

Report of the Director – Finance and Corporate Services

Cabinet Portfolio Holder for Finance, Councillor D Virdi

1. Purpose of report

- 1.1 This report presents the detail of the 2026/27 budget and the five-year Medium Term Financial Strategy (MTFS) from 2026/27 to 2030/31. It 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 The report is based upon the provisional Local Government Finance Settlement (the final settlement is due later in February 2026). Any changes will be covered in the final report to Full Council. It incorporates significant changes arising from the Fair Funding Review and Business Rates Reset.

2. Recommendation

It is recommended that Cabinet RECOMMENDS to Council that it:

- a) adopts the budget setting report and associated financial strategies 2026/27 to 2030/31 and appendices (attached Annex), including the summarised Special Expenses budget at Appendix 1, Budget Summary at Appendix 2, use of Reserves at Appendix 4, Transformation and Efficiency Plan at Appendix 5, core spending power at Appendix 6 and Report of the Nottinghamshire Finance Officers on the Business Rates Pool at Appendix 7;
- b) adopts the Capital Programme as set out in Appendix 3;
- c) adopts the Capital and Investment Strategy at Appendix 9;
- d) sets Rushcliffe's 2026/27 Council Tax for a Band D property at £161.76 (no increase from 2025/26, a freeze for one year);
- e) sets the Special Expenses for 2026/27 for West Bridgford, Ruddington and Keyworth, resulting in the following Band D Council Tax levels for the Special Expense Areas:
 - a. West Bridgford £67.40 (£64.84 in 2025/26)
 - b. Keyworth £3.35 (£3.21 in 2025/26)
 - c. Ruddington £3.40 (£3.14 in 2025/26);
- f) adopts the Pay Policy Statement at Appendix 8; and

- g) delegates authority to the Director – Finance and Corporate Services to make any minor amendments to the MTFS once the final Local Government Finance Settlement is received and advise the Finance Portfolio Holder accordingly, to be reported to Full Council.

3. Reasons for Recommendation

To comply with the Local Government Finance Act (1972) and ensure 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 economic events highlight the importance of adequate reserves to withstand volatility

4. Supporting Information

The Budget and Associated Strategies

4.1 The attached report and appendices detail:

- a. The anticipated changes in funding over the five-year period including changes to fees and charges;
- b. The financial settlement and Fair Funding Review for 2026/27 (including core spending power analysis and revised Business Rates and impact on the Nottinghamshire Business Rates Pool) and the budget pressures the Council must address over the medium term,
- c. The budget assumptions that have been used in developing the 2026/27 budget and MTFS and proposed use of reserves;
- d. The detailed budget proposals for 2026/27 including the Transformation and Efficiency Plan (TEP) 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 Key points within the MTFS are as follows (MTFS report (Annex) references in parenthesis):

- a) The Government's provisional settlement announced in December 2025 marks the first multi-year funding deal in a decade, covering 2026/27 to 2028/29 and providing greater certainty for medium-term planning. The

settlement is underpinned by the Fair Funding review, which redistributes resources based on deprivation indices. As a result, Rushcliffe faces a 2.46% reduction in core spending power over the period, despite prudent assumptions in the Medium-Term Financial Strategy enabling a balanced budget. **(Section 3.1).**

- b) Business Rates have undergone a national reset as part of the Fair Funding Review, resulting in a significant reduction in retained income—from £6.676m in 2025/26 to £2.729m in 2026/27 (a 59% reduction). A transition grant will partially offset this in 2027/28 and 2028/29. The revised schedule of revaluations (every three years, next due 1 April 2026) may result in fluctuations in collectible rates which may impact the budget further going forward. A short-term transition grant partially offsets this impact. The Nottinghamshire Business Rates Pool will be dissolved due to increased risk. **(Section 3.2).**
- c) It is proposed that Council Tax for 2026/27 will be frozen at £161.76 for Band D (0% increase). This still means that Rushcliffe's Council Tax remains the lowest in Nottinghamshire and amongst the lowest in the country. Noting there is a trade-off in lost income now (£0.223m) and foregone income in the future (over 5 years £1.228m) with a benefit to the taxpayer of £4.59 (a 2.84% increase if the Council chooses to maximise its Council Tax income). The tax base has increased by 1.5% in 2026/27 and is assumed to increase by 1.8% per annum thereafter. The impact of the Council Tax Freeze on CSP is to increase the reduction between 2025/26 and 2026/27 from 2.4% to a 3.9%. **(Section 3.3).**
- d) Special Expenses are increasing to £1.069m (£1.012m in 2025/26). Taking into account tax base changes, this results in Band D charges for West Bridgford increasing by £2.56 to £67.40 (£64.84 in 2025/26). Keyworth increases from £3.21 to £3.35, and Ruddington increases from £3.14 to £3.40, reflecting minor maintenance works and tax base changes **(Section 3.4).**
- e) Revenue Support Grant (RSG) has been reintroduced as part of the Fair Funding Review, with Rushcliffe receiving £5.210m in 2026/27, but this is set to reduce in future years. Previous grants, including New Homes Bonus and Employers NI, have been consolidated into the RSG **(Section 3.5).**
- f) New Homes Bonus (NHB) has now been rolled into the RSG as part of the Fair Funding Review, with no separate NHB payment from 2026/27 onwards **(Section 3.7).**
- g) The budget reflects ongoing inflationary pressures, with an average rate of 3% assumed for 2026/27. Pay costs are budgeted to increase by 3% in 2026/27 and 2% per annum, thereafter, driven by national wage settlements and the rising minimum national living wage. Higher interest rates have a positive effect on investment returns, partially offsetting inflation **(Section 2).**
- h) Car parking charges were increased in 2025/26 to cover three years, with the next planned increase in 2028/29, in line with the Council's Off-Street Car Parking Strategy **(Section 3.8).**

- i) Some fees and charges have been increased by 3.5% or more to offset increased costs caused by inflation and pay increases, while limiting increases in areas for the more vulnerable (such as home alarms) **(Section 3.8)**.
- j) Garden waste fees are increased annually by £2; for 2026/27 this includes an additional increase of £5 for second and subsequent bins. 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. Extended Producer Responsibility (EPR) Grant is intended to offset the increased costs however, by 2030/31 there is a net annual budget pressure of £0.879m which will be managed through the Simpler Recycling Reserve in the medium term **(Section 4.2)**.
- l) Taking into account resource predictions, spending plans and savings already identified, the Transformation and Efficiency Plan (TEP) delivers £1.998m of efficiencies over the five-year period, with a net surplus of £0.570m. The Organisation Stabilisation Reserve will be used to smooth the effect of variation in net budget requirement. 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 years **(Section 7)**.
- m) Commercial investment income is budgeted to remain stable, with no new commercial investments included in the Capital Programme. The Council continues to focus on maximising returns from its existing portfolio, which contribute to total investment income. These are continually managed and are proportionate given the risks and opportunities associated with such investments **(Section 3.8)**.
- n) The Council's earmarked reserves are projected to increase from £24.2m in 2025/26 to £26.2m by 2030/31, though most reserves have specifically identified uses such as LGR, climate change, and vehicle replacement. The operational and financial environment remains volatile, and the local government finance settlement has shown a significant decrease in real terms funding meaning reserves even more critical to ensure the Council can continue to operate and withstand any unexpected shocks **(Section 6)**.
- o) The MTFS projects a net surplus of £0.570m over the five-year period. The Organisation Stabilisation Reserve will be used to manage fluctuations, but with raised inflation, uncertainty over funding reforms, and LGR on the horizon, this position remains vulnerable **(Section 5)**.
- p) While there are capital pressures, external borrowing is not anticipated in the medium term. Borrowing would only be considered if all other options, such as leasing or use of reserves, have been exhausted.

- q) Key risks to the MTFS are highlighted, including the potential impact of the LGR, implementation of Simpler Recycling, inflationary pressures and risks from volatility to funding. Business Rates reform will take effect in 2026/27 and the impact of which will become clearer as the year progresses. Carbon reduction and rising demand in areas such as housing and homelessness, present challenges to both revenue and capital costs and income (**Section 8**).
- r) The Capital Programme remains ambitious at £24.3m over the five years. In addition to rolling replacement schemes, the Programme focuses on maintaining and enhancing existing assets supporting economic development and meeting statutory requirements. Capital resources are projected to be £9.5m at the end of the five-year Programme. The level of Capital Receipts will only significantly increase if major assets are identified for disposal. External borrowing is not anticipated in the medium term but would be considered if necessary (**Section 9**).

4.3 The MTFS has been developed at a time of significant change and economic volatility. Global conflict and policy changes add even more uncertainty but undoubtedly the biggest risk and uncertainty is LGR. Whilst this MTFS has been prepared for a 5-year period, it is likely that the Council will be operating under a new unitary council before the end of this MTFS period.

4.4 The MTFS process has been rigorous and thorough and includes a Transformation and Efficiency Programme incorporating targets that are robust and achievable whilst delivering the most significant item of change: LGR. The settlement will see the Council receive a significant reduction in funding. Prudence and strong financial stewardship means the Council can freeze council tax and is able to navigate the financial constraints on both the revenue and capital budgets and continue to deliver the Council's Corporate Priorities. To facilitate growth in the borough and support residents during the cost-of-living challenges with a Council Tax freeze for this year.

5. Alternative options considered and reasons for rejection

Other options, such as increasing Council Tax by a number of different amounts, were considered. A freeze for 2026/27 is recommended as the Council can balance the budget over the MTFS period without putting the Council at risk of issuing a S114 notice. The financial impact of not maximising Council Tax increases is detailed in the main report.

6. Risk and Uncertainties

6.1 Section 8 of the Annex covers key risks that may impact upon the MTFS. The Council continues to monitor upside risks such as the Freeport and Combined Mayoral Authority, which may facilitate greater economic growth.

6.2 Undoubtedly a Council Tax freeze reduces future revenues and could inhibit the delivery of services. This is not anticipated in the medium term.

6.3 Freezing Council Tax also reduces Core Spending Power further (the Government's assessment of the Council's ability to fund services). The

perception therefore is that Rushcliffe has enough resources with a Council Tax freeze despite the fact that it has already had reduced funding this year compared to previous years. This could adversely impact future funding from central Government. Arguably that has happened in any case when in the more recent past the Council has, for example, not been allocated Levelling-Up funding.

7. Implications

7.1 Finance Implications

7.1.1. The Council is required to set a balanced budget for the 2026/27 financial year. The proposals present a balanced budget, and the S151 Officer gives positive assurance that the budget is balanced, robust, and affordable. The Capital Programme is achievable, realistic, and resourced, with funds and reserves adequate to address the risks within the budget. There will be a Section 25 Report by the Section 151 Officer accompanying the Full Council budget commenting further on the robustness of the budget.

7.1.2. Regarding the Council Tax freeze the Council by virtue of having one of the lowest Council Tax levels in the country has been disadvantaged by referendum limits. 3% on a higher Council tax generates more than 3% on a lower value. Freezing Council Tax will worsens this differential.

7.2. Legal Implications

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

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 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 and the development of the Transformation and Efficiency Plan.
Sustainable Growth	Ensuring the Council supports the Economic Growth Strategy and engages in projects such as the Freeport.

9. Recommendation

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- g) delegates authority to the Director – Finance and Corporate Services to make any minor amendments to the MTFs once the final Local Government Finance Settlement is received and advise the Finance Portfolio Holder accordingly, to be reported to Full Council.

For more information contact:	Peter Linfield Director – Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Ministry of Housing Communities and Local Government (MHCLG) website, 2025/26 Financial settlement papers
List of Annexes and Appendices (if any):	Annex to the Budget Report Appendix 1 Special Expenses Appendix 2 Revenue Budget Service Summary Appendix 3 Capital Programme 2026/27 – 2030/31 (including appraisals) Appendix 4 Use of Earmarked Reserves 2026/27 Appendix 5 Transformation and Efficiency Plan Appendix 6 Core Spending Power Appendix 7 Report on the Business Rates Pool

	Appendix 8 Pay Policy Statement 2026/27 Appendix 9 Capital and Investment Strategy 2026/27 to 2030/31
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