

Brighton & Hove City Council

Audit, Standards and General Purposes Committee

Agenda Item 50

Subject: General Fund Draft Budget and Resources Update – 2026-27 to 2029-30

Date of meeting: 27 January 2026

Report of: Cabinet Member for Finance and City Regeneration

Lead Officer: Name: Chief Finance Officer

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Ward(s) affected: All

For general release

1 Purpose of Report & Policy Context

- 1.1 This report provides Audit, Standards and General Purposes Committee an update on the budget planning process for the 2026/27 annual budget and Council Tax setting process together with Medium Term Financial Plan projections over the next 4-year period. Cabinet received a draft budget report in December, which is included as an appendix to this report.
- 1.2 The draft budget report has been taken to People and Place Scrutiny Committees in January 2026, and their remit is to scrutinise specific budget proposals as they relate to the People and Place Scrutiny Committee remits. The Audit, Standards and General Purposes Committee remit includes considering whether the council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, whether the Council ensuring sound budget management and whether the Council is putting on place steps to secure long term financial sustainability.

2 Recommendations:

That Audit, Standards and General Purposes Committee:

- 2.1 Note the draft budget report set out in Appendix 1 to this report; and
- 2.2 Comment on the draft budget report, specifically in respect of the Council's arrangements to secure economy, efficiency and effectiveness, putting in place sound budget management and ensuring the long term financial sustainability of the organisation.

3 Context and Background Information

- 3.1 The General Fund Budget & Resources update to December Cabinet outlined that the context for budget setting remains very challenging. There are significant budget pressures arising from increases in demand from statutory services, particularly temporary accommodation, adults and children's placements, and home to school transport. Compounding this, the

government's review of the allocation of local government resources under the Fair Funding Review, coupled with the Business Rates Reset, has resulted in the council's core spending power increasing more slowly than the assumptions within the MTFS, resulting in lower resources than previously anticipated.

3.2 The Council must set a balanced budget each year for the financial year ahead. It is also important that the Council sets a medium term financial strategy that balances the budget over the medium term for a number of reasons, primarily as follows:

- It enables the Council to plan ahead and ensure that savings proposals are fully developed and implemented before the financial year begins;
- It enables the Council to focus on preventative activity to reduce demand for statutory services, which can take time, but ultimately will deliver better outcomes for residents; and
- It enables the Council to focus on transformational work, such as investing in digital technology to improve the efficiency of services, or reduce the costs of operational assets.

3.3 The draft budget report sets out proposals that close the gap from 2026 to 2030 by approximately 50%. The final budget report will need to ensure that further proposals are included that close the remainder of this gap.

3.4 Additional savings proposals are being developed in line with the Council's transformation programme, focusing in particular on the following:

- Reducing the cost and demand for statutory services – in particular adults social care, children's social care and emergency and temporary accommodation; and
- Transforming the organisation – improving productivity through digital innovation, rationalising our use of assets, increasing income through greater commercialisation of services and savings through better procurement and contract management.

3.5 A comprehensive medium term financial strategy underpinned by the Council's transformation programme, will be recommended to Cabinet for approval in February.

3.6 The timetable for concluding the budget process is as follows:

Date	Event	Update
3 Dec 2025	Publication	Completed
11 Dec 2025	Cabinet	Completed
Dec to early-Jan	Development of further budget proposals	The provisional local government settlement was received in December. Further budget proposals are being drafted for February Cabinet.
w/c 15 Dec	Provisional Local Government Financial Settlement	The provisional LGFS has been received. This was broadly in line with the assumptions set out in the December report, with a slight adverse movement from these assumptions.
Jan 2026	CFO/HR/Unions	Further union meetings are scheduled for the end of January.

19 Jan 2026	Joint Overview and Scrutiny committee	This will have been completed by the time of the Audit and Standards Committee.
22 Jan 2026	Cabinet	Council Tax Base report published for Cabinet in January.
By 3 Feb 2026	Department Consultative Group's	Sharing overall final budget package and staffing impacts (assuming publication on 4 Feb)
4 Feb 2026	Publication	Publication of Final Budget proposals on the council's web site
12 Feb 2026	Cabinet	General Fund and HRA Revenue & Capital Budget reports; TBM month 9 report.
26 Feb 2026	Budget Council	General Fund and HRA Revenue & Capital Budget reports.

4 Financial Implications:

- 4.1 The financial implications are contained in the body and appendices of this report.

Finance Officer consulted: Haley Woollard

Date: 15/01/2026

5 Legal Implications:

- 5.1 The legal implications are contained within the body and appendices of this report.

Lawyer consulted: Elizabeth Culbert

Date: 19/01/26

6 Risk Implications

- 6.1 As set out in the appendix to this report.

7 Equalities Implications:

- 7.1 As set out in the appendix to this report.

8 Sustainability Implications

- 8.1 As set out in the appendix to this report.

9 Health and Well-being Implications

- 9.1 As set out in the appendix to this report.

10 Conclusion

- 10.1 The council is under a statutory duty to set its budget and council tax before 11 March each year. The current set of budget proposals do not fully address the Budget Gap in either 2026/27 or across the MTFS, and therefore further options are being explored for the February report. This report provides Audit, Standards and General Purposes Committee an opportunity to scrutinise the Council's approach to ensuring it manages long term financial sustainability and secures good value for money in delivering services for residents.

SUPPORTING DOCUMENTATION

Appendices:

1. Budget report to Cabinet, December 2025.