

Full Council

12 January 2026

Draft Budget 26/27

Purpose of Report

This report provides Council with a draft budget 26/27, in particular arising from each Committee's review of its budget lines and the implications from proposed Devon Local Government Re-organisation (LGR), staff, Beehive lease and Reserves. The draft budget and precept 26/27 are Recommended by Finance & Policy Committee 15 December 2025.

Recommendations:

Council is asked to **RESOLVE** the Council's budget 26/27 at £1,051,545 and Precept 26/27 at £1,000,645.

Background:

1. The Council's budget 25/26 is £700,245, which is supported by £667,545 Precept.
2. Committee is asked to note budget proposals from [Town Management Committee 6 October 25](#), [202109-HR Minutes Extra 5.11.25 nd.pdf](#), [Green & Open Spaces Committee 14 October 25](#) and [Strategy, Economy & Tourism Committee 8 October 25](#). These were reported to Full Council 10 November 2025 and 8 December 2025 and are included in the attached draft budget 26/27 including any further Committee budget proposals following Finance & Policy Committee 17 November 2025: [195749-1.12.25 draft.pdf](#) [195765-10.12.25 - Public draft.pdf](#) and [195745-Minutes 15.12.25 draft.pdf](#)
3. At its meeting 1 September 25, F&P Committee approved the timetable for budget setting 26/27 and Full Council 8 September 25 has Delegated that to F&P Committee.
4. Finance & Policy Committee considered its own budget proposals 20 October 2025 and several budget lines were queried, which this Committee will address.
5. Further, Finance & Policy Committee considered a draft budget 26/27 at its meeting 20 October 2025 and again on 17 November 2025.
6. Committees that meet in December 2025 are reconsidered their proposed budgets 26/27
7. Ultimately the Council's budget (and Precept) 26/27 will be determined by Full Council 12 January 2026, ready to be reported to EDDC for Council Tax bills.

Report:

Local Government Re-organisation

8. EDDC has said that it plans to transfer both income generating and net cost assets/services by end 2026 (ie before the Structural Change Order is planned). This has been requested to be put in writing but has not before final proposals are submitted to Government 28 November 2025.
9. EDDC has been asked to provide financial information by 7 November 2025 that provides the net costs/income of several services for each of the Council's (Strategy, Economy and Tourism Committee 8 October 25) long list of services/assets for transfer from EDDC to the Town Council. EDDC has said that it will not be able to provide that information by that deadline. If provided that would enable the Town Council to set its budget 26/27 including on the basis of assets/services transfers being implemented in 26/27. In the absence of that information the Town Council will need to make its own evaluation.
10. However, EDDC has also said that by Christmas 2025 it plans to have a description of how legally binding agreements for the transfer of assets/services can be completed by end 2026 (ie before Structural Change Oder) for implementation of transfers possibly end 26/27 or more likely in 2027/28 (after the Structural Change Order and Shadow Authority) and therefore impacting the 2027/28 budget. It will be important to secure legally binding agreements that must be transferred to and binding on a new unitary authority and/or Shadow Council, if those agreements are to then be implemented.
11. There is much supposition and no in writing proposals from EDDC, so the Town Council is acting upon "in good faith".
12. If what is being said (at the time of writing) is confirmed or completed, there **may be** no asset/service budget implications 26/27 but instead legally binding agreements in place by the time of Structural Change Order (Shadow Authority). Alternatively, legally binding agreements may be implemented at the end of 26/27 and therefore have a budget implication for 26/27; this presents a risk if budget is not included 26/27, which if not budgeted would impact on the timescale for transfer of services/assets. There may be impacts on budget 27/28 arising from service/asset transfer if they are implemented 27/28.
13. The inclusion or not of income generating service/asset transfers has a significant impact on net costs and budget.
14. The Mayor, Deputy and Town Clerk met with Mayor, Deputy and Town Clerk at Exmouth and Sidmouth Town Councils on 19 November 2025 and have written a joint letter to EDDC 1 December 2025 (attached).

15. EDDC provided an update to Town Councils on 3 December 2025 (Full Council received an update 8 December 2025).
16. The Town Council is likely to need legal advice during 26/27 to enable preparation and completion during 26/27 of legally binding asset/transfers. It is difficult to estimate the cost of that but perhaps £6k - £10k per asset should be included in the 26/27 budget; a draft budget of £120k has been included. However, based on a recommended short list of assets/services to transfer (to Strategy, Economy and Tourism Committee 10 December 2025), that budget may be considered at a reduced amount £30k. Quote/s will be obtained for this work.
17. This assumes that there will be no TUPE transfer of staff during 26/27 and therefore HR advise if required should be minimal. Perhaps £10k should be included in the 26/27 budget.
18. Similarly, this assumes that there will be no accommodation or equipment costs 26/27.
19. At this stage it is assumed that Programme management including liaison with EDDC, external solicitor, HR advisor and any other specialist will be provided by the Town Clerk, although it must be recognised that that will be resource intensive and require a focus for the Town Clerk, and therefore place demands on other Office staff to provide the "business as usual" Council services. Resources for other Projects will need to be carefully managed so that resources match demand from Projects and Services.
20. The Town Council may want to improve or provide Youth Services, improved communications and/or more and more complex Events, What's On guide or Business Directory, additional Officers may be needed including Youth worker, an Events co-ordinator and Communications officer.
21. HR Committee considered staff resources at its meeting 5 December 2025 and RESOLVED to recommend to Finance & Policy Committee a new Communications Officer post to include Community Development and Engagement and Events Co-ordinator.
22. The Council "away day" November 2025 also helped to identify resources and match demand with resources. However, based on f/t hours, budget implications may be £50k (including LGPS and NI) for one additional Officer, not including accommodation and equipment costs and implications.

Reserves

23. As 31 March 2025 the Council had £303,174 Reserves of which £84,763 was Earmarked by Full Council June 2025.
24. That amount of Reserves is little compared to other nearby local councils and could be argued should be increased to accommodate Council risks.

25. In addition, the Town Council has significant borrowing at £763k (arising from commissioning of the Beehive) which is serviced with £59k pa capital and interest repayments to the PWLB.
26. Typically, Councils hold the equivalent of 3-6 months of Precept as Reserves.
27. Based on the risks carried by the Council (encapsulated in the Corporate Risk Register) the Council should consider holding the equivalent of 6 months of Precept as Reserves. The Council is working to reduce risks including recent new long lease of the Beehive and Tender for a Design & Build contract for Dowell St retaining wall.
28. The Town Council holds £218k as General Reserves, which is circa 4 months Precept and could be increased by circa £115k to hold as Reserves equivalent to 6 months Precept. £115k has been included in the draft budget 26/27.
29. The Council should also increase Reserves based on any increase in Precept 26/27 to retain the equivalent of 6 months Precept as Reserves.
30. Furthermore, the Council may want to increase its Reserves based on risks arising from LGR and in preparation for transfer of assets/services.

Beehive Rent and Costs

31. The Council has recently (August 2025) entered a new long term 30 years lease of the Beehive building to Honiton Community Complex.
32. This has financial implications for the Council including:
 - Rent to the Council at £1,250 pm
 - Maintenance responsibilities – an estimate cost to the Council of £15k pa
 - New Service Charge at £11k pa payable by the Council
 - Grant to Honiton Community Complex at £60k (year 1); £45k (year 2); and £30k (year 3)
33. The Council has established a Low Carbon Beehive Working Group, which is estimating to incur preliminary costs 26/27 at £31k.
34. These have been included in the draft budget 26/27.

Finance & Policy Committee 15 December 2025

35. At its meeting 15 December 2025 F&P Committee decided to Recommend to Full Council a budget and precept 26/27.
36. That includes decisions from Committees and includes funding the legal resources to implement LGR, increasing Reserves, Beehive rent and costs. F&P also Recommend providing 55 hpw (ie more than 1 FTE) additional staff time for

communications, community development, events and engagement officer resources. HR Committee considered additional staff at its meeting 5 November 2025 and Decided to include a new Communications Officer post to include Community Development and Engagement and Events Co-ordinator.

37. The Council is currently Job Evaluating roles and is planned to report to an Extra HR Committee 19.1.26. In anticipation of that, £5k has been included in the Staff budget for introducing Job Evaluation.

Conclusions

38. The impact of preparing for Devon LGR has budget implications for the Council; nevertheless, the aim is for the Town Council to have control of the levels of services at important public assets, which are aimed at improving the Town Council's priorities: Economy, Tourism and Environment.
39. The new lease of the Council's Beehive brings rental income and also temporary (3 year) Grant costs and maintenance responsibilities.
40. The Council should be cautious and safe in its management of public finances and hence an increase in Reserves is recommended.
41. There is currently no consensus on the draft budget 26/27, for example arising from Finance & Policy Committee 17 November 2025. Nevertheless, Finance & Policy Committee 15 December 2025 recommends a draft budget and precept to Full Council. This needs to be resolved so that Full Council 12 January 2026 can Decide budget and Precept to be provided to EDDC for billing.
42. These changes bring the Council's Council Tax demand to £1,000,645 (£243.43 pa per Band D equivalent property) which is 49.9% increase on the current 25/26 Precept and equates to an increase of £6.75 pm per Band D equivalent property (Tax Base 4,110.63, 26/27).

Name: Stephen Hill

Post: Town Clerk

Month year: 2 January 2026