additional funding for town and parish councils is anticipated. These national trends have been incorporated into the 2026/27 budget assumptions and directly influence the required increase in the Precept for that year.”

Draft Medium Term Financial Plan for the Year 2026/2027

Updated 05/12/2025

Cost Code	Year 1 (current year)			Year 1			Year 2			Year 3			Year 4		
	<u>2025/2026</u>			<u>2026/2027</u>			<u>2027/2028</u>			<u>2028/2029</u>			<u>2029/2030</u>		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
Allotments	27,648	400	27,248	31,038	414	30,624	32,155	429	31,726	33,313	444	32,869	34,052	460	33,592
Blakehay Theatre	248,535	-	248,535	166,875		166,875	98,541	-	98,541	85,559	-	85,559	86,017	-	86,017
Capital Projects	160,000	-	160,000	200,546	-	200,546	207,766	-	207,766	215,245	-	215,245	222,994	-	222,994
Civic Support	135,382	-	135,382	161,411	-	161,411	167,222	-	167,222	173,242	-	173,242	179,478	-	179,478
Community Services	553,820	-	553,820	553,719	-	553,719	573,653	-	573,653	594,304	-	594,304	615,699	-	615,699
Devolution	-	-	-	360,287	-	360,287	373,257	-	373,257	386,695	-	386,695	400,616	-	400,616
Democratic Representation	132,580	-	132,580	182,081	-	182,081	188,636	-	188,636	195,427	-	195,427	202,462	-	202,462
Environmental / Climate	94,936	-	94,936	86,052	-	86,052	89,150	-	89,150	92,359	-	92,359	95,684	-	95,684
Milton Road Cemetery	289,521	77,000	212,521	369,694	80,808	288,886	383,003	83,717	299,286	396,791	86,731	310,060	411,076	86,731	324,345
Museum	588,599	207,645	380,954	603,802	224,107	379,695	625,539	232,175	393,364	648,058	240,533	407,525	671,388	249,192	422,196
Old Town Quarry	167,013	45,880	121,133	191,029	76,218	114,811	197,906	78,962	118,944	205,031	81,804	123,226	212,412	84,749	127,662
Other Costs & Income	736,061	28,606	707,455	245,770	30,000	215,770	254,618	30,000	224,618	263,784	3,000	260,784	273,280	30,000	243,280
Parks & Play Areas	844,354	10,000	834,354	879,213	10,360	868,853	910,865	10,733	900,132	943,656	11,119	932,536	977,627	11,520	966,108
Planned Maintenance	226,927	-	226,927	234,415	-	234,415	242,854	-	242,854	251,597	-	251,597	260,654	-	260,654
Planning	35,668	-	35,668	23,505	-	23,505	24,351	-	24,351	25,228	-	25,228	26,136	-	26,136
Strategic Planning	94,375	63,045	31,330	86,769	-	86,769	89,893	-	89,893	93,129	-	93,129	96,481	-	96,481
Street Furniture	211,727	15,364	196,363	170,331	15,570	154,761	176,463	16,131	160,332	182,816	16,711	166,104	189,397	17,313	172,084
Toilets	67,320	-	67,320	70,446	-	70,446	72,982	-	72,982	75,609	-	75,609	78,331	-	78,331
Tourism & Marketing	356,548	163,125	193,423	353,405	162,652	190,753	366,128	168,507	197,620	379,308	174,574	204,734	392,963	180,858	212,105
Youth Services	106,882	-	106,882	105,678	-	105,678	109,482	-	109,482	113,424	-	113,424	117,507	-	117,507
	-		-												
TOTAL	5,077,896	611,065	4,466,831	5,076,066	600,129	4,475,937	5,184,463	620,654	4,563,809	5,354,574	614,917	4,739,657	5,544,256	660,824	4,883,432
PRECEPT	Budget		£ 4,466,831	Budget		£ 4,475,937	Budget		£ 4,563,809	Budget		£ 4,739,657	Budget		£ 4,883,432
	Difference		£ 1,280,497	Difference		£ 9,106	Difference		£ 87,872	Difference		£ 175,848	Difference		£ 4,883,432
	Increase		140.19%	Increase		100.20%	Increase		101.96%	Increase		103.85%	Increase		103.03%

Capital Programme Budget

Project	Total Project Value	Year 2025/2026					Year 2026/2027					Year 2027/2028					Year 2028/2029					Year 2029/2030				
		Allocated funding brought forward 01.04.2025	WSMTC allocated funding in year	Exterior Secured / Grant Funding Required	Estimated Spend IN Year	Allocated Funding Remaining at 31.03.2026	Allocated funding brought forward 01.04.2026	WSMTC allocated funding in year	Exterior Secured / Grant Funding Required	Estimated Spend IN Year	Allocated Funding Remaining at 31.03.2027	Allocated funding brought forward 01.04.2027	WSMTC allocated funding in year	Exterior Secured / Grant Funding Required	Estimated Spend IN Year	Allocated Funding Remaining at 31.03.2028	Allocated funding brought forward 01.04.2028	WSMTC allocated funding in year	Exterior Secured / Grant Funding Required	Estimated Spend IN Year	Allocated Funding Remaining at 31.03.2029	Allocated funding brought forward 01.04.2029	WSMTC allocated funding in year	Exterior Secured / Grant Funding Required	Estimated Spend IN Year	Allocated Funding Remaining at 31.03.2030
Castle Batch Play Area	£ 400,000.00	-		-		-	-		-		-															
Waterloo Street	£ 1,254,233.87	21,118		-	21,118	0	-		-		-															
Old Town Quarry	£ 1,065,847.33	411,251	230,959	165,526	776,157	31,579	31,579		-	31,579	- 0															
Unallocated Capital Monies				-		-		200,546	-	200,546	-	-	200,000			200,000	200,000	200,000			400,000	400,000	200,000			600,000
TOTAL Yearly Capital Reserve Estimates	£ 2,720,081.20	432,369	230,959	165,526	797,275	31,579	31,579	200,546	-	232,125	- 0	-	200,000	-	-	200,000	200,000	200,000	-	-	400,000	400,000	200,000	-	-	600,000

Capital Reserve  
Balances (  
Without  
Additional  
Funding)

432,369

31,579

# **Weston-super-Mare Town Council**

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## **Medium Term Financial Plan**

### **2025/2026 to 2029/2030**

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# Medium Term Financial Plan

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## Foreword

Welcome to Weston-super-Mare Town Council's (WSMTC) Medium Term Financial Plan (MTFP) which sets out the Council's financial strategy for the five-year period to 2029/30.

The MTFP continues to have increased importance as a consequence of the ongoing economic difficulties which continues to significantly impact on the Council's finances, with potential cuts to public sector funding, inflation remaining stubbornly high for certain goods and services, pressure on staffing budgets linked to the Real Living Wage, and impacts on usage of some services resulting in pressure on income budgets.

Reviewing the impact on the Council's finances and adjusting our financial strategy will be vital as WSMTC looks ahead to what is likely to be a continuing challenging future.

In preparing this Medium-Term Financial Plan, the impact of the continuing high inflationary increases in some running costs such as gas, electricity, fuel, insurance, supplies and services will continue to need to be factored into the Revenue and Capital Budgets, whilst staff pay will also need to increase to keep pace with inflation and increases in the National Living Wage.

Over coming years, the Council must deal with a number of longer-term budget pressures which are going to be faced.

These include increased pressure on the costs of running Council services, not least the unavoidable increases to staffing costs linked to planned increases in the Real Living Wage which WSMTC is committed to paying, and the increase in fuel and general cost of living pressures in coming years.

On top of this, WSMTC faces significant potential commitments over the next few years relating to capital investment in new and current fixed asset, expenditure which will see its balances and reserves diminish. WSMTC resolved on the 25<sup>th</sup> November 2024 that in principle it would take over services from North Somerset Council (NSC) and would increase subsidy for others during the transition year (2025/2026). It further agreed a list of assets that it would be interested in taking over from NSC from 2026/2027.

All of these issues highlight the importance of having in place a prudent, robust, realistic, and forward-looking Medium-Term Financial Plan.

This Plan aims to highlight and quantify the key financial challenges facing WSMTC over the next five years, with particular emphasis on capital investment linked to the delivery of services and Planned and Preventative Maintenance (PPM) / Essential Maintenance Repair and Replace Programme (EMRRP) plans and the resulting fall in WSMTC balances and reserves. This financial strategy will be key to meet these challenges.

The Plan sets out a Revenue and Capital Budget forecast for the five-year period and estimates the level of Precept and council tax increase that may be required in order to balance the budget and maintain an adequate level of reserves.

Whilst the next five years will undoubtedly present WSMTC with a number of challenges, we are confident that this Medium-Term Financial Plan provides a strategy for the planning of WSMTC's finances and budgets over this period, which ensures that services can be protected, and which aims to keep future council tax increases to a minimum.

WSMTC as a rule has been fortunate that its finances in the past had reasonably good health but reserve levels as a result of growth and capital commitments at the 31<sup>st</sup> March 2024 are now well below the recommended level, and are still an issue heading into 2026/2027, which in turn means any future investment or service delivery needs to be carefully considered. The implementation of this Plan aims to ensure that WSMTC can build on its foundations, meet the needs of our local community, and provide value for money services to our local tax payers.

**Councillor Ciaran Cronnelly** – Chairman of Finance and General Purposes Committee

**Sarah Pearse** – CEO / Town Clerk

**Helen Morton** – Director of Finance and Resources / Responsible Financial Officer

## **1. Introduction and Background**

### **Purpose of the Medium-Term Financial Plan**

This Medium-Term Financial Plan (MTFP) of WSMTC covers the five-year period from 2025/26 to 2029/30.

- 1.1 The key purpose of the MTFP is to put in place a clear and robust financial strategy for the next five years that will help WSMTC to contend with the challenges it faces, achieve its strategic aims and meet community priorities, within the limited resources available, whilst delivering value for money to the local tax payers of Weston-super-Mare.
- 1.2 Strategic financial planning is of particular importance during this time of ongoing national economic uncertainty. Whilst the economy has so far avoided going into a prolonged recession, economic recovery is far from assured, and there has been a significant increase in the national debt, with the potential for tax rises and cuts to public sector funding, while inflation remains stubbornly high for certain goods and services, and there is uncertainty around interest rates currently.
- 1.3 The MTFP is also important in putting in place a clear link between WSMTC's strategic aims and targets and the priorities of the local community, as set out in WSMTC's Strategy. This helps to ensure that financial resources are allocated to services in a way that supports the delivery and achievement of these aims and priorities.
- 1.4 The MTFP aims to set out the ever changing national and local financial climate within which WSMTC will be working over the next five years and highlights the key financial challenges that it faces, as well as the strategic aims that it will be aspiring to deliver, and the community priorities that it will be striving to meet.

- 1.5 It then puts in place a financial strategy to meet these challenges and ensure the delivery of strategic aims and community priorities within the financial resources likely to be available. The Plan includes indicative Revenue and Capital budgets as well as projections of the likely level of Town Council Tax and balances and reserves over the five-year period.
- 1.6 Producing the MTFP each year will help WSMTC to: -
- Demonstrate and deliver value for money in the use of public resources; Ensure that a strategic approach is taken in the planning of WSMTC's future spending and finances;
  - Create stronger links between WSMTC's strategic aims and the priorities of local taxpayers, and future spending decisions;
  - Put in place a clear, understandable and forward-looking financial planning framework
  - Make it clear how WSMTC plans its spending and who is responsible for making spending decisions;
  - Ensure that it regularly reassess and review the cost of its services; and
  - Ensure that the views of the community are considered in deciding where and how WSMTC spends public money.

### **Development of the Medium-Term Financial Plan**

- 1.7 WSMTC has continued to grow in the last few years. The MTFP was originally developed in 2009 and was a spreadsheet numerical document only, it is believed that WSMTC now needs to adopt a more robust document relevant to its size, it is felt that the adoption of this document will meet those needs. As such going forward on an annual basis the following process should be undertaken:
- Maintaining a continuous focus on efficiency and value for money;
  - Review of WSMTC's priorities based on strategic aims and targets set out in the annual budget setting process;
  - Review of community priorities, informed by satisfaction surveys and full review of strategic aims and objectives;
  - Reviewing the resources required to fund future service needs, including providing for any pay awards, inflation and income, managing expected changes in demand for services and identifying efficiency savings and possible budget reductions;
  - Considering the costs of all new statutory requirements and any planned investment in existing services or new initiatives that have already been approved by WSMTC;
  - Projecting the likely available financial resources based on target council tax increases, projected council tax base changes, use of balances and reserves, the availability of external funding, and the potential for future capital receipts and borrowing opportunities; and
  - Assessing the ability of WSMTC to fund its on-going service needs, deliver its strategic aims and meet community priorities within the limited resources available;

- 1.8 This Medium-Term Financial Year was first drafted and formally adopted in February 2023. The plan has since been reviewed and adapted to allow for changes at a national, regional and local level. A breakdown of the reviews of this document can be found in Section 12.

### **Key Stakeholders**

- 1.9 The MTFP is published for use by all stakeholders to help review WSMTC's finances over the medium term, understand the spending pressures it faces and how WSMTC plans and makes decisions about spending on services, and show how this links to each stakeholder's relationship with WSMTC, and in particular:
- **For Councillors and Service Managers;** to help communicate WSMTC's overall financial strategy and to improve understanding of the links to and impact on the provision of local services and level of council tax, demonstrate how WSMTC seeks to prudently exercise stewardship of public money and look after community assets, and improve the openness and accountability of WSMTC's financial decision making; and
  - **For local businesses and community organisations;** to communicate WSMTC's financial MTFP linked to the strategy and its links to and impact on the provision of local services and to provide key financial information to support the development of opportunities for partnership working and joint venture in Weston-super-Mare.

### **Financial Planning Responsibilities**

- 1.10 **Service Managers;** working with the Director of Finances and Resources / RFO and guidance of the Finance and Resources Directorate are responsible for the review of the annual revenue budgets and capital or grant funding requirements in respect of services under their responsibility, in accordance with the Budget setting framework, and with regard to the principles set out in the MTFP.
- 1.11 **Service Managers** are responsible under the guidance of the Director of Finances and Resources / RFO for managing, monitoring and controlling actual spend and income on the budgets under their responsibility during the year, via effective budget management, and informing the RFO of any potential problems of significant variations from the approved budgets as they occur and as necessary.
- 1.12 **The RFO** is responsible for developing and updating the MTFP and Budget framework each year and ensuring compliance with these, co-ordinating the development and setting of the annual Revenue and Capital Budgets as required, providing financial information and advice, implementing an effective system of budget monitoring and financial control, and regularly reporting financial information to WSMTC.
- 1.13 **Members of the Council** are responsible for reviewing and approving the MTFP and Budget Framework on an annual basis, considering and approving the annual Revenue and Capital Budgets as required, receiving budgetary control

information, approving remedial action in respect of any significant budget variations and considering and approving capital spending decisions and additional budget requests.

### **Links with Other Strategies and Plans**

- 1.14 WSMTC produces its Strategy and any other plans as required which may have links to this MTFP. A list of appendices accompanies this plan, which have been considered in the development of the MTFP.
- 1.15 It is also important that the MTFP is clearly linked to strategic aims and objectives that WSMTC is trying to achieve. These are set out in WSMTC's Annual Budget.

### **Consultation with the Local Community**

- 1.16 The MTFP aims to be prepared considering the views of the local community and taxpayers as reflected in the strategy document, surveys will continue to be carried out in service areas and in general within each financial year.
- 1.17 WSMTC reserves the right to undertake and other surveys on budget setting processes as deemed necessary.

## **2. Financial Principles and Financial Planning Framework**

### **Introduction**

- 2.1 In preparing a Medium-Term Financial Plan, it is first important to establish the key financial principles on which the Plan will be based, and to put in place a financial planning framework which will provide the guidelines for the annual budget setting process.

### **Financial Principles**

- 2.2 This Plan will be based on the overriding principle of Value for Money.
- 2.3 Achieving value for money that WSMTC receives from local taxpayers via the Town Council Tax, and subsequently spends on local services, is one of WSMTC's highest priorities. WSMTC is committed to the achievement of year-on-year efficiency savings and will have regard for this principle when setting its council tax element.
- 2.4 This will be achieved by regularly reviewing services and monitoring performance to ensure that services continue to be needed and are well managed and cost effective, regularly testing the market, undertaking internal and external audit, and ensuring that all councillors and staff are aware of and are committed to achieving value for money. WSMTC will also ensure that public money is spent in consultation as required with the local community and that resources are invested in line with taxpayer's priorities going forward.
- 2.5 Given the growing economic pressures at both a national and regional level, there will be a requirement over the next 5 years for WSMTC's to consider local service provision and delivery. Whilst plans are being made to take over services

from NSC, there will have to be an increase in expenditure, should the desire be to keep service delivery at the same level, recognising improvements and efficiencies could be made. Whilst continuing to consider value for money, there must also be a balance with what the community needs in terms of service delivery.

- 2.6 In order to ensure this, the following set of financial principles will be put in place for the period of this Medium-Term Financial Plan: -
- **A strong financial budgeting setting process** that enables WSMTC to take a long- and short-term view of its finances, achieving greater stability and enhancing its ability to be proactive and have the capacity to take advantage of any opportunities and contend with challenges that may arise;
  - **A level of spending that is affordable and sustainable** in the long term and which supports the effective delivery of services in line with strategic aims and the needs and priorities of the community.
  - **A prudent but realistic assessment of future revenue spending commitments, capital investment requirements, income levels, council tax base movement, and external grant funding;**
  - **A strong culture of financial management** where continuous improvement and drive for more economic, efficient and effective ways of working and use of resources is undertaken;
  - **A prudent level of balances and reserves** that protects WSMTC against unforeseen budget pressures, provides sufficient resources to finance future capital investment commitments and enables WSMTC to be proactive and take advantage of any opportunities that may arise.
  - **An effective and responsive finance department**, which provides sound financial information and advice to councillors and officers.

### **Financial Planning Framework**

- 2.7 The financial planning framework (in 2.9 below) will provide the overarching guidelines for the development of the Medium-Term Financial Plan and the setting of the annual Revenue and Capital budgets as required. It should be developed to reflect the plan implementation for the financial year 2026 / 2027 and be approved in the first instance by the Finance and General Purposes Committee.
- 2.8 The financial planning framework should be based on key financial principles set out above and will be reviewed on an annual basis.
- 2.9 The financial planning framework is set out below: -
- The Revenue and Capital budget will be produced annually as required;
  - The revenue and Capital Budget will be developed in accordance with this financial planning framework and the key principles and assumptions set out in the Medium-Term Financial Plan;
  - In allocating resources to services, priority will be given to those areas of spending that contribute to the achievement of WSMTC's strategic aims and targets, or which clearly meet community needs and priorities;



- Budgets will be prepared on the basis of a commitment to the achievement of year-on-year savings;
- Budget resources will be redirected from low priority to high priority service areas as and when necessary;
- Additional budget to meet new statutory requirements and unavoidable budget growth e.g. inflation and changes in demand, will clearly be identified and fully evidenced;
- All other requests for additional budgeted resources and investment in services will need to be fully justified and evidenced and will be subject to an appraisal process when setting the budget;
- An annual review of budgeted expenditure and income targets in respect of all service reviews will be incorporated into the annual Revenue and Capital Budget;
- A Capital Programme should be developed with priority given to those projects identified within and that contribute to the delivery of WSMTC's approved Strategy PPM and EMRRP schedules.
- Council balances and reserves will be maintained at prudent levels to protect WSMTC against and unforeseen budget pressures and liabilities, and provide resources to finance future year's capital investment commitments as set out in the strategy document.
- Annual internal budget consultation will be undertaken, and feedback will be taken into consideration by the Finance and General Purposes Committee prior to the setting of the Revenue and Capital Budgets by Council.

### **3. National Issues –**

#### **National Economic Situation and Cost of Living Crisis**

- 3.1 The Coronavirus pandemic had a significant impact on the UK economy with vast sums of money being spent by the Government supporting businesses and protecting jobs, reduced tax receipts, and an increased benefits bill all of which have substantially increased the national debt.
- 3.2 There have been further impacts from shortages of goods and materials, staff shortages and difficulties recruiting.
- 3.3 Since then, the war in Ukraine and Middle East has caused significant further economic difficulties and this combined with issues relating to Brexit and the pandemic have combined to cause a cost-of-living crisis with inflation increasing to levels not seen since the 1970's, driven by substantial increases in oil, gas and electricity costs.
- 3.4 This is all coming at an unprecedented cost to the country and has resulted in reduced consumer and business confidence, the economy close to entering recession, substantial increases in public borrowing and the national budget deficit i.e. the gap between what the government spends and how much money is coming in to pay for this.

- 3.5 With the new Labour Government in power came a number of manifesto promises and spending pledges all of which will require funding. This may lead to the new Government needing to cut public spending in other areas to meet these commitments and reduce the national budget deficit, or to raise taxes and increase borrowing which could have economic impacts.
- 3.6 The rate of inflation is currently running at 3.6% (Oct 25) has reduced from the high of 11.1% seen in October 2022.<sup>1</sup> The effect of substantial increases in prices are being experienced in gas, electricity and fuel costs despite over the past year, slight drops.
- 3.7 The Bank of England is increasing interest rates to help control rising inflation with the Base Rate currently at 4.0%.<sup>2</sup> Whilst this will bring difficulties to mortgage holders and those with outstanding debt, there will be a benefit to the Council in relation to the interest receivable on its invested balances and reserves.
- 3.8 Economic issues could therefore have a significant impact upon the Council's financial planning over the next five years and the potential financial impact of the relevant economic issues is considered in more detail in the key financial assumptions set out in Section 7 of the Plan.

### **Government Spending reviews and Local Government Finance Settlements**

- 3.9 Predicting the outcome of future Government spending reviews and Local Government Finance Settlements is almost impossible at the present time, with much dependent upon how the new Government chooses to proceed with and fund its manifesto commitments, and how it chooses to address the financial impacts of the economic difficulties, national budget deficit, and high levels of public sector debt.
- 3.10 Much will depend on how quickly the UK economy returns to sustained growth and the fiscal policy and spending priorities of the new government.
- 3.11 There has been no specific indication or commitment from the new Labour Government towards additional funding for local government although the Labour Manifesto did pledge to provide 'greater stability in local government funding via a multi-year funding settlement', 'ending wasteful competitive bidding', 'providing capacity and support to councils', and 'overhauling the local audit system, so taxpayers get better value for money'.

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<sup>1</sup> Office of National Statistics – October 2024.

<sup>2</sup> Bank of England at 6<sup>th</sup> November 2025 – next publication date 18<sup>th</sup> December 2025.



- 3.12 It remains to be seen how these commitments influence the first Budget in the Autumn and the first Spending Reviews and Local Government Finance Settlements towards the end of the year.
- 3.13 Local government finance settlements are set out in the Government's Comprehensive Spending Review (CSR) which normally covers a four-year period. The most recent Spending Review (SR25) was held in June 2025, and set departmental budgets for the years to 2029/2030. The Spending Review is a multi-year budgeting exercise that gives departments certainty to plan more effectively
- 3.14 The Labour Government has committed to a 'multi-year funding settlement' but how quickly this can be implemented is currently unclear.
- 3.15 Government funding reductions for local government over the last ten years have already resulted in the Government Revenue Support Grant for principal authorities being largely phased out.
- 3.16 The previous Government had been undertaking a Fair Funding Review (FFR) of the relative needs and resources of local authorities and the formula for the distribution of resources to local government. It was intended that this review would inform the next Comprehensive Spending Review.
- 3.17 However, the Fair Funding Review has been delayed twice, the first time due to Brexit and the second time as a result of the Coronavirus pandemic. The Fair Funding Review 2.0, is set to be implemented in the 2026-27 financial year.
- 3.18 There were no proposals within the Fair Funding Review for town and parish councils to receive a share of business rates. This position has not changed with the current reforms.
- 3.19 The government's current position is that there are no plans for a general revaluation of council tax property valuation bands. The Fair Funding Review (FFR) focuses on how existing funding is allocated to councils, not on reforming the fundamental council tax system itself. .
- 3.20 For the purposes of this MTFP it has therefore been assumed that there will be no changes to the funding of town and parish councils or the council tax system over the life of this Plan.
- 3.21 Clearly the Government's previous Comprehensive Spending Reviews have had a significant impact on principal councils, such as North Somerset Council, who have faced substantial cuts to their funding.

- 3.22 Further cuts in the coming years cannot now be ruled out, especially following the funding which has been injected into the economy to protect jobs and livelihoods as a result of the Coronavirus pandemic and to ease the pain of the cost-of-living crisis, plus the additional funding that will be required to meet the new government's various manifesto pledges.
- 3.23 There will undoubtedly be implications for the Town Council as a result of the future financial pressures likely to be faced by North Somerset Council. These issues are discussed in more detail in the Section 4 of the Plan which covers 'Local Issues'.

#### **Local Council Tax Reduction Scheme Grant**

- 3.24 WSMTC had, up until April 2013, been relatively sheltered from the public sector spending cuts, in that it had been in the fortuitous position of not being reliant on any funding from Government in order to finance the services that it provides.
- 3.25 However, this situation changed following the localisation of support for the council tax by the Government back in April 2013.
- 3.26 This has made the outcome of the Fair Funding Review and future Comprehensive Spending Reviews and Local Government Finance Settlements of increased relevance and importance to WSMTC in terms of the future payment of this funding.
- 3.27 The Welfare Reform Act 2012 abolished the national council tax benefits system with effect from 1<sup>st</sup> April 2013, paving the way for the implementation of new Local Council Tax Support Schemes (LCTSS) by council tax billing authorities.
- 3.28 Previously, council tax benefits were administered centrally by the Government and paid to principle councils via a subsidy system. However, the new LCTSS schemes are based around a discount on the council tax bill rather than a cash payment and this had the impact of reducing the Council Tax Base and therefore the tax raising capacity of all local authorities, including town and parish councils.
- 3.29 The Government provided funding for LCTSS within the Local Government Grant Settlement, and a proportion of this funding was specifically set aside for town and parish councils to offset the losses faced from these reductions in tax raising capacity.
- 3.30 The Government has stated that it 'expects' billing authorities to pass down and appropriate proportion of their grant settlements to town and parish councils to offset the impact of LCTSS each year.

- 3.31 North Somerset Council Tax support scheme will be changing to a Council Tax reduction scheme from Tuesday 1 April 2025. This follows a public consultation and agreement from councillors. This is a simpler scheme that will make it easier for residents to understand what you are entitled to.
- 3.32 However, any scheme in place (if there is one) in previous years this did not help WSMTC who still faced a shortfall from the reduction in their own Council Tax bases. This is because the funding provided by the Government and passed down to NSC did not offset, in full, the loss in tax raising capacity faced by it.
- 3.33 The actual impact varies by council depending upon a number of factors, including benefits caseload and numbers of empty properties. However, most town and parish councils have been left facing losses, because of the overall shortfall and subsequent cuts in the LCTSS funding.
- 3.34 The likely future financial impact of the above issue is discussed in more detail in the revenue and Capital Programme Budget Forecast which is set out in section 11 of the Plan.

### **Referendums to Veto Excessive Council Tax Increases**

- 3.35 The Government introduced legislation within the Localism Bill to provide a stronger role for the local community in determining annual council tax increase, by giving local taxpayers the power to require local authorities to hold referendums, thereby providing them with the opportunity to veto 'excessive' increases in council tax.
- 3.36 These powers replaced the previous council tax capping powers available to the government.
- 3.37 Currently this legislation does not apply to town and parish councils and the Government confirmed in the 2024/2025 Local Government Finance Settlement that any consideration of the extension of council tax referendum principles to higher spending parish and town councils will be deferred i.e. until the end of the 2025/2026 year. Ongoing monitoring of this will be required as it has still not occurred, until more information is known.
- 3.38 The previous government has indicated that it will be keeping a watching brief over Town and Parish Precept increases and will therefore be keeping this situation under review. There is currently no indication of the new Labour Government's views on this issue.
- 3.39 Clearly the current exemption from referendum principles is positive news, as it provided town and parish councils with the flexibility to raise

additional Revenue Budgets resources, should they require to do so, without any restraint from the Government.

3.40 There is currently no indication of the new Government's intentions with regard to town and parish council referendum limits for the period 2025/26 onwards.

3.41 It has been assumed for the purpose of this Plan that referendum principles will not be applied to town and parish councils with effect from 2026/27 and WSMTC will not need to limit the annual increase in the Town Council Tax to 2% or less from this year. It is however recognised that this could indeed change and as such would need to be reflected in the annual review of the plan.

3.42 Clearly, there would be further implications for WSMTC if referendum limit was reduced by the Government at any stage from 2026/27 financial year onwards.

#### **External Audit Arrangements**

3.43 The Local Audit and Accountability Act 2014 and Accounts and Audit Regulations 2015 set out the statutory provisions regarding WSMTC's external audit arrangements.

3.44 Under the Accounts and Audit Regulations 2015, the Council is classified as being a 'smaller relevant body', defined as being a public sector body with an annual income or expenditure of less than £6.5 million.

3.45 Smaller relevant bodies are required by the regulations to prepare accounts and governance statements via the completion of an 'Annual Governance and Accountability Return' (AGAR) and are subject to the 'limited assurance' audit regime.

3.46 The external audit fee for a limited assurance audit was set by Smaller Authorities Audit Appointment Limited at £3,360 per year for the period up to 2026/27, and this level of fee has continued to be provided for in the Revenue Budget Forecast in Section 11 of this Plan. For the Year 2024/2025 the councils external audit function will go out to full procurement and review.

#### **Localism Act 2011**

3.47 The Localism Act came into force in 2011 and contained a package of reforms to devolve greater powers, responsibilities and freedoms to local councils, community organisations, neighbourhoods and individuals.

3.48 The four main measures of the Localism Act are: -

- New freedoms for flexibilities for local government;

- New rights and powers for communities and individuals;
- Reforms to make the planning system more effective; and
- Reforms to ensure that decisions about housing are taken locally.

3.49 The key measure for local councils is the freedom to act in the interest of local communities through the 'General Power of Competence'.

3.50 This power gives local authorities the legal capacity to 'do anything that an individual can do' rather than relying on specific powers. This power applies as long as the action is not specifically prohibited by legislation.

3.51 However, it is important to note that the power does not raise money.

3.52 Town and parish councils qualify for the General Power of Competence if they meet certain criteria. WSMTC adopted this power at the Annual General Meeting following the last elections. In theory this power will increase WSMTC's ability in future to be creative and innovative in meeting the needs of the local community should the operational capacity and financial resources be available to do so.

3.53 The Act has also introduced greater powers for local people and community organisations to hold the Council to account including: -

- A right to challenge takeover of services;
- A right to bid for assets of community value;
- A right to veto excessive council tax increases; and
- Increased transparency over public sector data.

3.54 The right to challenge to take over services or bid for assets could strengthen WSMTC's ability to request to take over services from NSC should it wish to do so, and should the resources be available. The previous Government launched a Community Ownership Fund offering funds to local community organisations, including town and parish councils who might wish to step in and take over any community assets at risk of being lost. In WSMTC's case, this enabled a successful bid for the Old Town Quarry (of which NSC remains the freeholder, and WSMTC the leaseholder).

3.55 However, the above powers do not currently apply to town and parish councils in allowing local community organisations to approach the Council with a view to taking over its services or assets.

3.56 In addition, as already highlighted in paragraphs 3.35 to 3.42, WSMTC could also be required by local taxpayers, in future years, to hold a referendum to veto excessive council tax increase.

- 3.57 There has also been an increasing drive toward improving transparency in the public sector, and the Openness of Local Government Regulations and Local Government Transparency Code require the Council to publish specific information, including certain decisions taken by officers for the Council, expenditure over £500, senior officer pay, and details of council owned land. The Council already publishes all of this information on its website.
- 3.58 The final area of the Localism Act that has impact on the Council are the reforms to the planning system which are intended to provide more local control over planning decisions and make the planning system more democratic and effective.
- 3.59 The Act introduced a new right for communities to draw up a 'neighbourhood plan' which allows residents, employees, and businesses, to come together, through the Town Council if they wish, and have a say in terms of where they think new house, businesses and shops should go, and what they should look like.
- 3.60 Local communities are able to use neighbourhood planning to grant full outline planning permission in areas where they most want to see new homes and business, making it easier and quicker for development to go ahead. This enables WSMTC to currently oppose unwanted development, but would enable an extra 10% in Community Infrastructure Levy, should WSMTC wish in the future to adopt a Neighbourhood Plan.
- 3.61 WSMTC has taken the decision not to produce a neighbourhood plan in Weston-super-Mare. The introduction of a Neighbourhood Plan could be considered in the future.
- 3.62 In overall terms, many of the principles of the Localism Act promote building on the capacity of the town councils and increasing their role in local government through decentralisation, though it does not bring with it any additional income of tax raising capacity.
- 3.63 Depending on the resources available, this enables functions, duties and services being devolved to WSMTC in the future. **For 2026/2027 financial year, this is still being explored with NSC, with a devolvement plan being created to handle sensitively and with as little disruption to service as possible.**
- 3.64 It is also likely to see WSMTC having a greater role to play in working with and passing powers and services to local communities, for example, to community and voluntary organisations.



3.65 The new Labour Government has also made it clear in its manifesto its commitment to devolution and that it will transfer power out of Westminster, and into communities, with landmark devolution legislation to take back control. Further information on these plans is awaited.

### **Demographic Issues**

3.66 The MTFP will also need to have awareness of any demographic issues that may affect WSMTC's financial planning, such as the aging population, levels of unemployment, health issues, benefits dependency and deprivation.

3.67 All of these issues could impact upon demand for particular services, for example on income levels in respect of the Museum, Theatre and Cemetery.

## **4. Local Issues –**

### **Introduction**

4.1. As well as considering national, political, legislative, economic, and demographic issues, it is also important that WSMTC's Medium Term Financial planning process considers any local issues specifically relevant to the Weston-super-Mare Parish.

4.2. The Following section of the Plan provides details of local issues currently affecting Weston-super-Mare, focussing particularly on issues relating to NSC, and on WSMTC's strategic aims and targets. Section 5 of the plan will then look at community priorities.

### **North Somerset Council**

4.3. The Governments Comprehensive Spending Reviews since 2010 have resulted in substantial reductions in grant funding for NSC. As a result, NSC has implemented budget reductions of approximately £50 million over the ten-year period.

4.4. This has resulted in many services being cut or ceased and had brought with it a significant number of job losses over past years.

4.5. There is significant uncertainty over the resources that will be available to NSC over the medium to longer term due to the delayed publication of Fair Funding Review and Comprehensive Spending Review and ongoing national challenges.

4.6. A deterioration in the financial situation facing NSC could impact on WSMTC in a number of ways: -

- WSMTC could receive requests for financial support from community and voluntary organisations whose funding has been reduced or cut altogether by NSC;
- Requests may be received from NSC for WSMTC to consider taking on services or to undertake joint working;

- There may also be occasions where WSMTC may wish to step in to safeguarding local services and facilities at risk of being cut or ceased by NSC.
- 4.7. As of the 2025/2026 financial year, discussions are being held to discuss the above solutions to NSC budget deficit, with a phased approach plan for devolution over the next several years.
- 4.8. WSMTC continues to receive requests for financial support from community and voluntary organisations (some of which are within SLA's), the need for this appears to have been heightened by the Cost of Living Crisis and cuts in other funding they previously received. WSMTC has set aside a total value of £322,476 (2025/2026) to support (via SLA) initiatives such as Crime & Disorder, CCTV, Citizen's Advice, Youth Provisions, Homeless support and Volunteer Action. WSMTC has in past years made considerable savings by the abolishment of special expenses which covered some of these areas.
- 4.9. WSMTC has in recent years been working closely with NSC in discussing opportunities for joint working or development / devolvment of services. These discussions have, up to now, been based on the principle that the initiative should be beneficial to both councils.
- 4.10. Previously these discussions have led to joint working initiatives such as Community Response (Crime & Disorder), Community Resilience and Health & Wellbeing initiatives (with NSC Together and the Wellbeing Collective), Climate Initiatives (Food Clubs and Fridge of Free Stuff), Old Town Quarry (Ongoing negotiation), Town Centre improvements (Bins and Street Furniture) and works with the Place Agency and Super Weston for improvements initiatives across the town.
- 4.11. Now that devolution is being explored, a transition year has been identified which will result in WSMTC taking on from NSC for 2025/2026 an additional 8 play areas for maintenance and full responsibility, taking on litter waste collection (approx. 64 bins), and £141.4k payable to NSC for continuation of contracted services at to 31<sup>st</sup> March 2026 (1 off payment).
- 4.12. WSMTC also worked with NSC to access services such as Recreational Ground Maintenance as well as professional officer support and advice on issues such as procurement, energy management, human resources and health and safety.
- 4.13. WSMTC has been keen to explore possible funding opportunities with NSC, and have a good track record of doing so. In recent years we have obtained grant funding to benefit both Health and Wellbeing, Climate initiatives and Heritage and Cultural projects such as Know your Place and Understanding our Heritage.



4.14. WSMTC will continue to actively seek further funding but for the purposes of this Plan only funding that has already been confirmed will be included in the Revenue and Capital Budget Forecast.

4.15. Finally, NSC continues to consult with all key stakeholders on all relevant issues including proposed spending cuts, service reviews, partnership working and devolvement of services. WSMTC has been participating in these consultations as required where relevant and will continue to do so.

### **Council Mission and Strategic Aims**

4.16. WSMTC adopted its Medium to Long term strategy (April 2020 – March 2030) in November 2020 following recognition of the council's growth and need to develop a more robust and 'live document'. Within this strategy WSMTC adopted the following Mission and Visions statements:

*'Working with the People of our town, celebrating traditions and making Weston-super-Mare a greater place to live, work, visit and enjoy'*

*'Everforward' we will ensure our town becomes a more vibrant, prosperous, cleaner, greener, safer and inclusive place for everyone to enjoy'.*

4.17. WSMTC also set 5 strategic pillars to support the delivery of its mission and vision. These pillars are detailed below: -

- **Weston View** – Measures to promote and better the Town.
- **Cleaner and Greener** – Measures to improve the local environment.
- **Healthier and Happier** – Measures to promote the health and wellbeing of local residents.
- **A Bright Future** – Measures to support and enhance the local economy.
- **Heritage Arts and Culture** – Measures to ensure that Weston-super-Mare thrives as a vibrant place for arts and culture.

4.18. Strategic aims are then incorporated into individual service areas team plans which are reviewed annually and adapted to meet moving aims that WSMTC wishes to see reflected in the annual review of the Strategy document.

4.19. This review process and incorporation into team planning helps to ensure that WSMTC continues towards the achievement of its strategic aims in 2026/27. A full copy of the Strategy is:

<https://wsm-tc.gov.uk/wp-content/uploads/2023/09/4.-LIVE-Update-strategy-approved-July-2023-EG.pdf>

## **5. Community Priorities**

### **Introduction**

5.1. WSMTC's does not currently have a specific Service Delivery Plan to set out the Council's strategic aims and targets for the coming year. However, it does endeavour to seek the views of the local community.

5.2. Consultation is undertaken with the community, service users and local taxpayers in a variety of ways including: -

- The Your Town Your Voice Survey which is open and active on WSMTC's website;
- project specific surveys such as play area surveys etc;
- meetings with the Youth Council.

5.3. In future years WSMTC may wish to consider expansion of how we proactively engage in specific areas such as;

- Annual evaluation of Your Town Your Voice survey which was first implemented 2023/2024
- development of an annual budget consultation event and online budget survey;
- consultation with key strategic partners to review performance of SLA's and service provisions to review and further develop efficient work practices

5.4. Such consultation allows the views of the community and local taxpayers to be sought and then used to inform future decisions around allocation of resources, investment in services, and where any required efficiency savings should be targeted over the life of the Plan this approach would dovetail with WSMTCs adopted principles around community engagement.

5.5. Feedback from previous consultations, and in particular the results of the online Satisfaction Surveys have been used to improve service delivery where they provided relevant data, as such they have been included in the annual spending review process. Resulting where applicable to inform WSMTC's financial planning.

#### **Your Town, Your Voice Satisfaction Survey –**

5.6. Budget consultation forms part of the survey, and will be carried out prior to the setting of the annual budget, whereby parishioners were asked to rate the services in order of priority when considering the costs to run. This helps provide feedback on WSMTC's annual budget proposals.

5.7. WSMTC have implemented a Your Town Your Voice survey in the year 2023/2024 to gain feedback on its services, like sized councils have started to use this approach along the following lines to aid its financial planning. This will be rolled out annually to assess year on year improvement, working with WSMTC's Communications and Marketing Officer and Development team.

5.8. Following the success of the Your Town Your Voice consultation, which took place in October 2023 and received a total of 516 responses, the process was reviewed. Whilst it was felt the level of detail and information provided in the survey was impressive and aided completion, the amount of information made it too long and time consuming. It took between 30-60 minutes to complete, which led to a low completion rate. As such, it was decided that the survey would be split, and rolled out seasonally (Winter/Spring/Summer/Autumn), to keep it fresh in peoples minds and ensure a greater level of engagement.

- 5.9. The survey was created in line with the Town Councils adopted 10-year strategy.
- 5.10. With a big year of change during 2024/2025, including the relocation of council office, change of senior management and large capital projects (Old Town Quarry and Waterpark Play Area Redevelopment), it was not considered prudent to carry out an in-person community consultation exercise in 2024/2025. There was, however, a consultation workshop for WSMTC Councillors, who were invited to evaluate the success of the Town Council Strategy, and provide direction for future years.
- 5.11. A comprehensive consultation exercise should be undertaken with the local community groups during 2026/2027, building on the community engagement held with parishioners in October 2023.
- 5.12. Open days could be held offering residents the opportunity to meet key officers and members of WSMTC and discuss any issues of interest or concern and the issue of the 'Your Town, Your Voice Satisfaction Survey', should this be considered prudent.
- 5.13. The survey asks a number of questions relating to satisfaction with the various services provided by WSMTC, value for money, community involvement and priorities for investment and disinvestment, seeking to establish the priorities of the local community for the future

### **Consultation Results and Community Priorities**

- 5.14. The key financial question asked within the survey relate to the Town Council proportion of the council tax and whether council taxpayers felt that this provided value for money for the services provided.
- 5.15. The responses could year on year provide comparison based on figures from previous years' surveys to demonstrate for example that the vast majority of council taxpayers believe that the Town Council delivers value for money services to the local community.
- 5.16. The survey aims to identify and rank the services most important to them i.e. where service delivery should be continued, budget cuts avoided, and future investment targeted. This could also determine where investment is most needed (both capital and revenue). This could also enable understanding of where respondents feel less money could be spent to free up finances for other things potentially. Higher priority areas and Lower priority areas.
- 5.17. Every effort should be made to continue to invest in community priorities over the period of the MTFP. However, there will be limitations on any additional investment due to falling balances, reduced availability of external grant funding, increases in staffing costs linked to the Real Living Wage and the need to keep future council tax increases as low as possible.

5.18. However, this information could also be useful in highlighting the services that are most important to council taxpayers, and which should be protected from budget cuts, should revenue and capital spending need to be reduced in the future.

5.19. This would suggest that these are the service areas that are least important to council taxpayers and where spending reductions, if required in the future, should be targeted.

## **6. Key Financial Influences and Challenges**

### **Introduction**

6.1. This MTFP will need to address the following key financial influences and challenges: -

- the current national challenges and its impact on the economy and Government spending plans e.g. possible public sector spending cuts, inflation, interest rates and reduced consumer spending power;
- the ongoing increases in the Real Living Wage, and its subsequent impact on the local government pay scales;
- the risk of council tax referendum principles being extended to town and parish councils, which has yet to be confirmed;
- NSC has recognised the need for considerable spending cuts in order to maintain statutory services. this has resulted in discussion with WSMTC and transfer of numerous assets and services over coming years.
- increased requests for financial assistance from community and voluntary organisations whose grant funding has been cut;
- ensuring the funding of existing service requirements;
- delivering WSMTC's strategic aims and targets;
- meeting the needs and priorities of the local community, service users and taxpayers;
- funding any new statutory requirements and any planned investment in existing services or new initiatives;
- delivering value for money and ensuring the achievement of year-on-year efficiency savings;
- minimising any future increases in the Town Council Tax;
- working within the resources available and deciding how WSMTC's spending will be prioritised in the event of limited resources being available;
- providing for the significant future capital investment commitments facing WSMTC and ensuring the delivery of the Asset Management Plan;
- maintaining a prudent level of balances and reserves, whilst meeting the cost of this capital investment.

6.2. Many of these key financial influences and challenges are linked to the national economic situation, with particular budget pressure being caused by stubbornly high inflation in some areas of expenditure, the likelihood of increases in staffing costs over the coming years linked to above inflation increases in the Real Living

Wage, and impacts on usage and income of services linked to reduced consumer spending power. These were discussed in Section 3 of the Plan.

### **Sources of Funding**

- 6.3. WSMTC relies heavily upon the Precept and therefore the Town Council Tax to fund the services it provides and although it does it is limited in its ability to raise additional funds, other than through the Precept and Council Tax.
- 6.4. In addition, WSMTC is in a position whereby it does have increased reliance on gaining external grant funding in the year to support services in 2025 /2026 this equated to approximately £796,750 per year to support its community projects rather than Revenue Budget, with a further £67,000 pending decision which would impact on the revenue budget if successful.
- 6.5. WSMTC has a proven track record of acquiring external grant funding to support the implementation of new projects and development of existing services, to the value of £1,475,462 from the period 2020-2024.
- 6.6. The decision to implement a Neighbourhood Plan in the future would result in a 10% increase in Community Infrastructure Levy, from what is currently 15% to 25%.
- 6.7. WSMTC will also face increasing pressure on its spending budgets from staffing cost increases linked to the Real Living Wage, possible future employers' pension contribution increases, as well as inflation and other unavoidable budget pressures.
- 6.8. Any resulting shortfall in resources will need to be made up in the Revenue Budget via a combination of increases to the Town Council Tax, council tax base growth, savings, and budget reductions, and increases to fees and charges.
- 6.9. It is possible that the process of balancing WSMTC's Revenue Budget will become increasingly difficult over the medium to longer term.
- 6.10. At the same time WSMTC needs to be aware of the financial difficulties that continue to be faced by local taxpayers and the need to keep future increases in the Town Council Tax as low as possible. This is also important in the context of the possible implementation of the power allowing local communities to require town and parish councils to hold a referendum to veto an excessive council tax increase, which has yet to be confirmed.
- 6.11. WSMTC is also facing the prospect of needing to undertake significant capital investment in its fixed assets over the medium term and ensuring that sufficient balances and reserves are maintained to meet these commitments, is an ongoing challenge that WSMTC will need to address over the next five years. These include future refurbishment considerations at 32 Waterloo street, the Old Town

Quarry, and significant required maintenance and replacement of equipment in the councils play areas following the development of a play strategy.

6.12. This MTFP has been prepared on the key principle of aiming to maintain existing levels of service, while keeping the increase in council tax as low as possible. Prudent assumptions have been made around the impact of the various challenges faced and the key assumptions made are set out in Section 7 of the Plan.

6.13. A Revenue and Capital Budget Forecast is then set out in Section 11 of the Plan which highlights the likely changes to the budgets between 2025/26 and 2029/30 and the council tax increase that may be required in each year to balance the Revenue Budget.

6.14. This forecast will also quantify the possible savings and budget reductions that would be needed to freeze the council tax, should WSMTC wish to do so at any time over the period.

6.15. Actual options for delivering any required budget reductions and efficiency savings would need to be drawn up each year and agreed by WSMTC during the annual budget setting process.

## **7. Key Financial Assumptions**

7.1. Summarised in this section of the Plan are the specific assumptions that have been made in planning WSMTC's Revenue and Capital Budget forecast over the five-year period in order to respond to the key influences and challenges summarised in Section 6 of the Plan.

### **Providing for Inflation**

7.2. In order to ensure that the Revenue Budget accurately reflects future spending commitments, it is essential that WSMTC makes prudent provision for all unavoidable increases in costs that will arise from inflationary pressures over the five-year period.

7.3. Inflation has historically been a significant pressure on some expenditure budgets, particularly in relation to fuel and utilities costs.

7.4. A key principle of WSMTC's medium-term financial planning is to make provision only for unavoidable inflationary increases in budgets i.e. where there is a contractual obligation to pay the increased cost or where the increase literally cannot be avoided.

7.5. This approach encourages managers to shop around, and negotiate better deals with suppliers, and therefore ensures improved use of resources and helps WSMTC to achieve value for money.



## **Annual Pay Awards and the Real Living Wage**

- 7.6. 30.84% (2024/2025) of WSMTC's gross expenditure relates to staff pay costs and therefore annual officer pay awards and the ongoing increases to the Real Living Wage are likely to be one of the most significant cost pressures on WSMTC's Revenue Budget moving forward.
- 7.7. The Real Living Wage sets out the minimum hourly rate for all staff based on the cost of living and is voluntarily chosen to be paid by the employer. This current rate has been set at £13.45 which has to be implemented in April 2026. WSMTC has resolved to apply this and any new rate increases annual in April in line with contracted staff pay increases.
- 7.8. WSMTC currently pays its staff in accordance with the National Joint Council for Local Government Services (NJC) pay scales.
- 7.9. The NJC Local Government Pay Agreement for the 2025/26 financial year has been agreed at 3.2% backdated to April 2025, for employees below SCP 44.
- 7.10. Moving forward, further increases in the Real Living Wage will cause the headroom between the lowest local government pay rate and the Real Living Wage to erode and potentially disappear altogether.
- 7.11. Based on the 7.11 above, an estimated provision of 4.0% has been assumed for 2026/2027 and all subsequent years of the plan.
- 7.12. If a higher-than-expected pay increase is awarded at any point over the next five years, for example following union action, a significant increase in the Real Living Wage, or the election of a new Government, then additional budget would need to be found to meet the increased cost.
- 7.13. For every 0.5% pay award above those budgeted for, WSMTC's salaries and wages budget would need to increase by around £6,000 based on 2024/2025 costs.
- 7.14. Any additional costs over the life of the Plan would be met in the first instance from efficiency savings elsewhere in the Revenue Budget and after this from General Reserves.
- 7.15. In the longer term, further expected increases in the Real Living Wage, are likely to bring about increasing compaction at the lower end of the local government pay scale, which may result in further restructure of the local government pay scale. Staffing costs increases are therefore likely to remain a key budget pressure well into the future. WSMTC has undertaken a Job evaluation 'desk top' exercise in October 2022 to ensure contracted staff are on the correct grade, and this will continue if the town council staffing structure grows.

## **Salary Increments**

7.16. Some Council staff are appointed on a salary grade that allows progression through the grade or successful completion of qualifications as set out in the contract of employment.

7.17. Full provision has been made in the Revenue Budget forecast for any salary increments that are due to such staff over the five-year period of the Plan.

## **Pension Costs**

7.18. Pension costs in respect of Council employees are another significant area of expenditure. The 2020 actuarial valuation of the Avon Pension Fund set the pension contributions for employers and employees.

7.19. WSMTC's employer's pension contribution rate for the period 2020/2021 – 2047 / 2048 was estimated at 17.0% with an increase year on year deficit payment plan in place until 2040 / 2041.

7.20. WSMTC's employer's pension contribution rate will therefore be increased to 17% until the end of 2024/25 to reflect the pension position.

7.21. The other issue relating to pensions that will continue to have an impact upon WSMTC's pension costs over the next few years is the Government's automatic enrolment legislation.

7.22. This initiative aims to ensure that all workers are enrolled into an occupational pension scheme. It requires employers to automatically enrol all 'eligible' employees into a qualifying pension scheme, although employees do have the option of 'opting out' should they wish to do so.

7.23. WSMTC initially implemented automatic enrolment in May 2014, and this resulted in a number of additional staff joining the Local Government Pension Scheme. It has since undertaken annual reviews via Bath and North East Somerset Payroll Services to review re-enrolment for any staff currently opting out of the Pension Scheme.

7.24. The Revenue Budget provides fully for the costs of all staff who are currently members of the pension scheme.

7.25. The Government continues to encourage workers to enrol in a pension scheme and the Council must automatically enrol all eligible new staff and existing staff whose earnings exceed the automatic enrolment threshold of £10,000, and also re-enrol all 'opted out' staff every three years, with the next re-enrolment date being May 2024. Currently there are only 2 contracted staff who are not included within the pension scheme.

7.26. This could result in more staff joining the pension scheme over the medium term. It has been assumed in the Revenue Budget projections for 2026/27 to



2029/30 that all new staff will join the pension scheme, while all existing staff who have previously opted out will remain outside of the pension scheme.

### **Savings from Staff Turnover and Flexible Retirements**

7.27. No provision has been made within the Revenue Budget forecast for savings from staff turnover e.g. savings from reductions to working hours, staff leaving the pension scheme, posts being vacant for a period of time, new staff commencing employment on lower grades etc., unless this has already been approved by WSMTC and removed from the Revenue Budget.

7.28. It has therefore been assumed in the Revenue Budget forecast that any future savings that are achieved from staff turnover or further flexible arrangements would be available to support the Revenue Budget in the year in which they were achieved, rather than permanently removed from the budget.

7.29. These savings would be used in the first instance to fund any recruitment costs or temporary cover arrangements, with any remaining savings added to Council balances at the end of the year.

### **Changes to the Staffing Structure**

7.30. An extensive staffing review was carried out in 2024/2025 to simplify the staffing structure under two main directorates: Directorate of Finance and Resources and Directorate of Community Services, both of which sit under a Senior Manager and the CEO/Town Clerk. This initial review recognised the changing needs of the council, and ensured officer time was allocated where it was best placed. Further review of this staffing structure was taken to Personnel in October 2024, with the decision to defer until the position regarding devolution was finalised.

### **Premises Costs**

7.31. There have been nominal increases to WSMTC's premises costs in recent years, although wherever possible WSMTC has actively worked to minimise these increases. With the purchase and change of WSMTC's main office to Waterloo Street in 2024, further efficiencies will be explored to keep costs to a minimum. For example, by working to WSMTC's Road Map to Zero by 2030 and the implementation of energy saving measure within refurbishment plans. WSMTC will continue to review its energy suppliers for gas and electricity contracts and reduce usage to achieve better value for money.

7.32. However, WSMTC still faces some potentially unavoidable increases to its premise's costs in particular with regard to energy and NNDR costs over the next few years and these have been provided for within the Revenue Budget Forecast.

7.33. In respect of gas and electricity costs, the 2026/27 Revenue Budget figures reflected the then contract rates and latest annual usage information and have been increased by 3.7% to provide for forecasted national increases. All of WSMTC's premises have smart metres installed to ensure accurate billing.

- 7.34. Officers will continue to work within its procurement guidelines to minimise the actual increases in each year and may set up longer fixed term contracts if this is more cost effective.
- 7.35. Water budgets have been increased by 3% in 2025/2026, 2.7% in 2026/2027, 2.7% in 2027/2028 and 2.7% in 2028/2029 to provide for likely inflationary (CPI) increases.
- 7.36. Business rates budgets have been increased by 3% in 2025/2026, 3.6% in 2026/2027 to 2029/2030 in line with the expected rate of (CPI) inflation, and service agreement costs will increase in line with contractual agreements.
- 7.37. WSMTC's has two separate Maintenance budgets which are managed within the allocated allowance made by council 2025 / 2026 £188,703 (PPM). WSMTC has in place a 60-year cyclical plan which is broken down into 5-year maintenance budgets, reviewed annually. The purchase of a significantly larger premises at Waterloo Street has led to a suggested increase in the overall PPM maintenance provisions for future years. Both PPM and EMRRP maintenance schedules are being reviewed following the 5-year maintenance plan being carried out by the Town Council's appointed building surveyor.
- 7.38. The 60-year cyclical plan was reviewed in its entirety in March 2024 by WSMTC newly appointed building surveyor and contract administrator. In the first five years of this plan, in line with this MTFP, the total costs across Weston Museum, 32 Waterloo Street, Waterpark and WCs and the Cemetery is £743,308. It is acknowledged that additional services, such as the Old Town Quarry are not recognised within this programme, and will need to be included in future years, therefore potentially increasing that figure.
- 7.39. In addition, significant asset management works have been completed to buildings and Outside assets in recent years and continue to be planned via the Planned Maintenance Programme (PPM)& Essential Maintenance Repair and Replacement programme for Parks & Play areas. Budget over the next five years which should help to limit the call on the maintenance budgets over the next few years.
- 7.40. Given that Devolution conversations centre around grounds management and maintenance, the current budget provision for the EMRRP is now not considered to be sufficient and as such will be increased in 2026/2027 and onwards. Likewise, there is a need for PPM budget provisions to be reviewed and adjusted following receipt of the 5-year maintenance plan. This element will be undertaken in 2026/2027.

## **Insurance Costs**

7.41. WSMTC's procured a new insurance provider in June 2023 and is locked in to a fixed rate for the next 3 years. After 2026, a CPI rate of 3.6% per year has been applied.

7.42. The only exception to the above is 32 Waterloo Street, which was not included in the original cover due to it being a vacant building at the time the cover was put in place. Additional insurance for this site will be procured when the building is signed back over to WSMTC.

7.43. Vehicle insurance does not form part of the long-term agreement and is negotiated annually. A 3.6% annual increase in premiums has been assumed for vehicle insurance.

## **Vehicle Costs**

7.44. Whilst vehicle fuel costs have marginally increased within 2025/2026, the overall need for fuel to meet services needs has not. An assumed increase of 3.6% will be recognised based on current years' usage for the financial year 2026 / 2027. The use of Electronic vehicles will remain under review and should be done routinely at the point of any vehicle review.

7.45. Vehicle maintenance costs also vary widely year to year but have increased with the introduction of additional services within the grounds department (Litter collection services). All council vehicles including the ride on Mower, are leased to help reduce maintenance on ageing vehicles. Depending on the outcome of devolution, there would be a requirement to increase lease vehicle budget. This is based on the need to acquire two leased vans and the potential purchase of a ride on mower and relevant equipment based on the discussions around additional parks and play areas to the Town Council. This will see an increase in the overall vehicle lease budget. The vehicle repair budget will increase slightly in 2026 / 2027 but only by CPI of 3.6%.

7.46. A freeze has been assumed in council mileage rates over the period of the Plan, and it has been assumed that the mileage claimed will remain broadly at current levels to remain with HMRC tax guidelines.

7.47. The budgets for Mayors' travel costs will increase by CPI to reflect current costs.

## **Supplies and Services Budgets**

7.48. The majority of supplies and services budgets have had CPI increases applied with the expectation that any inflationary increases are absorbed and income is increased at the same rate where applicable. This approach encourages managers to shop around, and negotiate better deals with suppliers, and helps WSMTC to achieve value for money.

7.49. An inflationary increase has been provided for over the life of the Plan for any supplies and services where there is a contractual obligation to pay the increased cost, or where the increase cannot be avoided. Examples include machine rentals, telephones, subscriptions, computer support contracts and licences, CCTV and running costs.

7.50. In some cases, supplies and services budgets have been reduced, for example where the budget provision is of a one-off nature, where there are known savings, or where the budget has been regularly under-utilised in the past.

### **Town Council Elections**

7.51. The next Town Council Elections are due to take place in May 2027 and a revenue budget of £15,000 has been set aside annually in the Revenue Budgets to meet the cost for this. This is transferred to an Earmarked Elections Reserve to have adequate provision at the time of election. The EMR currently stands at £15,000 due to the elections which took place in May 2023, and will need to be rebuilt for future years elections.

7.52. The cost of any by-elections held during the period of the Plan would also be met from the Elections Reserve.

### **Members Allowances**

7.53. WSMTC to date has made no provision for member's allowance as it has voted not to include one. On this basis no provision will be made for 2026/27. Further review of this should be undertaken following the elections in May 2023 (not yet undertaken) with provisions then included if required in future years' budgets.

7.54. As 7.53 above, moving forward, no increase has been assumed to the Member's Allowances rate over the period of the Plan.

### **Income Budgets**

#### **Milton Road Cemetery**

7.55. Cemeteries fees and charges have seen the introduction of additional fees for deeds previously held at 30 years (enabling them to be increased). The Cemetery remains an area of service that still requires subsidy within the revenue budget and for 2026/2027 due to the volume of maintenance it takes to keep the cemetery in good order as a 'open' cemetery.

7.56. The cemetery has been able to maintain a steady level of income in past years, due to increased provision for grave use within the existing site. In the very near future (within the next year) it is expected that the ability to sell full burial 'new' graves will be reduced to nil. The limited number remaining are not able to be pre-purchased which has impacted revenue ability, but new areas around the site are being identified.

## **Weston Museum**

- 7.57. The Museum prior to Closure for COVID 19 has seen a steady increase in footfall and related income. Following Café business reviews, it was recognised that Function income was needed to support the café function – this area has seen exponential growth with income increased. The Museum remains an area of service that still requires subsidy within the revenue budget and for 2026/2027, one significant change to reduce the subsidy is the revaluation of NNDR to nil, resulting in saving of over £50,000 annually. Secondary spend initiatives and increased functions / events will continue to be key to this within the MTFP.
- 7.58. The Café in particular has once again seen in 2025 / 2026 an increase in its ability to raise income following appointment of new staff. In future years it expected to make profit. The Café remains a key part of what the Museum is about as it provides additional reasons to visit by both locals and tourists.
- 7.59. WSMTC resolved to install an additional kitchen at Weston Museum in order to support both internal and external functions and service areas. This has resulted in additional income from functions.
- 7.60. Learning and Events has a heavy focus on the delivery of education to the local and wider area. Handling boxes have seen a decrease due to restraints within school budgets. We are now seeing schools return to the museum to take advantage of the learning offer. This area of provision shows huge social value to the town as opposed to financial value and as such it remains a key part of the museums make up.
- 7.61. The Museum is now looking to expand its wedding packages offers to promote its unique selling point.

## **Old Town Quarry**

- 7.62. The Old Town Quarry was closed by NSC due to health and safety reasons in September 2023. The transfer of the lease to WSMTC was finalised in July 2024.
- 7.63. WSMTC was successful in its application to the Community Ownership Fund and received £700,000 funding for the redevelopment of the site. This funding, alongside previously earmarked CIL funds totalling £200,000 have resulted in a large-scale capital build project and associated community engagement. There is very little revenue funding as part of the project, and any future service delivery will be reliant on community organisation partnership, grant subsidy or consideration within Town Council Budgets. A revenue budget has been devised for inclusion in the 2026/2027 budget with this in mind, recognition previous WSMTC resolution that the service be cost neutral at the very least.
- 7.64. Following further business development, it would be prudent to carry out a more in-depth annual review of income and expenditure.

## **Tourism and Information Services**

7.65. From the year 2024/2025 following direction from the councils Tourism and Leisure Committee, the structure of the revenue budget for tourism and information services changed to reflect the operation of both waterpark admissions and refreshment kiosk now being undertaken and overseen by the operational services team (the café was previously run as a concession). Changes to staffing, and a review of current tourism offers has seen tourism income slowly increasing following charges being reintroduce to tourism partners.

7.66. The change in location from the Tropicana building to the Waterpark Kiosk in previous years had resulted in reduced ability to sell tourism merchandise, however with the opening of 32 Waterloo Street and the introduction of a permanent tourism base, this is now possible again and has been identified in the 2026/2027 revenue budget.

## **Waterpark Income**

7.67. After the upgrade of the plant room and the toilets in 2025/2026, income returned to a consistent level and should continue to do so after further investment. It remains a prominent and well used asset. The income generated is not profit making but does support the running costs associated with the park such as cleaning, general maintenance and toilet provisions.

## **Dog waste Collection Income**

7.68. The dog waste collection service operated by the grounds department to neighbouring parishes does in turn cover the cost of our own dog waste collection (actual disposal costs). The staffing costs associated with this are absorbed within our own service delivery. Increases in fuel costs will need to be reviewed and charges for outsourced service will need to reflect this.

## **Investment Income**

7.69. Investment income has been based on the projected level of balances and reserves as set out in the Revenue Forecast in Section 7 of the Plan.

7.70. It has been assumed that there will be a very gradual recovery in interest rates, based on the recent changes to interest rates from the past rate level of 5.25% in August 2023, to 4.0% in November 2025. Future year projections will be based on the Bank of England assumption in the November 2025 Monetary Policy Report, that there will be a constant interest rate of 4.0% over the forecast period (until end of 2027). For the purposed of future planning, an interest rate of 4.0% will be applied to each year of the forecast, to be reviewed annually. It is acknowledged with the volatility of market conditions this may need to be altered considerably at the point of annual review.

## **Grant Funding**

7.71. Grant funding has only been assumed in the MTFP projections where it is already in place or has already been approved.



7.72. No other revenue grant funding is currently receivable or had been approved at the time this Plan was prepared.

### **Investment in Services and New Initiatives**

7.73. As outlined earlier in the Plan, WSMTC has established, via its strategic aims, targets and priorities, which will guide future investment.

7.74. WSMTC has already actively responded to the delivery of many of the aims, targets, and priorities in previous budget setting exercises and in all cases sufficient revenue or capital budget provision is already in place or is contained within this plan to enable their achievement.

### **Annual Council Tax Increase**

7.75. As highlighted earlier in the Plan, the Revenue Budget Forecast has been prepared on the principle of continuing to provide all current Council services, facilities, and events, maintaining current standards of service, and ensuring a prudent level of balances and reserves, whilst keeping any future increases in the Town Council Tax as low as possible.

7.76. Any increase to the Town Council Tax needs to recognise the significant 'cost of living' difficulties still being faced by local taxpayers, balanced against the substantial budget pressures being faced by the Council in terms of future staff pay increases and inflation, the need to maintain the important services, facilities and events that are so valued by the local community, and ensure that Council balances and reserves can be maintained at prudent levels, bearing in mind the substantial capital investment commitments faced in the medium-term.

7.77. Clearly, there would be financial implications for WSMTC if a council tax referendum limit were implemented for town and parish councils by the Government at any stage in the future.

7.78. The base council tax referendum limit is currently set at 2% for principal councils, but could be reduced in the coming years, if local authorities are not seen to be showing restraint in setting their council tax rates.

### **Council Tax Base**

7.79. In order to calculate the possible changes that may be required to the level of council tax over the medium term, assumptions need to be made around the likely movement in the Council Tax Base.

7.80. The Council Tax Base is a calculation of the number of chargeable properties within the Parish for council tax purposes. The Council's Precept divided by the Tax Base calculates the Band D Council Tax.

7.81. The localisation of support for council tax had significant implications for the Council Tax Base calculation, and the future design of the NSC and any Local Council Tax Support Scheme could have a major impact on the Council Tax Base moving forward.

- 7.82. For example, if NSC chooses, in the future, to ask council tax support claimants to contribute towards their council tax liability, as many other councils in the country have already done, this would have the impact of increasing the Council Tax Base.
- 7.83. The Tax Base will also be influenced by the council tax benefits caseload in the Parish. An increase in caseload would reduce the Tax Base while a decrease in the caseload would increase the Tax Base.
- 7.84. For the purposes of estimating the Town Council Tax Base for the period of the MTFP, it is not considered prudent to make any assumptions around possible changes made by NSC the council tax benefits caseload.
- 7.85. The Council Tax Band D for 2025/2026 was 27,142.30 properties, this has increased by 472.20 for 2024/2025 which has been confirmed by NSC. Weston sites plans are envisaged to deliver many more housing units in coming years. Every existing house that is built and extended also attracts Community Infrastructure Levy.
- 7.86. The Town Council has a Community Infrastructure Levy policy, and reports to and requires agreement from the Finance and General Purposes Committee for any fund allocations.
- 7.87. It is likely that the Council Tax Base will continue to benefit from some new housing development over the life of the Plan.
- 7.88. For the purposes of the Revenue Budget forecast for the four-year period 2026/27 to 2029/30, an annual increase in the Council's Tax Base of 200 properties per year has been assumed to provide for new housing development.

### **Council Balances and Reserves**

- 7.89. Within the existing statutory and regulatory framework, it is the responsibility of the Responsible Financial Officer to advise WSMTC on the level of its reserves and to ensure that there are clear protocols for their establishment and use.
- 7.90. In accordance with Section 25 of the Local Government Act 2003, an annual assessment of the adequacy of the Council's balances and reserves is made at the time the Council Precept is set.
- 7.91. This assessment is based upon a guidance note on Local Authority Reserves and Balances issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which is considered to be best practice with regard to balances and reserves (LAAP Bulletin 99).
- 7.92. CIPFA holds the view that a generally applicable minimum level of reserves is not appropriate. The guidance notes states that 'in assessing the appropriate level



of reserves, a well-managed authority will ensure that the reserves are not only adequate but are also necessary', and that Council's 'should establish reserves including the level of those reserves based on the advice of their chief financial officer and make their own judgements considering local circumstances'.

7.93. In theory, a well-run Council with a prudent approach to setting its budget, should be able to operate with a relatively low level of general balances, which WSMTC has achieved in recent years, although these general balances will need to be supported by sufficient sums set aside in earmarked reserves to meet specific needs and fund future spending commitments.

7.94. In coming to a view on the adequacy of WSMTC's balances and reserves, account needs to be taken of the risks facing WSMTC, in terms of any significant unforeseen spending commitments or funding cuts, and also the capital investment requirements of WSMTC over the medium to long term, considering the ability of WSMTC to secure external funding via capital grants and contributions, take out additional borrowing, or generate capital receipts from sale of assets.

7.95. WSMTC held balances and reserves of £948,711 at the end of the 2024/25 financial year.

7.96. Consideration should be given to introduce a Revenue Support Fund; the aim is to provide support to the Revenue Budget in the event of any significant unforeseen spending commitments or funding cuts. Furthermore, the introduction of a Capital Investment Reserve has been undertaken, the balance of which has been included in 7.111 above, to take in to consideration known upcoming projects with the redevelopment of Waterloo Street and potential devolvement of services from NSC. No capital reserves are currently in place in addition to the approved allocation of CIL monies for the Old Town Quarry.

7.97. The recommended policy for balances and reserves is as follows: -

1. Maintain minimum General Reserve Balances of 3.5 months' average revenue expenditure to protect against unforeseen budget pressures and cuts to the Council Tax Support Grant funding.
2. Maintaining a Capital Reserve Fund based on estimated costs of known capital expenditure for new assets and projects.
3. Set aside such sufficient sums in Earmarked Reserves, as is considered prudent, to support future year's capital investment requirements and other specific commitments;
4. Undertake an annual review of the level of Balances and Earmarked Reserves as part of the budget setting process.

7.98. It is a key principle of WSMTC's financial strategy to limit support from Council balances and reserves to the Revenue Budget over the medium term as such support is not sustainable.

7.99. The introduction of a Revenue Budget Support Fund could be explored in the future if it was felt to be applicable.

7.100. The policy regarding support from Council Balances to the Revenue Budget may also need to be reviewed in the future, should WSMTC face significant challenges such as capping of reductions in income which support the budget.

7.101. It is considered that the current level of balances and reserves, taken alongside the contingency sum and contribution to capital reserves set aside in the Revenue Budget, provides WSMTC with an adequate level of resources to protect against any unforeseen spending pressures and future funding cuts, and to fund capital investment requirements in the medium term.

7.102. However, it is inevitable that Council balances and reserves will fall over the life of this Plan as capital commitments are funded.

7.103. There has been need in past years to use General Reserve balances for specific spends, such as the Museum and Blakehay refurbishments however these have been replenished via the Revenue budget and precept to keep a steady level of reserves at all times. Efficiency savings should continue to be enabled within the Revenue Budget moving forward, balances and reserves should be able to be maintained at prudent levels over the five-year period of the Plan.

7.104. However, in the longer term, WSMTC's balances and reserves are fully earmarked against future capital investment requirements, and the effect of the other Revenue Budget pressures may limit the Council's ability to replenish balances via Revenue Budget savings, which could lead to balances being significantly diminished in the future.

7.105. This issue is considered in more detail in the Revenue and Capital Budget Forecast in Section 11 of the Plan.

### **Efficiency Savings**

7.106. WSMTC is committed to ensuring that year on year efficiency savings are achieved over the five-year period of the Plan.

7.107. The need to identify and achieve efficiency savings, in order to maintain current service provision, is likely to become increasingly important over the coming years given the ongoing increases in staffing costs and other budget pressures faced, as well as the potential need to limit council tax increases over the next five years.

7.108. WSMTC has a proven track record of achieving efficiency savings on its Revenue Budget over a number of years in varying service areas.

7.109. Any known savings or budget reductions have been built into the Revenue Budget Forecast for 2025/26 to 2029/30 in the Plan.

7.110. Options for delivering any required budget reductions and efficiency savings, should they be required, would need to be drawn up each year and agreed during the annual budget setting process.

## **8. Treasury Management Issues**

### **Introduction**

8.1. WSMTC has in place an approved Treasury Management Policy which provides the framework for the management and control of WSMTC's borrowing, investment, and banking arrangements.

8.2. The Revenue Budgets and Capital Programme Forecast set out in this Medium-Term Financial Plan could have treasury management implications for WSMTC that will need to be accounted for.

8.3. The potential treasury management implications for WSMTC over the next five years are considered in this section of the Plan.

### **Outstanding Loans / Borrowing**

8.4. The total amount of loans outstanding to the Public Works Loans Board as at 31st March 2025 was £395,576 and relates to a loan taken out in previous years to fund the Blakehay, Waterpark and the purchase of 32 Waterloo Street.

8.5. Assuming no rescheduling or early repayment of the existing outstanding debt, the outstanding balance on the above loans will change over the period of the Plan, Estimates as follows: -

- 31st March 2026 £360,533
- 31st March 2027 £324,881
- 31st March 2028 £288,590
- 31st March 2029 £245,631

8.6. Annual repayment costs on WSMTC's remaining loan, including interest, amount to £35,344 for the year 2025/2026.

8.7. Annual repayments are set and fixed at the point of initial borrowing.

8.8. The Revenue Budget forecasts detailed in Section 11 provide fully for repayments and interest payable on WSMTC's existing borrowing.

8.9. It has been assumed for the purposes of the MTFP that there will not be any early repayment or rescheduling of WSMTC's outstanding loans over the period of the Plan, particularly bearing in mind the likely deterioration in WSMTC's balances and reserves over this period.

8.10. However, this position will continue to be reviewed on an annual basis when possible options for rescheduling or early repayment of debt will be assessed, considering various issues including the premiums that may be payable and the level of Council balances and reserves likely to be available to fund such a repayment.

### **Investments**

8.11. WSMTC currently invests its reserves any other surplus cash balances held as detailed with the Treasury Investment Policy.

8.12. Investment income is credited to the Revenue Budget and varies year to year depending upon the level of balances available to invest and interest rates. Income is currently negligible following the recent interest rate cut.

8.13. The estimates included within the MTFP for investment income have been based on the existing investment methods and on forecasted levels of balances.

8.14. It has been assumed that interest rates will increase marginally over the life of the Plan as the economy recovers from the Coronavirus pandemic.

8.15. Using this assumption and the projected average level of balances and reserves available in each year, investment income would vary depending on the amounts available to invest. In addition, the ability to invest capital monies will be very short term with the allocation and timescales of the projects identified within the next 5-year period of the Plan.

### **Long Term Treasury Management Issues**

8.16. The retention of a contribution to capital reserves in the Revenue Budget will help ensure that Council balances are replenished to a sufficient level to meet WSMTC's medium-term capital investment commitments.

8.17. Looking ahead beyond the life of the Plan, the likely need to remove the contribution to capital reserves in order to balance the Revenue Budget may lead to a reduced ability to replenish balances, but it is also possible that capital receipts from land sales and longer-term council tax base growth may offer WSMTC an alternative means of replenishing its balances and reserves in the future.

8.18. Additional borrowing could also be considered if absolutely necessary.

## **9. Risk Assessment**

### **Introduction**

9.1. WSMTC uses an approved Risk Management software to produce its Corporate Risk Register, which is updated on an annual basis.

9.2. Consideration should be given to the introduction of a Financial Risk register within 2025/2026 to allow all key decisions that have a financial implication made by

WSMTC be subjected to a formal risk assessment where this is considered relevant whilst consideration has been given in the past a more formal robust procedure would be beneficial to financial planning.

9.3. The Corporate Risk Register covers all identified risks applicable to WSMTC and the services that it provides. The register provides full details of the risks broken down by service area, with an assessment of the impact of the risk and the likelihood of the risk occurring (low, medium or high), the controls put in place to minimise the risk, and any further actions required.

9.4. Financial risks should be identified and assessed and then going forward should be attached as an appendix to this document.

### **Links to Medium Term Financial Plan**

9.5. WSMTC is subject to a range of political, economic, demographic, sociological and technological influences. Many of these factors change on a regular basis resulting in new, and sometimes unexpected, financial pressures.

9.6. WSMTC should keep under constant review the key challenges and risks impacting on its financial position. This identification and assessment of risk is an essential element of the financial planning process and a key factor in informing financial planning decisions. The key influences and challenges facing WSMTC over the next five years were considered in Section 6 of the Plan.

9.7. The Medium-Term Financial Plan provides for the continued inclusion of a contingency sum and contribution to capital reserves within the Revenue Budget for the duration of the Plan, albeit on a reducing basis, and with the contingency sum needing to be removed in the final year of the Plan.

9.8. As highlighted earlier, WSMTC's balances and reserves should be able to be maintained at prudent levels over the five-year period of the plan, partly due to this contribution to capital reserves. These balances provide protection against any unforeseen budget pressures that might arise, as well as providing resources to fund capital investment requirements. The level of contingencies, balances and reserves is reviewed annually as part of the budget setting process.

9.9. The MTFP and annual Revenue and Capital Budgets are developed on a prudent basis considering all known commitments and spending pressures. The key assumptions made in the MTFP Revenue and Capital Budget forecasts were set out in Section 7 of the Plan.

### **Key Risk Areas**

9.10. The key risk areas over the medium term that could potentially adversely impact upon the forecasts set out in the MTFP, have been identified and are summarised below. This includes details of how these risks might be mitigated.

- 9.11. UK Economy and Cost of Living Crisis - The continuation of the war in the Ukraine and the Middle East continues to have an impact on the UK economy, impacting in particular on the prices of oil, gas and electricity and causing supply issues and inflationary pressure on certain supplies. The impact of the current economic difficulties has been prudently factored into the forecasts made within the Plan and the Council can take some comfort from the fact that its current financial situation is relatively healthy, and the levels of contingencies and balances held provide it with a strong foundation to weather the storm and offset any financial liabilities.
- 9.12. Public Sector Spending Cuts by Central Government - Linked to the above and the recent change of Government, there is a risk that the Government may implement public sector spending cuts to offset any economic pressures, the financial support to the Ukraine, and the funding of its manifesto commitments. This would in turn could have a negative impact on local government. For example, funding cuts for principal councils such as NSC could result in services being cut and increasing pressure for town and parish councils to step in and take over, as well as increased requests for financial assistance from community and voluntary organisations whose grant funding has been cut. The previous government deferred any decisions of any significant funding reductions in the public sector until the next parliamentary period, with reductions now expected in the period 2025/26 to 2028/29. Again, the Council can take some comfort from its healthy current financial situation and the levels of contingencies and balances held.
- 9.13. Real Living Wage and Annual Staff Pay Awards - The Real Living Wage will increase to £13.45 per hour to be rolled out by April 2026. The assumptions around pay made in this MTFP are based on the known 2025/26 local government pay award and assumed pay awards of 4.0% in future years. These assumptions are based around the need for local government pay to keep pace with increases in the Real Living Wage and are considered prudent. However, there is a risk that the Government could increase the Real Living Wage by more than previously indicated or that union action could result in actual pay awards being higher than provided for in the Plan. The Revenue Budget contingency sum provides some scope to meet any additional costs should this be the case.
- 9.14. Long-Term Restructure of the Local Government Pay Scale - In the longer term increases in the Real Living Wage beyond £13.45 per hour are likely to lead to significant erosion of differentials between pay grades at the lower end of the salary scale and may lead to a requirement to undertake a fundamental restructure of the local government pay scale and job evaluation exercise. This issue represents the key risk to WSMTC's financial planning over the longer term.
- 9.15. Inflation - There is a risk that non-staffing-based inflation e.g. in respect of energy prices, fuel, supplies and services could be higher than provided for in the MTFP. However, the assumptions made within the MTFP are considered to be



prudent and the contingency sum provides some scope to meet any additional costs

- 9.16. Fall in Demand for Services and Reduced Income - The impact of the economic difficulties on usage levels in previous years, particularly in relation to the Blakehay Theatre and Milton Road Cemetery, has caused income in respect of these facilities to fall significantly. There is a risk that income levels may fall further in the future.
- 9.17. Insurance Claims - A significant increase in the number or value of insurance claims would represent a financial risk to WSMTC as this would have an adverse impact on WSMTC's future insurance premiums, which would then impact on the Revenue Budget. However, WSMTC has a good recent claims history, evidenced by the fact that premiums reduced significantly on the recent renewal of WSMTC's policy. WSMTC's Risk Management Strategy also helps to minimise WSMTC's exposure to risk and this in turn should help to keep the number of future insurance claims to a minimum.
- 9.18. VAT - There is a financial penalty if WSMTC breaches the VAT Partial Exemption limit. However, this is regularly monitored and is not anticipated that WSMTC would ever breach the limit.
- 9.19. Plastic and Carbon Reduction Initiatives - WSMTC committed to reducing unnecessary single use plastics in all of its services over the next few years, whilst carbon reduction initiatives such as the move to electric vehicles are likely to increase in prominence over the medium term. There are likely to be costs associated with plastic and carbon reduction and WSMTC will need to factor this into its future financial planning. The Revenue Budget contingency sum provides some scope to meet any additional revenue costs, whilst the earmarked capital reserve for vehicles and machinery replacements provides for the costs of moving WSMTC's vehicle fleet over to electric alternatives.
- 9.20. General Data Protection Regulation (GDPR) - There are significant financial penalties under the GDPR if WSMTC suffers a significant loss of personal data. However, measures have been put in place to ensure WSMTC complies with GDPR and to minimise the risk of a breach occurring and the potential impact.
- 9.21. Council Balances and Reserves - WSMTC's balances are projected to fall over the five-year period of the Plan. However, the contribution to capital reserves set aside in the Revenue Budget will help to facilitate the partial replenishment of those balances and will help to mitigate this risk.
- 9.22. Capital Programme and Asset Management Plan Requirements - Making budget provision available for the potentially significant longer- term Capital Programme and Asset Management Plan requirements represents a risk to WSMTC. However, as highlighted above, the increased contribution to capital

reserves, taken alongside Revenue Budget savings, fees and charges increases, and council tax base growth will help to replenish Council balances and reserves to prudent levels over this period.

9.23. Pandemics - There remains a risk of the emergence of a new pandemic e.g. Mpox, and the introduction of Government restrictions. However, this is considered to be a relatively low risk due to the existence of the vaccination programmes and lessons learned from the Coronavirus Pandemic and has not been factored into the assumptions and forecasts in this Plan.

### **Mitigating Financial Risks**

9.24. In terms of managing and mitigating financial risks, in the event of an unforeseen event during the year creating a substantial budget pressure, the following list details examples of the action that could be taken to mitigate the risk:

- use of Revenue Budget Contingency Sum;
- use of Council Balances and Earmarked Reserves;
- investigation of external funding opportunities;
- income generation activity e.g. pricing review, marketing;
- enhanced approval process for making financial commitments;
- recruitment freeze;
- all non-statutory spend frozen; and
- service reviews.

### **Conclusion**

9.25. The MTFP makes a key contribution towards the risk management process by putting in place a financial planning framework to efficiently manage WSMTC's finances, considering the key influences on its financial position and the main risks facing WSMTC.

9.26. Financial forecasts are reviewed and updated annually and regularly monitored throughout the year, as will this MTFP. The key challenges and risks that could have implications for WSMTC's financial position in the following year and over the medium term are subject to annual review.

9.27. Fortunately, WSMTC remains in a relatively healthy financial position at the present time and is therefore as well placed as it can be to meet the challenges that the next five years are likely to bring.

## **10. Review of Medium-Term Financial Plan**

<b>Draft Document</b>	<b>Formal Adoption</b>
Expenditure and Governance Working Party 1 <sup>st</sup> December 2022	Policy and Finance Committee 20 <sup>th</sup> February 2023
Expenditure and Governance Working Party 30 <sup>th</sup> November 2023	Policy and Finance Committee 18 <sup>th</sup> December 2023
	Policy and Finance Committee 16 <sup>th</sup> December 2024



# Revenue and Capital Programme Budget Forecast and Balance Sheet Forecast

## 11. Revenue and Capital Programme Budget Forecast 2025/26 to 2029/30

### Introduction

11.1. A summary of the Revenue and Capital Programme Budget Forecast for the five-year period 2025/26 to 2029/30 will be completed following adoption of the principles of the plan and will be set out as below (example). Please note that the first year of the Plan will reflect the already approved 2025/26 Budget. A detailed analysis is attached at **Appendix A and B**.

Budget Description	Budget 2025/2026 £	Estimate 2026/2027 £	Estimate 2027/2028 £	Estimate 2028/2029 £	Estimate 2029/2030 £
Allotments	27,248	30,624	31,726	32,869	33,592
Blakehay Theatre	248,535	166,875	98,541	85,559	86,017
Capital Projects	160,000	200,546	207,766	215,245	222,994
Civic	135,382	161,411	167,222	173,242	179,478
Community Services	553,820	553,719	573,653	594,304	615,699
Devolution	0	360,287	373,257	386,695	400,616
Democratic Representation	132,580	182,081	188,636	195,427	202,462
Environmental	94,936	86,052	89,150	92,359	95,684
Milton Road Cemetery	212,521	288,886	299,286	310,060	324,345
Museum	380,954	379,695	393,364	407,525	422,196
Old Town Quarry	121,133	114,811	118,944	123,226	127,662
Other Cost & Income	707,056	215,770	224,618	260,784	243,280
Parks & Play Areas	834,354	868,853	900,132	932,536	966,108
Planned maintenance	226,927	234,415	242,854	251,597	260,654
Planning	35,668	23,505	24,351	25,228	26,136
Strategic Planning	31,330	86,769	89,893	93,129	96,481
Street Furniture	196,363	154,761	160,332	166,104	172,084
Toilets	67,320	70,446	72,982	75,609	78,331
Tourism	193,423	190,753	197,620	204,734	212,105
Youth Activities	106,881	105,678	109,482	113,424	117,507
<b>Council Precept</b>	<b>4,466,431</b>	<b>4,475,937</b>	<b>4,563,809</b>	<b>4,739,657</b>	<b>4,883,432</b>

### Revenue Budget Forecast 2025/26 to 2029/30

11.2. The Revenue Budget forecast summarised above has been based on the detailed assumptions set out in Section 7 of the Plan, and the following key principles: -

1. Continuing to provide all Council services, facilities and events and maintaining current standards of service;
2. Ensuring continued delivery of the Capital works programme Budgets;

3. Safeguarding a prudent level of balances and reserves;
  4. Keeping any increase in council tax as low as possible between the years 2025/26 to 2029/30.
  5. Consideration of NSC Devolution of services
- 
- 11.3. The forecast makes provision for likely future increases in costs from pay awards, pension increases, inflation, and any other unavoidable spending commitments, forecast increases and decreases in income, as well as accounting for any known savings, assumed increases in fees and charges, and council tax base growth.
  - 11.4. Not all budget items would be subject to CPI increases or sector specific increases, as the budget is set at a fixed value, for example grants schemes or Blue Plaques.
  - 11.5. Public Works Loan Board borrowing is not subject to CPI increase, with the interest rate set at the point of initial borrowing. Payments are made on the basis of reducing interest. Further information in Section 8 of the plan.
  - 11.6. In overall terms, the Revenue Budget forecast shows that WSMTC may need to increase the Precept significantly in 2025/2026 due to devolution discussions, but over the lifetime of this MTFP it indicated a decrease by 2028/2029 but this is not guaranteed.
  - 11.7. Any precept increases will be required in order to fund the various spending pressures that WSMTC faces including pay and pension contribution increases, inflation on running costs, and other unavoidable increases in costs and falls in income.
  - 11.8. The precept increases also reflect the importance of maintaining a contribution to reserves, which helps to facilitate the replenishment of WSMTC's earmarked capital reserves, in light of the substantial capital investment faced by WSMTC over the medium to long term.
  - 11.9. The increases to WSMTC Precept over the medium term will be offset, as far as possible, from savings and reduction of under-utilised budgets, as well as assumed increases in fees and charges and council tax base growth each year.
  - 11.10. There may also be savings over the period of the Plan arising from the completion of service reviews by WSMTC.
  - 11.11. This may restrict the need to increase the Precept, although it is not possible to quantify any such savings and include them in this Medium-Term Financial Plan.
  - 11.12. In overall terms, the Revenue Budget Forecast highlights that WSMTC may need to consider increasing the Town Council Tax by a total of 8.42% between

the financial years 2025/26 and 2029/30; an average increase of just under 1.68% per year.

11.13. The potential increases in the Town Council Tax would therefore have regard for any Government council tax referendum limits imposed and in accordance with one of the key principles of this Plan to keep any future increase in the council tax as low as possible.

11.14. In real terms, this would equate to an average increase of £2.35 per year at Council Tax Valuation Band D.

11.15. Commentary on the key issues and financial implications in each individual year is detailed in the following section of the Plan.

### **2025/26 Revenue Budget**

11.16. The 2025/26 Revenue Budget was set by WSMTC in January 2025, when an increase in the Town Council Tax was agreed.

11.17. The increase was approved and implemented in recognition of the aspirations to deliver specific projects and increases to varying cost centres within the revenue budget.

11.18. WSMTC has to date accommodated any surplus resources or need for additional funds via use of its general reserves whilst maintaining regard for the need to replenish WSMTC's balances and reserves.

### **2025/26 Revenue Budget**

11.19. Next year, WSMTC faces increases in staffing costs from an assumed local government pay award of 4.5%. This increase will likely be required in order for local government pay to keep pace with expected increases in the Real Living Wage.

11.20. In addition, National Insurance contributions for employers have increased from 13.8% to 15%, also adding pressure to staffing budgets.

11.21. However, these increases in costs and funding cuts will be able to be in part offset by assumed council tax base growth, increases in fees and charges, reductions in under-utilised budgets and efficiency savings.

11.22. In overall terms, it has been assumed that WSMTC would need to increase the Precept by £199,603 in 2025/26. This would represent a council tax increase of 6.39% next year.

11.23. This increase will enable WSMTC to maintain surplus resources within the contingency sum and contribution to capital reserves.

11.24. In real terms, this would result in a £2.06 per year increase in the Band D Council Tax.

### **2026/27 Revenue Budget**

11.25. WSMTC faces further forecast budget pressures in 2026/27, as a result of expected pay awards and inflation on running costs and the additional asset the Old Town Quarry, although these increases will be partly offset by council tax base growth and increases in fees and charges.

11.26. In overall terms, WSMTC would need to increase the Precept by around £98,408 in 2026/27, which, would represent a council tax increase in the region of 2%.

11.27. In real terms, this would result in a £2.31 per year increase in the Band D Council Tax.

### **2027/28 Revenue Budget**

11.28. WSMTC faces similar ongoing budget pressures in 2027/28, as a result of expected pay awards and inflation on running costs.

11.29. As in previous years, it is likely that these increases will be able to be partly offset by council tax base growth and increases in fees and charges, while it has been assumed that the contribution to capital reserves will remain at the value of £145,000.

11.30. Based on the above assumptions, it is likely that WSMTC will need to increase the Precept in 2027/28, which would represent a council tax increase of 1.92%.

11.31. In real terms, this would result in a £3.15 per year increase in the Band D Council Tax.

### **2028/29 Revenue Budget**

11.32. WSMTC faces a similar situation in 2028/29, another pay award and inflation on running costs, although again these increases will be partly offset by council tax base growth and increases in fees and charges.

11.33. In overall terms, it is likely that WSMTC will need to increase the Precept by up to £142,828 in 2028/29, which would represent a council tax increase in 2028/29 in the region of 3.03%.

11.34. In real terms, this would result in a £5.08 per year increase in the Band D Council Tax.

### **2029/30 Onwards**

11.35. It is likely that by 2029/30, WSMTC may need to use up the remaining resources set aside in the contribution to capital reserves in order to offset the longer-term funding cuts and spending pressures faced and balance the Revenue Budget.

11.36. This could lead to a situation towards the end of the decade whereby there will be very limited surplus resources remaining in the Revenue Budget, and where all options for achieving further savings, without making cuts to services, will have been exhausted.

11.37. It will therefore be important that WSMTC continues the process of reviewing its services in the years leading up to the middle of the decade, with a view to determining where possible budget cuts will be made in the longer term, if required.

### **Overall Summary of Revenue Budget Forecast**

11.38. WSMTC remains in good financial health with a balanced Revenue Budget, ongoing savings, and strong levels of balances and reserves.

11.39. However, WSMTC has an increased asset based with a new asset within the 2025/2026 budget being accounted for, income generation initiatives will need to be part of the strategic aims to help keep revenue budgets at an expected level and to minimise the need to increase precept levels drastically.

11.40. Looking ahead, the medium-term outlook for WSMTC's Revenue Budget through to the middle of the decade is relatively positive.

11.41. Working on the assumption of an average 1.51% council tax increase in each of the next four financial years from 2025/26 to 2029/30, WSMTC should be able to maintain current services until at least the middle of the decade.

11.42. The downside of this it is highly likely that balancing the Revenue Budget will be dependent on reducing and ultimately removing the contingency sum from the budget and making year on year reductions to the contribution to capital reserves.

11.43. It is also apparent that the process of balancing the Revenue Budget will get progressively harder as WSMTC moves beyond the middle of the decade.

11.44. WSMTC also needs to try and maintain surplus resources in the Revenue Budget for as long as possible, in order to provide protection against any unforeseen budget pressures, help offset future year's budget pressures, and ensure that earmarked and capital reserves can be replenished each year to meet specific project needs.

11.45. These Revenue Budget pressures will need to be funded by a combination of increases to the Town Council Tax, increases in fees and charges, council tax base growth, and efficiency savings and budget reductions.

11.46. The Revenue Budget Forecast has been prepared on the assumption that WSMTC will be limited to a maximum 2% increase the Town Council Tax in the 2025/26 to 2029/30 financial years. However, decisions will need to be made for

the year 2026/2027 to enable this, as first draft forecasts are currently standing at 8.42%.

11.47. Beyond the end of this Medium-Term Financial Plan period i.e. from 2029/30 onwards, it is likely that WSMTC will reach a position whereby the remaining contribution to capital reserves will need to be removed, and where all options for achieving further savings, without making cuts to services, are likely to have been exhausted.

11.48. As a result, whilst it is likely that services will be able to be maintained until the middle of the decade, beyond this, WSMTC is likely to need to begin the difficult process of considering reductions to services and reassessing its priorities in light of the limited resources that will be available without increase being applied to the council tax.

11.49. Clearly the Revenue Budget projections included in this MTFP are subject to change depending upon a number of factors including: -

- the final financial impact of the Cost of Living and rises in Energy prices
- the impact of the subsequent government austerity measures;
- any further implications linked to 'Brexit';
- increases in the Council Tax Base from new housing;
- the likely extension of council tax referendum principles to large town councils;
- significant increases to the Real Living Wage and further restructuring of the local government pay scale; and
- Government reform to local government finance;

11.50. These issues will need to be considered, in detail, via future budget setting processes annually, when the options for delivering any required budget reductions and efficiency savings, if these are required, would need to be drawn up and agreed.

11.51. It would also be advisable for WSMTC to continue with its programme of service reviews and annual appraisal of WSMTC's strategic aims and community priorities, with a view to determining which services are to be protected and which services may be subject to budget reductions in the longer term.

### **Capital Programme Budget Forecast 2025/26 to 2029/30**

11.52. The Capital Programme Budget alongside provision in the Revenue Budget will aim to provide for major investment in WSMTC's assets including planned refurbishment to buildings such as roofing works and heating system replacements, replacement vehicles, plant, machinery and office equipment, and investment in community assets such as play areas.

11.53. A detailed breakdown of the Capital Programme Budget Forecast for the five-year period 2026/27 to 2029/30 is attached at Appendix B will be available at the meeting of the Finance & General Purposes meeting in December 2025.



- 11.54. The forecast has been based on the capital investment requirements set out in WSMTC's strategy including the carry forward of on-going commitments from 2025/26, as well as the likely commitments for the following four years, as identified in both PPM and EMRRP plans.
- 11.55. The 2025/26 Capital Programme Budget will be estimated to be confirmed at £797,275 and will be reviewed to allow the carry forward of ongoing and delayed projects from the 2026/27 financial year.
- 11.56. The revenue budget provides for a number of projects including within the PPM and EMRRP programmes.
- 11.57. The indicative Capital Programme Budgets for the five-year period 2025/26 to be confirmed 2029/30 total £2,720,081 and provide for a number of further projects including the completion of the refurbishment of Waterloo Street property and the Old Town Quarry and Waterpark.
- 11.58. The budget focusses on investment linked to the delivery of WSMTC's services to ensure all essential building works and replacements of vehicles, machinery, office equipment, street equipment and play equipment are kept up to date.
- 11.59. It is important to stress that the five-year Capital Programme Budget Forecast is an indicative budget and will be reviewed on a year to year and project by project basis, in line with actual needs, requirements and priorities and the actual level and availability of Council Balances and Reserves.
- 11.60. The Capital Programme forecast does not take account of any further external funding that may become available over the five-year period from external capital grants or contributions such as Community Infrastructure levy funds or Section 106 Agreement monies.
- 11.61. Any external capital funding that was secured, would provide resources over and above those shown in the MTFP.
- 11.62. WSMTC will continue to actively pursue any grants that may be available to support relevant projects. However, external funding opportunities may be limited in light of the expected public spending cuts by the Government.
- 11.63. In overall terms, the 2025/26 to 2029/30 Capital Programme Forecast identifies a total potential investment of as much as to be confirmed £1,029,400, and this would need to be funded, in full, from WSMTC's revenue, earmarked reserves, Capital Reserves, or by gaining additional grant funding.
- 11.64. If all of this capital investment goes ahead, this would inevitably lead to a significant fall in WSMTC's balances and reserves.

11.65. It is for this reason that an annual contribution to capital reserves was established in the Revenue Budget. This will allow WSMTC to partially replenish its balances and reserves in each year of the Plan moving forward.

11.66. Alongside this, it would also be prudent for WSMTC to continue its policy of undertaking only essential capital projects contained within WSMTC's strategy over the period of this MTFP and beyond, in order to preserve Council balances and earmarked reserves for as long as possible.

### **Council Balances and Reserves**

11.67. WSMTC held Balances and Earmarked Reserves at the end of the 2024/2025 financial year, totalling £1.288 million.

11.68. The Capital Programme Budget forecast for the five-year period potentially totals up to £2,720,081 and does require annual revenue provisions to be made to increase the capital reserve from projects identified. Not doing so at the level contained in the plan would jeopardise ability to complete projects.

11.69. It is clear therefore that WSMTC's balances and reserves would be largely used up funding capital investment commitments over the next five years.

11.70. However, as highlighted earlier, the inclusion in the Revenue Budget of the contribution to capital reserves will allow balances and reserves to be replenished each year and will contribute towards maintaining balances at prudent levels over the period of this Plan.

11.71. Any savings that can be achieved on the Revenue Budget over the five-year period will also be used to top up balances and reserves.

11.72. It is difficult to accurately estimate exactly how balances and reserves may change over the five-year period due to the uncertainty around the various budget pressures and the level of savings that may or may not be delivered on the Revenue Budget.

11.73. In order to provide an indication of the possible movement in WSMTC's balances and reserves over the five-year period, a forecast has been produced based around a scenario.

11.74. The recommended policy for balances and reserves is to aim to hold a minimum General Reserve Balance of 3.5 months' average revenue supported by such balances in Earmarked Reserves, as is considered prudent, to support future year's capital investment requirements and any other specific commitments.

11.75. This equates to a General Reserve Balance in the region of £750,000 (Ideal minimum), with the remainder of WSMTC's balances set aside in Earmarked Revenue and Capital Reserves to support future year's revenue budget and



capital investment commitments. There is a requirement to take this to a minimum level in year 2026/2027 to support the capital works programme, this is however replenished in the following year.

11.76. The projection of Balances and Reserves assumes that there will be no further purchase of assets within the five-year period.

11.77. The Plan does not make any provision for additional borrowing, in light of the assumed replenishment of earmarked capital reserves from the Revenue Budget, or for the use of balances to fund the early repayment or rescheduling of WSMTC's remaining outstanding loan, in light of the need to replenish balances rather than use them up.

11.78. Looking ahead beyond the life of the Plan, balances will continue to deteriorate as the contribution to capital reserves is eventually removed and as longer-term capital investment is financed, but it is also possible that receipts from council tax base growth may enable WSMTC to replenish its balances and reserves. This has not been forecast within the plan. Additional borrowing could also be considered if absolutely necessary.

## **12. Balance Sheet Forecast**

12.1. The Revenue and Capital Budget Forecast set out in Section 11 of the Plan will have an impact on the overall financial standing or 'net worth' of WSMTC as shown in WSMTC's Balance Sheet within the Statement of Accounts.

12.2. The Balance Sheet Forecast for the five-year period 2026/27 will be produced at year end and will be included as Appendix C at the 31<sup>st</sup> March 2026.

12.3. The Balance Sheet shows that WSMTC financial standing at the present time showing a net worth, as represented by the value of its fixed assets and its balances and reserves, net of any outstanding debt, of £4,025,859 as at 31<sup>st</sup> March 2025.

12.4. This position will deteriorate slightly over the medium term as Council balances and reserves are used up to meet capital investment requirements and savings on the Revenue Budget fall.