Council

Thursday, 6 March 2025

2025/26 Budget and Financial Strategy

Report of the Director – Finance and Corporate Services

Cabinet Portfolio Holder for Strategic and Borough-wide Leadership, Councillor N Clarke

1. Purpose of report

1.1 This report presents the detail of the 2025/26 budget, the five-year Medium Term Financial Strategy (MTFS) from 2025/26 to 2029/30, which includes the revenue budget, the proposed Capital Programme, the Transformation and Efficiency Plan, the Capital and Investment Strategy (with associated prudential indicators), and the Pay Policy Statement.

1.2 Cabinet has considered the attached budget and strategies and recommended their acceptance by Council, along with the resultant decisions regarding Rushcliffe's Band D Council Tax and Special Expenses for 2025/26. The Governance Scrutiny Group has also recommended the Capital and Investment Strategy for adoption by Full Council.

1.3 The final financial settlement has been received from Central Government, the Minimum Funding Guarantee Grant is continuing but at a reduced level £100k and a further £123k in operational grants rolled up into one payment has been allocated (Section 3.6), the main increase in Grant income is due to Extended Producer Responsibility funding £1.407m linked to the new simpler recycling requirements (Section 4.2).

1.4 The Autumn Budget raised the Employers National Insurance contributions. This equates to £300k per annum for the Council. Central Government have advised that Local Government Authorities will be compensated, although in the final settlement it has been confirmed to be £123k (budget assumed £130k pa), the duration is yet to be confirmed.

1.5 Annex A gives authoritative commentary from the Council's s151 Officer, a legal requirement, so that Councillors have all the relevant information available to them when making budget and Council Tax decisions.

2. Recommendation

It is RECOMMENDED that Council:

a) accepts the report of the Council's Responsible Financial Officer on the robustness of the Council's budget and the adequacy of reserves (as detailed at attached Annex A);

b) adopts the budget setting report and associated financial strategies 2025/26 to 2029/30 (attached Annex B) including changes to fees and charges regarding garden waste and car parking (Annex B, Appendix 5);

c) adopts the Transformation and Efficiency Plan (at Annex B, Appendix 7);

d) adopts the Capital Programme (as set out in Annex B, Appendix 3);

e) adopts the Capital and Investment Strategy (at Annex B, Appendix 8);

f) sets Rushcliffe's 2025/26 Council Tax for a Band D property at £161.77 (increase from 2024/25 of £3.89 or 2.46%);

g) sets the Special Expenses for 2025/26 for West Bridgford, Ruddington and Keyworth, Appendix 1, resulting in the following Band D Council Tax levels for the Special Expense Areas:

   i) West Bridgford £64.84(£59.44 in 2024/25)
   ii) Keyworth £3.21 (£4.69 in 2024/25)
   iii) Ruddington £3.14 (£3.29 in 2024/25);

h) with regards to recommendations f) and g), sets the associated Bands in accordance with the formula in section 36(1) of the Local Government Finance Act 1992; and

i) adopts the Pay Policy Statement (at Annex B, Appendix 6).

3. Reasons for Recommendation

To comply with the Local Government Finance Act (1972) and ensuring the budget enables corporate objectives to be achieved. The Council is required to set a balanced budget and demonstrate that it has adequate funds and reserves to address its risks. Recent inflation risks have highlighted the importance of adequate reserves to support short-term shocks.

4. Supporting Information

The Budget and Associated Strategies

4.1 The attached report and appendices detail the following:

a. The anticipated changes in funding over the five-year period including changes to fees and charges and particularly green waste and car parking;

b. The financial settlement for 2025/26 and the significant budget pressures the Council must address over the medium term;

c. The budget assumptions that have been used in developing the 2025/26 budget and MTFS;

d. The detailed budget proposals for 2025/26 including the Transformation and Efficiency Plan (TEP) (and associated programme) to deliver the anticipated efficiency and savings requirement;

e. The recommended levels of Council Tax for Band D properties for the Council and Special Expense areas of West Bridgford, Ruddington and Keyworth;

f. The projected position with the Council's reserves over the medium term;

g. Risks associated with the budget and the MTFS;

h. The proposed Capital Programme;

i. The proposed Pay Policy Statement; and

j. The proposed Capital and Investment Strategy.

4.2 The salient points within the MTFS are as follows (MTFS report (Annex B) references in parenthesis):

a. It is proposed that Council Tax for 2025/26 will increase by £3.89 to £161.77 (2.46%). This still means that Rushcliffe's Council Tax remains the lowest in Nottinghamshire and amongst the lowest in the country when comparing to English district and borough councils.

b. Special Expenses increasing to £1.012m (£928k 2024/25) and taking into effect tax base changes, this results in Band D charges for West Bridgford increasing by £5.40 to £64.84 (£59.44 in 2024/25). Keyworth decreases from £4.69 to £3.21 (due reprofiling of cemetery works to 2026/27) and Ruddington decreases from £3.29 to £3.14 as a result of the tax base increasing while costs remain stable (Section 3.5).

c. Business Rates (Section 3.1) is still pending a national reset (not likely until 2026/27) and there has been a revised schedule of revaluations (now every three years with next one due for 1 April 2026) this may result in fluctuations in collectible rates and makes budget setting harder to predict. Reductions in leisure, retail and hospitality sector reliefs pose an additional risk for Business Rates collection rates. Ratcliffe on Soar Power Station ceased production in October 2024; however, reduced rates are payable during decommissioning and demolition. Considering these factors and using the national average for appeals, the Council has set a budget of £6.676m in 2025/26 and projections for 2026/27 of £3.578m in retained Business Rates. This reflects the expected Business Rates reset in 2026/27.

d. The Council no longer receives Revenue Support grant (reduced to zero in 2019/20) and represents a reduction of £3.25m from 2013/14 (Section 3.6). Importantly the Council has mitigated the loss of income through its Transformation and Efficiency Plan.

e. For 2025/26, Councils are permitted to raise Council Tax by the higher of 3% or £5. Council Tax has been based on an increase of 3% or £5.31 (including Special Expenses) and 3% each year thereafter. Rushcliffe's increase is the cumulative impact of both the Special Expense and the Borough Council's Council Tax. The tax base has been assumed to increase by 1.66% in 2025/26 (and 1.8% thereafter).

f. New Homes Bonus (NHB) was due to cease after 2024/25; however, in the provisional settlement it was announced that the Council would receive a final payment in 2025/26 of £1.478m (section 3.7) and zero from 2026/27.

g. The budget reflects the elevated levels of inflation offset partially by the positive effect on the Council's investment returns due to higher interest rates but also the further delay in Business Rates reset, which insulates the budget in the short term. Over the five-year period the budget shows a net £0.172m deficit. The budget allows for 4% growth in staffing costs for 2025/26 (a key driver being the rising minimum national living wage impacting national wage settlements) 3% in 2026/27 and 2% per annum thereafter.

h. Car parking charges have been reviewed, and it is proposed that fees for longer stays in West Bridgford car parks are increased, this aligns with the Council's Off-Street Car Parking Strategy (Section 3.8).

i. Some fees and charges have been increased to offset increased costs caused by inflation and pay increases, although limiting these in areas for the more vulnerable (such as home alarms).

j. Garden waste fees are increased annually, for 2025/26 and 2026/27 this includes an increase of £5 for second and subsequent bins in addition to inflation. There will remain a differential of £5 from 2027/28 between the first bin and two or more bins (Section 3.8).

k. Simpler Recycling requirements for kerbside recycling (mainly glass and food waste) place pressure on both capital and revenue budgets, due to the requirement for additional vehicles and crews. The loss of recycling credits will be replaced by Extended Producer Responsibility (EPR) Grant; however, by 2029/30 there is a net annual budget pressure of £0.318m (Section 4.2).

l. Taking into account resource predictions, spending plans and savings already identified, there is a Transformation Programme (Section 7) requirement of an additional £0.824m in 2025/26, a further £0.938m by 2029/30. By 2029/30, whilst there is a £0.686m projected annual budget deficit, the overall position over five years is £0.172m. With impending Local Government Reorganisation (LGR) there is more uncertainty over the medium term and the Transformation Plan will undergo iterative development over the coming year and the MTFS for 2026/27.

m. Commercial investment income will now reach £2m over the period of the MTFS accounting for 11.1% of fees and charges and other income (includes interest on investments). These are continually managed and are proportionate given the risks and opportunities associated with such investments. (Appendix 8, Table 16).

n. The Council has a number of earmarked reserves (excluding NHB Reserve), balances reduce from £11.3m to £8.4m mostly as a result of the use of the Organisation Stabilisation Reserve to balance the deficit over the period of the MTFS. The operational and financial environment remains volatile therefore sufficient reserves are essential to ensure the Council can withstand any unexpected shocks. With the Government's focus on funding focused on authorities with low deprivation levels and little external funding anticipated, the Council must continue to be efficient, maximise income and continue to facilitate economic growth for the Borough.

o. This MTFS reports an estimated net deficit over the five-year period of £0.172m. The Organisation Stabilisation Reserve can accommodate this overall net deficit nonetheless risks prevail with inflation, uncertainty over funding reforms and LGR on the horizon, this position is vulnerable, with much uncertainty. The Transformation and Efficiency Plan (which has already delivered £5.8m to date) will be critical in ensuring a balanced budget in the medium term.

p. Whilst there are capital pressures there is always a risk of borrowing; however, this would need to be properly funded via the budget and would only be considered if all other options for example leasing, have been exhausted.

q. Key risks to the MTFS are highlighted, including the potential impact of the LGR, Fair Funding Review, NHB, the volatility caused by the various Business Rates issues and the impact of climate change (both on Council commitments to carbon reduction and from costs incurred from flood response). Inflationary pressures and rising demand in areas such as housing and homelessness, present challenges to both revenue and capital costs and income streams (Section 8); and

r. The Capital Programme remains an ambitious programme of £27.1m over the five years. In addition to the rolling replacement schemes, the Programme focusses mainly on maintaining and enhancing our existing assets including enhancements to investment properties, West Bridgford Town Centre Regeneration and improving leisure and community facilities and play areas. Disabled Facilities Grants (DFG) remain a pressure with demand exceeding our grant allocation. It is projected that capital resources will be in the region of £3.4m at the end of the five-year life of the Programme. The level of capital receipts will be slowly rebuilt by the repayment of capital loans but will only significantly increase if major assets are identified for disposal. External borrowing is currently not anticipated in the medium term but would be considered if necessary.

4.3 Annex A, the Section 25 Statement, is an extremely important document provided by the Councils Section 151 Officer. It provides critical context for budgetary discussions. The provision of this information is a legal requirement and ensures that all members have regard to the professional advice provided by the authority's chief financial officer when final budget decisions are made being made. Particularly note the following at the end of the Statement:

'The Council is currently not at risk of requiring Exceptional Financial Support (EFS) or issuing a s114 Notice which unfortunately some authorities have had to do. The outcome of the Government's own spending review, and thereafter the impact on local authority financial settlements for 2026/27 and beyond, is a big unknown although I believe the budget is sufficiently prudent and we also have sufficient reserves to ride the outcome of this.'

4.4 The MTFS has been developed at a time of significant economic uncertainty, with continued international conflict and changes in Government control, both in the UK and abroad, adding more uncertainty. The biggest immediate organisational risk follows the white paper on LGR, which may impact as early as 2027 or 2028. If organisational objectives change then inevitably finances will have to shift.

4.5 The MTFS process has been rigorous and thorough, with a Transformation and Efficiency Programme that takes into account both officers' and Members' views. Whilst the Council faces financial constraints both the revenue and capital budgets delicately balance the need for efficiency and economy with the desire for growth; and the aim of encouraging economic development in the Borough and supporting the vulnerable, to achieve the Council's Corporate Priorities.

5. Alternative options considered and reasons for rejection

There are other options in terms of increasing Council Tax by a lesser amount, but this would put severe pressure on already stretched Council resources (see Section 11). For example, if the Council chose to freeze charges in 2025/26, or to increase by £5 compared to the 3% increase proposed, it would result in income forgone of £1.646m and £0.4m respectively over the five-year period.

6. Risk and Uncertainties

6.1 Section 8 of the Annex covers key risks that may impact upon the MTFS. There are a number of reviews that due to economic and political uncertainty have been further delayed such as the Fair Funding Review, Business Rates reform and NHB many of which are now unlikely to be concluded before 2026/27. Details are still emerging around Simpler Recycling and the white paper on LGR combined with a lack of funding certainty beyond one-year settlements increase the challenge of medium to long term planning.

6.2 Conversely there are upside or opportunity risks such as the Freeport and East Midlands County Combined Mayoral Authority, which should facilitate greater economic growth. The Council will continue to monitor their impact and report via its usual governance mechanism via Full Council, Cabinet and Corporate Overview Group.

7. Implications

7.1 Finance Implications

These are detailed in the attached budget report (Annex B). The Council is required to set a balanced budget for the 2025/26 financial year and the proposals present a balanced budget. In the opinion of the S151 Officer, a positive assurance is given that the budget is balanced, robust and affordable (Annex A). The Capital Programme is achievable, realistic, and resourced, with funds and reserves including the General Fund, adequate to address the risks within the budget.

7.2 **Legal Implications**

7.2.1 The recommendations of this report support compliance with the Local Government Finance Act 1972.

7.2.2 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 (as amended) and approval of a balanced budget each year is a statutory responsibility of the Council. It is a legal requirement for the Council to approve its budget and set its Council Tax before 11 March each year. Failure to do so may have significant financial, administrative and legal implications for the Council and could result in Government intervention. Sections 25 to 29 of the Local Government Act 2003 (as amended) impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year.

7.2.3 When the Council is making the calculation of its budget requirement, it must have regard to the report of the Council's Section 151 Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves pursuant to Section 25 of the Local Government Act 2003. The report of the Council's Section 151 Officer on the robustness of the Council's budget and the adequacy of reserves is attached at Annex A and must be given due regard by Members when considering the recommendations set out in this report.

7.2.4 When considering the recommendations in this report Members must bear in mind their fiduciary duty to Council Taxpayers. The report and accompanying Appendices set out the relevant considerations for Members to consider during their deliberations and Members are reminded of the need to ignore irrelevant considerations. Members have a duty to ensure that the Council acts lawfully and must not come to a decision which no reasonable authority could come to; balancing the nature, quality and level of services which they consider should be provided, against the costs of providing such services.

7.2.5 Members are also individually reminded that, under Section 106 of the Local Government Finance Act 1992, Members who are two months or more in arrears with their Council Tax at the date of the meeting must declare this to the meeting and must not vote on budget recommendations as to do otherwise can be a criminal offence. Members are not barred from speaking matter, provided the appropriate declaration is given.

7.3 **Equalities Implications**

There are no equalities implications associated with the recommendations of this report.

7.4 **Section 17 of the Crime and Disorder Act 1998 Implications**

There are no Section 17 implications associated with the recommendations of this report.

7.5 **Biodiversity Net Gain Implications**

There are no Biodiversity net gain implications associated with the recommendations of this report.

8. Link to Corporate Priorities

The Environment	Allocating resources to invest in projects that support the Council's environmental objectives.
Quality of Life	Ensuring services that residents value are maintained and enhanced
Efficient Services	Ensuring efficient use of resources and maximising returns
Sustainable Growth	No direct impact

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For more information contact:	Peter Linfield Director – Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Department for Levelling Up, Housing and Communities (DLUHC) website, 2024/25 Financial settlement papers
List of Annexes and Appendices (if any):	**Annex A** Commentary of the Responsible Financial Officer **Annex B** to the Budget Report **Appendix 1** Special Expenses **Appendix 2** Revenue Budget Service Summary **Appendix 3** Capital Programme 2025/26 – 2029/30 (including appraisals) **Appendix 4** Use of Earmarked Reserves 2025/26 **Appendix 5** Proposed pricing schedules (car parking and garden waste) **Appendix 6** Pay Policy Statement 2025/26 **Appendix 7** Transformation and Efficiency Plan **Appendix 8** Capital and Investment Strategy 2025/26 to 2029/30