

# 2026/27 Revenue Budget Resolution

## Recommendations to County Council

**The County Council is recommended to plan its budget framework for 2026/27 on the following basis:**

### **1. Financial Direction of Travel**

- 1.1. We plan our budgets over the medium term, ensuring we have a clear financial strategy that underpins the delivery of the outcomes we set out in our Council Plan. The decisions we make will ensure Warwickshire's finances are robust and sustainable whilst being ambitious in our plans to make Warwickshire the best it can be, now and for future generations.
- 1.2. This budget is recommended in the wake of significant headwinds from both pressures and demand which the council has been able to navigate successfully as a result of our financial resilience and long-term decision-making. However, considerable uncertainty, and both risk and opportunity, remain in terms of changes likely to flow from significant anticipated reform in areas such as Adult Social Care and Special Education Needs & Disabilities. This budget maintains our long-term resilience and sustainability and leaves some headroom to deal with these uncertainties.
- 1.3. We will sustainably tackle the major financial and demand challenges we continue to face as demand for services continues to rise much more quickly than our resources. We will respond to the demographic growth in adult social care, the increasing numbers of children and families needing support, Special Educational Needs and Disabilities (SEND), and home to school transport. We will do this by resourcing the additional costs we face now whilst retaining sufficient capacity to invest to be more efficient and effective in the future. We will use our investment funds to drive cost reductions through:
  - Investment in digital technologies and data solutions;
  - Reducing demand through targeted prevention activity to reduce future cost pressures;
  - Adopting more commercial approaches through setting financial returns and payback periods for our investments;

- Continuing to support investments that provide increased returns and value for money; and
  - Relentless determination to reduce the size and burden of local government in Warwickshire on local people by driving down costs.
- 1.4. The way we do this will recognise the need to retain flexibility in what is an uncertain and rapidly changing economic and political environment dominated by fundamental financial uncertainties and a hugely challenging economic situation over both the short and medium term. We are faced with continuing inflationary risk and relatively high interest rates, predictions of low levels of economic growth alongside the uncertain timing and impacts of key national policy choices including adult and children’s social care reform, reform of the broken SEND system and achieving health and social care intervention. We continue to see rising demand for our services as households and communities struggle with the impacts of inflation and the rising costs of living.
- 1.5. We are confident our approach of ensuring our financial resilience and medium-term financial sustainability, whilst focussing relentlessly on our major challenges, has placed the Authority in a relatively strong position to respond to the uncertainty and challenges ahead.
- 1.6. We will remain robust and ambitious in setting both next year’s budget and our medium-term financial strategy (MTFS), with a focus on outcomes for residents, communities and businesses across the County, and maintaining the Council’s financial resilience and sustainability. Given that current economic, political and financial uncertainties remain we will continue to look for efficiencies to drive better value for money for our taxpayers. We will invest our resources to ensure:
- Warwickshire is a county where all communities and individuals are supported to live safely, healthily, happily and independently.
  - Warwickshire has a thriving economy and that our towns and communities have the right job opportunities, training opportunities and infrastructure for local people.
  - Warwickshire is a county with a bright future so our generation ensures that future generations can reap the benefits of happier, healthier and wealthier lives.
- 1.7. We have had to make difficult decisions and choices in developing these proposals. We have not taken decisions to address the short-term challenges we face in a way that undermines our financial sustainability over the medium-term or leaves financial gaps without specific budget reduction plans which would need to be closed in future years. We have recognised that our plans, whilst remaining robust and ambitious, also need

to be flexible to handle most plausible scenarios as far as possible in such a complex and volatile environment.

- 1.8. To ensure the finances of the Council are robust and sustainable we will:
- Invest £37.8m and a proportion of a £2.5m further budget allocation to protect our elderly citizens and vulnerable adults to fund additional demand and manage the cost of placements whilst continuing to make progress on our vision of greater integration between health and social care and the adult social care reform agenda;
  - Directly invest £10.5m and a proportion of a £2.5m further budget allocation in our children's social care services, including investment of £7.7m for the increased cost and demand for children's placements; and
  - Invest £11.2m in home to school transport to resolve pressures from previous years and ensure we continue to provide services in line with our policy whilst being able to respond to the increasing demand and cost of the service, which has been particularly impacted by inflation and the growth in the number of pupils with special educational needs and disabilities (SEND).
- 1.9. We will continue to support the delivery of the 2026 business plans of the Warwickshire Property and Development Group and its joint venture, Develop Warwickshire, and the Warwickshire Investment Fund. We will meet the short-term cost of ensuring there is sufficient capacity to manage the financial and commercial risks from these initiatives through the Commercial Risk Reserve in the first instance.
- 1.10. We have protected our Revenue Investment Fund which stands at £12.2m. We intend to invest our short-term resources to support the priorities of the Council Plan and to invest in Warwickshire's future. We are determined to make the best use of the funding we have available, ensuring investments are supported by robust business cases and realise benefits and help address the long-term issues of growing demand for the services we provide to vulnerable residents and the structural failures in the market for these services. Our Revenue Investment Fund will be used for invest to save initiatives which support delivery of the Council's priorities through:
- Prevention, early intervention and long-term cost reduction and demand management.
  - Innovation and cost reduction through digital, data and process redesign.
  - Commercial approaches in line with the Council's commercial strategy.
- 1.11. We will deliver £27.6m of budget reductions in 2026/27, increasing to £99.9m by 2031, through better procurement, improvements in efficiency, increased income and delivering reductions in demand. We all use the services the County Council provides and will ensure they deliver value for money for the taxpayers of Warwickshire.

- 1.12. We acknowledge the need for an increase in local council tax, which accounts for 63% of our corporate funding, excluding Dedicated Schools Grant, and is necessary to fund statutory duties in the main demand driven service areas like social care and home to school transport. In the absence of other funding options, we will use the opportunity provided by the Government to levy additional council tax of 4.44% (2.44% core council tax plus up to 2% adult social care levy), to provide resources to fund rising costs and demand for our services. This is equivalent to an increase of £1.56 per week for a Band D dwelling.

## **2. Adult Social Care**

- 2.1. Adult social care is our highest spending service area, with Social Care and Support the highest spending service. In December 2025 the Government confirmed that local authorities could levy 2% on top of their normal council tax in 2026/27, with this additional funding to be ring-fenced for use in adult social care.
- 2.2. However, with Government funding not keeping pace with continued increases in demand and cost pressures, we have little choice other than to take the full 2% Adult Social Care levy in 2026/27. We know that, both locally and nationally, adult social care is a top priority for citizens; we also recognise that taking the maximum 2% levy is an additional financial burden given the financial challenges for households across Warwickshire as a result of the rising cost of living. We would not be making this choice if there was an alternative that would still ensure we were able to deliver an adult social care service that meets our statutory responsibilities.
- 2.3. The budget being recommended provides for £37.0m demand and cost pressures in adult social care, including an allocation to fund the additional cost of provider inflation as a direct result of increases in National Living Wage and means we will increase the resources available to deliver adult social care by considerably more than the amount raised from the Adult Social Care levy of £8.3m in 2026/27. However, demand (due to demographic factors with our population ageing rapidly) and cost is rising far more quickly than the resources we can raise from the levy, for a range of reasons, which is a fundamental financial challenge we face while we await national reform to put Adult Social Care on a sustainable long-term footing. Until then, we expect adult social care services to manage within the funding allocated in this resolution.
- 2.4. We will continue to work with partners to progress health and social care integration, promote healthier more independent lives for adults receiving care and support, facilitate a sustainable care market, and manage the extent of any emerging demand-led spending pressure, thereby reducing the level of savings needed.

- 2.5. We believe this approach provides the flexibility needed for adult social care services to continue to manage its resources in the most efficient and effective way. Our focus is the improvement of adult social care pathways and the enhancement of information and advice to enable people to shape their own solutions. We will use digital technology and automation to support the well-being and independence of customers and to prevent, reduce and delay needs for care and support, ensuring we make the most effective use of resources through our approach to the commissioning and procurement of services. This decision will protect Warwickshire's adult social care services at a time when the population is ageing, and there are severe pressures on the wider system of health and social care.

### **3. Dedicated Schools Grant**

- 3.1. We continue to expect the cost of funding schools and relevant pupil-related services to be delivered within the level of the Dedicated Schools Grant (DSG). Our policy remains that we do not intend to subsidise the DSG from our own resources. This reflects longstanding national policy whereby Councils cannot use locally raised income to support costs of school provision without the permission of the Secretary of State. We will continue to allocate resources to schools and other educational settings in accordance with the National Funding Formula for schools and early years.
- 3.2. However, we recognise that meeting our policy aspirations in relation to SEND represents a fundamental risk to the MTFs and the Council's long-term financial sustainability and resilience due to the growing cumulative deficit in the SEND High Needs Block budget. Therefore, we will continue to take advantage of the statutory override in 2026/27 to carry the cumulative deficit forward, with the cumulative deficit projected at £157m in 2025/26, and projected to rise further to £327m by 31 March 2028.
- 3.3. We recognise that a robust and sustainable solution does not lie wholly at a local level. The magnitude of the numbers means that managing the impact of the SEND forecast deficit on the overall financial sustainability of the Council's finances is clearly unaffordable. We therefore welcome the additional Government funding announced to fund 90% of the cumulative deficit up to the end of 2025/26 through the High Needs Stability Grant and await further information on the detail of how Government will meet its stated commitment to provide further financial support to local authorities for the further deficits projected to be incurred in 2026/27 and 2027/28. Despite this welcome and much needed funding, a fundamental system reform is still urgently required and is expected to come forward via the anticipated Schools White Paper. We will work with schools, partners and the Schools' Forum to develop the Council's local

SEND reform plan over the coming months to reform the local system and access the High Needs Stability Grant.

- 3.4. In particular we will continue with our plans to step-up our capital programme to invest in building capacity locally to increase the proportion of SEND children educated in more cost-effective local authority settings.

## **4. Revenue Allocations**

- 4.1. To reflect the significant pressures on communities and the increasing demand for services we are responsible for, whilst ensuring we continue to develop so we can deliver the public services expected for the future, we are making allocations totalling £78.8m.
- 4.2. Within this, we will provide £16.2m for the estimated cost of pay and price inflation in 2026/27, allocated between Services as shown in **Appendix A**. In making this allocation it is acknowledged that the allocation to Services for inflation is an approximate cost, recognising that costs will increase at different rates. Once the overall allocation has been agreed, a Service will have the opportunity to allocate the funding provided to reflect where inflation will impact at a local level.
- 4.3. In addition to meeting the estimated cost of inflation we will also provide £62.6m to meet additional spending need, of which £3.3m is time-limited. Details of the allocations and how we expect the funding to be used are also detailed in **Appendix A** for permanent allocations and **Appendix B** for time-limited allocations.
- 4.4. Allocations for future years, as listed in Appendices A and B, are indicative at this stage. They are detailed as part of ensuring that our budget proposals are robust and sustainable over the medium-term. We require the need for, and level of, all these allocations to be reviewed as part of the 2027/28 MTFS refresh.
- 4.5. We expect Services to manage all other issues in 2026/27 from within existing financial resource levels.

## **1 Funding Sources**

- 4.6. Over recent years we have taken the decisions necessary so we can continue to provide services to the residents and communities of Warwickshire whilst continuing to innovate and invest in ensuring our services are fit for the future. We are financially resilient and hold reserves to manage financial risk and promote financial

sustainability. However, we recognise the need to control the level of scarce resources held in reserves and refine our approach to managing reserves to maintain a proportionate, sustainable, flexible and risk-based approach.

- 4.7. Our approach to the effective use of reserves is set out in **Appendix E**. It provides for transparency and accountability around reserves and ensures the framework is in place to align decision-making around the use of reserves with the Council Plan. We will continue to consider the advice and recommendations of our Executive Director for Resources (Section 151 Officer) bi-annually as part of budget setting and after closing our accounts.
- 4.8. We will provide sufficient resources to ensure the level of the General Reserve is at least consistent with that stated by the Executive Director for Resources as the minimum level of general reserves given the financial risks facing the authority. We will retain our Revenue Investment Fund to deliver our investment proposals over the period of the Medium-Term Financial Strategy and to develop the pipeline of further budget reductions.
- 4.9. Our plan for budget reductions will generate savings of £27.6m in 2026/27 and £99.9m over the period of the Medium-Term Financial Strategy. Approval is given to the plans for the delivery of these savings detailed in **Appendix C**. If during 2026/27 any of the budget reductions are not delivered in full, the Director in conjunction with their Executive Director and Portfolio Holder should identify alternative proposals to ensure the required reductions in expenditure are delivered. We will report on this as part of quarterly monitoring reports to Cabinet.
- 4.10. We will use £170.8m of Government grants to support the budget. Included within the roll-forward budgets are a number of other grants we receive from the Government for specific purposes. Any variations to the levels of funding received will be matched by an equivalent adjustment in the budget for the respective service.
- 4.11. We will use business rates funding of £91.4m to support the overall budget of the County Council. We recognise that the level of income we will receive from business rates remains a material financial risk. In the event of business rates funding being above expectations, we will use additional resource to fund emerging pressures in social care or to provide further resilience in the Short-Term Financial Risk Reserve.
- 4.12. We will use £5.5m of reserves in 2026/27 to fund time-limited costs and budget allocations.

- 4.13. **The council tax will increase by 4.44% in 2026/27, comprising 2.44% core council tax and 2% adult social care levy.** With the other funding resources identified, this will fund the proposals contained within this resolution.

## **5. Medium Term Financial Strategy**

- 5.1. We will continue to operate with a rolling five-year MTFS where we can demonstrate that the finances of the authority are allocated in accordance with the priorities of the organisation, that underpinning finances and service delivery remain robust and sustainable for the benefit of the residents, communities and businesses of Warwickshire. Although this approach is more challenging than budgeting over a shorter period, it provides the lead time to manage change effectively over the medium-term. We have a strong track record of delivering savings which has served us well as we have steered the Authority through challenging financial times. Looking forward we will be operating in an environment of increased uncertainty – in respect of funding, demand and inflationary pressures - as we strive to deliver on this council's priorities.
- 5.2. Alongside supporting residents, individuals and businesses, the current cost-of-living challenges, technological developments, changing national and international economic relationships also mean our plans need to be more flexible than ever and able to adapt to change at pace whilst retaining a focus on our longer-term goals and ambitions.
- 5.3. Our new Council Plan will be put to Full Council in the coming months and will remain consistent with the available resources of the authority as set out in this resolution and the accompanying capital resolution.
- 5.4. The indicative future spending allocations and planned reductions we have set out deliver a balanced MTFS over the next five years to 2030/31. After 2026/27 this requires us to maintain a 4.99% annual increase in the council tax. We accept that if future spending needs exceed the indicative levels, further budget reductions will need to be identified and delivered.
- 5.5. We expect the focus of change to be on invest-to-save projects that will release the resources needed to invest in our ambitions. We require services to focus on the preventative agenda to better meet need and further improve the Council's value for money. Investment decisions should be based on a more commercial approach with greater clarity about the measurable benefits to be delivered and how these make a material contribution to the delivery of the areas of focus in the Council Plan. This work should drive the options for further budget reductions over the period of the MTFS.

5.6. We expect the MTFs to reflect on and respond to the Council's key strategic risks of:

- Slow economic growth & increase in inequalities across communities;
- Dedicated Schools Grant cumulative deficits;
- Mismatch between demand and resources;
- Being unable to keep vulnerable children & adults safe;
- Lack of movement towards Sustainable Futures;
- Business Continuity;
- Insufficient skilled & experienced workforce;
- Cyber-attack;
- A safe environment may not be sustained; and
- Failure of Governance arrangements.

5.7. We recognise our MTFs means significant challenges for the organisation, including the changing way in which people want to access services. Our proposals recognise that this will take time and investment and broad engagement with all those affected, both inside and outside the organisation. Our MTFs requires the use of £9m of reserves, including £5.5m in 2026/27. The availability of this level of reserves is consistent with our Reserves Strategy.

5.8. Whilst this council has an excellent track record of delivering savings, the level of cost and demand pressures has meant this has become more difficult during 2025/26. We will ask officers to develop savings delivery plans and will oversee progress through regular reports both to Cabinet and Overview and Scrutiny Committees.

5.9. A summary of our MTFs, demonstrating how we plan to balance our spending needs and funding sources over the medium term is shown in **Appendix D**.

## 6. Summary of Service Estimates

6.1. Approval be given to the individual service net revenue budgets shown below, which will be finalised for the service estimates to be presented to Cabinet in April 2026 of:

Service / Directorates	Base Budget £'000	Budget Allocations £'000	Budget Reductions £'000	Funding Sources £'000	Total £'000
Children and Families	122,395	10,525	(1,039)		131,881
Education Services - Non DSG	11,162	1,810	(238)		12,734
Education Services - DSG	204,866	0	0		204,866
<b>Children and Young People Directorate</b>	<b>338,423</b>	<b>12,335</b>	<b>(1,277)</b>		<b>349,482</b>
Transport and Economy	62,997	13,801	(1,701)		75,097
Highways	19,752	436	(2,384)		17,804
Infrastructure, Planning & Environment	25,037	507	(844)		24,699
Fire and Rescue	27,077	692	0		27,769
<b>Communities Directorate</b>	<b>134,863</b>	<b>15,435</b>	<b>(4,929)</b>		<b>145,369</b>
Social Care and Health Commissioning	8,044	52	(146)		7,951
Public Health	28,611	718	(551)		28,778
Social Care and Support	250,557	37,018	(13,894)		273,681
<b>Social Care and Health Directorate</b>	<b>287,212</b>	<b>37,789</b>	<b>(14,591)</b>		<b>310,410</b>
Enabling Services	29,007	1,428	(779)		29,656
Finance	9,496	370	(125)		9,741
Strategy, Planning and Governance	6,548	191	(263)		6,476
Workforce and Local Services	11,922	213	(312)		11,823
<b>Resources Directorate</b>	<b>56,972</b>	<b>2,203</b>	<b>(1,479)</b>		<b>57,696</b>
Corporate Services	38,370	11,097	(5,304)		44,163
Corporate Services - DSG	(204,866)	0	0		(204,866)
<b>Net Revenue Budget</b>	<b>650,974</b>	<b>78,859</b>	<b>(27,579)</b>		<b>702,253</b>
Corporate Funding - Government Grants				(170,811)	<b>(170,811)</b>
Corporate Funding - Business Rates				(91,436)	<b>(91,436)</b>
<b>Contributions to/(from) reserves:</b>					
Medium-Term Financial Strategy Reserve				(5,463)	<b>(5,463)</b>
<b>Budget Requirement</b>	<b>650,974</b>	<b>78,859</b>	<b>(27,579)</b>	<b>(267,710)</b>	<b>434,543</b>

## 2 Council Tax Requirement

6.2. Approval is given to a council tax requirement and a Band D Council Tax for the County Council for the year ending 31 March 2027 as follows:

	£
Budget Requirement	434,543,388.86
PLUS Council Tax Deficit on Collection from Previous Years	1,384,254.00
<b>Council Tax Requirement for the year ended 31 March 2027</b>	<b>435,927,642.86</b>
Divided by aggregate Council Tax Base for the County Area	228,970.43
<b>Basic amount of Council Tax (Band D)</b>	<b>1,903.86</b>

## 3 Council Tax

4 The council tax for 2026/27 is increasing by 4.44%. Therefore, approval is given to charge Council Tax amounts for each category of property as follows:

	£
Band A	1,269.24
Band B	1,480.78
Band C	1,692.32
Band D	1,903.86
Band E	2,326.94
Band F	2,750.02
Band G	3,173.10
Band H	3,807.72

## 7. Precepts

7.1. The Chief Executive is authorised to issue the 2026/27 precepts on the Warwickshire billing authorities, as follows:

	£
North Warwickshire Borough Council	42,364,083.49
Nuneaton and Bedworth Borough Council	78,760,784.34
Rugby Borough Council	79,859,958.87
Stratford-on-Avon District Council	120,558,945.44
Warwick District Council	114,383,870.72

## **8. Budget Management**

- 8.1. The Chief Executive is directly responsible for the implementation of the budget.
- 8.2. Cabinet will continue to receive quarterly reports on service performance, financial performance and progress on the delivery of the budget reduction plans.
- 8.3. The Chief Executive and Executive Director for Resources are authorised to vire revenue budgets between Services where such virements are as a direct consequence of the specific spending allocations, delivery of the planned net reductions and funding strategies contained in this resolution and the accompanying capital budget resolution.
- 8.4. The Chief Executive and Executive Director for Resources, in consultation with the Leader, are authorised to reverse allocations made as part of this budget process where the investment does not progress.
- 8.5. The Chief Executive and Executive Director for Resources are authorised to draw down from reserves and vire money between reserves where these adjustments are as a direct consequence of the specific spending allocations, delivery of the planned budget reductions and funding strategies contained in this resolution and the accompanying capital budget resolution.
- 8.6. The Chief Executive and Executive Director for Resources are authorised to make the necessary budget adjustments to fund new responsibilities given to the County Council during the year, or where responsibility for services transfers out, up to the level of Government funding provided/withdrawn.
- 8.7. The Chief Executive is instructed to remind the Executive Directors, the Chief Fire Officer and Directors that budgets must not be overspent and that effective budget management arrangements should be the cornerstone of Services' work to secure value for money.
- 8.8. Services, and also schools, are encouraged to take a medium-term view of spending commitments and ensure a prudent approach is adopted in entering into initiatives which create commitments in future years and developing clear strategies for the utilisation of service reserves.
- 8.9. All member bodies, Members and officers are instructed to comply with the prescriptive legal duties placed upon the Council. The Chief Executive, Executive Directors, Chief Fire Officer and Directors are instructed to ensure that the implementation of policies complies with legal requirements.

- 8.10. Authority is given for all necessary tenders to be obtained and contracts to be completed to give effect to this budget, subject to compliance with Contract Standing Orders, Financial Regulations and the key decision regime.

## **9. Pay Policy**

- 9.1. Section 38 of the Localism Act 2011 requires us, as a local authority to prepare and approve an annual pay policy statement by 31 March, immediately preceding the year to which it relates.
- 9.2. The pay policy statement must set out the authority's policies for the financial year relating to the remuneration of chief officers (which, in the case of the County Council, includes the Chief Executive, Executive Directors, Chief Fire Officer and Directors) and the remuneration of employees who are not chief officers.
- 9.3. Our pay policy statement that meets these statutory requirements is set out in **Appendix F**. The County Council agrees the application of these remuneration policies for the financial year 2026/27 and authorises the Chief Executive to amend the Pay Policy 2026/27 to reflect any outstanding pay awards, when agreed.