

<b>Report To:</b>	<b>COUNCIL</b>
<b>Date:</b>	<b>3 MARCH 2025</b>
<b>Heading:</b>	<b>ANNUAL BUDGET AND COUNCIL TAX 2025/26 AND MEDIUM-TERM FINANCIAL STRATEGY UPDATE</b>
<b>Portfolio Holder:</b>	<b>CLLR RACHEL MADDEN – EXECUTIVE LEAD MEMBER FOR FINANCE, REVENUES AND BENEFITS</b>
<b>Ward/s:</b>	<b>ALL</b>
<b>Key Decision:</b>	<b>YES</b>
<b>Subject to Call-In:</b>	<b>YES</b>

## **Purpose of Report**

This report sets out the proposed:

- 2025/26 Annual Revenue (General Fund) and Housing Revenue Account (HRA) Budgets and the Capital Programme for 2024/25 to 2028/29;
- 2024/25 In-Year Revised Budgets (HRA and Capital); and
- 2025/26 Proposed District Council Tax
- 2025/26 Proposed Fees and Charges
- 2025/26 Proposed Capital Strategy; and the
- 2025/26 Proposed Treasury Management Strategy

The report also sets out the estimated financial challenge in the Medium-Term Financial Strategy (MTFS) for 2025/26 to 2027/28, the Chief Finance Officer’s advice regarding the robustness of the estimates included in the proposed 2025/26 Budget and the adequacy of reserves for which the proposed budget provides.

## **Recommendation(s)**

**That Council:**

- 1. Approves a freeze (no annual increase) in the level of the District's own Council Tax for 2025/26, setting the Band D equivalent at £207.13.**
- 2. Approves the proposed changes to Fees and Charges, (Appendix 1), which have been factored into the proposed 2025/26 budgets.**
- 3. Approves the proposed 2025/26 Revenue (General Fund) and HRA Budgets as summarised in this report (Sections 4 and 5).**
- 4. Approves the proposed Capital Programme and associated borrowing 2024/25 to 2028/29 as set out in this report. (Section 6 and Appendix 2).**
- 5. Approves the 2024/25 Revised HRA and Capital Budgets as set out in this report. (Sections 5, 6 and Appendix 2).**
- 6. Notes the estimated financial challenge in the Medium-Term Financial Strategy (MTFS) for 2026/27 to 2027/28 and the planned approach to address the challenge. (Section 7).**
- 7. Approval of the proposed use of reserves as set out in this report. (Table 6 (General Fund) and Table 8 (HRA)).**
- 8. Notes and accepts the comments and advice of the Corporate Resources Director (Section 151 Officer), provided in compliance with Section 25 of the Local Government Act 2003, as to the robustness of the estimates included in the 2025/26 Budget and the adequacy of the reserves for which this budget provides. (Section 8).**
- 9. In accordance with Schedule 1A Section 13A of the Local Government Finance Act 1992 (Council Tax Reduction Schemes), that it approves an unchanged scheme for Council Tax Support for 2025/26.**
- 10. Notes and approves the proposed 2025/26 Capital Strategy (Appendix 3).**
- 11. Notes and approves the proposed 2025/26 Treasury Management Strategy (Appendix 4).**

## **Reasons for Recommendation(s)**

In accordance with the Local Government Finance Act 1992 the Council must set its annual budget by 10<sup>th</sup> March in the preceding financial year.

## **Alternative Options Considered**

*(with reasons why not adopted)*

The District Council is able to set a Council Tax increase of up to the greater of 3.00% or £5 per annum without triggering a referendum. The proposal is to freeze the level of District Council Tax for 2025/26. For illustration, a 3% increase would yield an additional £215.5k in 2025/26, which would be compounded in future years. The Council, like all businesses, has seen inflationary increases to its pay, energy, fuel and contracts costs in recent years and this is expected to continue. It also has a significant estimated funding gap beyond the current year and a Council Tax increase could, with its compounding effect, help to mitigate future funding pressures. However, the Council also recognises the adverse impact of cost of living pressures on many residents and the desire of this Council to be as supportive to our residents as possible.

Careful consideration has been given to each of the proposed investments and savings included in this report. The investments proposed will support the Council in delivering its Corporate Plan priorities and achieving a balanced budget. The proposed savings will increase the efficiency of the Council with minimal adverse impact on residents and customers.

## **Detailed Information**

### **1. Background and Economic Context**

- 1.1 Since 2010 Local Government has seen an unprecedented reduction in the level of funding from Central Government. Local Government financing remains very challenging with a number of Councils issuing Section 114 Notices or indicating they are on the brink of doing so. Ashfield District Council is not one of those Councils but we are mindful of the potential significant changes (expected reductions to core Central Government funding) likely to materialise when Local Government Funding Reform and Business Rates reset are implemented, and this has to be responsibly planned for.
- 1.2 Despite the significant year on year reduction in funding this Council has a proven track record of setting a robust annual budget and delivering an Outturn within the budget set. However, despite this good financial performance the Council does face further financial challenges, which it will need to address into the medium and longer term.
- 1.3 Although this report contains proposals to balance the 2025/26 revenue budget it is essential that the Council's senior management continues to work with the Cabinet to identify and agree options to address the estimated financial challenge in the Medium-Term Financial Strategy for 2026/27 and beyond; ensuring the Council remains a 'Going Concern' and has a sustainable future.
- 1.4 The proposed 2025/26 Budget reflects the impact of both the Provisional and Final Local Government Finance Settlements. The Government has again provided only a one-year Funding Settlement for 2025/26. This significantly compromises all Councils' ability to plan effectively into the medium term. However, Government has announced proposals to issue a multi-year settlement next year. It also expects to conclude Funding Reform proposals and a Business Rates reset on the same timescale, which should provide much greater clarity at that time.

1.5 The proposed revenue and capital budgets included in this report will facilitate the delivery of the Council's Priorities as set out in the Corporate Plan. The significant Capital Schemes currently being delivered across Ashfield will increase economic growth and attract more inward investment, making the District a more inviting, exciting and prosperous place for our residents, businesses and visitors.

## 2. District Council Tax 2025/26

- 2.1 Ashfield District Council is proposing to freeze (no annual increase) in the level of its own Council Tax. This would set the District's Council Tax level (Band D equivalent property) at £207.13 for 2025/26.
- 2.2 This proposed District Council Tax increase is reflected in the proposed Annual Revenue Budget for 2025/26 shown in Section 4, Tables 4 and 5.
- 2.3 Based on the number of Band D equivalent properties in the 2025/26 Council Tax Base (34,682.7) and a District Council Tax of £207.13, this will generate District Council Tax income of £7.184m for 2025/26.
- 2.4 The Council like all businesses continues to face inflationary cost pressures. However, the Council also recognises that we need to protect our most financially vulnerable residents at this difficult time and so to mitigate this, the Council is proposing to again extend its Council Tax Support Scheme up to the maximum level for those residents eligible for this support.
- 2.5 Table 1 below shows the level of Council Tax in each Council Tax band in the Ashfield District. The table also shows the percentage of properties in each Band in Ashfield, and within each Band the percentage of households receiving full or partial support through our Council Tax Support Scheme.

73% of our residents live in a Band A or Band B property so will pay less than £207.13. 37% of those in Band A and Band B properties will receive full or partial support through the Council's up to 100% maximum Council Tax Support Scheme.

In addition to the above a significant number of homes receive a 25% Single Person Discount: Band A: 44% of homes, Band B: 31%, Band C: 25%, Band D: 17% Band E: 14%, Band F: 11%, Band G: 16% and Band H: 0%.

**Table 1 – Proposed Council Tax and Council Tax Support by Band**

Council Tax Property Band	Annual District Council Tax	Annual increase in District Council Tax	% of Properties in the Band	% of Properties in the Band receiving full or partial Council Tax Support
A	£138.09	nil	52.2%	27%
B	£161.10	nil	20.6%	10%
C	£184.12	nil	15.6%	6%
D	£207.13	nil	7.7%	3%
E	£253.16	nil	2.7%	2%
F	£299.19	nil	0.9%	1%
G	£345.72	nil	0.2%	3%
H	£414.26	nil	0.1%	0%

### 3. Fees and Charges 2025/26

- 3.1 The proposed schedule of fees and charges for 2025/26 is set out at Appendix 1. This follows line-by-line review by services. Some charges are set by statute or capped at the cost of providing the service. Where the Council has discretion to set the charges, they have generally been increased to reflect inflation indices or the inflation in the cost of providing the services concerned. However, there is no change proposed for:-
- Car parking charges.
  - Child burials, which will remain free of charge.
  - Garden waste collection charges.
- 3.2 The proposed fees and charges are incorporated into the service budgets that are summarised later in this report.

### 4. Annual Revenue Budget 2025/26

- 4.1 The proposed 2025/26 Annual Revenue Budget includes a number of Investments, Savings/Efficiencies and additional income generation. These are set out in Tables 2 and 3 below.
- 4.2 The proposed Revenue Budget is based on the Council's approved staffing structure from April 2025 and assumes a budgeted average 4% pay increase for staff for 2025/26 (still yet to be determined). It also reflects the changes to the Employers' National Insurance Contribution threshold which take effect in April 2025. If the pay award is settled at less than 4% budgets will be reduced accordingly. If the pay award is settled at above 4% budgets will be adjusted accordingly with the funding being transferred from the General Reserve. (For the General Fund a +/-1% variation equates to £245k). Energy costs (Gas and Electricity) for 2025/26 have been budgeted for in accordance with advice from the Council's Energy team and contract terms. The energy costs for 2025/26 have been frozen to reflect the current contracts in place. These are reflected in the savings tables in the report. The proposed 2025/26 Budget also includes any revenue implications from the proposed Capital Programme yet to be approved by Council on 3rd March 2025.

**Table 2 – Investments 2025/26**

			<b>2025/26</b>
<b>Investment</b>	<b>Detail</b>	<b>Link to Corporate Priorities / Themes</b>	<b>£'000</b>
Training and Development	Additional investments aligned to the implementation of Decision Making Accountability (DMA) and to assist with the development of staff for recruitment and retention purposes (Employer of Choice).	Innovate and Improve / Invest to Save / People Focussed	23
Events	Increased and improved Events Programme for residents, including Christmas Illuminations.	Economic Growth and Place / People Focussed	43

			2025/26
Investment	Detail	Link to Corporate Priorities / Themes	£'000
Corporate Policy & Performance (GF Share)	Additional resource following the Service Review to support service monitoring and improvement, with a focus on delivering the objectives in the Corporate Plan 2023 - 2027.	Innovate and Improve	95
Corporate Communications Service (GF share)	Additional resource following the Service Review aligned to effective and timely communications in respect of corporate objectives and projects delivered.	Innovate and Improve	53
Corporate Digital Services (GF share)	Additional resource following the Service Review aligned to effective provision and development of digital services in respect of corporate objectives and projects delivered.	Innovate and Improve	173
Corporate Digital Services (GF share)	Ongoing increase in costs associated with Application Software & Licences	Innovate and Improve / Invest to Save	194
Planning	Building Control – Increased contract costs	Innovate and Improve	50
Planning	Local Plan Examination and production - costs for work to be undertaken in 25/26	Economic Growth and Place	120
Neighbourhoods	Agency Staff requirement to maintain service while the Service Review is undertaken	Cleaner and Greener	125
Neighbourhoods	Trade waste Disposal - contractual costs increasing	Cleaner and Greener	45
Community Safety	Domestic Homicide Review – cost of work to be undertaken in 25/26	People Focussed	16
Strategic Housing	Prevention of Homelessness. Further review of this activity to take place during 25/26, with updated financial figures to be presented as per first budget review within the 25/26 financial year.	People Focussed	120
Neighbourhoods	Implementation of simpler recycling activities across the district	Cleaner and Greener	TBD
<b>TOTAL</b>			<b>1,057</b>

**Table 3 – Savings/Efficiencies 2025/26**

			2025/26
Saving / Efficiency	Detail	Link to Corporate Priorities / Themes	£'000
Council Wide Base Budget Review	Line by line review of all service budgets to realign to service budget requirements. This will take into consideration the service reviews already undertaken and the service reviews due to be undertaken during the 25/26 financial year. It will also review Councils capacity to deliver its ambitious capital program. This indicative amount is likely to change as this review is undertaken.	Innovate and Improve / Invest to Save / People Focussed	-486
Revenues & Benefits	Renegotiated contract with Civica for the Revenues and Benefits system	Innovate and Improve / Invest to Save	-82
<b>TOTAL</b>			<b>-568</b>

4.3 Factoring in the above proposed Investments and Savings/Efficiencies, the proposed Annual Revenue Budget for 2025/26 is shown in Table 4 below:

**Table 4 – Annual Revenue Budget by Directorate 2025/26**

<b>Directorate</b>	<b>£'000</b>
Place	5,568
Transformation	3,467
Governance	2,960
Operations	8,448
Chief Executive	903
<b>Sub Total - Directorates</b>	<b>21,346</b>
Net Recharges In/Out	-3,737
Borrowing & Capital Financing Costs	3,827
Net Interest Receivable	267
Transfers to Earmarked Reserves	314
<b>TOTAL</b>	<b>22,017</b>

4.4 Table 5 below shows how the proposed 2025/26 Annual Revenue Budget is funded:

**Table 5 – Funding the 2025/26 Annual Revenue Budget**

<b>Funding Source</b>	<b>£'000</b>
New Homes Bonus Grant	-148
Revenue Support Grant	-467
Funding Guarantee	-27
Net Business Rates / Section 31b Grants	-9,257
District Council Tax	-7,223
Recovery Fund	-407
Domestic Abuse Safe Accommodation	-35
NIC Compensation	-200
Use of Earmarked Reserves <sup>(1)</sup>	-2,044
Use of General Reserve	-2,209
<b>TOTAL</b>	<b>-22,017</b>

(1) The Council has also been awarded £1.137m of Extended Producer Responsibility for Packaging (pEPR) funding for 2025/26. This figure may vary during the year as the scheme develops and it is not guaranteed at the same level beyond 2025/26. It will be taken to a new earmarked reserve to smooth the impact of investment in simpler recycling in the first instance. It has therefore been excluded from the budget at this stage, but transfers from the reserve to fund related costs will be included in budget updates as the funding and costs become clearer.

## 4.5 General Fund Earmarked Reserves

Table 6 below shows the planned movement in General Fund Earmarked Reserves:

**Table 6 – Known and Planned Movement in General Fund Earmarked Reserves**

Movement on Earmarked Reserves	Balance as at 1st April 2024	Transfer to Reserve 2024/25	Transfer from Reserve 2024/25	Expected Balance as at 31st March 2025	Budgeted Transfer to Reserve 2025/26	Budgeted Transfer from Reserve 2025/26	Expected Balance as at 31st March 2025
Elections	(56)	(54)	0	(110)	(54)	0	(164)
Insurance Related Funds (Inc Risk Mngt)	(376)	(75)	0	(451)	(75)	0	(526)
Revenue Grant Reserve	(3,808)	0	0	(3,808)	0	0	(3,808)
District Planning Enquiry Fund	(120)	0	0	(120)	0	0	(120)
Asset Renewal	(600)	0	276	(324)	0	0	(324)
Leisure Maintenance Reserve	(1,901)	(476)	0	(2,377)	0	0	(2,377)
NNDR Equalisation Reserve	(5,982)	0	1,209	(4,773)	0	1,488	(3,285)
Supported Housing Trading Fund	(53)	0	0	(53)	0	0	(53)
Corporate Transformation Reserve	(839)	(750)	671	(918)	(150)	0	(1,068)
Commercial Property Investment Reserve	(4,400)	(1,000)	2,014	(3,386)	0	513	(2,873)
Economic Development and Place Reserve	(225)	0	13	(212)	0	43	(169)
Joint Crematorium Reserve	(642)	0	0	(642)	0	0	(642)
Selective Licencing	(138)	0	0	(138)	0	0	(138)
Licensing Reserve	(271)	0	0	(271)	0	0	(271)
Legal Reserve	(35)	(10)	0	(45)	(10)	0	(55)
Winter Maintenance Reserve	(20)	(5)	0	(25)	(5)	0	(30)
Commercial Property Dilapidations Reserve	(540)	(10)	0	(550)	(10)	0	(560)
IT Reserve	(25)	(10)	0	(35)	(10)	0	(45)
pEPR	N/A	N/A	N/A	N/A	TBD	TBD	TBD
<b>TOTAL</b>	<b>(20,031)</b>	<b>(2,390)</b>	<b>4,183</b>	<b>(18,238)</b>	<b>(314)</b>	<b>2,044</b>	<b>(16,508)</b>

## 4.6 Proposed transfers to Reserves

The proposed transfers to Earmarked Reserves for 2025/26 are:

- £54k to Elections reserve which includes an annual contribution to the 4 yearly District elections and a contribution towards costs of potential future By-elections.
- £75k annual contribution to the General Fund Insurance Reserve to meet costs of self-insurance.
- £35k transfer to the reserves; Legal (£10k), IT (£10k), Winter Maintenance (£5k) and Commercial Property Dilapidations (£10k).
- £150k to the Corporate Transformation Reserve to provide resource to implement key projects which will deliver service improvements to customers and wider stakeholders and deliver both cashable and non-cashable efficiencies at the earliest opportunity.



#### 4.7 Proposed transfers from Reserves

The proposed transfers from Earmarked Reserves for 2025/26 are:

- £1.488m from the Business Rates Equalisation Reserve to fund timing differences on the forecast outturn position on the Collection Fund.
- £513 from the Commercial property Reserve to fund voids or partial rental agreements
- £43 from the Economic Development & Place Reserve to fund the legal work around charitable land.

#### 4.8 General Reserve

As at 31<sup>st</sup> March 2024 the balance on the General Reserve was £10m. **The proposed Revenue Budget for 2025/26 assumes that £2.209k funding is required from the General Reserve.**

### 5. Housing Revenue Account (HRA)

5.1 Local housing authorities are required by Section 74 of the Local Government and Housing Act 1989 (the 1989 Act) to keep a Housing Revenue Account (HRA). The HRA reflects a statutory obligation to account separately for local authority housing provision. It identifies the major elements of housing revenue expenditure such as maintenance, administration, and contributions to capital costs and how these are funded, primarily from housing rent.

5.2 The proposed budget includes provision for funding for increments and contractual inflation. The 2025/26 Budget also includes any revenue implications from the proposed Capital Programme yet to be approved by Council.

5.3 Table 7 shows the 2024/25 Revised HRA Budget and Proposed 2025/26 HRA Budget.

**Table 7 - Revised HRA budget for 2024/25 and the proposed HRA Budget for 2025/26:**

Description	2024/25 Revised Budget	2025/26 Original Budget
	£'000	£'000
<b>Income</b>		
Rents, Charges and Contributions	(30,581)	(31,711)
Interest and investment income	(700)	(800)
Total Income	(31,281)	(32,511)
<b>Expenditure</b>		
Repairs and Maintenance	9,653	10,474
Supervision and Management	5,276	5,416
Interest payable and similar charges	3,548	3,548
Rents, Rates, Taxes, and other charges	176	193
Depreciation and impairments of fixed assets	4,692	4,784
Debt Management Costs	44	44

Contribution to the Bad Debt Provision	200	200
Transfer to Major Repairs Reserve	0	17,845
Capital expenditure funded by the HRA	4,055	9,663
Total Expenditure	27,644	52,166
<b>Net Cost of HRA Services</b>	<b>(3,637)</b>	<b>19,655</b>

The main changes to the above budget for 2025/26 are:

- Increased Rental income from tenants for the approved new charges in rents, amenity, and service charges. (A decision in respect of rents for 2025/26 is presented to this meeting as a separate agenda item).
- The Repairs and Maintenance section has increased due to the estimated pay award for 2025/26 along with the changes to the National Insurance employer deductions, subcontractor inflation and material increases.
- The Supervision and management section has increased due to the estimated pay award for 2025/26 along with the changes to the National Insurance employer deductions.
- Transfer to the Major Repairs Reserve movement is due to the delay of the onboarding of a new major repairs' contractor for Capital Programme schemes in 2024/25, this has all been moved forward to 2025/26.
- Capital expenditure funded by the HRA is higher in 2025/26 reflecting the current level of approved new build developments of affordable housing.

The 2024/25 Revised Budget above includes the proposed HRA Capital Scheme budget changes for 2024/25 proposed in Section 6 of this report.

The HRA uses a sophisticated 30-year business planning model. This enables the impact of various changes in income and expenditure to be monitored across a 30-year timespan. Whilst there is not an immediate risk to the HRA within the short term the Council must be mindful savings are required within the service itself and from those services and funds that receive contributions from the HRA as well as a potential need to scale back capital investment within existing properties.

#### 5.4 Possible Future impacts on the HRA

##### *Social Housing Regulation Act 2023 & Awaab's Law:*

Social Housing (Regulation) Act 2023 received Royal Assent on 20th July 2023 this followed the Social Housing White Paper published 17th November 2020 included proposals to introduce new primary building safety legislation and a new Decent Homes Standard. An action plan is regularly reported to Cabinet highlighting the areas within the White Paper and specific Consumer Standards that are being met and identifies gaps where service areas will need to ensure work continues to remain compliant.

Currently awaiting the outcome of the consultation on the introduction of Awaab's Law. The requirements/implications of Awaab's Law are as yet unknown, however, it is that hazards identified with the Council's housing stock will have strict deadlines for inspection, reporting of actions required including timescales and completion of works and a requirement to temporarily decant vulnerable tenants into alternative accommodation until the hazard is resolved.

Further additional posts may be required once more of the regulations unfold following legislation being approved with an implementation date highly likely to be within the 2025/26 financial year.

### *Carbon Zero by 2050:*

Under legislation passed in 2019, the UK is legally obliged to reach net-zero carbon emissions by 2050. There are a wide variety of factors that could influence the financial impact to retrofit the entire housing stock to zero-carbon standards. The age and composition of stock, existing maintenance plans, the cost of technology are all factors going forward. Based on £20,000 costs per property for carbon zero by 2050 and without Government funding the carbon zero target cannot be met within the current self-financing model of the HRA.

## 5.5 HRA Earmarked Reserves

Table 8 below shows the already approved movements in the HRA earmarked reserves in 2024/25, and transfers required for 2025/26:

**Table 8 – HRA Earmarked Reserves**

<b>Movement on Earmarked Reserves</b>	<b>Balance as at 1st April 2024/25</b>	<b>Transfer to Reserve 2024/25</b>	<b>Transfer from reserve 2024/25</b>	<b>Balance as at 31st March 2025</b>	<b>Transfer to Reserve 2025/26</b>	<b>Transfer from Reserve 2025/26</b>	<b>Balance as at 31st March 2026</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Revenue Grants Reserve	(53,424)	0	6,400	(47,024)	0	10,000	(37,024)
Eco Funding Reserve	(243,430)	0	0	(243,430)	0	130,000	(113,430)
Insurance Reserve	(156,905)	(30,000)	30,000	(156,905)	(30,000)	30,000	(156,905)
Technology Investment	(25,566)	0	25,566	0	0	0	0
Welfare Reform Reserve	(90,399)	0	0	(90,399)	0	50,000	(40,399)
<b>Total</b>	<b>(569,724)</b>	<b>(30,000)</b>	<b>61,966</b>	<b>(537,758)</b>	<b>(30,000)</b>	<b>220,000</b>	<b>(347,758)</b>

## 5.6 Planned Movement in HRA Earmarked Reserves 2025/26

Revenue Grants Reserve – This will be utilised for Tenant Survey Measures and surveys.

Eco Funding Reserve – This reserve was set up to fund future carbon saving and renewable energy works. Proposals in this area include works on retrofit properties which are estimated to include £130k revenue costs (delayed from 2024/25).

The HRA insurance reserve was established in 2016/17 to fund any damage to the Council's housing stock. All housing stock damage claims will go against the HRA insurance reserve. This has been reviewed this year and based on outstanding claims a contribution is required in 2024/25. This will be reviewed again at the end of 2025/26 in readiness for the next budget cycle.

The Welfare Reform Reserve was created to support the planned full migration across to Universal Credit which will impact on the HRA, with the view to complete the whole process nationally by March 2026. This will require additional resources in 2025/26 to manage the increase in claimants and to provide the necessary support to complete outstanding IT projects/work all related to Income Collection and Recovery.

## 6. Capital Programme 2024/25 to 2028/29

6.1 The proposed Capital Programme and funding is summarised in Table 9 below. Appendix 2 shows a detailed breakdown of all the schemes below.

**Table 9 – Capital Programme (2024/25 to 2028/29)**

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
<b>Capital Expenditure</b>						
Area Schemes	598	994	0	0	0	1,592
General Fund	36,858	71,464	5,860	6,110	1,110	121,402
Housing Revenue Account	11,641	43,012	19,742	18,280	17,329	110,004
<b>Grand Total</b>	<b>49,097</b>	<b>115,470</b>	<b>25,602</b>	<b>24,390</b>	<b>18,439</b>	<b>232,998</b>
<b>Capital Financing</b>						
Developers Contributions - Area Schemes	1,156	352	0	0	0	1,508
Reserves	0	7	0	0	0	7
Capital Receipts	4	0	0	0	0	4
Other Capital Grants and Contributions - Area Schemes	73	0	0	0	0	73
<b>Sub Total - Area Schemes</b>	<b>1,233</b>	<b>359</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,592</b>
Prudential Borrowing - General Fund	15,645	31,567	4,750	5,000	0	56,962
Direct Revenue Financing - General Fund	1,814	484	0	0	0	2,298
Developers Contributions - General Fund	662	112	0	0	0	774
Capital Receipts	1,230	22	0	0	0	1,252
Other Capital Grants and Contributions - General Fund	17,507	39,278	1,110	1,110	1,110	60,115
<b>Sub Total - General Fund</b>	<b>36,858</b>	<b>71,463</b>	<b>5,860</b>	<b>6,110</b>	<b>1,110</b>	<b>121,401</b>
Funded from HRA Reserves	3,956	39,967	18,468	17,006	16,055	95,452
Homes England	3,001	1,377	0	0	0	4,378
Social Housing Decarbonisation Fund 2	961	0	0	0	0	961
Economic Dev - Kingsway Car park	10	0	0	0	0	10
S106 Fairhaven	387	0	0	0	0	387
Local Authority Housing Fund - second funding round	293	0	0	0	0	293
Nottingham City Council Retrofit	514	0	0	0	0	514
Future 1-4-1 Capital Receipts						
Funding Recently Built and New Schemes	1,501	788	394	394	394	3,471
Non 1-4-1 Capital Receipts	1,018	880	880	880	880	4,538
<b>Sub Total - HRA</b>	<b>11,641</b>	<b>43,012</b>	<b>19,742</b>	<b>18,280</b>	<b>17,329</b>	<b>110,004</b>
<b>Grand Total</b>	<b>49,732</b>	<b>114,834</b>	<b>25,602</b>	<b>24,390</b>	<b>18,439</b>	<b>232,997</b>

6.2 The above proposed Capital Programme includes all changes previously requested up to the end of December 2024 plus any further changes requested in March 2025.

### **Area Capital Programme**

6.3 These consist of mainly self-financed schemes that enhance the local environment. Developers' contributions (known as Section 106 funding) make up the largest funding source. Additional grant funding is sought wherever possible to maximise the benefit to local communities. Area schemes are included in Table 10.

**Table 10 – Area Schemes (2024/25 to 2028/29)**

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
<b>Area</b>						
Hucknall Area	158	16	0	0	0	174
Kirkby Area	85	176	0	0	0	261
Sutton Area	59	328	0	0	0	387
Skegby Area	0	0	0	0	0	0
Rural	60	0	0	0	0	60
<b>Total</b>	<b>362</b>	<b>520</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>882</b>
<b>Funded by</b>						
Capital Receipts	4	0	0	0	0	4
Lawn Tennis Association	63	0	0	0	0	63
Nottinghamshire County Council (NCC)	10	0	0	0	0	10
Reserves	0	7	0	0	0	7
Section 106	1,156	352	0	0	0	1,508
<b>Total</b>	<b>1,233</b>	<b>359</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,592</b>

6.4 Inflation is inevitably continuing to impact the Council's Capital Programme. The various schemes within the programme are being reviewed to try and contain costs within approved budgets. For external schemes such as Towns Fund (TF) and Future High Streets Fund (FHSF) this includes looking at the potential through Value Engineering to scale back elements of schemes where it may be appropriate to do so but also working with MHCLG to agree scheme variations with the associated funding variations for schemes, whilst containing the overall cost within the approved TF and FHSF funding envelopes.

6.5 Where the additional costs cannot be mitigated and/or timescales for scheme implementations are delayed, additional requests for funding will need to be sought through Council.

6.6 There is currently the one capital scheme where final decision is yet to be taken. (Joint Crematorium Project). Currently this is not include within the capital program as above.

## **7. Medium Term Financial Strategy (MTFS) Update**

7.1 There remains significant uncertainty around the level of resources which will be available to the Council beyond 2025/26. Local Government Funding Reform is expected to happen during 2025/26, effective from 2026/27. Government has consulted on the principles of the reform but the detailed impact on funding at particular councils has yet to be confirmed.

7.2 Because of the above significant uncertainty, indications of the future financial challenge for the Council (like all other Councils) will potentially be subject to considerable variation. However, based on use of the LG Futures financial model and our current estimate of expenditure required for the next three years the current estimated funding gaps are shown in Table 12 below.

**Table 12 – MTFs Estimated Funding Gap 2025/26 to 2027/28**

	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Estimated Expenditure	22,017	23,484	24,668
Estimated Income	17,764	15,361	14,826
Estimated Annual Funding Gap	4,253	8,123	9,842
Use of Reserves	4,253	0	0
Revised Funding Gap	0	8,123	9,842
Estimated Cumulative Funding Gap	0	8,123	17,865

7.3 This is an estimated worst case scenario. Work is underway on service reviews, with the dual objectives of identifying cost efficiencies and improving capacity to deliver against objectives. A further thorough review of service budgets is proposed during 2025/26, together with a review of capacity to deliver our ambitious capital programme and its revenue impacts. Further options to reduce the gap are summarised below.

7.4 The above estimated funding gaps from 2024/25 currently include the following annual assumptions (which may change on further review) as set out in Table 13 below:

**Table 13 – Inflation Assumptions**

	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Pay	4.0 + NIC	4.0	3.0
Utilities – Gas, Electric, Fuel	Per Contract	5.0	5.0
Contracts	Per Contract	2.4	2.4
Council Tax - inflation	0	0	0
Council Tax – Growth in Base (No. of Properties)	1.0	1.0	1.0

7.5 The significant increase in the estimated funding gap represents the expected financial consequences of Local Government Finance Reform and reset of the Non-Domestic Rating system. However, this assumes no transitional funding will be provided by Central Government and no future New Homes Bonus receipts (or replacement scheme). It also does not include pEPR funding or the potential savings from the implementation of ongoing service reviews.

7.6 The Strategic Leadership Team (SLT) and Cabinet will continue to meet regularly to identify and agree options to address this estimated financial challenge in the MTFs for 2026/27 and beyond; ensuring the Council has a sustainable future.

- 7.7 Consideration will be given to options for additional income generation, the identification of efficiencies (further service reviews, procurement savings, asset rationalisation, alternate service delivery models, etc.) and potential savings through Invest to Save – in particular via the Council’s Digital Transformation Programme. Once the outcome of Local Government Funding Reform is known, depending on the size of the financial challenge, consideration will need to be given to whether or not some services will need to continue to be delivered, scaled back or even ceased.
- 7.8 Consideration will also be given to the one-off use of reserves to smooth the delivery of savings to address the financial challenge over the next few years.
- 7.9 The ongoing Service Review Programme may identify in-year savings (or additional costs) and as these materialise they will be reported to Cabinet through the Budget Monitoring Reports requesting budget adjustments as appropriate. There are two reviews which are nearing completion; Simpler Recycling (Commercial) and Community Safety Review, with further reviews in progress, including: Neighbourhoods Service (Environment) Review and Operations Directorate Review. As the financial impacts of these reviews are still being determined they are excluded from the proposed budget.

## **8. Section 151 Officer Comments**

- 8.1 Section 25 of The Local Government Act 2003 requires that the ‘Chief Financial Officer’ (the Corporate Resources Director at Ashfield District Council) reports to Council on the following matters in making decisions on the budget and financial strategy:
- The robustness of the estimates made for the purposes of the calculations; and  
The adequacy of the proposed financial reserves.
- It is also recognised good financial management for the Council to identify target levels for reserves and balances that are based on a thorough understanding of its risks and needs.
- 8.2 The content of this report is the mechanism by which positive assurances are made by the Corporate Resources Director about the adequacy of the proposed financial reserves.
- 8.3 The Corporate Resources Director gives his assurance that the budget estimates for 2025/26 are robust. There is a forecast deficit in future years as public sector funding is expected to get tighter and there is recognition that this will have to be addressed for the Council to remain sustainable in the longer term but that there are options available for development, consideration and subsequent implementation to do this. Early progress of any of the supported options during 2025/26 may also deliver in year savings.
- 8.4 The key fundamental principles which underpin the Corporate Resources Director’s assurances are:
- Directorates manage their finances within the clearly defined cash limited budgets within this report.
  - The Council recognises the need to explore income and savings options to ensure the future financial sustainability of the organisation.
  - The General Reserves (General Fund) Minimum Balance is maintained at its current level and is not called upon for other purposes save in exceptional circumstances with the agreement of the Leader of the Council, Chief Executive and the Corporate Resources Director and approved by the appropriate body of the Council in accordance with the Constitution.

## **Implications**

### **Corporate Plan:**

The proposed 2025/26 General Fund budget, HRA Budget and the 2024/25 to 2028/29 Capital Programme reflect the priorities in the Corporate Plan.

The financial position of the HRA has a direct impact on the Corporate Plan. Sustainability of the HRA will assist in maintaining existing homes and increase the supply of affordable homes within the District in the future.

### **Legal:**

When setting the Revenue Budget and Council Tax the Council has various legal and fiduciary duties. The Council is required by the Local Government Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation of the Council Tax Requirement and the setting of the overall Budget and Council Tax for the year. The amount of the Council Tax requirement must be sufficient to meet the Council's legal and financial commitments, ensure proper discharge of its statutory duties and lead to a balanced budget.

In exercising its fiduciary duty, the Council should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term; that the proposals strike the right balance between the interests of Council Tax payers and ratepayers on the one hand and the community's interests in adequate and efficient resources on the other; and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties. It is believed that the proposals in this Budget Report do strike that right balance.

All capital projects require input from Legal Services in relation to contracts. The Council must ensure that robust contractual arrangements are in place, specifications are clearly defined, and it is clear which project risks are the responsibility of the Contractor and which remain with the Council. This is to avoid potential contractual disputes and to limit the potential financial impact on the Council should they arise.

The Council is required by the LGHA 1989 to have a separate Housing Revenue Account.

If supported by Cabinet, this report will require approval by Council as this forms part of the Council's Budgetary Framework (Financial Regulation B.1 and Article 4 of the Constitution).  
[RLD 20/02/2025]

### **Finance: [PH 20/02/2025]**

<b>Budget Area</b>	<b>Implication</b>
General Fund – Revenue Budget	As set out in the body and appendix of this report.
General Fund – Capital Programme	As set out in the body and appendix of this report.
Housing Revenue Account – Revenue Budget	As set out in the body and appendix of this report.
Housing Revenue Account – Capital Programme	As set out in the body and appendix of this report.



## **Risk:**

<b>Risk</b>	<b>Mitigation</b>
That the budget set may be insufficient to provide the required services and subsequently services overspend.	Periodic budget monitoring arrangements are in place with reports produced monthly from June onwards for SLT and periodically for Cabinet. Any pressures and potential mitigation of pressures is included in these reports.
The funding assumptions for the level of central Government funding from 2026/27 in the MTFS may vary once known.	<p>There is significant uncertainty around the level of central Government funding beyond 2026/27.</p> <p>The proposed freeze in Council tax reduces the Council's ability to mitigate this risk, insofar as it will not be able to achieve compounding of the additional funds that a Council Tax increase may have provided. There is a further risk that Government might reflect Council Tax levels in future grant formulae, which would mean that setting Council Tax below the 3% threshold could potentially impact grant funding in the future.</p> <p>However, there are reserves to mitigate this risk and other underlying assumptions included in this report are prudent. As clarity is provided on future funding this will be reported through to SLT and Cabinet, with the MTFS updated accordingly.</p>

## **Human Resources:**

There are no direct HR implications contained in this report. [KH 19/02/2025]

## **Environmental/Sustainability**

There are no environment/sustainability implications resulting from the recommendations detailed in this report.

## **Equalities:**

Projects within the Capital Programme will ensure that as far as possible Council buildings and facilities are accessible, to enable all users to access Council services. In addition, the various projects within the Council's Digital Transformation Strategy will ensure that individual customer needs are optimised and include Equality Impact Assessments to inform policy and decision-making.

## **Other Implications:**

None

## **Reason(s) for Urgency**

Not Applicable

## **Reason(s) for Exemption**

Not Applicable

## **Background Papers**

2025/26 Council Tax Base report

Housing Rents report 2025/26 – Cabinet 17 February 2025

Budget and Council Tax 2025/26 Report – Cabinet 17 February 2025

CIPFA – The Prudential Code for Capital Finance in Local Authorities 2017

## **Report Author and Contact Officer**

Peter Holland

CORPORATE RESOURCES DIRECTOR (AND SECTION 151 OFFICER)

[Peter.Holland@ashfield.gov.uk](mailto:Peter.Holland@ashfield.gov.uk)

01623 457362

## **Sponsoring Director**

Craig Bonar

EXECUTIVE DIRECTOR - TRANSFORMATION

[Craig.bonar@ashfield.gov.uk](mailto:Craig.bonar@ashfield.gov.uk)

01623 457203