

Report to: Council



Date of Meeting 25 February 2026

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Revenue and Capital Budgets and Council Tax Resolution 2026/27

Report summary:

The purpose of this report is to agree the Cabinet recommendations on the Revenue and Capital Budgets 2026/27 (Minute Number 153) on the 4th February 2026 which gives the Council Tax requirement for this Council of £11,629,564 resulting in a Council Tax Band D amount of £176.92. This is an increase of 2.99%, within the threshold stipulated by government before triggering a council tax referendum.

The Budget report to Cabinet on 4th February 2026 can be found here: [Revenue and Capital Budgets 2026-27.pdf](#) this report contains links to the detailed Revenue and Capital Budget report to Cabinet on the 7th January 2026.

Agreeing Cabinet recommendations on the 2026/27 budget enables Council to set the Council Tax for 2026/27 through the resolution set out in this report.

Although not effecting the final budget being recommended there has been a change in Government policy between the publication of the Provisional Local Government Finance Settlement on 17th December 2025 and the Final Settlement on the 9th February 2026. This made a material financial change, which is unprecedented as councils finalise budgets based on the Provisional Settlement due to timings of full councils and the need to set the Council Tax. There is normally only a small variation, if any, between the provisional and final settlement.

The change in the final settlement relates to business rates income with detrimental funding implications mainly for district councils including East Devon. The change effects the assumed business rate income retained by authorities and how this is treated in establishing the base income for 2025/26 to which any protection grant is calculated in 2026/27 to compensate councils for falls in funding. The changed basis for this calculation is a policy change and at a point in the budget preparation timetable that councils cannot accommodate.

The possibility of this change was brought to our attention by the District Council's Network (DCN) on the Thursday the 5th February with the Final Settlement to be announced on Monday the 9th February. The implication for this Council was a reduction in funding of £1m compared with the Provisional Settlement and that included within the Council's 2026/27 budget. With the support of DCN this Council through the Finance Portfolio Holder wrote to our MPs to highlight this intolerable position.

The Council's Director of Finance was invited to a call with MHCLG along with other Council's adversely effected on the Monday the 9th February, a few hours before the Final Settlement announcement in Parliament. The call confirmed this change in the Final Settlement, but those Council's adversely effected would receive a "one off adjustment support grant" so no council would be worse off in funding from that given in the Provisional Settlement. For us this is a grant of £1m.

With the inclusion of this grant funding the level government funding remains the same in our 2026/27 budget, and the budget is unaltered as recommended form Cabinet to Council. Currently this additional grant is stated as a one off payment for 2026/27 so this reduction in funding if not

mitigated in future years will affect our budget estimates for 2027/28 onwards. This will be picked up in our revised Medium Term Financial Strategy to be considered in July by members when the outcome of Local Government Reorganisation is clearer.

In accordance with Section 25 of the Local Government Act 2003 the Chief Financial Officer (Director of Finance) has reported to the authority on the robustness of the 2026/27 budgets and is satisfied with the adequacy of the proposed financial reserves.

The 2026/27 budget recommended by Cabinet is balanced with expenditure matched by available income.

There is a legal requirement for the Council to set a budget and associated Council Tax; the process for Council Tax Billing starts the day after the Council meeting to meet the necessary deadlines (bill printing, dispatch and appropriate direct debit notifications etc). The obligation to make a lawful budget each year is shared equally by each Member.

The Council Tax setting process is that all preceptors (Devon County Council, Police and Crime Commissioner for Devon and Cornwall, Devon & Somerset Fire & Rescue Authority and town and parish councils) will set their budgets and relevant council tax requirement and then this Council, as the billing authority, will formally set the Council Tax for the area to include all amounts to be collected. This report sets out the details of this Council's Council Tax requirement and the precepts for other bodies.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

To approve the Cabinet recommendations on the Revenue and Capital Budgets 2026/27 (Minute Number 153) on the 4th February 2026 which gives the Council Tax requirement for this Council of £11,629,564 resulting in a Council Tax Band D amount of £176.92 and to approve the formal Council Tax Resolution set out at Appendix A

Reason for recommendation:

The Council as a billing authority is required to set the Council Tax for 2026/27.

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Portfolio(s) (check which apply):

- Assets and Economy
- Communications and Democracy
- Council, Corporate and External Engagement
- Culture, Leisure, Sport and Tourism
- Environment - Nature and Climate
- Environment - Operational
- Finance
- Place, Infrastructure and Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

If choosing High or Medium level outline the equality considerations here, which should include any particular adverse impact on people with protected characteristics and actions to mitigate these. Link to an equalities impact assessment form using the [equalities form template](#).

Climate change Low Impact

Risk: Low Risk; Click here to enter text on risk considerations relating to your report.

Links to background information Click here to enter links to background information; appendices online; and previous reports. These must link to an electronic document. Do not include any confidential or exempt information.

Link to [Council Plan](#)

Priorities (check which apply)

- A supported and engaged community
 - Carbon neutrality and ecological recovery
 - Resilient economy that supports local business
 - Financially secure and improving quality of services
-

Report in full

1. East Devon District Council's Budget 2026/27

- 1.1 In agreeing to the Cabinet recommendations on the Revenue and Capital Budgets 2026/27 (Minute Number 153) on the 4th February 2026 this gives the Council Tax requirement for this Council of £11,629,564 resulting in a Council Tax Band D amount of £176.92. This is an increase of 2.99%, within the threshold stipulated by government before triggering a council tax referendum.
- 1.2 The Budget report to Cabinet on 4th February 2026 can be found here: [Agenda for Cabinet on Wednesday, 7th January, 2026, 6.00 pm - East Devon](#) this report contains links to the detailed Revenue and Capital Budget report to Cabinet on the 7th January 2026.
- 1.3 Although not effecting the final budget recommendations there has been a change in Government policy on the formula for funding Councils that has occurred between the publication of the Provisional Local Government Finance Settlement on 17th December 2025 and the Final Settlement on the 9th February 2026. This was a material financial change, and unprecedented as councils finalise budgets based on the Provisional Settlement due to timings of full councils and the need to set the Council Tax. There is normally only a small variation, if any, between the provisional and final settlement. The Councils budget proposals are based on the Provisional Settlement.
- 1.4 The change in the final settlement relates to business rates income with detrimental funding implications mainly for district councils including East Devon. The change effects the assumed business rate income retained by authorities and how this is treated in establishing the base income for 2025/26 to which protection grant is calculated in 2026/27 to compensate councils in part for falls in funding. The changed basis for this calculation is a policy change and at a point in the budget preparation timetable that councils cannot accommodate.

- 1.5 The possibility of this change was brought to our attention by the District Council's Network (DCN) on the Thursday the 5th February with the Final Settlement to be announced on Monday the 9th February. The implication for this Council was a reduction in funding of £1m compared with the Provisional Settlement and the Government funding included within the Council's 2026/27 budget. With the support of DCN this Council through the Finance Portfolio Holder wrote to our MPs to highlight this intolerable position.
- 1.6 The Council's Director of Finance was invited to a call with MHCLG along with other Council's adversely effected on the Monday the 9th February a few hours before the Final Settlement announcement in Parliament. The call confirmed the change would be made in the Final Settlement, but those Council's adversely effected would receive a "one off adjustment support grant" so no council is worse off in funding from that given in the Provisional Settlement in recognition of the implications. For us this is a grant of £1m.
- 1.7 With the inclusion of this grant funding the level government funding remains the same in our 2026/27 budget, and the budget is unaltered as recommended from Cabinet to Council. Currently this additional grant is stated as a one off payment for 2026/27 so this reduction in funding if not mitigated in future years will affect our budget estimates for 2027/28 onwards. This will be picked up in our revised Medium Term Financial Strategy to be considered in July by members when the outcome of Local Government Reorganisation is clearer.

2 Council Tax Resolution 2026/27

- 2.1 The precept levels of other precepting bodies are detailed below.

It should be noted the amounts below for Devon County Council are provisional as they don't meet to set their budget and precept until the 24th February. Should the amounts change then Council will be updated.

- **Town & Parish Councils**

The Town & Parish Council Precepts for 2026/27 are detailed in Schedule 1 and total £7,525,996.48. The increase in the average Band D Council Tax for Town and Parish councils is 19.91% and results in an average Band D Council Tax figure of £114.49 for 2026/27.

- **Devon County Council**

Devon County Council set their precept at £124,313,147.55. This results in a Band D Council Tax of £1,891.17. This is a total increase of 4.99%.

- **Police and Crime Commissioner for Devon and Cornwall**

Police and Crime Commissioner for Devon and Cornwall set their precept at £19,930,385.07. This results in a Band D Council Tax of £303.20, being a 5.20% increase on the previous year.

- **Devon & Somerset Fire & Rescue Authority**

Devon & Somerset Fire & Rescue Authority set their precept at £7,209,645.89. This results in a Band D Council Tax of £109.68, being a 4.78% increase on the previous year.

- 2.2 This Council's calculations are set out in the formal Council Tax Resolution in Appendix A. This follows Cabinet's recommendation to Council on the 2026/27 budget.

2.3 This recommendation is reflected in the formal Council Tax Resolution at Appendix A and the total Band D Council Tax will be as follows:

| COUNCIL TAX LEVIES | 2025/2026 | 2026/2027 | Variation |
|--|------------------|------------------|------------------|
| | £ | £ | % |
| East Devon District Council | 171.78 | 176.92 | 2.99% |
| Parish & Town Councils (Average) | 95.48 | 114.49 | 19.91% |
| Sub Total | 267.26 | 291.41 | - |
| Devon County Council | 1,801.26* | 1,891.17* | 4.99% |
| Police and Crime Commissioner for Devon and Cornwall | 288.20 | 303.20 | 5.20% |
| Devon & Somerset Fire & Rescue Authority | 104.68 | 109.68 | 4.78% |
| TOTALS | £2,461.40 | £2,595.46 | 5.45% |

* This increase of 4.99% includes a charge for adult social care services representing 2% of the increase.

Financial implications:

This report sets the Council's Council Tax requirement for 2026/27 which is derived from its Budget Requirement as recommended by Cabinet on 4th February 2026

Legal implications:

The legal position is detailed in the report and no further comment is required

The Council is recommended to resolve as follows:

1. It be noted that on 7th January 2026 Cabinet (minute reference 136 refers) calculated the Council Tax Base 2026/27.
 - (a) for the whole Council area as 65,733.46 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and
 - (b) for dwellings in those parts of its area to which a Parish precept relates as detailed in Schedule 1 attached.
2. As a preliminary step, calculate that the Council Tax requirement for the Council's own purposes for 2026/27 (excluding Parish precepts) is £11,629,564.
3. That the following amounts be calculated for the year 2026/27 in accordance with Sections 30 to 36 of the Act:
 - (a) £116,541,203.51 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
 - (b) £97,385,643.03 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (c) £19,155,560.48 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
 - (d) £291.41 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
 - (e) £7,525,996.48 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Schedule 1).
 - (f) £176.92 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
 - (g) The amounts stated in column 5 of the schedule 1 attached given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area specified in column 1 of Schedule 1 divided in each case by the amount at 1(a) above, calculated by the Council in accordance with Section 34(3) of the Act, as the basic amounts of its Council tax for the year for dwellings in those parts of its area set out in column 1 of Schedule 1 to which one or more special items relate.

(h) The amounts set out in Schedule 2 attached given by multiplying the amounts at 3(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted that for the year 2026/27 Devon County Council, Police and Crime Commissioner for Devon and Cornwall and Devon and Somerset Fire and Rescue Authority have stated the following amounts in precepts issued to the District Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

| Valuation Bands | Precepting Authority | | |
|-----------------|----------------------|---|--------------------------------|
| | Devon County Council | Police & Crime Com for Devon & Cornwall | Devon & Somerset Fire & Rescue |
| A | £1,260.78 | £202.13 | £73.12 |
| B | £1,470.91 | £235.82 | £85.31 |
| C | £1,681.04 | £269.51 | £97.49 |
| <u>D</u> | <u>£1,891.17</u> | <u>£303.20</u> | <u>£109.68</u> |
| E | £2,311.43 | £370.58 | £134.05 |
| F | £2,731.69 | £437.96 | £158.43 |
| G | £3,151.95 | £505.33 | £182.80 |
| H | £3,782.34 | £606.40 | £219.36 |

5. That, having calculated the aggregate in each case of the amounts at 3 (h) and 4 above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the amounts set out in Schedule 3 attached as the amounts of council tax for the year 2026/27 for each of the categories of dwellings shown in Schedule 3.

6 The Council has determined that its relevant basic amount of Council Tax for 2026/27 is **not** excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992. As the billing authority, the Council has **not** been notified by a major precepting authority that its relevant basic amount of Council Tax for 2026/27 is excessive and therefore the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992.