



Report to: Cabinet Meeting - 24 February 2026

Portfolio Holder: Councillor Paul Peacock, Strategy, Performance & Finance

Director Lead: Sanjiv Kohli, Director – Resources and Deputy Chief Executive

Lead Officer: Nick Wilson, Business Manager – Financial Services, Ext. 5317

Report Summary	
<b>Type of Report</b>	Open Report / Key Decision
<b>Report Title</b>	2026/27 Proposed General Fund Revenue Budget
<b>Purpose of Report</b>	To enable Cabinet to consider the spending proposals in the Council’s proposed 2026/27 General Fund revenue budget and make recommendations to Full Council for its meeting on 5 March 2026.
<b>Recommendations</b>	<p>That Cabinet recommends to Full Council at its meeting on 5 March 2026 that:</p> <ul style="list-style-type: none"> <li>i. the following amounts be now calculated by the Council for the 2026/27 financial year, in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011: <ul style="list-style-type: none"> <li>1. £57,909,340 being the aggregate of the amounts which the Council estimates for items set out in Section 31A(2)(a) to (f) of the Act, as the District Council’s gross expenditure for 2026/27);</li> <li>2. £37,209,230 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act, as the District Council’s gross income for 2026/27); and</li> <li>3. £20,700,110 being the amount by which the aggregate at (b)(i) above exceeds the aggregate at (b)(ii) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Net Budget Requirement for the year;</li> </ul> </li> <li>ii. the figures shown as i.1. and i.3. above to be increased only by the amount of Parish Precepts for 2026/27;</li> <li>iii. the budget amounts included in the report be the Council’s budget for 2026/27; and</li> <li>iv. the fees and charges shown in Appendices C1-C23 be implemented with effect from 1 April 2026.</li> </ul>

<b>Alternative Options Considered</b>	Not applicable, the Cabinet is required to make recommendations on the budget to Full Council.
<b>Reason for Recommendations</b>	To enable Cabinet to make recommendations to Full Council of the amounts to be calculated in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, for the purposes of setting Council Tax levels for the 2026/27 financial year.

## 1.0 Background

- 1.1 This report sets out details of the Council's proposed General Fund (GF) revenue budget for the 2026/27 financial year. The GF revenue budget has been prepared in accordance with the Council's budget setting strategy for 2026/27 which was approved by Cabinet on 8 July 2025.
- 1.2 The 2026/27 GF revenue budget has accordingly been derived from the 2026/27 base budget within the Medium-Term Financial Plan (MTFP) approved by Full Council on 6 March 2025. In accordance with the Budget Strategy, growth and efficiencies have been included based on the engagement with Portfolio Holders throughout the budget setting process. Additionally, changes as described in the Budget Strategy around pay awards and inflation, have also amended that base position.

## 2.0 Financial Summary

- 2.1 The Council's proposed 2026/27 GF revenue budget is shown in further detail, including information on priority areas in **Appendices A1** to **A2** to this report. The current overall position is summarised below:

Line in Appendix A1		2026/27 (£)
9	Total service budgets	23,835,950
14	Total other operating income & expenditure	1,525,100
20	Total financing and investment income & expenditure	(1,453,440)
29 & 30	Less capital reversals	(3,207,500)
	<b>Net Budget Requirement</b>	<b>20,700,110</b>
21 to 25	Other government grants	(7,827,000)
26 & 27	Non-Domestic Rates (NDR) (Business Rates)	(5,018,000)
29 to 31	Contributions to or (from) Usable Reserves	738,800
34	<b>Net call on Council Tax</b>	<b>8,593,910</b>
35	Council Tax Adjustments	0
36	<b>Amount to collect through Council Tax</b>	<b>8,593,910</b>

- 2.2 As the total service budgets (line 9 of **Appendix A1**) include capital costs, the table below breaks down the total service budgets for each Committee by the amounts which relate to capital costs and which relate to cash budgets:

Line in Appendix A1	Portfolio	2026/27 base budget (March 2025) (£)	2026/27 base budget (February 2026) (£)	Variance (£)
Without Capital costs	Climate and the Environment	3,859,260	3,700,000	(159,260)
	Health, Wellbeing and Leisure	819,770	440,440	(379,330)
	Heritage, Culture and the Arts	917,140	764,730	(152,410)
	Housing	435,190	325,060	(110,130)
	Public Protection and Community Relations	3,781,900	4,235,820	453,920
	Strategy, Performance and Finance	10,282,150	10,982,490	700,340
	Sustainable Economic Development	2,120,540	2,197,700	77,160
	Vacancy Factor and Notional Savings	(1,169,680)	(2,017,790)	(848,110)
	<b>Cash Service Budgets</b>	<b>21,046,270</b>	<b>20,628,450</b>	<b>(417,820)</b>
Capital costs	Climate and the Environment	938,260	883,670	(54,590)
	Health, Wellbeing and Leisure	882,570	623,380	(259,190)
	Heritage, Culture and the Arts	335,840	188,630	(147,210)
	Housing	50,740	75,030	24,290
	Public Protection and Community Relations	230,840	317,900	87,060
	Strategy, Performance and Finance	1,497,580	1,115,750	(381,830)
	Sustainable Economic Development	6,480	3,140	(3,340)
	Vacancy Factor and Notional Savings	0	0	0
<b>28 &amp; 29</b>	<b>Capital Service Budgets</b>	<b>3,942,310</b>	<b>3,207,500</b>	<b>(734,810)</b>
1	Climate and the Environment	4,797,520	4,583,670	(213,850)
2	Health, Wellbeing and Leisure	1,702,340	1,063,820	(638,520)
3	Heritage, Culture and the Arts	1,252,980	953,360	(299,620)
4	Housing	485,930	400,090	(85,840)
5	Public Protection and Community Relations	4,012,740	4,553,720	540,980
6	Strategy, Performance and Finance	11,779,730	12,098,240	318,510
7	Sustainable Economic Development	2,127,020	2,200,840	73,820
8	Vacancy Factor and Notional Savings	(1,169,680)	(2,017,790)	(848,110)
<b>9</b>	<b>Total Service Budgets</b>	<b>24,988,580</b>	<b>23,835,950</b>	<b>(1,152,630)</b>

2.3 The budget above delivers the Council’s ambitions within the community plan. **Appendix B** summarises within each Portfolio, where large proportions of spend is directed.

2.4 The table below shows how the 2026/27 base budget approved by Full Council on 6 March 2025, has been adjusted for changes totalling £417,820 based on paragraph 2.2 above. Paragraph 3.37 describes the main changes between the assumed base budget and the proposed within this paper.

Portfolio	2026/27 base budget (March 2025) (£)	Realignments	Salary Uplift	Approved Variations	Inflation	Requested Changes	2026/27 base budget (February 2026) (£)
CE	3,859,260	0	(27,310)	0	900	(132,850)	3,700,000
HWL	819,770	(329,610)	0	53,070	30	(102,820)	440,440
HCA	917,140	(10,000)	(150)	0	(880)	(141,380)	764,730
H	435,190	0	18,090	(94,990)	300	(33,530)	325,060
PPCR	3,781,900	350,960	57,380	(27,920)	(4,010)	77,510	4,235,820
SPF	10,282,150	10,000	10,640	161,030	20,830	497,840	10,982,490
SED	2,120,540	0	(15,040)	56,320	2,060	33,820	2,197,700
VF-NS	(1,169,680)	(21,350)	(816,820)	(12,550)	0	2,610	(2,017,790)
<b>Non-Capital</b>	<b>21,046,270</b>	<b>0</b>	<b>(773,210)</b>	<b>134,960</b>	<b>19,230</b>	<b>201,200</b>	<b>20,628,450</b>

### 3.0 Development of Proposed 2026/27 General Fund Revenue Budget

3.1 The development of the proposed 2026/27 General Fund budget was set out in the Budget Strategy document that was presented to Cabinet on 8 July 2025. This document set out the strategy for the year which was to build upon the notional 2026/27 budget as compiled in the preparation of the MTFP for the period 2025/26 to 2028/29 and was approved by Council on 6 March 2025.

3.2 Directors and Business Managers worked with their allocated Finance Officers to go through the budget and MTFP estimates in order to ascertain whether the actions under each of the 8 Community Plan objectives have been included in the base budget, are growth items for inclusion either in the budget for 2026/27 and/or MTFP period, or do not require a financial allocation as the activities are to be delivered by a third party with the Council having a facilitating and monitoring role. Portfolio Holders then met with responsible Directors to ensure that all actions necessary to meet the ambitions set out within the Community Plan were resourced. The portfolio holder for Strategy, Performance and Finance has also reviewed the overall Council Position. Subsequently, this budget has therefore been proposed for the 2026/27 financial year.

3.3 The proposed 2026/27 General Fund revenue budget collates various types of information, such as the:

- a) level of government grant receivable;
- b) expected level of council tax and business rates income;

- c) expected level of other income, such as from fees and charges;
- d) expected level of spend on employees; and
- e) expected use of reserves.

3.4 The sub-sections in this part of the report summarise these and other areas of importance.

Local Government Finance Settlement: Settlement Funding Assessment (SFA) and Core Spending Power 2026/27 to 2028/29

- 3.5 The annual Local Government Finance Settlement provides councils with the amount of government grant and other information pertinent for setting the next financial year's budget. The provisional settlement was announced on 17 December 2025, and the final settlement is expected during February 2026.
- 3.6 The settlement sets out a new needs-based funding system following the Fair Funding Review 2.0. For district councils, the LGFS is expected to result in a relative reduction in funding for most authorities, as updated needs formulas and changes to the tier split shift resources towards counties and metropolitan areas. While transitional protections will ensure that funding reduction are phased in over three years – typically with a 95% funding floor – many districts will still face a gradual decrease in their allocations.
- 3.7 Additionally, grants such as the Homelessness Prevention Grant will be rolled into new consolidated funding streams.
- 3.8 Core Spending Power (CSP) is a measure of the resources made available to local authorities to fund service delivery, based on the Government's annual Local Government Finance Settlement (LGFS). Government makes assumptions within this based on levels of Council Tax and growth in an authorities Tax Base (the Band D equivalent number of properties to charge Council Tax over).
- 3.9 For 2026/27 the long-awaited Fair Funding Review 2.0 has been completed and fed into the LGFS for this year. This settlement will result in more redistribution of funding within the sector than any other for at least the last 13 years. Funding distribution was last updated in 2013-14 (with damping frozen within funding allocations), and since then there has been an updated 4-year settlement (from 2016-17) and a series of one-year settlements.
- 3.10 Added to this, is a full baseline reset (for the first time since the Business Rate Retention Scheme was introduced in 2013-14), major changes to all of the Relative Needs Formulas (through the Fair Funding Review 2.0), and the simplification of many grants into either Settlement Funding Assessment or into one of four Consolidated grants.
- 3.11 The reset included two levels of protection for authorities depending on their pre and post reform 2025/26 levels of income.
- Eligibility for 100% income protection is determined where a Shire District has a protection metric of less than or equal to 15%.
  - Eligibility for 95% income protection is determined where a Shire District has a protection metric of greater than 15%.

3.12 The protection metric is based upon pre and post reform 2025/26 income levels and for this Council the metric is above 15% meaning that at least 95% of 2025/26 income levels are protected.

3.13 Over the course of the three-year settlement, it is expected that the Council will receive 95% of the post funding reform revised 2025/26 CSP.

3.14 The table below includes the strands of income that are used to calculate the Income protection floor, and hence demonstrates the post reform 2025/26 CSP compared with the 2026/27 CSP at slightly higher than 95% for 2026/27:

	<b>2025/26 Post reform revised CSP</b>	<b>2026/27 Core Spending Power</b>	<b>2026/27 budget as at March 2025</b>	<b>2026/27 proposed budget</b>
Legacy Business Rates Retention Funding	£9.308m	£3.873m	£8.640m	£3.873m
Revenue Support Grant	£1.663m	£6.533m	£0.554m	£6.533m
Adjustment Support Grant	£0m	£0.814m	£0m	£0.814m
Council Tax	£8.484m	£8.883m	£8.730m	£8.593m
Recovery Grant	£0.321m	£0.321m	£0m	£0.321m
Consolidated grants:				
Employer NI contribution	£0m	£0m	£0.146m	£0m
Other consolidated grants	£0.228m	£0m	£0m	£0m
<b>Total</b>	<b>£20.004m</b>	<b>£20.424m</b>	<b>£18.070m</b>	<b>£20.134m</b>

3.15 As can be seen from the table, funding is significantly higher than expected at the time of writing the 2025/26 to 2028/29 Medium Term Financial Plan in March 2025.

3.16 The consolidated grants referred to above relate to:

<b>Grant</b>	<b>Value</b>
Biodiversity Net Gain Planning Requirement Grant	£0.027m
Enforcement of Location and Volume Price Promotions Restrictions Grant	£0.001m
Enforcement of OOH Calorie Labelling Regulations Grant	£0.001m
Homelessness Prevention Grant - Temporary Accommodation	£0.198m
Local Government Finance Data Review New Burdens Grant	£0.001m
<b>Total</b>	<b>£0.228m</b>

3.17 The LGFS for this year is a three-year settlement allowing meaning authorities are aware of funding allocations over a longer period, rather than the single year allocations since 2020/21. This will be reported further within the 2026/27 to 2029/30 Medium Term Financial Plan.

3.18 The Baseline Funding level for Business Rates has also been revised further in that previously Government would compensate Councils where their Business Rates income fell below 92.5% of their Baseline Funding level. This was determined as the safety net payment. The remainder of any shortfall in funding would be subject to agreement

through the relevant Business Rates Pool for the authority or would need to be made up through their reserves.

- 3.19 For 2026/27 the safety net threshold has been set at 100% meaning that should any authorities actual Business Rates income fall below the Business Rates baseline, this would be compensated by MHCLG.

#### Proposed 2026/27 Council Tax

- 3.20 Chapter IVA (Limitation of Council Tax and Precepts) of the *Local Government Finance Act 1992* requires billing authorities to hold referenda if their relevant basic amount of council tax for a financial year is in excess of a set of principles determined by the Secretary of State.
- 3.21 An authority's relevant basic amount of council tax is its average band D council tax excluding local precepts. The relevant basic amount of council tax for Newark & Sherwood District Council (NSDC) includes the levy that Internal Drainage Boards charge the Council.
- 3.22 The proposed core principle for 2026/27 is 3%. The Government's proposed council tax referendum principle for shire district councils therefore permits increases in the Council's 2026/27 relevant basic amount of council tax of up to (and including) the greater of 2.99% or £5.00 without holding a referendum.
- 3.23 The proposal within this paper is a Council Tax freeze for the 2026/27 financial year. This would therefore mean a charge of £198.60 for a Band D property. 41% of properties within the District are assigned to Band A meaning a charge of £132.40.
- 3.24 The Council Tax base (being the number of band D equivalent properties within the district) assumes a 1.3% increase on 2025/26. The Tax Base for 2026/27 is set at 43,272.45 (42,720.66 for 2025/26). This is calculated taking all the properties in the district and weighting them depending on their banding, adjusting for estimated discounts and premiums.
- 3.25 The tax base is then multiplied by the annual charge in order to calculate the total Council Tax receivable for the year being £8,593,910. Where further discounts or premiums are actually charged/awarded during the year and the amount of properties charged Council Tax is different to the assumptions above, the surplus or deficit in the Collection Fund will be calculated and will be distributed/clawed back in the following financial year.
- 3.26 Annually, in January, each year the Council must declare whether it expects, by the 31<sup>st</sup> March, to generate a surplus or deficit on the Collection Fund for Council Tax. A surplus would be generated where the actual number of properties charged is higher than anticipated (through the tax base), conversely a deficit arises from a lower number of properties charged. Where a surplus is generated, this would be distributed to preceptors in the following financial year, similarly a deficit would be recouped from preceptors in the following financial year.

3.27 For 2025/26 the Council anticipates a balanced position on the Council Tax collection fund, and hence no surplus nor deficit will be paid/recouped during 2026/27.

Proposed 2026/27 Business Rates

3.28 There has been significant change for the 2026/27 financial year within Business Rates. The retained rates system has been overhauled (within the LGFS) together with a revaluation of businesses ratable values and the introduction of a number of new multipliers.

3.29 Businesses will now pay one of five different multipliers depending on their ratable values and trade:

- Small multiplier (applicable to non- Retail, Hospitality and Leisure (RHL) businesses with a ratable value of less than £51,000) – 43.2p multiplied by their ratable value.
- Standard multiplier (applicable to non- Retail, Hospitality and Leisure businesses with a ratable value of £51,000 or above) – 48.0p multiplied by their ratable value.
- Small RHL multiplier (applicable to Retail, Hospitality and Leisure businesses with a ratable value of less than £51,000) – 38.2p multiplied by their ratable value.
- Standard RHL multiplier (applicable to Retail, Hospitality and Leisure businesses with a ratable value of £51,000 or above) – 43.0p multiplied by their ratable value.
- High value multiplier (applicable to all businesses with a ratable value of £500,000 and above) – 50.8p multiplied by their ratable value.

3.30 Although businesses will pay the various rates, the income the Council will generate from business rates will be equivalent to the standard multiplier, s any additional money it receives from the high value multiplier will be passed to MHCLG, and any loss in income from lower multipliers will be compensated for by MHCLG.

3.31 Based upon all of the above, and the Governments assumptions on appeals provision and bad debt provision, the Business Rates baseline funding level (referred above at paragraph 3.11) has been calculated based upon:

Business Rates baseline (NSDC share at 40% of collectable rates)	£24.180m
Tariff payable to MHCLG	£20.307m
Baseline funding level	£3.873m

3.32 As part of the LGFS revamped the Business Rates Retention system, all business rates baselines have been more accurately matched with the anticipated 2026/27 actual figures. Hence there is unlikely to be any upside variance and hence growth in the business rates system. Due to this, the Council has not included any forecast growth within its budget for 2026/27.

3.33 As there is unlikely to be any growth, the Nottinghamshire Business Rates Pool conducted a review as to whether to continue to pool for the 2026/27 financial year. The outcome of that review found that the risks outweighed the rewards and hence the

Pool would be dissolved at the end of the 2025/26 financial year. This was approved via Portfolio Holder decision on the 12<sup>th</sup> January 2026.

3.34 As per paragraph 3.15 above, should NSDC's share of collectable rates fall below the £24.180m (paragraph 3.25) MHCLG would compensate the Council back to the baseline funding level of £3.873m through a safety net payment.

Proposed 2026/27 Budget – General Principles

3.35 The appropriate bases agreed in the Budget Strategy and used in the preparation of the budget are:

a)	Employees	<p>Some of the main assumptions used to budget for employee costs for 2026/27 are:</p> <ul style="list-style-type: none"> <li>• a 3.5% increase in basic pay; and</li> </ul> <p>7.5% of the Council's total salary budget, or £1,767,790, has been budgeted to be saved from posts that remain vacant for a period of time before being filled. This is often referred to as the vacancy factor.</p>
b)	Employer's Superannuation	<p>Pension-related costs have been budgeted for in line with the actuarial review which took place as at 31 March 2025 for the three years between 2026/27 and 2028/29.</p> <p>The Council's budgeted pension-related costs have increased, because its total 2026/27 basic pay budgets have increased. The Council's primary rate (charged as a proportion of basic salary at employee level) is 16.4%.</p>
c)	General Inflation	<p>Most non-pay expenditure budgets have been uplifted by 2.5%. Specific budgets have had larger increases on where applicable. Some costs, such as insurance and utilities, are expected to increase by around 5%; and others, such as fixed-price goods and services, are expected to increase by less than 2.5%. Income Budgets have been increased where appropriate based on the Fees and Charges schedule.</p>
d)	Average Interest Rate re External Debt	<p>The Council's General Fund borrowing will be in accordance with the Prudential Code for Capital Finance in Local Authorities. The cost of borrowing will depend on the rates available at the time that funding is required.</p>
e)	Capital Charges	<p>The proposed budgets for each Portfolio (<b>Appendix A1</b>, lines 1-9) includes the notional costs of assets used in delivering services, so that the Council can reflect the true cost of delivering services.</p> <p>Statute, however, requires these capital charges be reversed out (<b>Appendix A1</b>, lines 29 &amp; 30) and replaced with the cost to the Council taxpayer of the underlying capital decisions that have yet to be financed (Minimum Revenue Provision (MRP)) (<b>Appendix A1</b>, line 15). Legislation determines that council taxpayers cannot be charged for the notional costs of assets used.</p>
f)	Capital Financing Charges	<p>The Council's General Fund (GF) revenue budget is charged when the Council borrows to fund the purchase or creation of non-current assets. These charges will be in line with the Council's Minimum</p>

		Revenue Provision (MRP) policy for 2026/27 to be approved by Council on 5 March 2026.  MRP is a charge to the taxpayer, calculated by apportioning the value borrowed for assets over their expected useful lives.
g)	Internal Drainage Boards	There is a 3% increase in cost for the 2026/27 financial year, the anticipated cost of levies to the two Internal Drainage Boards (Trent Valley and Upper Witham) for 2026/27 is £981,370.  This cost had increased by 40% from the 2022/23 financial year. During 2023/24 the Council received £239,690 towards contribute towards the increase in cost. The Council has budgeted to receive £158,000 towards the additional costs of the IDB, which is equivalent to the grant received during 2025/26.

3.36 The table below details the Council's net budget requirement for 2026/26, broken down by gross expenditure and gross income:

Line		2026/27 gross expenditure (£)	2026/27 gross income (£)	2026/27 net expenditure (£)
9	Total service budgets	59,307,400	(35,471,450)	23,835,950
29 & 30	Reversal of Capital Charges	(4,067,500)	860,000	(3,207,500)
	<b>Sub Total Service Budget (Appendix A2)</b>	<b>55,239,900</b>	<b>(34,611,450)</b>	<b>20,628,450</b>
14	Other operating income & expenditure	1,525,100	0	1,525,100
20	Total Financing and Investment income & expenditure	1,144,340	(2,597,780)	(1,453,440)
	<b>Net Budget Requirement</b>	<b>57,909,340</b>	<b>(37,209,230)</b>	<b>20,700,110</b>

3.37 A summary of the main reasons for changes requested in the table at paragraph 3.3 are listed below:

Changes requested for 2026/27 base budget compared to 2026/27 base budget (MTFP as at March 2025)	Variance (£)
<b>Requested Changes by Members</b>	
Parks and Playing fields feasibility	30,000
Programme of Prison Me, No Way initiatives, the Safety Challenge Events and In Her Shoes Programme	50,000
Environmental Schemes	150,000
Feasibility for Middle Beck Green and Blue Basin	50,000
Domestic Violence x3 Domestic Homicide Reviews	34,650
Council Motion for Discretionary Council Tax relief for the Terminally ill	23,720
Facilitate and lead on environmental behavioural change projects	10,000
<b>Requested Changes by Officers</b>	
Vehicle Pool HVO budget removed and reduction in volatility contingency for diesel	(129,000)
Electricity budgets have been revised in line with energy prices and projected future trends.	(76,370)

Contract car park barriers	45,000
Review of Planning income in line with updated Fees and Charges and number of applications. Expected Majors to be less than in previous years given current trends.	51,830
Care leavers discount a council tax discretionary scheme based on actuals from previous years	75,000
Asylum Seekers - not due to receive any income in 2026/27	75,500
Homes for Ukraine - Income previously received from Nottinghamshire County Council, this level of income is not expected to be received going forward as it is based on a fixed charge per house visit	148,780
Alexander Lodge reduction of service charges budget in line with the previous financial year	79,450
Corporate Estate Fire Doors Repairs	106,200
Revenue and Benefits - Civica Re-licence and increased annual licence	358,700
<b>Holistic Service Changes</b>	
Changes to Pension from 18.6% to 16.4%	(386,920)
Business Rates adjustment following change to the multiplier	(53,420)
<b>Commercial Strategy and MTFP Changes</b>	
Active 4 Today Management Fee removed following review of the management agreement.	(142,760)
Increase income to reflect recent trends at the palace theatre	(98,470)
Savings relating to the new cleaning contract	(14,520)
Saving made due to no longer using the Concerto system for managing corporate estate	(45,000)
The Beacon has projected to reach 97% occupancy by Q3 of 2025–26.	(84,620)
Trade Refuse Income increase due to simpler recycling legislation requiring additional bins / collections	(64,290)
Expecting an increase in the price of Glass Recycling	(64,360)
Private Sector Speech Call expenditure is recharged from HRA to reflect the costs for the private customers. This has not increased as much as previously anticipated therefore reduce.	(64,320)
<b>Others</b>	
Salary Uplift 3% to 3.5%	43,603
Vacancy Factor change from 5% to 7.5%	(816,820)
Changes to budget approved during the year	134,967
Inflation	19,230
Other various changes < £10k	136,420
<b>Total Change</b>	<b>(417,820)</b>

### 2026/27 Employee Plan

3.38 The salary budget for the General Fund has been based on 514.66 FTE posts in 2026/27 (489.65 in 2025/26). Any changes to the establishment will require the relevant approvals.

## Fees and Charges Review

- 3.39 The fees and charges for many services administered by the local authority are set by statute. The amounts for these, and their timing and review, are therefore prescribed by central government. There remains, however, many services where the Council has the ability to review and if necessary, amend its charges or charging regime.
- 3.40 In accordance with the Council's Constitution, each service area should consider the level of fees and charges to be implemented in the following financial year as part of the process of service planning and budget setting.
- 3.41 The proposals for the levels of fees and charges to be implemented from 1 April 2026 were reviewed by Directors during November and have now been updated where appropriate. The Council is currently budgeting to receive £5.8m of income from fees and charges in 2026/27. This is an increase of £0.404m from 2025/26.
- 3.42 The table below summarises the services which provide the Council with most of its fees and charges income and the fees and charges income budgeted from these services for 2026/27:

Service	2026/27 base budget (March 2025) (£)	2026/27 base budget (February 2026) (£)	Summary
<b>Fees and Charges</b>			
Trade Waste, Recycling and Garden Bins	1,911,440	2,011,570	Businesses based in Newark and Sherwood have to pay for their waste to be collected and disposed of. Nottinghamshire County Council sets the waste disposal charges for all district and borough councils in the county, through its statutory role as the Waste Disposal Authority for these authorities.  Further details of these and the other proposed charges for 2026/27 can be found in <b>Appendix C13</b> .
Car and Lorry Parking	929,860	952,130	The car parking charges proposed for 2026/27 are largely the same as those in 2025/26, though increases have been proposed for lorry parking.  Further details can be found in <b>Appendix C16</b> .
Planning	1,123,820	1,071,990	Planning application fees are statutory, set by the Government, whereas pre-application advice fees are discretionary, set by the Council. The Council categorises its pre-application advice fees by the size and type of developments. Further details, including the statutory fees chargeable, can be found in <b>Appendix C1 &amp; C2</b> .

Culture	761,010	944,750	The charges related to the Palace Theatre Newark, National Civil War Centre, and Newark Castle and Gardens.  Further details can be found in <b>Appendix C6</b> .
<b>Rents</b>			
Corporate Property	2,127,590	2,131,200	The rents for Corporate Property include income at the Newark Beacon, the Industrial units across the District, the Air and Space Institute, Castle House rents and the ButterMarket to name a few.
Housing Services	452,340	470,260	Rental income at various properties across the District, also including the income for the rental of the Careline technology

3.43 Details of the Council's proposed charges for 2026/27 for all services can be found in **Appendices C1-C23**.

Total Financing and Investment income & expenditure (**Appendix A1**, line 20)

3.44 Capital financing costs have been estimated based on assumptions of interest rates going forward, taking into account the forecasts of cash balances over the next year. Due to their nature and composition, however, they are subject to change on a regular basis. This reflects movements in the financial markets as well as changes to the predicted cashflow.

3.45 The Council will seek to borrow money from the most efficient and effective institution in order to support its cash flow position. Regard will be taken to the Council's Treasury Strategy (which is subject to a separate report which is to be considered by the Audit and Accounts Committee on 4 March 2026 and is due to be approved by Full Council on 5 March 2026) and due diligence through the Council's Treasury Advisers.

3.46 In previous financial years, decisions regarding capital expenditure have been taken to utilise internal resources and maintain an under-borrowed position against its Capital Financing Requirement. This is not uncommon across the Local Government sector, at a time when budgets have been squeezed, but reserves have existed. The Council is proposing to utilise some of its reserves on projects such as Yorke Drive, Clipstone Holding Centre, Castle Gatehouse, Bilsthorpe Hub and the Southern link Road. This means that as cash backed by these reserves will be utilised, there is a potential need to borrow money to ensure that the Council has cash at hand to service its day to day costs.

3.47 There is an overall decrease in the total net Financing and Investment income & expenditure by £0.726m (**Appendix A1**, line 20) in 2026/27. The 2026/27 interest payable and MRP budget is lower than was budgeted for in March 2025, mainly due to the reprofiling of larger capital projects which are financed by borrowing. Additionally there is a £0.260m budgeted increase of the financial contribution, which includes dividend and interest investment income, due from Arkwood Developments Ltd.

3.48 All treasury investments are made in line with the Council's Treasury Management Strategy. Advice from the Council's external treasury consultants will be sought prior to

the investment of any funds to ensure maximum scrutiny is taken on any decision making.

#### Contribution to or From Reserves

3.49 Section 25 (Budget calculations: report on robustness of estimates etc) of the *Local Government Act 2003* requires local authority chief finance officers (Section 151 officers) to report on the adequacy of financial reserves in the Council's proposed budget and robustness of estimates made.

3.50 The Council's s151 Officer has reviewed the adequacy of the Council's financial reserves to ensure that these are neither too low (imprudent) or too high (over prudent) based on their purpose and likely use.

3.51 The table below summarises the amount of council earmarked reserves as at 31 March 2025, and forecasts of these as at 31 March 2026 and 31 March 2027.

	At 31 March 2025 (£)	Forecast at 31 March 2026 (£)	Forecast at 31 March 2027 (£)
Budget Funding Reserves	9,011,918	8,924,549	8,924,549
Earmarked for Known Pressures	9,153,586	5,491,013	3,651,620
Ring Fenced Reserves	2,163,126	1,490,219	1,717,219
Un-ringfenced Reserves	15,286,934	14,736,618	3,583,703
<b>Total Revenue Reserves</b>	<b>35,615,564</b>	<b>30,642,399</b>	<b>17,877,092</b>
Capital Reserves	14,587,997	14,136,895	14,686,697
<b>Total Revenue and Capital Reserves and Balances</b>	<b>50,203,561</b>	<b>44,779,294</b>	<b>32,563,788</b>

The main reductions relate to the usage of the Change Management/Capital Fund over the next two years, which will draw down the balances held. Large capital projects include:

- Yorke Drive
- Southern Link Road
- Clipstone Holding Centre
- Belvoir Iron Works
- Castle Gatehouse
- Bilsthorpe Hub

#### General Fund Balance

3.52 The Council's £1.500m General Fund balance has been set aside to pay for exceptional items. Officers consistently review the appropriateness (prudence) of this amount in light of internal and external risks identified. For the Council to maintain this balance, it is intended that it will only be used to fund expenditure once other appropriate reserves have been fully utilised.

- 3.53 The Council's total forecast reserves and general fund balance to 31 March 2026 is £30,642,399. The s151 Officer of the Council is satisfied with the adequacy of the levels of reserves and balances.
- 3.54 The budget has been prepared in accordance with the budget strategy approved Cabinet on 8 July 2025. The draft budget has been scrutinised and challenged by the Council's Senior Leadership Team, the Leader and Portfolio Holders. The draft budget (and Medium Term Financial Plan) has also been scrutinised informally by the ruling administration. The s151 Officer of the Council is therefore satisfied by the robustness of the estimates and assumptions underpinning the budget for 2026/27.

#### Parish and Town Council Precepts

- 3.55 Parish and town councils can raise money to help meet their spending requirements by issuing a 'precept' (mandatory demand) to the district council. The district council must account for such precepts when calculating its council tax requirement. Council tax requirement is the amount of money that councils need to raise from council tax to fund council spending once income from other sources (such as government grants) have been deducted.
- 3.56 The Council is still awaiting confirmation from each parish and town council regarding their level of precept for 2026/27. These details will be included in the revenue budget and council tax setting report to be presented to Council on 5 March 2026.

#### Subjective Analysis

- 3.57 **Appendix A2** contains a breakdown of the Council's General Fund revenue budget for 2026/27 by statutory categories used to categorise expenditure and income.

#### Risk Assessment and Sensitivity

- 3.58 As mentioned in paragraph 3.49, section 25 of the *Local Government Act 2003* requires the Council's chief finance officer, currently the Director of Resources and Deputy Chief Executive, to report on the robustness of estimates made in the Council's proposed budget. This section fulfils that requirement.
- 3.59 In considering the Council's proposed budget for 2026/27 and the sensitivity of expenditure and income to changes, it should be noted that:
- a) a 1% increase in Council Tax is equivalent to £85,939 of net expenditure; and
  - b) a £1 increase in Council Tax is equivalent to £43,272 of net expenditure.
- 3.60 Various assumptions were required to be made when preparing the proposed 2026/27 budget. The two areas where it seems that variations between the proposed budget and reality could be greatest are employee pay and income receivable. Further details on each of these are below.

## 2026/27 Pay Award and changes in National Insurance

- 3.61 Employee costs form a significant proportion of all district council budgets. As mentioned in paragraph 3.35, the 2026/27 budgets have been prepared assuming a 3.5% annual increase in basic pay.
- 3.62 The National Joint Council (NJC) for Local Government Services' pay award for 2026/27 has not yet been finalised. If the 2026/27 pay award agrees a more than 3.5% increase in basic pay, and if reductions in employee costs elsewhere cannot offset the increase in pay award costs, the additional costs unbudgeted for will need to be funded from council reserves. A 1% increase over and above the budgeted 3.5% in basic pay for 2026/27 would result in around £198,000 needing to be funded from reserves.

### Income

- 3.63 A significant part of the Council's annual net budget is dependent on income from rents; sales, fees and charges; and other receipts. Officers have reviewed the income that services have achieved against the current and previous years' budgets and have considered factors expected to affect future income levels, to ensure the 2026/27 income budgets for services have been set at levels considered achievable.
- 3.64 Significant underperformance against budgeted income would increase the Council's annual net expenditure and thus place unbudgeted demand on council reserves. A 1% reduction in council income from fees and charges would cost £58,000, or a council tax increase equivalent to £1.35 per property (0.68%).
- 3.65 Officers closely monitor income levels as part of the Council's monthly budget monitoring processes.
- 3.66 Officers plan to develop a more detailed understanding of the volumes of activity which underpin each of the Council's main income sources. This will allow the Council to more accurately model changes to expected activity levels, as well as increase assurance regarding the risks of such changes materialising.

### Other Significant Potential Risks

- 3.67 Though less likely, but other assumptions which could result in the Council's actual expenditure and/or income varying significantly from its proposed budgets are below:

a)	Interest rates	<p>The proposed 2026/27 budget includes amounts for both interest payable (<b>Appendix A1</b>, line 17) and interest receivable (<b>Appendix A1</b>, line 18). This is because the Council expects that it will both borrow money and lend money throughout the 2026/27 financial year.</p> <p>The budgeted amounts for 2026/27 have accounted for factors such as the amount of council funds expected to be available. The actual amounts of council interest payable and receivable for 2026/27 will likely differ from those budgeted.</p>
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		The impact of a 1% change in interest rate would be insignificant on the Council's overall budget.
b)	General Inflation	As mentioned in paragraph 3.35, the proposed service budgets for 2026/27 include increases for inflation where appropriate.  The most recent month for which inflation data was available at the time of writing is December 2025. There was a 2.7% increase in inflation (Consumer Prices Index (CPI)) from December 2024.  Though it is likely that actual inflation rates throughout 2026/27 will differ from the Government's own forecasts for 2026/27 and the 2.5% the Council has generally budgeted for, the small differences anticipated are expected to have insignificant impact on the Council's budget.
c)	Apprenticeship Scheme	In addition to Apprenticeship Levy payments the Council is required to make to the Government ( <b>Appendix A1</b> , line 10), the Council employs apprentices which have been budgeted for within the revenue budget.
d)	Reserves	As mentioned in paragraph 3.50, the Council has reviewed the adequacy of the financial reserves proposed in the 2026/27 budget, as statutorily required.

#### 4.0 **Implications**

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection; Digital & Cyber Security; Equality & Diversity; Financial; Human Resources; Human Rights; Legal; Safeguarding & Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Implications Considered			
Yes – relevant and included / NA – not applicable			
Financial	NA	Equality & Diversity	NA
Human Resources	NA	Human Rights	NA
Legal	NA	Data Protection	NA
Digital & Cyber Security	NA	Safeguarding	NA
Sustainability	NA	Crime & Disorder	NA
LGR	NA	Tenant Consultation	NA

#### **Equalities Implications**

4.1 Business Managers consider the implications on equalities when assessing how best to deliver the services they are responsible for.

#### 5.0 **Community Plan – Alignment to Objectives**

5.1 The Community Plan 2023-2027 was approved by Full Council on 12 December 2023 and sets out the Council's objectives over the next three years, building on previous published plans for the same time period.

5.2 The Community Plan was further revised at the meeting of Cabinet on 1 April 2025.

5.3 The budget proposed has the appropriate allocation of resources in order to ensure the delivery of all the objectives within the Community Plan.

**Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None.