



Worcestershire County Council

Budget Consultation Document

2026 - 2027

Consultation Document

Worcestershire County Council is required to set an annual budget to determine how much money will be spent on services.

All county and unitary councils continue to face the challenge of significant spending demands and cost increases. This pressure is seen largely in adults and children's social care and home to school transport, alongside providing all the other services which are essential to residents and businesses of Worcestershire. We need to manage this within the funding available, which mainly comes from Council Tax, Business Rates and Government Grants. This requires tough choices regarding our priorities for the future.

One of the ways in which we can inform the budget for 2026/27 is to listen carefully to those who use and pay for our services. As such, we would like to hear your views on the following:

- Your opinion on reductions in spending across our different service areas
- Your suggestions for how to make further savings, efficiencies, and increase income
- Your views on Council Tax options.

To have your say please visit worcestershire.gov.uk/budget26/27 and fill in the questionnaire.



Contents

Consultation Document	2
1. Introduction	4
2. Facing the challenge together.....	6
3. Worcestershire facts and figures.....	7
4. The last three years	8
5. Our Current Position	9
Our Budget Position.....	9
Local Government Reorganisation (LGR)	12
6. How we are funded.....	13
7. How we spend our revenue budget.....	14
What we spend our budget on.....	15
Reserves – Our savings for a rainy day.....	20
Debt – Borrowing to invest in Worcestershire	21
Capital – Investment into infrastructure in Worcestershire	21
8. Managing spending growth	22
How our service costs have increased	23
9. Our budget challenge.....	24
Uncertainty in Government funding.....	24
Council Tax	26
What are the options for Council Tax?	27
10. Looking ahead – big decisions are needed	28
Council Tax Options	29
11. How to give your views	31

1. Introduction

Every year, Worcestershire County Council (WCC) must agree an annual budget which balances the money we spend on services with the money we have.

This means that the money we spend must balance with what we receive from Council Tax raised from households within the county, a proportion of Business Rates, Government grants, and income from people who use some of our chargeable services.

WCC provides a wide range of services to Worcestershire's 603,600 residents, spending over £1.1 billion annually.

We are responsible for many of the services that affect people's daily lives across the whole of Worcestershire. These include things like social care for children and adults, schools, home to school transport, waste disposal, public health, libraries and roads.



Adult Social Care



Children Care



**Home to School
Transport**



Education



Waste Disposal



Public Health



Libraries



**Roads and
Infrastructure**

We provide different services than those which are provided by your local District, Borough or City Council, which looks after things like housing, local planning, bin collections, and street cleaning. We are also separate from Central Government, which is responsible for national services like the NHS, defence, and benefits.

Overall, the different services which are provided by the different councils are:

Services	County Council	Local District, City or Borough Council
Education	✓	
Environmental Health		✓
Highways	✓	
Housing		✓
Leisure Services		✓
Libraries	✓	
Passenger Transport	✓	
Home to School Transport	✓	
Roads and Pavements	✓	
Strategic Planning	✓	
Transport Planning	✓	
Local Planning		✓
Adult Social Care	✓	
Children's Social Care	✓	
Waste Collection		✓
Waste Disposal	✓	
Births, Deaths, Marriage and Civil Ceremonies	✓	
Revenues and Benefits		✓

2. Facing the challenge together

The future financial challenges remain significant. While pressures from general inflation are expected to ease slightly, the price of and demand for services – particularly in children's services, services for adults with a learning disability, and residential and nursing care for older people – continue to grow.

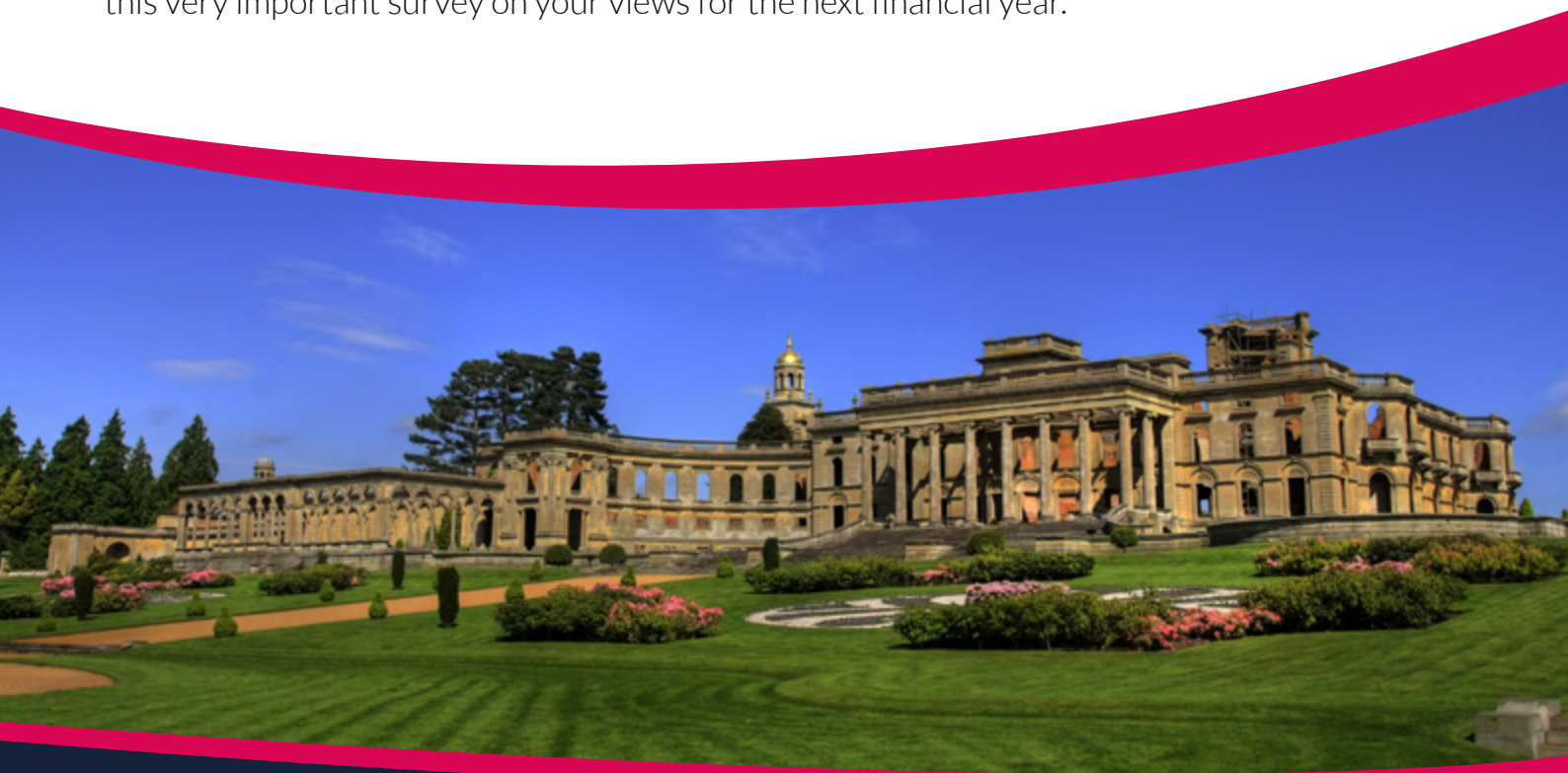
As we continue to respond to these challenges, it is even more important that we manage spending within the resources available, otherwise our budget will become unsustainable, meaning we can't afford to continue the services we provide. This requires tough choices about priorities for the future.

This document provides information on:

- This year's budget
- How we are funded
- What we spend our money on
- How our service costs have increased
- Our budget challenge.



Details of how to respond to our survey on the future budget for Worcestershire can be found at worcestershire.gov.uk/budget26/27 and we thank you for taking the time to respond to this very important survey on your views for the next financial year.



3. Worcestershire facts and figures



621,360

people currently live
in Worcestershire

The number of people living in
Worcestershire is expected to
rise by 7.6% by 2040 to

668,381



The number of people
aged 18-85 is expected
to increase by **9.2%** by
2040 to

529,402

By 2040 the number of people in the
county that are 80+ years old is predicted
to increase by **50.7%** to

62,402.



The number of dwellings
in Worcestershire is
currently

277,984.



The number of **new**
dwellings expected to
be built by 2028 is

8,295.



Worcestershire is
81%
rural land.



74.9%

of the population
live in urban areas.



Worcestershire has
26,005
businesses.



There are

2,717

active voluntary
organisations in the county.



4. The last three years

The Council position for 2024/25 was a net overspend of **£6.2 million** on a **£433.4 million budget (1.4% of net revenue expenditure)**. This position was after the additional **£7.9 million** of planned use of reserves. As such, a total of **£14.1 million of reserves** were required to be used to fund the budget in that year.

In 2023/24 the net overspend was **£4.6 million (£19.1 million before one-off mitigations)**.

In 2022/23 it was **£7.3 million (£22 million before one-off mitigations including the use of a one-off social care grant of £3 million)**.

This highlights the challenge around the Council's ability to reduce recurrent spend, deliver recurrent savings and its over-reliance on the use of reserves and one-off mitigations.

Over the last 3 years (2022/23 to 2024/25), **£26 million of reserves** (our savings account) have been used to fund service overspends.

A total of **£73 million of savings** have been delivered across 2023/24, 2024/25 and 2025/26 which is a **13% reduction in total budget**. Support services have been reduced by the biggest percentage with a reduction of **24%** over this period.

25% of the savings delivered were relating to staffing, again with the biggest proportion coming from support services.



An analysis of growth has also been carried out over the same period. The total growth includes net recurrent pressures, contract inflation, rebasing of budgets as well as demand and investment.

A total services growth of **£195.1 million** has been allocated over the 3 years along with **£32.5 million** in corporate areas. The elements of growth in corporate areas consists of funding the capital programme and the creation of a corporate contingency in 2025/26. Any growth in Public Health was **100%** grant funded.

£57 million of this growth was relating to contract inflation, **£51 million** relating to demand pressures, **£14 million** into new investment and **£73 million** dealing with overspends from previous years.

The areas with most of the growth are within adults, children's and Home to School Transport as these are the areas where most of the demand and contract price related pressures arise. Growth in children's services totalled **£59 million**, with **£63 million** in adult services and **£30 million** in Home to School Transport.

5. Our Current Position

Our Budget Position

The Council's budget is essentially fixed in cash terms and its ability to raise income is limited. There are national limits in place around Council Tax and business rates and our ability to generate income from trading is minimal in overall budgetary terms. The Council has worked with similar councils through the County Councils Network and input into national policy papers to highlight to Government these concerns about demand and cost pressures, particularly in Children's Social Care placements, Home to School Travel and Adult Social Care and we continue to make this case.

At the final budget stage in February 2025, our 2025/26 remaining budget gap was **£48.6 million**. This was after taking into account savings of **£12.5 million** and the indicative increases in grants and other funding as set out in the final settlement. This gap was able to be reduced on a one-off basis by the use of a further **£15 million** of reserves, leaving an unmitigated gap of **£33.6 million**.

For Councils concerned about their ability to set or maintain a balanced budget the government stated that they will consider representations from councils. The policy statement issued in November 2024 also referred to the Exceptional Finance Support (EFS) framework for those Councils with a specific and evidenced financial concern with the following statement:

Any council concerned about its financial position or its ability to set or maintain a balanced budget should contact the Ministry of Housing, Communities and Local Government (MHCLG). The government has a framework in place to support councils in the most difficult positions. As part of this, the Government will not seek to replicate conditions that made borrowing more expensive.

Based on the size of the remaining budget gap faced by the County Council and our insufficient levels of reserves to meet future risks, it was recommended that the Council bridge the remaining gap using these dispensations from Central Government in the form of a capitalisation directive as part of the Exceptional Financial Support (EFS) offer.

Following conversations with Central Government, an indicative request was submitted for a capitalisation direction of up to **£33.6 million** for 2025/26, and up to **£43.6 million** for 2026/27.

A capitalisation direction does not solve the budget gap on an on-going basis; it is simply a mechanism that provides the Council time to radically change and develop sustainable solutions. If a capitalisation direction is not financed from capital receipts it will add to the financial pressures, with borrowing being repaid from the Council's revenue funding over a 20-year period from 2026/27.

There is another potential way of gaining additional income through Exceptional Financial Support and that is to request to increase Council Tax by more than the maximum amount. This is a decision that ultimately would be made by Central Government following a request from councils.

A number of councils requested this for 2025/27 including Somerset, Birmingham and Bradford. **Worcestershire decided against doing this for 2025/26, however remains an option for 2026/27.**

We continue to face significant spending pressures across many of our services. These are being driven by additional demand, increased complexity of care packages and changes in social and working lives. The cost of delivering services is also increasing, especially in social care, where pressures in the care market are adding to the financial challenge.

Despite addressing the net recurrent pressures of **£15.1 million** from 2024/25 in the 2025/26 budget, this financial year continues to be a challenging time for local government and the County Council is no exception.

In financial terms, demand for services and placement availability has an ongoing impact which is driving up costs and is affecting the council's ability to manage our overall budgetary position.

Whilst the council made significant provision in the 2025/26 budget to support price and demand fluctuations across all services. It is important to highlight that all these pressures cannot be managed by the Council alone, for context across the country a significant number of authorities are experiencing these similar pressures that are impacting their financial position along with significant policy decisions on the future of both Children's and Adult Social Care account for the majority of the council's forecast overspend on services in this financial year.

The latest budget indicates a breakeven position after the use of **£11.6 million** of reserves and a further **£33.6 million** of **Exceptional Financial Support**.

This means we will have used **£27.6 million** of reserves to fund overspends in the last 4 years. Our year end forecast reserve balance held for risk is only **£13 million**.

Given that the Council's financial position remains extremely fragile, the Council needs to increase the focus upon financial control and budget responsibility and accountability. The scale of financial challenges facing the Council are considerable, with the forecast cost of services increasing at a faster rate than the income received. The 2025/26 budget could not be balanced without **Exceptional Financial Support (EFS)** of **£33.6 million** and it is expected that EFS will be required again in 2026/27.

DSG (Dedicated Schools Grant) and High Needs Deficits

The Government allocates Councils funding for schools, early years and for **children with special educational needs (high needs)** through a grant called the **Dedicated Schools Grant (DSG)**. The current financial year is forecasting an overspend of **£86 million** against this grant.

The main reason for this is the growing number of children with an **Education, Health and Care Plan (EHCP)**. The number rose by **4%** during the first quarter of 2025/26 to a total of **7,597**. At this time last year, the number was **6,315** which is an annual increase of **20%**.

The accumulated deficit position at the start of the year was a deficit balance of **£98 million**, built up from previous years overspends. Considering the current forecast for 2025/26, the deficit balance is expected to increase to **£184 million** at year-end.

Although the government are allowing councils to carry forward the growing deficit and not fund it from their own funding (using legislation known as a “**Statutory Instrument**”), the council is expected to cash flow this deficit which has an impact on borrowing.

The High Needs deficit sits as a negative unusable reserve on the balance sheet permitted via a statutory instrument.

This enables all local authorities to ringfence DSG deficits from councils’ wider financial position in their statutory accounts, however this defers the problem of the impact of the deficit and the shortfall in funding. This statute is in place till the end of March 2028 where this would have a significant impact to the council’s financial position if we were to fund this deficit. The Council has not set aside any of its own resources to specifically offset this accumulating deficit at this point.

The crystallisation of this risk will continue therefore to be monitored alongside the **Chief Finance Officer’s (CFO’s)** assessment of the adequacy of the Council’s reserves, particularly the Financial Risk Reserve.

The council continues to work with the Department of Education, Local Government Association and other local authorities to seek clarification on both the position once the statutory instrument expires and a sustainable funding strategy for the High Needs budget.

Worcestershire is not alone, and rising demand and costs has resulted in England’s 38 county and largest unitary authorities in England amassing ‘unmanageable’ SEND deficits. Nationally, according to a recent study (Half of councils warn of insolvency over special needs spending | Local Government Association) these deficits are now estimated to grow to £5 billion next year and the LGA is calling for the Government to urgently address this issue in the Spending Review, as part of a wider programme of reform of the SEND system.

Local Government Reorganisation (LGR)

This year, Worcestershire County Council (WCC) and the other 6 councils in Worcestershire have been working on proposals for Local Government Reorganisation (LGR). This could mean big changes to how councils are organised in the future.

At the moment, Worcestershire has a two-tier system – with WCC providing county-wide services and District, Borough and City Councils providing more local services. Under LGR, these could be replaced by fewer, larger councils called “unitary authorities” that would each be responsible for all local services in their area.

While the aim is to make local government simpler and more efficient, the process brings uncertainty. For WCC, this means we must plan carefully for possible changes in how services are delivered and funded. There could be new spending pressures as responsibilities shift, and it’s not yet clear how future funding will work under a new structure. This makes long-term financial planning more difficult.

However, until any changes are formally agreed and implemented, WCC must continue to operate as usual. That means we are still responsible for setting a balanced and sustainable budget for 2026/27, and for making sure we can continue to deliver the services that Worcestershire’s residents rely on.

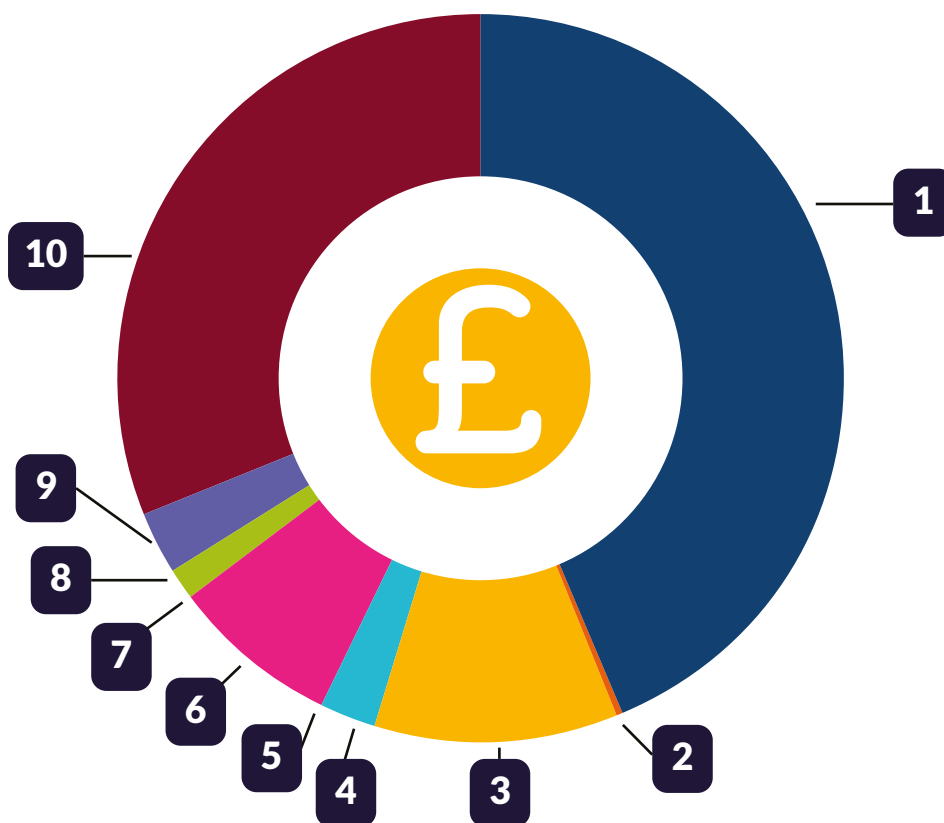


6. How we are funded

Councils have four main sources of funding for their core spending:

- Council Tax
- Government grants (ringfenced for specific purposes and un-ringfenced)
- Income from service users
- Business Rates.

Worcestershire is also required to fund the **£33.6 million** of Exceptional Financial Support from either borrowing or capital receipts. Capital receipts are generated from the income received from selling assets, e.g. buildings and land. Borrowing is like taking out a mortgage where we have to pay the loan back, plus interest, over a number of years. The split of how our 2025/26 gross budget of **£1.161 billion** is expected to be funded is demonstrated in the following chart below.



No.	Service	Spend (£m)	No.	Service	Spend (£m)
1	Government Grants inc schools	£510	6	Business Rates/Settlement	£87
2	Other Non-Government Grants	£5	7	Funded by Service Reserves	£2
3	Sales, Fees & Charges	£124	8	Use of General Reserves	£15
4	Recharge Income	£29	9	Exceptional Financial Support	£34
5	Revenue Funded from Capital	£0	10	Council Tax	£359

7. How we spend our revenue budget

We spend over £1.16 billion each year on services including schools.

Most of our money goes towards helping people who need extra support – like older people who need care, children in need of protection, and people with disabilities. We also spend money on roads, public transport, libraries, waste disposal, and public health.

Some of the services we provide are paid for through local taxation – such as Council Tax and Business Rates – while others are funded in whole or in part by Central Government.

For example:

- The cost of supporting unaccompanied asylum-seeking children (**UASC**) is covered by ringfenced grants from the **Home Office and the Department for Education**. These children arrive in Worcestershire without parents or guardians, and we have a legal duty to care for them. This support is not paid for from Council Tax.

- **Public Health services** – such as stop smoking support, drug and alcohol treatment, and health checks – are funded through a ringfenced grant from the **Department of Health and Social Care**.

- **Adult Learning and support for adults to gain qualifications** is funded by a specific grant from the **Department of Education**.

- **Some of our road maintenance and improvement projects** are funded by grants from the **Department for Transport**.

These examples show that different services are funded in different ways, depending on who is responsible and what the law requires.

A summary of how our 2025/26 budget is being spent and the services we provide can be found on the following pages.

What we spend our budget on

The table below shows how much £1.161 billion is spent across Worcestershire with further detail in the paragraphs below.

For every £100 we spend, this is how it is split between the various services we provide and how much we spend per person in Worcestershire:

Gross Expenditure	£	Spend per head of population	Spend per £100 spent
Public Health	42,080	70	3.61
Adult Social Care	338,367	561	29.05
Children's Social Care	130,959	217	11.24
Children's Other Services including All Age Disability	41,196	68	3.54
DSG incl Schools and Early Years	313,781	520	26.93
Property Services	11,675	19	1.00
Waste Services	56,680	94	4.87
Highways and Transport	41,672	69	3.58
Other E&I Services	18,048	30	1.55
Home to School Transport	45,764	76	3.93
Library Services	11,157	18	0.96
Skills and Employability	7,884	13	0.68
Communities Other Services	12,003	20	1.03
Corporate Support Services	35,930	60	3.08
Debt Costs and Contingency	57,668	96	4.95
TOTAL	1,164,863	1,931	100

More information about each of these services is provided below:

Services	Description
Public Health	We are responsible for helping to improve the general health and wellbeing of Worcestershire's residents. Services include health visiting, school nursing, family support hubs, domestic abuse services, sports and physical activity programmes, community grants to schools and local projects, falls prevention, healthy lifestyle support, drug and alcohol services, outbreak management, mental health and suicide prevention, sexual health services and community safety.
Adult Social Care	Adult Social Care is about helping people aged 18 and over live safely, independently, and with dignity—especially if they're facing challenges due to age, disability, illness, or complex needs. It includes support at home, in supported living, or in care homes, and covers things like help with daily tasks, personal care, and specialist support for those with long-term conditions or nearing the end of life.
Children's Social Care	Children's Social Care supports vulnerable children, young people, and families to keep them safe and help them thrive. It includes protecting children at risk, providing care placements through fostering and adoption, and helping care leavers move into adulthood with support for education, training, and housing.
Children's Other Services including All Age Disability	Other children's services provide targeted support for children, young people, and families with more complex needs. This includes help through Family Hubs (which bring together services like parenting support, youth activities, and early help), as well as specialist support for young people who are involved in—or at risk of—crime or antisocial behaviour. The aim is to offer the right help early, in the right place, to improve outcomes and keep families strong.

Services	Description
DSG (Dedicated Schools Grant) including Early Years	This funding helps children and young people who need extra support to learn and thrive. This includes securing specialist school places, providing tailored education and care, supporting early years development, and managing funding for local maintained schools to ensure every child has the opportunity to succeed.
Property Services	Running costs of the buildings that all our front line and support services operate from (including rent - where we do not own the building, rates, utilities, and buildings maintenance)
Waste Services	In Worcestershire, district, city and borough councils are responsible for collecting household waste and recycling, while Worcestershire County Council is responsible for disposing of that waste once it has been collected. Our role includes managing the recycling and treatment of waste through our Energy From Waste plant and running Household Waste Recycling Centres. We are committed to increasing recycling and composting rates, reducing the amount of waste sent to landfill, and generating income through sustainable waste practices. These efforts are guided by national policy changes, including the introduction of Extended Producer Responsibility.

Services	Description
Highways and Transport	Worcestershire County Council is responsible for inspecting, maintaining, and repairing roads and footways across the county. This includes managing soft landscaping such as grass cutting and tree maintenance, as well as maintaining bridges, other structures, and the street lighting network. We respond to highway emergencies and manage winter gritting and severe weather responses. The Council also develops new roads and junctions and promotes active travel by improving infrastructure for walking and cycling. We work with partners to improve road safety and reduce casualties. Major infrastructure improvements, such as resurfacing and large-scale road repairs, are funded separately through the capital budget
Economy and Infrastructure	This includes the energy required to operate our street lighting and traffic signals, investment into the economy, supporting local businesses, tourism and sustainability practices as well as flood prevention activities.
Home to School Transport	Provision of transport for those children meeting the national policy criteria including those with Special Education Needs and Disabilities.
Library Services	Provision of library services including the mobile library service and our flagship central Worcester Library at the Hive. This service also includes access to computer networks and mobile technology as well as books, magazines and other printed literature.

Services	Description
Skills and Employability	We invest in skills, learning, apprenticeships, and supported internships to help residents move into work or further training. Our services include careers advice and guidance, support for schools' careers education, and targeted help for young people not in education, employment or training (NEET), including those facing disadvantage and SEND learners. We also connect local employers with skilled individuals and programmes to strengthen Worcestershire's workforce.
Communities Other Services	Includes registration, archives, countryside centres and greenspaces, museum services as well as programmes which support residents with cost of living and access to information and advice. Together, these services help preserve local heritage, provide a range of volunteering opportunities and promote residents health and wellbeing.
Corporate Support Services	Providing leadership, management and core support services to enable frontline services to achieve the best possible outcomes for Worcestershire residents, as well as ensuring effective governance and assurance, enabling the Council to fulfil its statutory reporting requirements and supporting the organisation to respond to changes in the operating environment. This includes services such as Finance, HR, Technology, Legal, Strategy, and Procurement.
Debt Costs and Contingency	This area includes the repayment of borrowing used to fund previous capital projects. It also reflects the contingency budget which is held for unforeseen events.

Reserves – Our savings for a rainy day

Reserves are like the Council's savings account. We use them to deal with unexpected costs, emergencies, or to help fund one-off projects. There are two types:

General Reserves

- This is a contingency to cushion the impact of unexpected events or emergencies. External auditors often refer to the level of general balances when considering an organisation's financial health.
- The value of the General Fund balance was reviewed and increased to **£19.2m** at the end of 2024/25, which is recommended practice. This maintained the figure at 4.4% of the Council's net budget for 2024/25.
- There is no defined minimum balance, and it is the responsibility of the Section 151 Officer to advise the Council of that level based on an assessment of risk. Given the financial challenge of the council this should be at minimum 5% which would be **£21.7m**.

Earmarked & Grant Reserves

- For specific things, like future projects, grant funded schemes or known risks.
- During the year, the Council draws down funding from unspent grant and earmarked reserves to help fund expenditure.
- The opening value of the Council's earmarked reserves was **£93.7m**, however this includes several ringfenced grant related reserves, for example, adult learning and public health, as well as unusable reserves relating to schools, insurance and PFI schemes.
- A total of **£23m** of reserves are expected to be drawn down this year, leaving a forecast closing balance of **£70.7m**.
- This assumes that the current year requires **£11.6m** of reserves to balance the budget and assumes services do not overspend by a larger value than currently being reported.
- Of the **£70.7m** forecast to be remaining at the year end, only **£13m** is deemed to be usable and "unearmarked" – namely the risk reserves.
- Over the last 4 years, we have used **£27.6m** of earmarked and grant reserves to fund overspends.

While the use of reserves has previously helped us manage short-term pressures, it is not a sustainable solution. Reserves can only be used once and must be replenished to maintain our financial resilience. Maintaining adequate reserves is vital to protect essential services and ensure we can respond to future challenges.

Debt – Borrowing to invest in Worcestershire

Worcestershire County Council sometimes borrows money to help pay for big, long-term investments – like roads, schools, and care facilities. This is similar to how people might take out a mortgage to buy a home. It allows us to spread the cost over time and make improvements that benefit Worcestershire residents for many years.

As of March 2025, we have externally borrowed around £607m. This is within limits that are considered safe, affordable, and sustainable.

However, these levels are nearing the upper end of what we consider wise. We must continue to keep a close eye on our borrowing to ensure it remains manageable.

All local authority borrowing is governed by the Local Government Act 2003, which requires councils to set their own borrowing limits based on what they can afford.

Councils do not normally borrow to fund everyday services; however, Worcestershire is now in the financial position that it must. This was the decision made when we applied to Government for a capitalisation direction as part of the Exceptional Financial Support. This is the ability to take out a loan to pay for day-to-day services and service delivery costs.

If this capitalisation direction is not financed from capital receipts it will add to the financial pressures, with borrowing being repaid from the Council's revenue funding over a 20-year period from 2026/27. The capitalisation direction of £33.6m, could cost the Council a total of £3.2 million per year for 20 years unless part of it can be funded from asset disposals.

All borrowing is linked to planned investment and comes with a clear repayment strategy.

Capital – Investment into infrastructure in Worcestershire

The Council has recently spent on average £100 million a year on capital investment. This is investment into assets like roads, schools, pavements, street lighting, bridge infrastructure and property maintenance.

The capital programme is funded by several sources including government capital grants, developer contributions, selling other assets (capital receipts) and loans/borrowing.

The 2025/26 to 2027/28 Capital programme totals £495 million of which £203 million is planned to be funded by borrowing.

Borrowing is a direct cost to the council's revenue budget as the debt and interest must be paid from the money we receive from Council Tax, Business Rates and Government Grants.

Any reduction in expenditure on assets and infrastructure has a direct benefit on the revenue account for many years as the loans are often repaid over 25 years or longer. However, a reduction in spending on these key investments could have an impact on our roads, buildings and general infrastructure.

8. Managing spending growth

Over the next year, the cost of delivering our core revenue funded services is expected to rise by around £50 million. This increase is mainly due to:

- growing demand for adult social care and children's services
- rising contract costs
- inflation
- National Minimum Wage increase
- continuing to fund the transport provision for the rising number of children with special educational needs and disabilities.

This is over and above the £48 million that wasn't funded by permanent income in 2025/26 (Exceptional Financial Support and reserves). This gives a total budgetary pressure of £98m.

If we increase Council Tax by the maximum amount we currently expect the Government to allow each year, our funding is forecast to grow by around £32 million over the same period. In addition to Council Tax increases this also includes Business Rates, Government grants and expected increase in the number of households paying Council Tax in Worcestershire.

Even with these increases, there would still be a funding gap of around £66 million. This means we would still need to make difficult decisions about how we manage spending, including:

- Continuing to find savings and efficiencies
- Reviewing how services are delivered.

We also need to:

- Set aside money for unavoidable price increases in contracts
- Review the amount of money we have set aside in reserves to deal with emergencies and other unexpected expenses.

The diagram on the next page shows some of the main reasons why our costs have increased in recent years.

How our service costs have increased



The number of children in residential care rose from **87** in 2020 to **167** in 2025.



The number of children placed with council employed foster carers has fallen from **193** to **113** over last five years.



The overall cost for a looked after child rose from **£1,005** in 2020 to **£1,750** in 2025.



The number of looked after children has risen from 834 to 1,057 in the last five years.



The total number of children and young people with an Education, Health and Care Plan (EHCP) increased from **4312** to **7735** over the last five years.



The net budget for waste management increased from **£28m** in 2021/22 to **£42m** in 2025/26 with **308,154** tonnes of waste disposed of in the last year.



The net budget for home to school transport has more than doubled from **£17m** in 2021/22 to **£44m** in 2025/26.



The number of older people requiring a service has risen from **3033** to **3572** over the last five years.



The number of younger adults requiring a service has increased from **2811** to **3690** over the last five years.



The net budget for learning disability services increased from £61m in 2021/22 to £91m in 2025/26

9. Our budget challenge

In setting a sustainable budget, Worcestershire County Council must balance the need to meet additional demand for/cost of providing services whilst maintaining its financial stability and reserve levels.

Uncertainty in Government funding

Funding for councils remains highly uncertain. The Government has not yet confirmed how much money councils will receive beyond 2025/26, and we are not expecting an announcement until towards the end of the calendar year. This means that we can only make estimates when planning our budget. As a result, we must continue to plan carefully and remain flexible in how we manage our finances.

Even if we expect to see a net increase in our funding in 2026-27, it is extremely unlikely that this will be enough to keep pace with our estimated spending increases across all services, in particular adult and children's social care.

Therefore, balancing the budget will be exceptionally challenging and will require significant spending reductions and income generation from other sources.

The national budget deficit, following the pandemic and the cost-of-living, means public spending is unlikely to keep pace with inflation. In real terms, this could feel like cost of living increases, even if cash levels remain the same.

This is important context to this budget consultation because the future funding that might be available for council services is more uncertain than ever before.



One key area of national reform is the Government's Fair Funding Review. This review aims to update the way funding is allocated to councils across England, ensuring it better reflects local needs and circumstances. The consultation, launched in spring 2025, covers several important areas including:

- Adult social care and children's services
- Population and demographic changes
- Local factors that affect costs, such as how spread-out communities are and the difficulties of providing services in rural or remote areas
- Council Tax – determining local council funding allocations
- Plans to gradually adjust funding to help councils manage any increases or reductions in their budgets

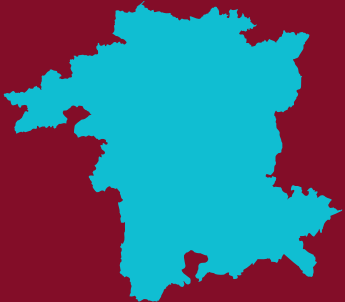
However, until the final decisions are made and implemented, there remains considerable uncertainty about how this will affect Worcestershire. While we hope the review will lead to a fairer distribution of funding that recognises Worcestershire's scale and complexity, we must continue to plan wisely.

At this stage, we have made an assumption that most grants will remain the same value in pounds in 2026/27 as in 2025/26, with a small increase in those Government grants that have traditionally had an inflationary uplift.



Council Tax

Council Tax is one of the main ways we pay for local services in Worcestershire. Each year, the Government sets a limit on how much councils can increase Council Tax without holding a local referendum. Last year, this limit was **5%** (including **2%** relating to Adult Social Care), and the Government have indicated that it will stay the same for 2026/27.

 Worcestershire is the third lowest County Council for Council Tax, and its 2025/26 Band D value for 2025/26 is £1,615.	 The average within our comparator group of county councils is £1,701 i.e. £85 difference per household per year. If our Council was at the average, we would have £18.8m extra income per year.	 worcestershire county council  Nottinghamshire County Council Worcestershire is £279 less than the highest County Council, which is Nottinghamshire with a Band D equivalent of £1,895.
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A 5% increase in 2026/27 would:

 Add £80.72 per year (or £1.55 per week) to the WCC part of the bill for a typical Band D property.	=	 Bring the total WCC Council Tax charge to £1,696.33 per year (or £141.36 per month) and raise around £18 million to support essential services.
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While no decisions have been made, other ways are being explored to fund services. This includes improving efficiency, using technology better, and reviewing how services are delivered. However, even with these efforts, not increasing Council Tax could mean making savings that affect the level and availability of some services.

What are the options for Council Tax?

Freezing Council Tax or raising it by less than the maximum allowed would limit the size of the increase in household bills.

However, it would also mean Worcestershire County Council has less money to spend on services, which could lead to:

- Fewer services being available or reduced access to them
- Longer waiting times for support
- Less support for vulnerable people.

We understand that many households are facing financial pressures and that's why we want to hear your views. It's important to know that even if we increase Council Tax by the maximum level allowed by Government, we will still have to make tough choices about what services we can continue to provide.



10. Looking ahead – big decisions are needed

Ensuring the financial sustainability of Worcestershire County Council so we can continue to provide essential services to some of our most vulnerable residents will require some very difficult decisions about service priorities, future investments and Council Tax increases.

We would have an estimated budget gap of £66 million in 2026/27 if Council Tax is increased by the maximum allowed by Government (which is currently 5%). We need to find savings or raise income to fill this gap to balance our budget.

Our options to close this gap so that we have a balanced budget in 2026/27 are:

- Find ways to reduce the ever- growing demand on and cost of services (especially adults and children's social care).
- Deliver services more efficiently and identify ways to make savings.
- Generate additional income from other sources including charges for services.
- Reduction in our capital programme.
- Continue with our Exceptional Financial Support request from Central Government for 2026/27.
- Consider a range of Council Tax options, including a rise by higher than the maximum allowed by Government (via Exceptional Financial Support), the national average (5%), a lower increase or a freeze. Each option affects how much funding is available for services.

It has previously been possible to top up with money from reserves, but this can only ever be a short-term solution as the money can only be used once, and our reserves are now extremely low.

Council Tax Options

Each 1% increase in Council Tax generates **£4 million** in income for WCC. The table below provides examples of the potential financial impact of a Council Tax rise at a range of levels, using a Band D property as an example. Our current planning assumption is 5%

% increase in Council Tax for 2026/27	Impact on Band D Annual Bill	Impact on Council Tax Weekly Bill	Council Tax income generated from % increase in 2026/27	Level of expected savings / reductions / income still needed in 2026/27
0%	No change	No change	£0m	£84m
1%	£16.16	£0.31	£4m	£80m
2.5%	£40.39	£0.78	£9m	£75m
5% (maximum level allowed by Government unless EFS approved)	£80.62	£1.55	£18m	£66m
7.5%	£121.18	£2.33	£27m	£57m
10%	£161.57	£3.11	£36m	£48m

Whilst we totally understand that everyone in Worcestershire is dealing with the impact of cost-of-living increases, these impacts (as well as the growing demand and cost of the services we provide to the most vulnerable residents) are equally affecting WCC, presenting us with significant financial challenges.

We are committed to making the best use of public money. That means continuing to find savings and work more efficiently – whether by using digital technology to deliver services more flexibly, reviewing our buildings to ensure they are fit for purpose and support our priorities, or making the case to Government for fairer funding.

But taking these actions is not enough. **The financial challenge we face in 2026/27, as in recent years, is significant** and means we will need to agree more difficult policy choices in February 2026.

It is important that these choices are informed by responses to this consultation.

When Worcestershire County Council Councillors meet to consider the 2026/27 budget in February 2026, they will need to decide on a council tax option.

If the councillors support the request to Central Government to increase Council Tax by more than the **5%** maximum, this will ultimately be a government decision, but one which is informed by the responses to the consultation.

This consultation is your opportunity to help shape those decisions. Your views will help inform how we balance the need to protect essential services with the impact on household budgets. Each of these choices has different implications for the services we can provide and the funding available to support them.



11. How to give your views

This consultation seeks your views on the overall strategy we adopt for prioritising services and making savings, generating income from Council Tax, and increasing fees and charges to help solve our budget challenge.

As always, your feedback is important to us. This year you can get involved and tell us:

- How comfortable you would be with reductions in spending across our different service areas
- Your suggestions for how to make further savings and efficiencies, and increase income
- Your views on the different options for Council Tax.

This consultation runs from 1 October 2025 to 1 November 2025. To take part, please visit our website at worcestershire.gov.uk/budget26/27

If you are unable to take part online, a hard copy of the questionnaire can be requested via **BudgetConsultation@worcestershire.gov.uk**

Consultation responses will help inform decisions ahead of the publication of the detailed draft budget proposals later in the Autumn and will then be considered by Worcestershire County Council Councillors at their Cabinet Committee meetings, before the budget proposals are finalised and considered for approval by Worcestershire County Council in February 2026.

worcestershire.gov.uk/budget26/27

Consultation closes on 1 November 2025

To request a hard copy or for any alternative formats, please email

BudgetConsultation@worcestershire.gov.uk

