Report to: Cabinet Meeting: 21 July 2026

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

Director Lead: Nick Wilson, Director – Finance, Revenue & Benefits and S151 Officer

Lead Officer: Andrew Snape, Head of Service – Finance ext. 5523

Report Summary	
Type of Report	Open Report / Non-Key Decision
Reason for Report	To enable the Council's budget process to proceed in accordance with agreed assumptions
Report Title	Corporate Annual Budget Strategy for 2027/28
Purpose of Report	To set out the General Fund, Capital & HRA Budget Strategy for 2027/28, for consideration by Members before detailed work commences.
Recommendations	That Cabinet: a) approve the overall General Fund, Capital & HRA Budget Strategy for 2027/28; b) note the consultation process with Members; c) note that Budget Officers continue work on the assessment of various budget proposals affecting services for consideration in setting the Council's budget; d) note that Budget Managers work with Finance Officers in identifying further efficiency savings, increasing income from fees and charges and in identifying new sources of income; e) to review the policies and principles on Budgeting, Council Tax, Reserves and Provisions, Charging, Value for Money and make any recommendations to Council; f) note that the additional budget required as a result of the restructure due to LGR in 2026/27 of £273,987 be funded by reserves set aside during 2025/26, and that the additional £16,384 to fund the 2027/28 budget be funded by the reserves set aside during 2025/26. The savings generated from 2028/29 onwards, then occur within the budget thereafter; and

	g) approve the additional x1 FTE in the Planning Policy and Infrastructure team as per 3.7.7 funded for two years from grant funding and added into the general fund thereafter. h) Approve the additional x1 FTE in the Heritage Culture and Visitors Business Unit as per 3.7.8 funded from the overall restructure savings identified in the table at 3.7.9.
Alternative Options Considered	Not applicable, the Budget Strategy is required each year in accordance with the Council's Constitution.
Reason for Recommendations	To enable the Council's budget process to proceed in accordance with assumptions set out in this report.

1.0 Background

1.1 The Council's Constitution sets out the process for developing the Council's Annual Budget.

1.2 The process requires that, each year, the Council's Section 151 Officer presents a report on the overall budget strategy for the forthcoming financial year, to the Policy and Performance Improvement Committee.

1.3 This report was considered by the Policy, Performance & Improvement Committee on 6 July 2026.

2.0 Budget Proposals

2.1 Budget Presentation

2.1.1 The budget process will result in setting the General Fund budget and the Council Tax for 2027/28 and will be approved by Council at its meeting on 9 March 2027.

2.1.2 The budget process will result in setting the Housing Revenue Account budget and the rent setting for 2027/28 and will be approved by Council at its meeting on 9 February 2027.

2.1.3 The budget process will result in setting the Capital Programme budget for 2027/28 to 2030/31 and will be approved by Council at its meeting on 9 March 2027.

2.2 Financial Policies

2.2.1 The Council has agreed policies on Budgeting and Council Tax, Reserves and Provisions, Charging, Value for Money and also a set of Budget Principles which set out the approach to be taken in setting the budget for each financial year. These policies were last reviewed by Cabinet on 8 July 2025. The policies and principles have been reviewed and updated where necessary and are attached as **Appendices A to F for review**.

3.0 Budget Strategy

General Fund

3.1 The current Medium Term Financial Plan (MTFP) was approved on 6 March 2025.

3.2 The table below sets out the summary of the financial forecast, identified within the current MTFP, assuming Council Tax at average Band D will be frozen in accordance with the MTFP approved on 5 March 2026:

	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)	2029/30 (£m)
Net Service Expenditure (less capital charges)	20.628	20.503	20.551	21.530
Total Other Expenditure	0.072	(0.146)	(0.982)	0.160
Total Expenditure	**20.700**	**20.357**	**19.570**	**21.690**
Business Rates: receivable annually	(5.313)	(5.407)	(5.487)	(5.487)
Business Rates: other adjustments	0.295	0	0	0
Council Tax: receivable annually	(8.594)	(8.673)	(8.922)	(9.178)
Council Tax: other adjustments	0	0	0	0
Other Grants	(7.827)	(5.984)	(5.382)	(4.458)
Contribution to or (from) Reserves	0.739	(0.293)	0.315	0.330
Funding Shortfall prior to Mitigations	**0**	**0**	**0.093**	**2.897**

3.3 The Government completed the much-anticipated review of Local Government Finance during the budget setting process for 2026/27. This has given funding certainty through to 2028/29 with assumptions made thereafter. Whilst we now know the 2028/29 financial year will be the first year of the new unitary authority, the MTFP shows the gap in funding currently required to provide the same level of service as is currently provided by this Council.

3.4 The approved MTFP expected the shortfalls to be met by the MTFP reserve in those two years and as such, expect a balanced budget to be set in those years. Currently the expectation is that these are the first two years of the new authority, which will be autonomous in its decision-making regarding budgets. Also the current final year of the MTFP (2029/30) has assumptions of reductions in grants and business rates income, rather than the certainty of funding over the next three years.

Housing Revenue Account (HRA)

3.5 Early in 2026/27, an investment was made to improve the HRA Business Planning capabilities. The chosen model is supplied by Abovo-Consult and is an industry standard model for Council HRA's.

3.6 The assumptions to be used within the update of the HRA Business Plan will be presented to the Policy and Performance Improvement Committee in September and Cabinet in November. These HRA specific assumptions (such as numbers of Right to Buy receipts) will then inform the creation of the HRA budget.

Budgeting Assumptions

3.7 The following underlying assumptions will be applied in compiling the draft General Fund and HRA budgets for 2027/28:

3.7.1 Base Budget

The base budget for 2027/28 will be derived from the original 2027/28 notional budget as compiled in the preparation of the MTFP for 2026/27 to 2029/30 and approved by Council on 5 March 2026. This will aid in the transparency of the change in assumptions process and will also ensure that changes in resource allocations are captured and reported accordingly.

3.7.2 Staff Costs

It has been assumed that within the Service Unit budgets, the Council will employ 100% of the Council's establishment throughout the year except for known unfilled vacancies where salaries are budgeted to commence on the anticipated starting date.

The Council are yet to receive information relating to the current years (2026/27) pay award for green and red book staff. A budget equivalent to a 3.5% increase was applied to 2025/26 salary scales for the 2026/27 financial year. The employer's offer for the current 2026/27 year is 3.3% with the employees' side asking for a significantly higher increase.

A vacancy provision of 6% of the total salary budget for 2027/28 will be made to allow for natural savings being made from posts remaining vacant before being filled. With the challenges in recruiting that have been seen over the last few financial years, this appears to be a reasonable approach. The actual outturn of savings from vacancies amounted to 4.16% for 2025/26 (8.4% for 2024/25). As it is not possible to predict precisely which business units will experience vacancies in the year, an overall saving will be set aside. This value of this provision will be determined once the total salary budget for 2027/28 has been calculated.

LGR Restructure

3.7.3 As part of the Staffing Preparations for LGR report approved by Council on 31 March 2026, the impact on the Medium Term Financial Plan was assumed to be:

	2026/27	2027/28	2028/29	2029/30
Grand Total deficit/(surplus)	232,430	(77,460)	(222,000)	(215,210)

3.7.4 The £232,430 was set aside at year end 2025/26, as per the report, in a reserve. In addition to the £232,430 funding the additional posts, £150,000 was set aside to fund the trickle down impact of the restructures that will need to happen to give capacity to those that have been successful with the posts identified in the report.

3.7.5 Due to the timing of the original report, assumptions around start dates have changed (being later than anticipated), also further clarity has been gained over which of the previous Business Manager posts are to be deleted, as they've been successful in gaining one of the new positions. Based on this, the table at 3.7.3 above now reflects:

	2026/27	2027/28	2028/29	2029/30
Grand Total deficit/(surplus)	167,456	(52,860)	(198,130)	(187,250)

3.7.6 All of the Assistant Director positions have now been appointed to, and as such the table below reflects the trickle down restructures that have been approved to accommodate the changes (Heritage, Culture and Visitors and Planning Policy still to be approved):

Head of Service	2026/27	2027/28	2028/29	2029/30
ICT	39,470	40,870	42,320	43,830
HR&OD	8,520	10,490	12,190	12,620
Finance	22,070	31,210	43,200	48,240
Heritage, Culture and Visitors * yet to be approved	(10,567)	26,170	31,440	35,250
Planning Policy & Infrastructure * yet to be approved	2,560	5,410	85,820	88,880
Corporate Property	44,478	-44,906	-44,546	-45,451
Total	**106,531**	**69,244**	**170,424**	**183,369**

3.7.7 The cost for Planning Policy & Infrastructure, includes a new Team Leader role which for 2026/27 and 2027/28 will be funded by the recently received Local Plan Implementation Funding from MHCLG. This will result in an additional 1 FTE in the team reflecting not only the requirement to provide additional senior support following the LGR restructure but also recognise the increase pressure of delivering a new Local Plan in the streamlined plan making process. From 2028/29 onwards, the grant funding will have been fully utilised and will therefore be added to the general fund budget as per the table above.

3.7.8 The costs shown above for Heritage, Culture & Visitors reflect the net impact after savings identified elsewhere within the Business Unit have been applied. The remaining cost will be funded from the £150,000 provision referred to in paragraph 3.7.4. This proposal includes the addition of 1 FTE to the establishment.

3.7.9 Reflecting the original budgets, the updated table from 3.7.5 and the trickle down restructures, the net impact of all changes reflects:

	2026/27	2027/28	2028/29	2029/30
Revised impact as per 3.7.5 (compared against current MTFP)	167,456	(52,860)	(198,130)	(187,250)
Changes from restructures	106,531	69,244	170,424	183,369
Budget need compared with current MTFP	**273,987**	**16,384**	**(27,706)**	**(3,881)**
Original impact for 2026/27 from 31 March report 3.7.3 (inc £150,000)	382,430			
Annual Shortfall/(Saving)	**(108,443)**	**16,384**	**(27,706)**	**(3,881)**

3.7.10 Based on the above, there is £108,443 of the original budget (being £232,430 and £150,000) remaining in 2026/27. There is anticipated to be a further cost of £16,384 above the current MTFP in 2027/28, with savings from 2028/29, once all the posts identified to be deleted within the Staffing Preparations for LGR report are deleted. The £16,384 shortfall can be funded by the £108,443 remaining from the 2026/27 budget availability.

3.7.11 For clarity, from 2028/29, the proposed restructures are self financed by the LGR staffing restructure report.

3.7.12 <u>Employer's Superannuation</u>

A triennial review took place on the Nottinghamshire Pension fund, to determine the contributions necessary for the three year period from 1 April 2026. The Pension Fund evaluates balances as at a point in time each three years, and sets the contribution rates, to give employers stability of payments. The lead pensions Partner from Barnett Waddingham presented to Chief Finance Officers (CFOs) across the County to review the current position on the pension fund. The Council received its rates certificate during March 2026 and has applied the percentage and secondary contributions value across the relevant years within the MTFP.

3.7.13 <u>Provision for Inflation</u>

The Council is exposed to several different costs that rise at various rates of inflation. The Consumer Price Index is the measure that references the weighted average prices of a basket of consumer goods and services and is measured on a rolling annual basis. This measure is used for most of Council consumables outside of Pay/Utilities and vehicle costs. Prior to August 2021, CPI had been 3% and under, going as far back to April 2012. Since then CPI had increased month on month with the peak being 11.09% in October 2022. Whilst CPI has come down to 2.8% in April 2026, this does not mean prices are cheaper than at their peak, it means that prices are increasing at a slower rate than the peak. Indeed, looking at the measure prices are 30.9% higher in April 2026 compared to April 2020. This is due to the sustained increase in prices month on month between October 2021 and March 2024, where CPI was 3% or greater throughout that period. It is the Government's target that inflation would reduce to 2% per annum, whereas it is felt prudent to budget slightly above that in case the target is not met.

The Council has a number of corporate properties within its portfolio and hence is exposed to increases in cost in relation to electricity and gas. Wholesale energy prices have been at an all-time high over the course of the last 12 months, based on factors such the post covid increase in activity, the war in Ukraine and the war in Iran. Due to this energy prices have ranged in increase but are putting significant strain on both residents and businesses for which the Council is not immune.

Based on the above, it is felt reasonable to utilise the following inflation rates (for non-contracted costs) in the production of the budget and MTFP:

	2027/28	2028/29	2029/30	2030/31
General Inflation	3%	3%	3%	3%
Software contracts	8%	8%	8%	8%
Utilities	5%	5%	5%	5%
Transport (Fuel)	5%	5%	5%	5%
Transport (parts)	8%	6%	6%	6%

3.7.14 <u>Fees and Charges</u>

Changes in fees and charges will be subject to specific, detailed review by Head of Service who will compare the Council's fees for discretionary services to other neighbouring and family group authorities that provide the same services. The Head of Service will also benchmark the fees with other commercial organisations where similar services are provided. Heads of Service will also assess and evaluate whether new fees and charges can be introduced for discretionary services that are not currently being charged for. The Council's charging policy is included in Appendix D.

Where comparative benchmarking information is not available, an increase equivalent to general inflation, **as stated in the table above will be applied**. For clarity, this figure is used for uplifts in fees and charges but will not be used to set car parking fees or forecast changes in rental income for dwellings within the HRA. The assumptions around that figure will be included within the refresh of the HRA Business Plan.

3.7.15 Interest Rate

The Council is proposing to borrow money in order to support its cash flow position. During 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 elements of its reserves to fund various capital projects going forward. This will mean that cash backed by these reserves will be utilised, hence there is a need to borrow money to ensure that the Council has cash at hand to service its day-to-day costs. The timing of borrowing funds will be dictated by the Council's cash flow which forecasts daily expected income and expenditure over the next 4 years. Treasury Advisors MUFG will be consulted with prior to borrowing to ensure that the Council takes the most economic route, be that either a fixed or variable rate borrowing, ensuring compliance with the approved Treasury Management Strategy. Rates will be monitored over the coming months until such time that the borrowing is secured.

4.0 Risks in Preparation of the Budget

4.1 The basis of the budget strategy will ensure that the Council delivers a balanced budget in February and March 2027; however, there are risks that may cause expenditure to increase or income to reduce. Consequently, income and expenditure levels will be kept under review throughout the budget process.

4.2 It is essential to ensure that the strategic budget efficiencies and additional income are delivered as this is central to ensuring that the Council has a balanced budget. The delivery of the efficiencies and additional income will be kept under continuous review throughout the budget process.

4.3 It will not be possible to finalise funding in the budget until government announcements on future funding levels are published later in the year. Members are asked to approve the budget strategy as set out in this report, in order for the main provisions of the budget to be built.

5.0 Local Government Reorganisation (LGR)

5.1 The 2027/28 budget will be the last created for Newark & Sherwood District Council. In previous years, budgets have been adjusted annually to include additional resources to fund new initiatives and updated priorities.

5.2 The Community Plan has not been updated during 2025/26 and hence the notional 2027/28 budget reflects the most accurate position. As 2027/28 will be the final year of the Council in its current format, it is not expected that the Community Plan will have any additional priorities added over the coming months, that would affect the budget position.

6.0 Timetable

6.1 The Budget Timetable is dictated by the corporate timetable for the Executive arrangements together with the Community Plan refresh. The essential deadline is that the Council is to set the level of Council Tax for 2027/28 at its meeting on 9 March 2027.

6.2 The table below describes the key activities and dates for the production of the budget.

Date	Activity	Description
6 July 2026	Budget Strategy reviewed by Policy & Performance Improvement Committee	Sets the overall direction of the setting of the budget and high level assumptions
21 July 2026	Budget Strategy approved by Cabinet	Sets the overall direction of the setting of the budget and high level assumptions
31 October 2026	Cash budgets completed	The completion by all Budget holders of the cash resources needed to fund service provision over the MTFP period
w/c 9 November 2026	Director and Budget Holder review	In order for the Director to challenge the budget holders to ensure internal scrutiny of resource provision
23 November 2026	Service budget review by SLT	Holistic review of overall service budget provision by SLT
7 December 2026	Policy & Performance Improvement Committee review (HRA Only)	To review the assumptions around the HRA budget
w/c 7 & 14 December 2026	Portfolio Holder review	Portfolio holder scrutiny over service budget provision
w/c 25 January 2027	Informal meeting with Portfolio Holders, Chair and Vice Chair of Policy & Performance Committee	Holistic review of the whole budget inclusive of the draft LGFS
19 January 2027	Cabinet review (HRA Only)	Cabinet review and recommendation to Full Council for approval of 2027/28 HRA budget
9 February 2027	Council approval (HRA Only)	Council approves HRA budget for 2027/28 and Rent setting
22 February 2027	Policy & Performance Improvement Committee review (GF Only)	PPI Committee to scrutinise proposed budget for 2027/28
23 February 2027	Cabinet review (GF Only)	Cabinet review and recommendation to Full Council for approval of 2027/28 GF budget

9 March 2027	Council approval (GF Only)	Council approves GF budget for 2027/28 and Council Tax setting

7.0 Consultation

7.1 As the production of the budget will be predicated on the priorities within the Community Plan, resource allocation will be linked to spending priorities. As the budget is to be derived based on the notional budget set for the forthcoming year (as per the approved MTFP), and changes made during the current financial year are factored in, consultation will continue to take place throughout the 2026/27 financial year. Members will continue to have an opportunity to shape the budget through approving/rejecting reports brought to Cabinet in year.

7.2 Once the first draft of the budget has been prepared, this will be reviewed by the Senior Leadership Team to ensure budget is aligned to the Community Plan priorities, during November 2026 as described in the table above.

7.3 Portfolio Holders will then be briefed on the proposals. This will enable a review of service budgets prior to presentation to Policy & Performance Improvement Committee during the January cycle of meetings. This will be facilitated by Financial Services, with the services Director and Budget holders presenting their budgets.

7.4 The Policy & Performance Improvement Committee will have the opportunity to scrutinise the budget proposals prior to Cabinet recommending to Council for approval.

7.5 As in previous years, consultation on the budget will take place with Commercial Business Ratepayers. This will be advertised on the Council's website between the Cabinet meeting in February and the Council meeting in March.

8.0 Capital Programme 2027/28 – 2030/31

8.1 Prioritisation for the General Fund Schemes

(a) When business cases for new schemes are brought to Cabinet, financing implications of capital expenditure are included to assess the viability of the scheme and to enable members to make informed decisions. Once the capital expenditure has been incurred, the financing of the Capital Programme is arranged by the Section 151 Officer, in line with the Council's Constitution. This may include use of internal resources, borrowing from internal resources or external borrowing. An appraisal of the most appropriate funding source will be included within the business case.

(b) Capital projects for the new financial year will initially be commissioned by the Senior Leadership Team. These projects will then be assessed against the prioritisation criteria (see **Appendix D**) and will be ranked accordingly. Based on this assessment a report will be prepared for submission to Cabinet in February 2027, before final approval by Council on 9 March 2027.

8.2 Prioritisation for the Housing Revenue Account Schemes

The current HRA Capital programme reflects the latest available information agreed by officers within the Housing, Health and Wellbeing directorate. Resources for future years will reflect the ability of the HRA to support any necessary borrowing, and other funding opportunities which may arise.

9.0 Implications

In writing this report and in putting forward recommendations officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding, Sustainability, and Crime and Disorder 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		Equality & Diversity	
Human Resources		Human Rights	
Legal	Y	Data Protection	
Digital & Cyber Security		Safeguarding	
Sustainability		Crime & Disorder	
LGR		Tenant Consultation	

<u>Legal Implications (LEG2526/1012)</u>

9.1 Cabinet is the appropriate body to consider this report, in accordance with the process for developing the budget set out in the Budget and Policy Framework Procedure Rules in the Council’s Constitution.

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

APPENDIX A

Policy on Budgeting and Council Tax

Introduction

Each year the Council is required to set a Council Tax in accordance with the provisions of the Local Government Finance Act 1992. It is a requirement of the Act that the Council Tax must be set by 10 March each year.

The Council sets its Annual Revenue Budget in March each year in accordance with the provisions of the Budget Process, which forms part of the Council's Constitution.

The District Council is also responsible for collecting the Council Tax requirement (precepts) for Nottinghamshire County Council, Nottinghamshire Police & Crime Commissioner and Nottinghamshire Fire and Rescue Service and any precepts set by the Parish and Town Councils or Parish meetings within the District. All of these Councils are required to notify the District Council of their requirements before 1 March each year.

The District Council has no control over the level of Council Tax or precept set by the precepting bodies. This policy covers the District Council element of the Council Tax only. Nevertheless, it is recognised that public perception is influenced by the overall level of Council Tax and it can be difficult to appreciate that the requirements of the District Council form only a part of this. In fact, the District Council's spending requirements account for around 8% of the total Council Tax bill.

The Government has powers to require local authorities setting "excessive Council Tax increases" to hold a local referendum on the level of Council Tax. The level of excessiveness for the 2026/27 financial year was set at 3% or £5 increase but may be different in subsequent years. This information is provided within the Local Government Finance Settlement which is published during Winter each year.

The District Council's spending requirement includes an amount levied upon it by other bodies. For this Council an annual levy is made by the Trent Valley and Upper Witham Internal Drainage Boards of circa £980,000.

Current Level of District Council Tax

The District Council's level of Council Tax for 2026/27 is £198.60 for a Band D property. This represents a freeze in council tax compared with 2025/26. In order to arrive at this level of Council Tax, the Council assessed its needs over the medium term and resolved to approve an increase at the minimal level possible whilst ensuring it remains cognisant of the challenges it faces ahead.

Consultation

The latest Resident Survey was delivered in 2022 and was open for nearly 6 weeks. Within the survey, a range of questions were asked to gather a picture of their experiences as a resident, their satisfaction with Council services and their views on their local area. It consisted of 16 questions that were predominately multiple choice, with some open questions allowing residents to expand on their answers.

As the feedback from the Resident Survey helps inform and shape our Community Plan, it is important that the consultation provided a holistic and balanced account of the district. To ensure this was achieved, three work streams were delivered as a part of the consultation:

- The open survey that was available for any resident over the age of 16
- A representative survey to allow us to recognise any bias in the open survey from under or overrepresented demographics
- Focus groups to ensure the voices of typically underrepresented groups were heard

In the open survey, 4,577 responses were captured, and this equated to a 3.7% response rate, so around 4 in 10 residents completed the survey. The results of this consultation was used to shape Council services and inform the strategic direction of the Council with the creation of the Community Plan. Budgets have been and will continue to be aligned to the Community Plan to ensure that resources are directed at services which will deliver the priorities described in this document.

Proposals

The absolute level of Council Tax, and any annual increase, will depend on the demands facing the District Council, external funding available, and the Council's assessment of the appropriate level of Council Tax. Whilst these factors will vary from year to year, the following criteria will be taken into account when considering the level of Council Tax:

- The Priorities and Objectives of the Council as set out within the Community Plan
- Inflation
- Consultation Responses
- The level of Council Tax considered to be acceptable to the public
- Government views on grant levels and referendum criteria
- Service demands

Newark & Sherwood District Council aims to set the minimum level of Council Tax acceptable consistent with the achievement of its Priorities and Objectives and other financial and service demands.

APPENDIX B

General Fund Balances and Reserves Policy

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.

The Council will review the adequacy of its useable financial reserves to ensure that these are neither too low (imprudent) or too high (over-prudent) based on their purpose and likely use.

Council's generally hold useable reserves for three purposes:

- as a working balance, to mitigate the impact of uneven cash flows;
- as a contingency, to mitigate the impact of unexpected events or emergencies; and
- as earmarked reserves, to pay for known or predicted future requirements.

The Council has a fixed £**Error! Reference source not found.**m General Fund balance which 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 its current General Fund balance of £**Error! Reference source not found.**m, it is intended that the General Fund balance will only be used to fund expenditure once other appropriate/earmarked reserves have been fully utilised.

One of the most important principles used to prepare the MTFP is that council reserves and other one-off resources are not used to balance ongoing, base budget pressures: that all other mitigating actions are used before the use of one-off resources. Over the years, the Council's reserves have been used, for reasons such as to: cover the cost of one-off events not budgeted for; support and improve service delivery; and offset declining levels of income.

Members and officers are required to ensure the council operates as a going concern: that the council will continue to fulfil its functions for the foreseeable future. If this were not the case, for example, because of an imprudent use of council reserves, the Council's external auditors would be required to express a going concern opinion (GCO). A GCO would be the external auditor's way of expressing significant doubt on the Council's ability to operate longer-term.

It is recommended that:

a) **Reserves should be subject to an annual review by the Section 151 officer;**
b) **Reserves should not be over-provided;**
c) **Reserves should be used for the purpose for which they are provided (subject to a and b above)**
d) **Reserves should not be used to support ongoing general fund expenditure (subject to recommendations a and b, above)**

APPENDIX C

Budgeting Principles

The Council will prepare its budget in accordance with the following principles:

Council Objectives:

The purpose of the budget is to enable the Council to achieve its objectives, as set out in the Community Plan, and meet its statutory duties. In setting the budget and Council Tax, the Council will also have regard to Government requirements, including the Local Government Finance Settlement and the latest Comprehensive Spending Review.

Balanced Budget:

The Council is required to set a "balanced budget" with sources of funding identified to cover all expenditure proposed.

Affordable Budget:

In setting the budget, the Council will consider the affordability of proposals and their impact on the level of Council Tax.

Inflation:

The Council will have regard to the level of inflation when considering budget proposals. It may consider different indices of inflation for different purposes. For example, the retail prices index (RPI) and the consumer prices index (CPI) do not always reflect the rate of inflation faced by the Council and this may be better measured by specific indices such as those widely available for construction costs or energy.

Sustainable Budget:

The Council will set a budget to be sustainable over time. This will be reflected in the Council's Medium Term Financial Plan and Capital Programme. The budget will include an overall risk assessment and will incorporate appropriate sensitivity analysis in order to ensure a robust final budget.

Budget Demands:

Any developments in the Council's revenue and capital budgets will be required to go through the Council's formal bidding process. Only those items approved as part of this will be included in the final budget.

Use of 3rd Party Funding:

Where third party funding is used to contribute towards the Council's budgets, a plan is required to ensure that this element of the budget is sustainable if and when the 3rd party funding ceases. Where appropriate, an exit strategy is required.

Adequate Reserves and Provisions:

The Council aims to have adequate, but not excessive, reserves to cover unforeseen expenditure. Specific provisions are also in place to cover items of expenditure that are certain but where their timing is not known. Further details are set out in the policy on balances and reserves.

Asset Management:

The Council aims to manage its assets efficiently in accordance with best practice. Full details are set out in the approved Asset Management Plan.

Council Tax Levels:

In accordance with this policy, the Council aims to set the minimum level of Council Tax possible consistent with the achievement of its Aim and Priorities and other financial and service demands.

Value for Money:

The Council aims to achieve value for money in the provision of all of its services. This is set out in the Council's Value for Money Strategy.

Risk Assessment:

In accordance with section 25 of the Local Government Act 2104, the s151 officer will conduct an annual risk assessment of the robustness of the estimates made in the Council's budget.

Sensitivity Analysis:

The s151 officer will carry out a review of the impact of variations to key elements of the proposed budget (a "sensitivity analysis") on an annual basis.

APPENDIX D

NEWARK AND SHERWOOD DISTRICT COUNCIL

CORPORATE CHARGING POLICY

Revised: July 2026
Date of next revision: n/a

CONTENTS

1. Introduction

This Policy applies to external fees and charges other than those prescribed by the government. It provides a guide to internal charging arrangements but is subject to CIPFA's 'Service Reporting Code of Practice' and has regard to the Audit Commission's publication "*Positively Charged*".

It is not intended to apply to the disposal of Council assets, rents, internal charges or rechargeable works, nor will it apply where charges are governed by statutory regulation or guidance.

The Policy does apply if we have discretion, but not if there is a prescribed fixed charge.

Over the period of the Medium Term Financial Plan services will align their charges and processes with this policy.

This policy must be read in conjunction with the other related Council polices and strategies, including Financial Regulations, Equalities Policy, VFM Strategy, Corporate Plan.

If after reading this policy you require further guidance or clarification, or you are not sure how best to comply with the Policy then please contact your Business Manager or the Deputy Chief Executive and Director of Resources.

2. Purpose of the Policy

To establish a policy within which fee and charge levels will support the Medium Term Financial Strategy and Community Plan; and,

To encourage a consistent approach to the setting and reviewing of charges for services provided by Newark and Sherwood District Council by:

- specifying the processes and frequencies for reviewing existing charging levels or introducing new charges for areas of the council's work for which charges could in principle be set;
- providing guidance on the factors that need to be taken into consideration when charges are reviewed on an annual basis;
- establishing parameters for calculating different levels of charges;
- recommending the criteria for applying concessions or discounted charges on a consistent council wide basis;
- requiring more active use of market intelligence relating to different services.

3. Processes and Frequencies for Reviewing Charges

The following arrangements for reviewing charges will be applied throughout all areas of the Council where charges for services already exist or could in principle be set:

- all discretionary charges will be considered and approved by Council as part of the Budget and Council Tax setting process in March of each year.
- a major review of each business unit's charging strategy will take place at least once every three years to ensure consistency with the council's priorities, policy framework, service aims, market sensitivity, customer preferences, and income generation needs, and the justification for any subsidy that the council as a whole makes to the service.

- annual reviews will be carried out for all of these services as part of the budget process, and shall have regard for the budget strategy approved each year.
- where fees are not to be increased or are proposed to be increased below inflation, this must be reported to SLT by the budget officer clearly stating the financial implications and budget shortfall before the deadline for completion of the revenue budget.
- these formal reviews will be overseen by the appropriate Director.
- where decisions on fees and charges, including any concessions or discounts, are taken outside the budget process approved by SLT and Cabinet, any proposals must have due regard to the Medium Term Financial Plan.

4. Factors Relevant to the Annual Review of Charges

Annual reviews of charges will consider the following factors:

a. inflationary pressures generally and input costs specific to the service;
b. any statutory framework relating to the service
c. the actual or potential impact of any competition in terms of price or quality;
d. trends in user demand and the forecast effect of price changes;
e. equality and access to services;
f. customer survey results;
g. benchmarking results;
h. council wide and service budget targets;
i. cost structure implications arising from developments such as investments made in the service;
j. consistency with other charges;
k. alternative charging structures that could be more effective;
l. validity of continuing any concessions;
m. proposals for targeted promotions during the year, and evaluation of any that took place in the previous year;
n. where less than the full cost is being recovered (including nil charges), the justification for the decision is reviewed and documented to ensure that this decision remains valid and that significant income is not being lost.

5. Processes for Setting Charges for New Sources of Income

All Business Managers should explore new business opportunities with a view to generating additional income.

All guidance in this Policy must be considered when setting new fees and charges.

A business plan must be prepared.

Any potential new income streams will need to be approved by SLT and Cabinet.

The setting of the fees and charges must be made in accordance with the current VAT regulations.

The proposed billing and recovery administrative process must be agreed with the S151 officer prior to the charges being implemented.

A central record will be maintained by the relevant Business Manager of any decisions made not to charge for a service where a charge could be made.

6. Calculation of Charges

Charges will apply to all users, and will be set at a level to maximise take-up and income targets and wherever possible covering or exceeding the full cost of providing the service in question.

It is the responsibility of the relavent Business Manager to ensure that the proposals comply with the appropriate legal framework and any legal restrictions. Advice should be taken from the Council's Legal Business Unit before any proposal is finalised.

This calculation of full cost should be based on the direct cost of service provision including staff, supplies and services, equipment, premise costs. Overheads and capital asset depreciation charges should be included but consideration may be given to a less than full cost recovery of these elements where inclusion would distort competition.

Where less than the full cost is being recovered, the justification for the decision must be documented and retained by the appropriate Business Manager and clearly state the financial implications and budget shortfall.

All fees and charges must be calculated in accordance with the current VAT regulations.

7. Concessionary Charges

In some circumstances the Council will offer subsidies to all users or concessions to specific user groups where this is consistent with achieving its priorities.

Entitlement to concessionary charges must have regard to equalities legislation and is designed to reduce barriers to participation arising from:

- Age;
- Level of income;
- Family circumstances;
- Health
- Educational circumstances.

Concessions will not apply to retail sales from shops or cafes.

Concessionary charges may also be made available to organisations whose purpose is to assist the Council in meeting specific objectives in its priorities and policy framework, or which contribute to the aims of key local partnerships in which the Council has a leading role.

Concessionary charges should not normally apply to peak times or in situations that would result in the loss of income from customers paying standard charges. Neither would they normally be available to organisations that are based outside of the Council's area other than on a reciprocal basis.

Only one concession can be applied to the standard charge at any given time.

Services wishing to adopt a concessionary charging scheme must demonstrate the scheme is practicable in terms of assessment, collection and evidencing for audit purposes.

8. Discounts

For certain services it will be normal practice to set promotional discounts, frequent user discounts or group discounts.

Promotional discounts are defined as short-term charges that are targeted to increase take-up or awareness of the services that are available.

Frequent user discounts are to be used only for commercial reasons such as generating customer loyalty where alternative provision from competitors exists, and where market analysis shows a real risk of reduced income if they are not offered.

Group discounts are to be used to encourage take up by organisations able to block book and family discounts to encourage parents and children's take up.

Discounts can be applied to both the standard charge and the concessionary charge.

Discounts can only be applied where the Service has received prior approval of the principle to apply a discount to the charge for this service.

9. The Use of Market Intelligence

All managers of discretionary services for which a charge is made should take steps to identify competitors offering similar or related services, and make use of comprehensive and dynamic market intelligence in evaluating:

- their charging strategy;
- the range of services provided;
- the quality of services provided;
- their cost structure.

All managers of services for which a charge is made should consult with customers, relevant partners and stakeholders on the range, quality and cost of services provided prior to the triennial review.

Consultation should also take place with potential customers and target groups to determine improvements needed to encourage participation at least every five years.

Comprehensive and accurate usage statistics will be maintained for all services and at all facilities where charges are made, to enable analysis of usage, justification of any subsidy given by the Council, and accurate forecasting of the effect of price changes on usage.

Benchmarking should be undertaken at least annually with other Councils in the local area and with relevant national groupings of authorities, to ensure that charges are at comparable levels and that significant differences are understood and justified.

10. Further Guidance

Charges should be payable in advance wherever possible or collected by direct debit or through the corporate income system.

All fees/charges must be reported annually to the Financial Services Business Unit as part of the budget process for publishing in the annual budget book.

All fees/charges must be published on the Council’s website.

APPENDIX E

NEWARK & SHERWOOD DISTRICT COUNCIL

Value for Money Strategy

Revised: July 2026

Next revision due: n/a

Introduction

Newark & Sherwood District Council recognises its responsibility to achieve value for money from all its activities, however they may be funded.

The council is committed to the pursuit of economy, efficiency and effectiveness as part of its corporate strategy. It will seek to achieve value for money in the pursuit of its objectives and in the delivery of all services.

The council has a neutral position on service delivery methodologies. It will consider all service delivery options, including in-house provision, partnerships with other public sector organisations (including shared services), partnerships with private sector organisations, and bought in services as appropriate for individual services or groups of services.

In light of the current high inflation environment, it is inevitable that the annual revenue and capital budget setting will be challenging each year. The council has a range of methodologies in place to ensure that its aims and priorities are delivered within an acceptable level of council tax. The Value for Money Strategy is a key element of this process.

Value for Money Principles

The principles involved in achieving value for money are:

Efficiency:	Considering the relationship between the amount of resources used (inputs) and the level of performance.
Effectiveness:	The ability to achieve stated goals or objectives, judged in terms of both output and impact.
Economy:	The acquisition or use of resources of an appropriate quality at minimum cost.

There are several aspects to be considered:

- Balancing effectiveness with efficiency
- Balancing efficiency with economy
- Sustaining the funding arrangement (where this is desirable)
- Demonstrating the most appropriate use of resources

Value for money can be defined as: **the use of available resources in an efficient and economical way to deliver effective services or achieve desired outcomes.**

The council is accountable for using resources efficiently to avoid wasting public funds, but this does not mean always seeking the lowest short-term cost. Waste occurs when a service – no matter how cheap or expensive – is ineffective. Effectiveness and efficiency needs to be balanced to achieve value for money.

The costs and benefits of each arrangement must be evaluated in terms of what the council seeks to achieve.

The council will manage any risks to its own interests, and use arrangements and processes such as monitoring, review and evaluation to demonstrate effectiveness and value for money.
At the planning stage, the council should be able to justify how it intends to apply its resources. After implementation it should be able to demonstrate that the policy is having the desired effects, and that the money is not going to waste. If there are unintended outcomes from its policies the council needs to adapt its funding arrangements to take them into account.

Objectives

To achieve value for money, the council will:

- target resources towards achieving the council's objectives and meeting the needs of local people;
- integrate VFM principles within existing planning, management and review processes;
- adopt recognised good practice as appropriate;
- analyse potential budget issues for the following financial year at an early stage and take a corporate approach to developing solutions;
- ensure that VFM principles are taken into account during the commissioning process;
- benchmark activities against other similar activities and organisations where appropriate;
- respond to opportunities to enhance the economy, efficiency and effectiveness of activities;
- promote a culture of continuous improvement;
- demonstrate actively to both internal and external stakeholders that the achievement of VFM is sought in all activities undertaken;
- ensure that all staff recognise their continuing obligation to seek VFM for the council as part of their activities;
- seek external funding where appropriate to support the council's services if the external funding assists the achievement of the council's objectives.

Methodologies for achieving VFM

The council has a number of different methodologies that contribute to the achievement of VFM.

These include:

- An annual refresh of the Community Plan focus' on the key objectives based on local need;
- development of Business Unit business plans which are referenced to the Community Plan objectives;
- resources are aligned, through the budget process including the refresh of the Medium Term Financial Plan, with the key objectives as set out in the Community Plan;
- effective use of ICT (supported by the ICT Digital Strategy);
- service reviews;
- scrutiny by Policy and Performance Improvement Committee;
- scrutiny by the Audit & Governance Committee through Internal Audit reports;
- corporate procurement mechanisms (supported by the Contract Procedure Rules and external providers Welland Procurement);
- partnership working including consideration of shared services and public/private partnerships;
- customer feedback.

How the Council monitors the achievement of VFM

The Council sets a range of performance indicators for key activities in order to monitor the effectiveness of those functions. Each of these are built into Business Unit business plans and are referenced to objectives set within the Community Plan. These are reported through the Senior Leadership Team and on to Members for their scrutiny.

Responsibility for delivering VFM

The council is required to satisfy itself that VFM is being sought and achieved from the use of public funds.

The responsibility for achieving VFM lies with all Members and staff and is not restricted to those with resource or financial responsibilities. All Members and staff should endeavour to seek and achieve VFM in all activities and to bring to management's attention any opportunities for improvement.

Business Managers have the responsibility to maintain an awareness of good practices in their own area of operation and ensure that these are followed appropriately.

The Senior Leadership Team will provide a corporate overview of VFM to ensure that initiatives are not restricted to individual service areas.

The Council has an expectation that bodies with which the Council has partnership arrangements and organisations in receipt of grant aid from the council will follow VFM guidelines.

APPENDIX F

NEWARK & SHERWOOD DISTRICT COUNCIL
CAPITAL PROGRAMME 2027/28 – 2030/2031 PRIORITISATION SCHEME

	STAGE 1 FACTOR	Comments	STAGE 2 DETAILED PRIORITISATION	STAGE 2 WEIGHTING
1	**Key Priorities** Scheme must link to at least one of the Council's priorities and be an objective contained within a Service Plan.	If a scheme does not clearly relate to these areas it will not be considered further.	Each scheme to be marked as to how well it fits with the Community Plan	**35%**
2	**Evidence of Need** Service Strategy National Strategy or Guidelines Statutory Obligation	In some cases local demands are in excess of national guidelines and strategies and this tries to acknowledge that the two must be balanced. This will cover Health and Safety related schemes.	The following factors will receive equal weighting :- • Statutory Obligation • National Strategy • Validity of consultation in relation to project. e.g. How specific to this project? Who was consulted, was this comprehensive? • Quality of evidence of need for project .e.g. size of sample base, date of evidence, format of evidence	**10%**
3	**Partnership** Eligibility under existing criteria can be demonstrated.	Show that work has been done to ensure that the obtaining of external finance is realistic. The degree to which the partnership will add value to the project.	The proportion of finance which will be met by third party. The likelihood of receiving support. Assessment of the value the partner will add to the project.	**15%**

4	**Outputs and Outcomes** These have been clearly identified and can be justified from supporting evidence. Specific comments should be made as to how the scheme represents value for money when compared to other options	This will enable the council to improve the way it reports its work and clearly show what is being achieved. The comments should refer to any performance indicators which the proposal is addressing specifying what the improvement target is.	Assessment then made on what the scheme will achieve.	**15%** Assessment of all factors or group of factors
5	**Financial** Capital costs have been based on internal or external professional advice Revenue implications have been properly developed	Capital costs include both works and land purchase and cover all associated costs. Try and avoid “guesstimates” which result in schemes requiring increased finance or having to be reduced to meet finance available.	Capital will be based on the quality of work which has been put into estimate. e.g. costed feasibility studies. Revenue will be based on whether the effect is positive, neutral or negative on the revenue budget. Positive effect scores 10 Neutral effect scores 3 Negative effect scores 0	**5%** **10%**
6	**Risk Assessment** Identify the level of risk in a project not being able to proceed. For example planning appeals, listed building consent. Over subscription of partnership funds	Try and ensure that not all schemes selected are high risk with the danger that there will be delays in delivery or no-delivery.	The following will all need to be considered:- Technical Issues Financial Uncertainty Partnership uncertainty Planning Issues Legal issues Timescale	**10%**