

**Bassetlaw District Council**

**Cabinet**

**06<sup>th</sup> February 2025**

**Report of the Director of Corporate Resources**

**General Fund Budget 2025-26 to 2029-30**

Cabinet Member: Corporate & Financial Services and Corporate Strategy  
Contact: Michael Wildman

**1. Public Interest Test**

- 1.1 The author of this report, Michael Wildman, has determined that the report is not confidential.

**2. Purpose of the Report**

- 2.1 To provide details for the General Fund Budget proposals for 2025/26 and make recommendations for the budget setting meeting at full Council.

**3. Background and Discussion**

**Introduction**

- 3.1 The financial planning context for this budget report was set out in the Medium-Term Financial Plan reported to Cabinet on 7<sup>th</sup> January 2025. The identified financial strategy to close this budget gap was to use available revenue reserves of £1.6m in 2027/28, £1.7m in 2028/29 and £1.2m in 2029/30 subject to further savings and or efficiencies being identified.

Table 1 – Medium Term Financial Plan (January 2025)

	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net savings requirement	0	0	(1,610)	(88)	465	(1,233)

- 3.2 The budget report plays a key integral role in the development of the Council, and the services it provides for local people. This budget centres on five main known factors:

- The efficiencies and savings made during the last 12 months.
- The consolidation of further budget pressures and savings.
- Support for the Council's Vision 2040 and Members' priorities; and
- Members' aspirations for Council Tax.

- 3.3 This report sets out for Members all the considerations that have had to be made to balance the budget for 2025/26 and to establish savings targets for future years.

- 3.4 As Members are aware, the continual reduction of Bassetlaw's grant income is putting sustained pressure on the Council and this is compounded by the late release of the Provisional Local Government Finance Settlement information, which was not announced

until 18<sup>th</sup> December 2024, following the Autumn Budget Statement on 30<sup>th</sup> October and the Finance Policy Statement received on 28<sup>th</sup> November 2024.

- 3.5 From 2026/27, the new government has pledged to fundamentally improve the way councils are funded and direct funding to where it is most needed, based on an up-to-date assessment of need and local resources.

Councils currently operate in a dated, patched-up system where financial planning is hindered by a drip feed of one-year finance settlements and financial sustainability is increasingly secured by one-off grants or Exceptional Financial Support from Government. These arrangements act as barriers to councils making innovative and meaningful decisions, limit their ability to focus on long-term strategic and economic planning, and undermine their financial sustainability.

Allocations through the Local Government Finance Settlement have not been updated since 2013/14 when the 50% business rates retention was introduced, and they no longer reflect need. The proposed reforms will build on the previous government's review of Relative Needs and Resources (also referred to as the 'Fair Funding Review'), using the best available evidence to inform local authority funding allocations.

There is intended to be a move gradually towards an updated system and views will be invited on possible transitional arrangements to determine how local authorities reach their new funding allocations.

- 3.6 The government will also 'reset' the business rates retention system, as was originally intended when the previous government established the system. This is long overdue.

The government will consult and engage councils about reforms to the funding system so that they can feed in views and properly plan for these changes. This will include an initial consultation on the objectives and principles of the government's proposed approach, launched in December alongside the provisional Local Government Finance Settlement 2025/26.

There will be consultation on the technical detail of resetting the business rates retention system in early 2025 followed by consultation on a detailed plan for reform ahead of the provisional Settlement for 2026/27. Implementation of these reforms will begin through the multi-year Settlement in 2026/27.

The government intends to apply measures to smooth changes in allocations to allow an orderly and efficient transition and this will be subject to further consultation.

In the consultation, transitional arrangements were phased 66%, 33% and 0% in 2026/27 through to 2028/29.

### **The Bassetlaw district – context**

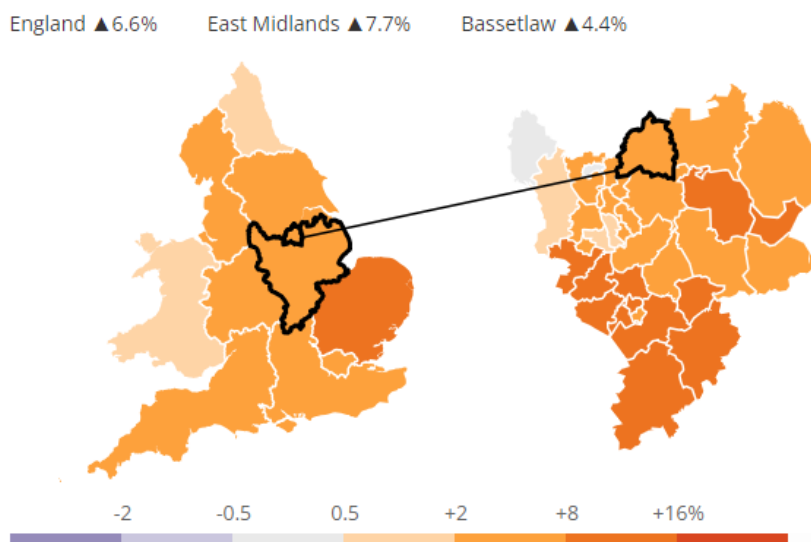
- 3.7 Bassetlaw is the most northerly District Council in Nottinghamshire and is the second largest, covering 63,688 hectares including 10,000 hectares of woodland. There are 57,359 households within Bassetlaw. The district contrasts a mixture of town centres, urban residential areas, growing and changing settlements and rural villages. Historically around 67% of the population live in the three largest towns of Worksop, Retford; and Hurworth and Bircotes. 15% of the population lived in the large rural settlements, which are Blyth, Carlton in Lindrick, Langold, Misterton and Tuxford.

The remainder live in the district's numerous small rural settlements and in the rural area. Bassetlaw is classed as a Rural District with 73 villages served by 45 Parish Councils and 9 Parish Meetings. Population density is low at two persons per hectare. Poor public transport links to many of the outlying areas and this presents challenges for service delivery.

Although local and regional government boundaries place Bassetlaw in Nottinghamshire and the East Midlands, its geographical proximity to Yorkshire and the Humber impacts the district economically, socially, and culturally. Economically, Bassetlaw sits between several larger dominant centres – Sheffield, Rotherham, and Doncaster to the north-west, Nottingham to the south, Chesterfield to the west, and Lincoln to the east. The evidence suggests that different parts of Bassetlaw District are influenced by all these centres, but none of them exert a dominant influence over the district as a whole.

- 3.8 Bassetlaw's **population** size has increased by 4.4%, from around 112,900 in 2011 to 117,800 in 2021. This is lower than the overall increase for England and lower than the increase for the East Midlands.

Chart 1 – Percentage population change

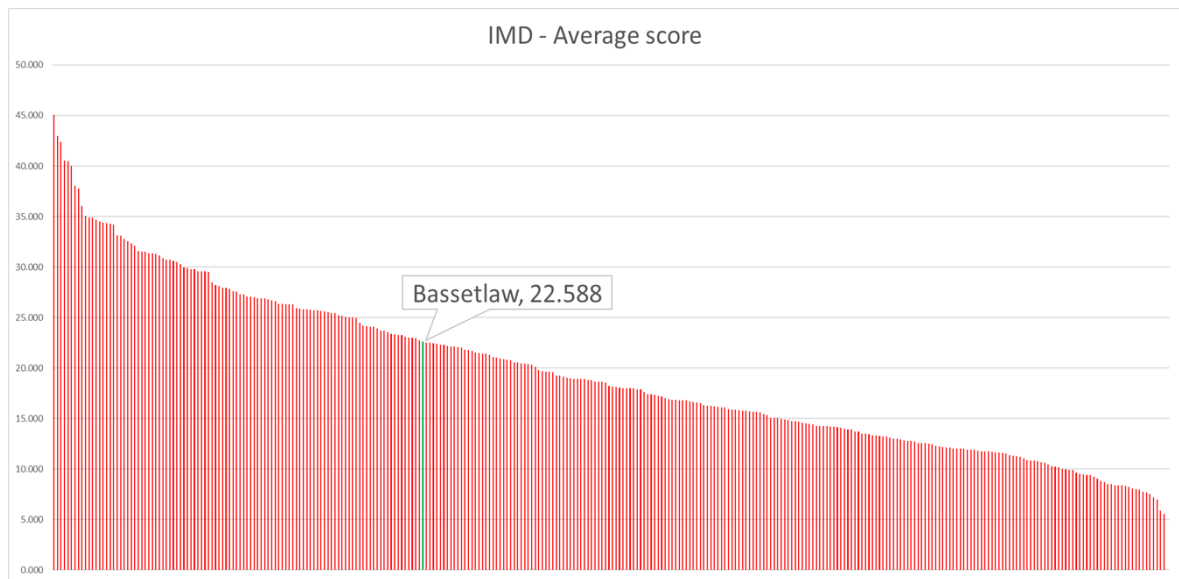


Source: Office for National Statistics, 2011 Census and Census 2021

Between 2011 and 2021 there has been an increase of 24.6% in people aged 65 years and over, a decrease of 1.1% in people aged 15 to 64 years, and an increase of 2.4% in children aged under 15 years. As of 2021, Bassetlaw is the 11<sup>th</sup> least densely populated of the East Midlands' 35 local authority areas.

- 3.9 Bassetlaw's **Indices of Deprivation** (IMD) 2019 average score is 22.588, which means it is ranked number 11<sup>th</sup> out of the 35 local authorities in the East Midlands and ranked 106<sup>th</sup> out of the 317 local authorities in England making it within the 35% most deprived areas nationally. The most deprived local authority area in England is Blackpool Council (45.039) and the least deprived is Hart District Council (5.544)

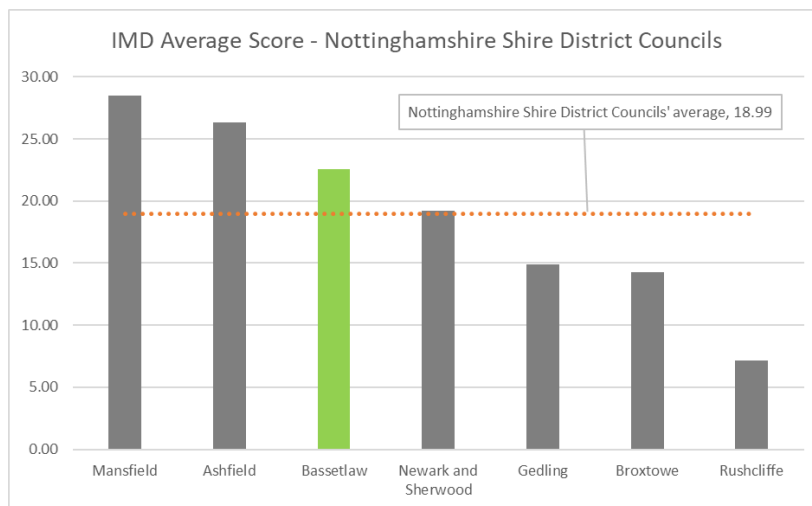
Chart 2 – Average score, Indices of Multiple Deprivation 2019 (all authorities)



Source: Indices of Multiple Deprivation 2019

Within the Nottinghamshire Shire District councils, Bassetlaw ranks 3<sup>rd</sup> most deprived.

Chart 3 – Average score, Indices of Multiple Deprivation 2019, Nottinghamshire District councils

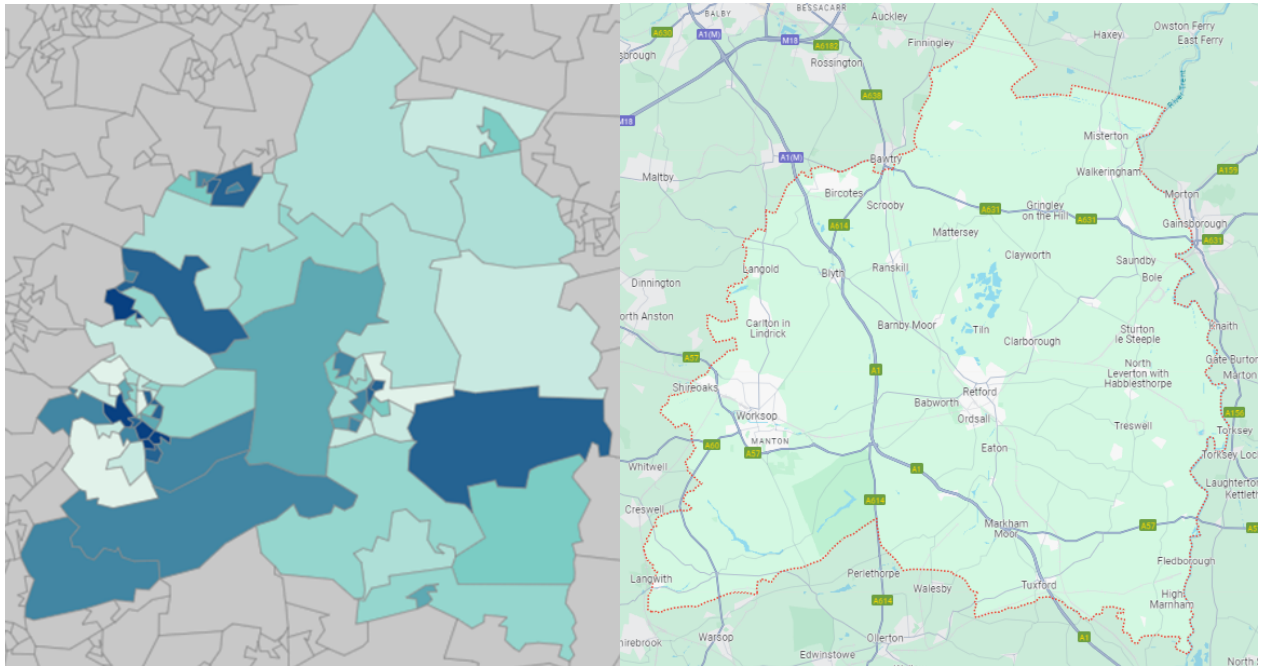


Source: Indices of Multiple Deprivation 2019

Within the district there are areas of contrast, where discrete areas of multiple and isolated types of deprivation sit alongside areas of relative affluence: 7.1% of Bassetlaw's population live within the top 20% of least deprived areas of England, but 21.4% live in the 20% most deprived areas. Areas in Bassetlaw within the most deprived 10% nationally include Sandy Lane, Cheapside, Manton, and Carlton in Lindrick.

The map on the left below provides detail on each neighbourhood within Bassetlaw with the dark blue indicating more deprived areas and pale green indicating relatively less deprived areas.

Chart 4 – Indices of Multiple Deprivation 2019, Bassetlaw



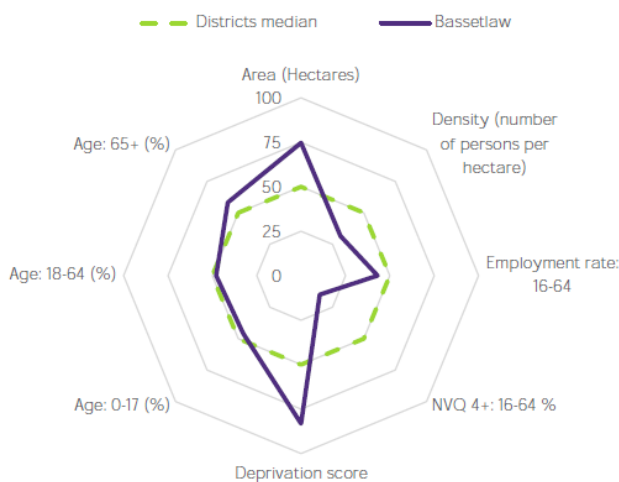
Source: MHCLG, Indices of Multiple Deprivation 2019 (Interactive Dashboard)

The **socio-economic** profile, Chart 4 below, shows Bassetlaw in the context of all Shire District councils. The '50' line represents the Shire District median. Consequently, points closer to the outside of the profile are 'very high' in comparison and those closer to the centre are 'very low'.

The chart shows that Bassetlaw has an average proportion of people aged 0-17 years old and an average proportion of those aged 18-64 years old in comparison to all districts. Bassetlaw has extremely high levels of deprivation (as noted earlier), very low NVQ 4+ skills levels and an average employment rate.

Bassetlaw covers a larger area than significantly most other Shire District councils with comparable low population density.

Chart 5 – Bassetlaw’s socio-economic characteristics



Source: Grant Thornton, 'Baseline Benchmarking Report, December 2024'  
**Financial and economic environment**

3.10 The 2025/26 budget has been developed in an unstable financial and economic environment.

**Inflation.** Over the last twelve months, inflation has started to fall significantly. The Consumer Prices Index (CPI) annual inflation stood at 11.1% in October 2022, a 40-year high.

The figure for December 2024 was released on 15<sup>th</sup> January 2025 and stood at 2.5% compared to 2.6% the month before.

However, the figure for September 2024 was lower at 1.7% and this is the figure that central government uses to inflate core funding streams. This may create budgetary pressures in 2025/26. The Bank of England forecasts CPI to be 2.7% by December 2025, 2.2% by December 2026 before dropping back in 2027 to 1.8%.

Inflation is therefore much lower than its peak in October 2022 when prices soared, pushing up the cost of living for households and leading to higher interest rates, which has made the cost of loans, credit cards and mortgages, more expensive.

Falling inflation does not mean prices are decreasing but are now rising at a slower pace.

The rate of inflation has resulted in increased cost pressures for both the Council and our core stakeholders such as the district's residents, local businesses, and the Council's service users.

In budgetary terms, these pressures are being realised directly through increased unit costs for items such as energy, fuel, and utilities, alongside inflation linked contractual cost increases, whilst considering the need to agree a fair and affordable pay offer for staff. In addition to the increased costs for service provision, there is also an increase in demand for most of our services.

**Interest Rates.** The bank base rate fell to 4.75% on 7<sup>th</sup> November 2024, and below 5% for the first time since early 2023.

It is expected that the Bank of England will keep rates on hold in the short term but accelerate the pace of cuts from February 2025 onwards but, whilst rates will fall, it will not be as fast as business/households would like as inflationary pressures remain persistent.

The next update will be on 6<sup>th</sup> February. Interest rates are expected to fall to 4% by December 2025 and 3.5% by December 2026 wherefrom it will remain unchanged through to December 2027.

Despite the drop in CPI, inflation remains above the Bank of England's target of 2%. But generally, prices are rising at a much slower rate than in 2022 and 2023.

It is difficult to predict exactly what will happen to interest rates as it depends whether inflation remains consistently at or below the Bank of England's target.

The spending and borrowing plans set out in October's Budget Statement changed expectations, in particular an increase in the minimum wage and the amount of National Insurance contributions paid by employers.

Financial markets and the Bank of England itself now expect rates to be cut more slowly than previously anticipated.

### Revenue Budget Overview

- 3.11 The Council's budget requirement is measured by the amount of council expenditure that can be funded from external finances (Retained Business Rates and, to a much lesser extent, Revenue Support Grant known as the 'Settlement Funding Assessment') and from Council Tax income.

The budget requirement comprises gross expenditure on services, less gross income from services, less any planned use of and/or appropriations to reserves.

- 3.12 The budget requirement for 2025/26 is calculated as follows.

Table 2 – Bassetlaw, Budget Requirement 2025/26

<b>Net Expenditure on Services</b> (Note 1)	<b>£'000</b>	<b>External Finance</b> (* Core Spending Power)	<b>£'000</b>
Gross Expenditure	61,712	Settlement Funding Assessment *	4,934
Gross Income	(40,554)	Compensation for under-indexing the business rates multiplier *	880
		Business Rates Pool income	800
		Section 31 Business Rates Grants	4,859
		Renewable Energy Retained	
		Business Rates	1,515
		Internal Drainage Board – exceptional funding	111
		Recovery Grant *	453
		New Homes Bonus Grant *	1,126
		Domestic Abuse Safe Accommodation Grant *	35
		Employers NIC increase compensation	102
		Extended Producer Responsibility	1,180
		Other income	60
<b>Net Expenditure:</b>	<b>21,158</b>	<b>External Finance:</b>	<b>16,055</b>
Transfer to Reserves	2,806	Council Tax Income *	7,909
<b>Budget Requirement:</b>	<b>23,964</b>	<b>Income from Grant and Council Tax:</b>	<b>23,964</b>

Note 1 – Appendix 1 shows £24,758k less £1,674k (parishes) plus £880k (business rates multiplier) gives a total of £23,964k.

### Funding reform

- 3.13 From 2026/27, the government has pledged to fundamentally improve the way councils are funded and direct funding to where it is most needed, based on an up-to-date assessment of need and local resources. These reforms will build on the proposals set out in the previous government's review of Relative Needs and Resources (also referred to as the 'Fair Funding Review'), using the best available evidence to inform local authority funding

allocations. There will be a move gradually towards an updated system and views will be invited on possible transitional arrangements to determine how local authorities reach their new funding allocations.

The government will also 'reset' the business rates retention system, as was originally intended when the previous government established the system. The government will consult and engage councils about reforms to the funding system so that they can feed in views and meticulously plan for these changes. This will include an initial consultation on the objectives and principles of the government's proposed approach, launched in December alongside the provisional Local Government Finance Settlement 2025/26. There will be consultation on the technical detail of resetting the business rates retention system in early 2025 followed by consultation on a detailed plan for reform ahead of the provisional Settlement for 2026/27.

Implementation of these reforms will begin through the multi-year Settlement in 2026/27. Therefore, the figures for 2026/27 and onwards remain as estimates given the information available to date.

### **Budget savings proposals 2025/26**

3.14 The 2025/26 balanced budget has been achieved in year through a combination of:

Expenditure:

- Zero-based Budget Review.
- Contract reviews.
- Improved procurement; and
- Service reviews.

Income:

- Council tax increases and growth in the tax-base.
- Service efficiencies and savings (see paragraph 3.15 below and Appendix 3).
- Retained business rates growth; and
- Development of new income streams

3.15 The underlying message is that each year any savings are becoming increasingly difficult to find. All service budgets have been reduced over a number of years now and this has impacted on the flexibility to respond to pressures once the budget has been set at the start of the financial year. Equally, it presents the continual challenge to senior managers and Members to identify suitable areas to address the identified shortfalls in funding year on year.

So, for the Council to meet the challenges ahead and remain fit for purpose, a cross cutting programme of change was introduced last summer. This incorporated a series of budget review workshops and meetings attended by senior officers, Cabinet portfolio holders and facilitated by finance.

The meetings discussed several key items such as the outturn position for 2023/24 (performance against budget); questioned and challenged ongoing spend; considered what level of service provision is required; and if the service could be provided differently and the potential impact of reductions in service on, for instance, residents, partners and employees.

This work has culminated in budget proposals that are now being considered as part of this year's budget setting process. These savings, supported by robust plans and delivery



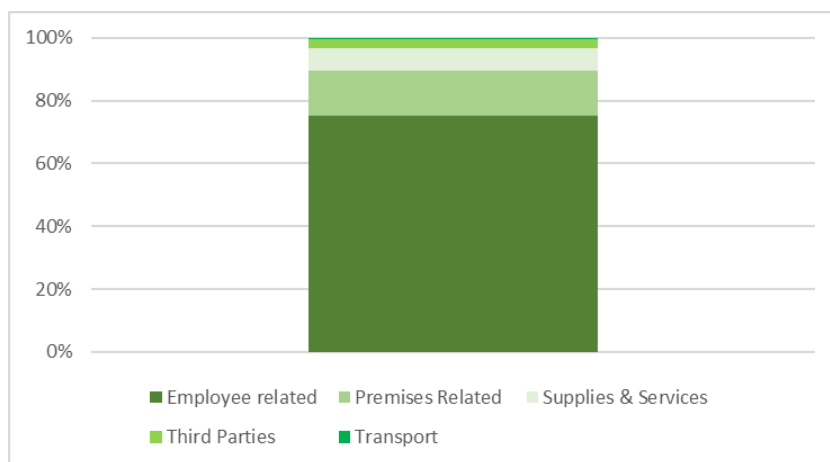
models, are now incorporated within the current financial plans alongside a financial strategy to close the funding gap over the term of the five-year plan.

The savings proposals total **£1.073m** for 2025/26 and these are shown in Appendix 3 to this report.

- 3.16 A recurrent problem in identifying savings is the proportionality of employee costs to the overall spending power of the Council. As illustrated below, over 70% of direct service costs (which excludes benefits payments and internal recharges), is attributable to the cost of employees.

This means that the opportunity to find savings from non-employee expenditure becomes harder each year.

Chart 6 – 2024/25 Budget and Categories of Spend



### 2026/27 to 2029/30 Budget Pressures

- 3.17 The budget is summarised in Appendix 1, and this illustrates the magnitude of the task to provide a balanced budget each year. The budget gap over the next five years is £2.5m. This figure has changed from those reported to Cabinet on 7<sup>th</sup> January 2025 due to updated information received, changes in assumptions etc. following the settlement and consultation documentation including illustrative transitional arrangements for 2026/27 and beyond. The current financial strategy to bridge this gap will be to use available revenue reserves and/or identify additional efficiencies or savings.

### General Fund Revenue Reserves & Balances

- 3.18 The Local Government Act 2003 requires authorities to consider the level of reserves when calculating their budget requirements. Professional guidance is set out to assist in this deliberation. The Council is maintaining its minimum working balance of £1.0m in 2024/25. The estimated position at the end of 2024/25 is expected to be:

Table 3 – Bassetlaw, Revenue Reserves (March 2025)

<b>General Fund:</b>	<b>Estimated position of 31<sup>st</sup> March 2025 £'000</b>
<b>Balances:</b>	
General Fund Working Balance	1,000
General Fund Reserve	3,232
Developers' Contributions Unapplied	815
Revenue Grants & Contributions Unapplied	2,656
General Fund Earmarked Reserves	1,261
Retained Business Rates	567
Invest to Save Reserve	502
Strategic Development Fund	1,604
Financial Resilience Reserve	890
Other (< £250k)	593
<b>TOTAL</b>	<b>13,120</b>

3.19 Whilst there are no plans to ask for voluntary redundancy, if the Council must meet any costs of staff leaving arising from this or voluntary early retirement arrangements this year, it is expected that these will be found from in-year revenue savings.

#### **Local Government Finance Settlement 2025/26**

3.20 The provisional finance settlement was published on 18<sup>th</sup> December 2024. This followed a finance policy statement published on 28<sup>th</sup> November and the Autumn Statement on 30<sup>th</sup> October, which set the overall level of available resources.

A summary of the key points from the Provisional Settlement impacting on Bassetlaw are:

- The referendum threshold for **Council Tax** of £5 or 2.99%, whichever is higher, for Shire Districts.
- Changes to **Employers' National Insurance** with an increase in the contribution rate from 13.8% to 15% and a reduction in the threshold at which national insurance is paid (from £9,100 to £5,000). The government confirmed that compensation funding would be made available to the sector.
- A new **Recovery Grant**, to tackle the combination of increasing demand and low tax bases which restrict the ability of some local areas to respond to their funding pressures. It was confirmed in the settlement that this funding is one-off. This is to be allocated based on deprivation (as measured by the average Index of Multiple Deprivation score of the small neighbourhoods in each council area), and councils' ability to raise council tax income.

**The mechanics underpinning the allocation of the Recovery Grant could significantly influence the forthcoming fair funding review with an underlying concept of need and resources equalisation.**

The methodology for the Recovery Grant uses the Index of Multiple Deprivation (IMD) as a proxy for need – refer to paragraph 3.9 for our local context - and tax base as a proxy for resources – refer to paragraph 3.42 for an analysis of Bassetlaw's position.

Only approximately half of councils will receive the new Recovery Grant, which includes almost all metropolitan districts (33 out of 36), around half of London boroughs, unitary authorities, and shire districts, but just 1 of 21 shire counties.

- The continuation of the **Minimum Funding Guarantee**. This grant is intended to provide a funding floor for all local authorities, so that no local authority would see a reduction in Core Spending Power with a 'funding floor' set at 0% in 2025/26 that ensures that all councils will not experience a reduction in core spending power **after** any changes to council tax levels are considered.

This is **much less generous** than the guarantees offered in 2024/25 (a 4% increase **before** any increase in council tax bills) and represents a real-terms reduction in core spending power of 2.4% for councils in receipt of the guarantee.

This has significantly contributed towards the redistribution of government funding from lower tier to upper tier authorities. For Bassetlaw, this represents a loss of grant funding of £783k.

- Funding towards the **Extended Producer Responsibility scheme** to improve recycling outcomes. This revenue is being guaranteed for 2025/26 but the amount councils will receive in subsequent years will fall if the levy leads to a reduction in the amount of packaging used.

For this reason, the government has not included this revenue in core spending power, but arguably it should as it represents an increase in councils' funding this year, which they can use to support service provision; and if it falls back in future years, that could necessitate cutbacks in expenditure and service provision.

In areas with two-tier local government (such as Nottinghamshire), provisional allocations show 53%, on average, is being allocated to the lower-tier shire districts (which collect waste) such as Bassetlaw, with the remainder being allocated to upper-tier shire counties (which dispose of waste).

- An extension to the **Household Support Fund** and discretionary housing payments; and resource funding for homelessness pressures.
- The repurposing of several grants to target more funding towards authorities that have weak tax bases, and high levels of need and service demand. These grants include both **Services Grant** and the **Rural Delivery Services Grant**. These are relatively small grants overall (totalling £0.2 billion nationally this year), but the latter is highly targeted at councils in rural areas such as Bassetlaw.
- An increase in the overall **Core Spending Power** for the local government sector of 6% although there is a significant variation in this across the various authority types with Metropolitan Districts receiving the largest increase (8.4%) and Shire District councils, the smallest (0.3%).

The implications of the provisional settlement on the Council's resources for 2025/26 are set out in both the relevant sections of this report and in the appendix to this report.

## Core Spending Power

- 3.21 The government's preferred metric for local authority funding is 'Core Spending Power', which combines the core grant funding with assumed council tax increases (it should be noted the government always assumes councils will approve the maximum increase permissible without triggering a referendum), under which funding for Bassetlaw is presented as increasing by 1.4% compared to an increase in 2024/25 of 5.4%.
- 3.22 Authorities with higher levels of deprivation will receive larger increases in core spending power. This is because the proposals (and methodology for grant distribution) will release a substantial amount of funding that will be redirected towards government priorities, such as social care and special educational needs, in a highly targeted way.

The Settlement Funding Assessment from Central Government consists of the Revenue Support Grant and the Business Rates Baseline.

This has now reduced over time to 32.2% of Bassetlaw's Core Spending Power for 2025/26. This accounted for 48.3% of our Core Spending Power in 2015/16 so has decreased by a third in this ten-year period.

Table 4 – Bassetlaw, Settlement Funding Assessment 2015/16 to 2025/26

All figures £000	2015/16	2023/24	2024/25	2025/26
Core Spending Power (CSP)	13,410	14,365	15,135	15,351
Settlement Funding Assessment (SFA)	6,472	4,628	4,847	4,943
<b>SFA/CSP (%)</b>	<b>48.3%</b>	<b>32.2%</b>	<b>32.0%</b>	<b>32.2%</b>
<b>Change in SFA (%)</b>		<b>+7.8%</b>	<b>+4.7%</b>	<b>+2.0%</b>

- 3.23 The Council's Core Spending Power (CSP) is built-up as follows:

Table 5 – Bassetlaw, Core Spending Power 2024/25 and 2025/26

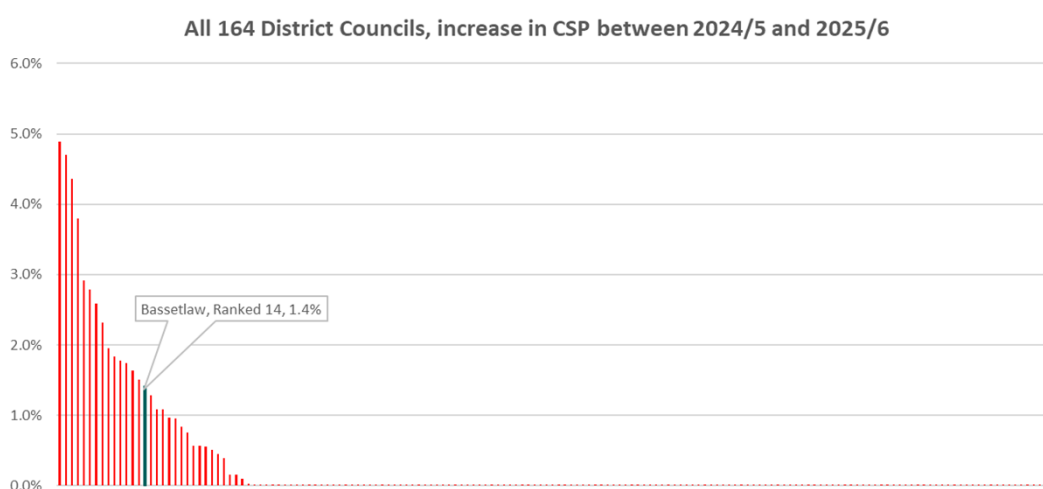
Element of Core Spending Power	2024/25 £'000	2025/26	Change %
Settlement Funding Assessment	4,847	4,943	+2.0%
Business Rates multiplier compensation	842	880	+4.5%
New Homes Bonus grant (NHB)	933	1,126	+20.7%
Rural Services Delivery Grant	73	0	-100.0%
Services Grant	28	0	-100.0%
Minimum Funding Guarantee	783	0	-100.0%
Recovery Grant	0	453	N/A
Domestic Abuse Safe Accommodation Grant	34	35	+1.3%
Grants rolled into CSP	38	0	-100.0%
Council Tax Income (BDC only)	7,557	7,914	+4.7%
<b>Core Spending Power</b>	<b>15,135</b>	<b>15,351</b>	<b>+1.4%</b>

3.24 These figures show an increase in Core Spending Power of **1.4%** for Bassetlaw in 2025/26. Of the 164 Shire District councils, 133 (81%) received no increase in Core Spending Power at all and were reliant on the funding floor to simply maintain 2024/25 funding levels.

Bassetlaw's **Council Tax gearing** increased to 52% in 2025/26 up by 2% from 2024/25. This was as low as 38% in 2015/16 and shows the **growing reliance on local taxation** in the Core Spending Power analysis. The District Shire council average has increased to 62% which demonstrates both the low tax base in Bassetlaw and the ongoing increase in local taxation as an important source of income to councils.

Bassetlaw ranked 14th out of the remaining 31 District Shire councils in terms of its percentage increase in Core Spending Power.

Chart 7 – Shire District councils, changes in Core Spending Power, 2024/25 to 2025/26

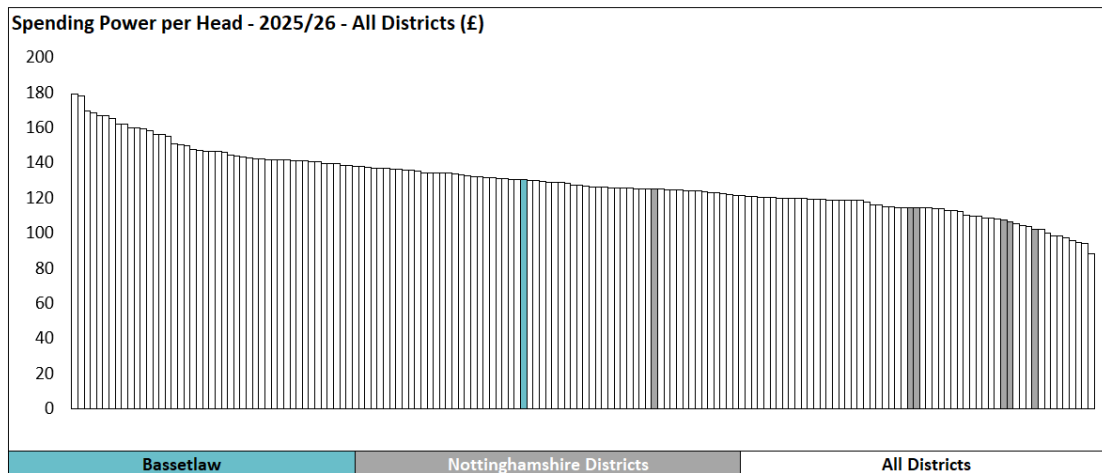


Bassetlaw's Core Spending Power per head of population is now £130.32 (up from £128.50 in 2024/5) and is above the Shire District average (£128.06) and is ranked 73<sup>rd</sup> out of the 164 Shire District councils. Bassetlaw ranks the highest of the seven Shire District councils in Nottinghamshire.

Bassetlaw's position is supported by the increase in New Homes Bonus (+£0.2m) and an allocation of the new Recovery Grant (£0.4m) in 2025/26. There is also an assumed increase in Council Tax aligned to the existing referendum levels (+£0.4m).

It should be noted however that currently it is forecast that both grants will **not** be available from 2026/27 or in future years (in their current guise). When combined with the loss in grant from the changes in the funding floor, this has offset all but £0.2m of the increase in funding.

Chart 8 – Shire District councils, Core Spending Power per head of population, 2025/26



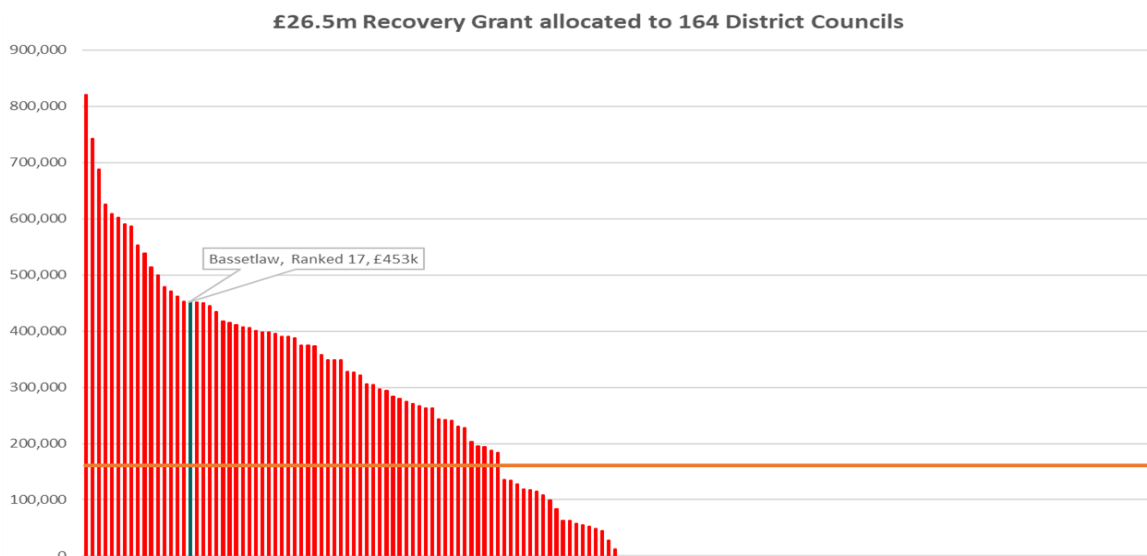
Source: LG Improve

The allocation of **Recovery Grant** in 2025/26 ranks Bassetlaw as 17<sup>th</sup> out of the 164 District Shire councils. However, it should be noted that 82 of the 164 Shire District councils (i.e. 50%) received no grant allocation at all.

As noted earlier, Bassetlaw is within the 35% most deprived areas nationally and this, combined with our low tax base, has resulted in the council receiving Recovery Grant of £453k at very near the capped limit of 3% of Core Spending Power (£460k for Bassetlaw).

However, of the £600m distributed nationally, just £26.5m (4.4%) was allocated towards Shire District councils which clearly demonstrates the skew of funding towards upper tier authorities, and their specific budgetary pressures, in the provisional finance settlement.

Chart 9 – Allocation of Recovery Grant, Shire District councils, 2025/26



As noted earlier, these government forecasts are based on the assumption that councils will raise their Council Tax by the maximum permitted without a referendum. This leaves councils with a difficult choice whether to increase Council Tax bills at a time when they are acutely aware of the significant burden that such action could place on households during

a cost-of-living crisis. The level and impact of council tax increases are shown from paragraph 3.37 below.

- 3.25 The current Settlement Funding Assessment approach enables local authorities to benefit directly from supporting local business growth. The assessment includes a baseline level of business rates receivable (index-linked), with the level of rates receivable above that being taken by government as a 'tariff' – which is used to 'top-up' local authorities who would receive less than their funding level i.e. most counties and unitary authorities.
- 3.26 In addition the Council retains 40% of any business rates collected above the assumed baseline level (with the County and Fire also receiving 9% and 1% respectively), with the remaining 50% being contributed to the Nottinghamshire Business Rates Pool. If business rates income falls to less than 92.5% of the baseline, the Council will receive a 'safety net' payment from the Pool, so that any loss of income below the baseline is capped at 7.5%.
- 3.27 One of the challenges faced by all authorities is effectively predicting the level of movement in the business rate tax base. This is dependent on accurately forecasting the timing and incidences of new properties, demolitions and significant refurbishments – together with the consequent effect on valuations. This is further complicated by the need to assess the level of appeals that will be lodged successfully against new/revised valuations, together with their timing.
- 3.28 Significant uncertainties currently exist around the operation of the business rates retention scheme in the next few years. This should become clearer from 2026/27 as the eagerly anticipated move towards an updated system takes shape following ongoing consultation which may include establishing transitional arrangements to determine how local authorities reach their new funding allocations.
- 3.29 The government will also 'reset' the business rates retention system and will consult and engage councils about reforms to the funding system so that they can feed in views and meticulously plan for these changes. Implementation of these reforms will begin through the multi-year Settlement in 2026/27.

### **New Homes Bonus**

- 3.30 The New Homes Bonus was introduced in 2011/12 and this gave some relief against the backdrop of government grant cuts, but it is another variable that is top sliced from the Revenue Support Grant and is paid as a separate specific grant.
- 3.31 New Homes Bonus, which has become critical to the Council's sustainability, remains in 2025/26. However, November's policy statement clearly signalled that councils should assume, and therefore budget, that 2025/26 is the last year of the scheme.
- 3.32 In previous years, it was agreed by Cabinet that New Homes Bonus would be used to fund the capital programme. This was allocated to capital bids on an annual basis.

However, for 2025/26, this will be used as revenue and appropriated to reserves to contribute towards the forecast budget gap from 2027/28. Bassetlaw received grant of £1.126m in 2025/26 (ranking 20<sup>th</sup> out of the 164 Shire District councils).

### **Extended Producer Responsibility for Packaging scheme**

- 3.33 A new income stream, the Extended Producer Responsibility for Packaging scheme, will come into force in 2025/26. This has not been included in the definition of core revenue

spending power in 2025/26, although the policy statement and officials have indicated that that could change in future years. Indicative figures were subsequently provided to the council that have been included in the council's budget estimates for 2025/26.

The government advised that, once confirmed figures have been provided, then the council will be guaranteed to receive at least that income in 2025/26. The very nature of this levy however suggests that this income will reduce in future years as producers strive to recycle more packaging and so pay less. Bassetlaw will receive a levy payment of £1.180m in 2025/26. At this point, it is unclear whether there are any specific terms and conditions attached to the levy.

### **Inflation and Other Budget Provisions**

- 3.34 An annual pay award of 2% for 2025/26 and 2% thereafter has been included in the budget. This has been supplemented in the budget for increases associated with the discretionary Living Wage. Further details on the pay negotiations for 2025/26 and beyond together with the impact on the MTFP will be reported when they are known.

As announced in the Autumn Budget Statement published in October 2024, from 1<sup>st</sup> April 2025, the National Living Wage will increase by 6.7% to £12.21 an hour with the age threshold maintained at 21 years old, an increase of £0.77 on the 2024/25 rate.

The pay rates are set by the government every year on the advice of an independent group, the Low Pay Commission, who had recommended that the National Living Wage should be £12.10 in April 2025, a 5.8% rise.

- 3.35 A Corporate Contingency of £0.100m, plus a provision for external legal costs of £0.50m and a Health and Safety contingency of £0.025m has been included in the budget. These measures should ensure that the Council has enough in-built flexibility to manage budgets throughout the financial year. Inflation remains relatively high and, consequently, there has been some increases for inflation on supplies and services (based on September's CPI inflation rate).

### **Discretionary Grants to Outside Bodies**

- 3.36 Despite current financial pressures, Bassetlaw will still provide a significant level of funding to the third sector, parish/town councils, and other external organisations during 2025/26 as follows:

Table 6 – Bassetlaw, Grants to Outside Bodies 2025/26

	<b>£'000</b>
Grants for Voluntary & Community Sector (D101)	45
Councillor Community Grants (D101)	48
Parish/Town Street Cleaning Grants (D108)	23
Parish/Town Public Convenience Grants (D108)	9
Parish/Town Cemetery Grants (D108)	13
Misterton Centre (D101)	6
Nottinghamshire Wildlife Trust (D101)	3
<b>Total</b>	<b>147</b>

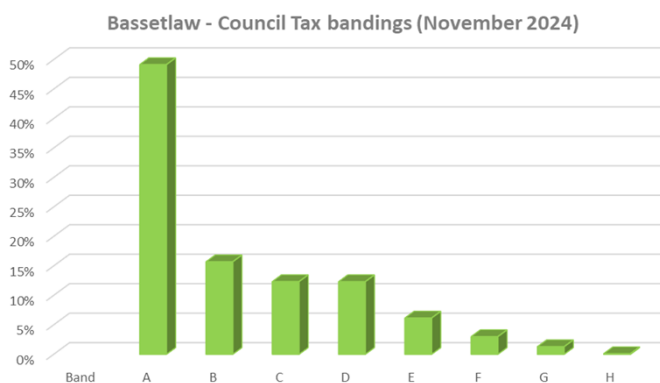


## Council Tax

- 3.37 Bassetlaw did not increase its level of council tax between 2009/10 and 2013/14 and instead opted to take the now discontinued Council Tax Freeze grant. It is estimated that this represents £1.2m per annum in lost income to the Council. For 2014/15 and 2015/16, members agreed a 1.5% increase and forego the 1% Council Tax Freeze Grant.
- 3.38 There was no offer of a Council Tax Freeze grant for 2016/17 and 2017/18 and members approved an increase of 1.9% for both years. For 2018/19, Council took the option provided by government to increase Council Tax by the equivalent of £5 per Band D equivalent rather than stay within the 3% referendum limit. This resulted in an Increase of 3.06%.
- 3.39 A similar decision was made in 2019/20 increasing Council tax by £5 per Band D equivalent, which represented a 2.96% increase, which was just below the 3% referendum limit. In 2020/21 the referendum limit was reduced to 2% whilst retaining the option to increase Council Tax by £5 per Band D equivalent. In the provisional settlement for 2023/24, the referendum limit was increased by 1% to 3% whilst retaining the option to increase Council Tax by £5 per Band D equivalent.
- 3.40 The average Band D council tax for 2024/25 for Bassetlaw District Council is £199.92 or £3.84 per week. Due to the tight financial constraints in 2025/26, the budget has been prepared assuming a 2.99% increase that would mean a new council tax of £205.90 per Band D property. This represents an increase of 11p per week.
- 3.41 The report to Council on 7<sup>th</sup> January 2025 proposed a council tax base for collection purposes of 38,407 Band D properties for 2025/26, which reflects a growth in Band D of 606 properties or 1.6%. Further year tax bases are expected to increase between 1.4% and 1.6% in line with the agreed Local Plan.
- 3.42 The majority of the 57,359 dwellings (28,187 or approximately 50%) in the Council's valuation list are in Band A – see Chart 9 below - with a 2024/25 Council Tax of £133.28 (6/9<sup>th</sup> of the Band D equivalent of £199.92).

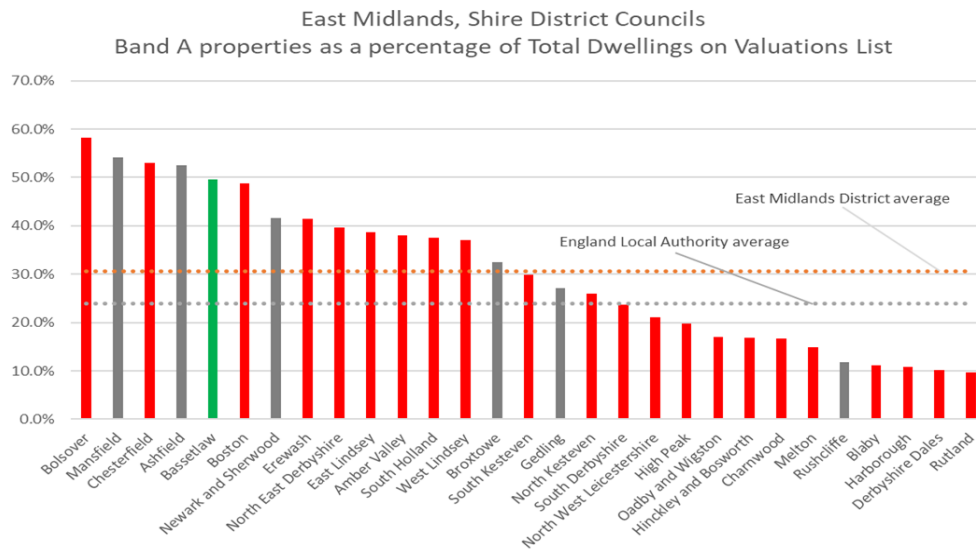
A 2.99% increase for 2025/26 would mean a new Council Tax level of £137.27. This would represent an annual increase of £3.99, or a weekly increase of 8p.

Chart 10 – Bassetlaw, Council Tax Bandings (November 2024)



Bassetlaw currently ranks 5<sup>th</sup> highest of the 29 Shire District Councils in the East Midlands in terms of Band A properties as a percentage of total dwellings. The percentage for Bassetlaw (49.1%) is double that for the average of all England local authorities (23.9%).

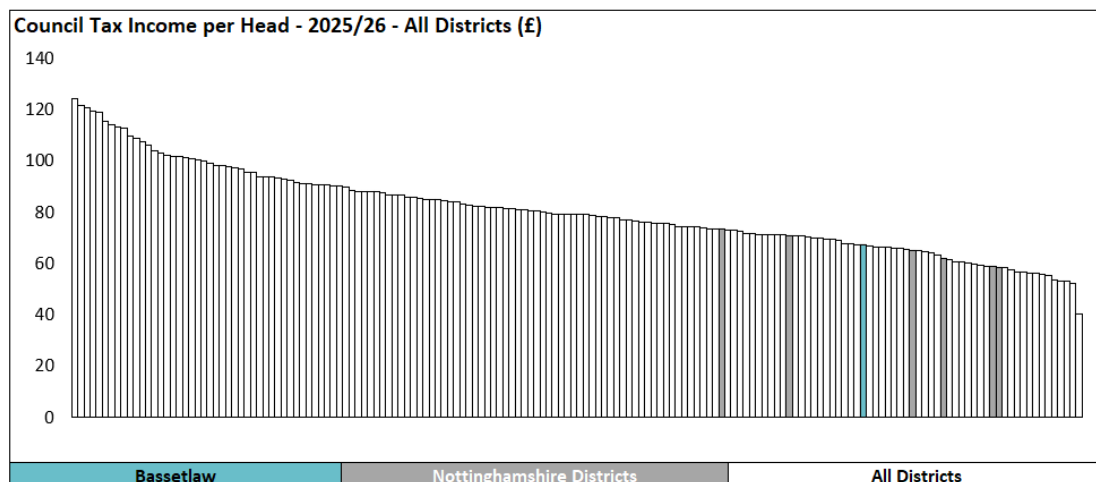
Chart 11 – Council Tax Band A, East Midlands Shire District councils (November 2024)



Source: CTB1 Return 2023/24

3.43 Bassetlaw’s Council Tax per head of population as of April 2025 is now forecast to be £67.18, up from £64.15 in 2024/25. This assumes a Council Tax increase aligned to the referendum threshold of 2.99% for Shire District councils. However, Bassetlaw remains nearly 20% below the Shire District council average of £79.76. For all Shire District councils, Bassetlaw is ranked 129<sup>th</sup> out of 164 in terms of Council Tax per head of population. As noted earlier this demonstrates the low tax base for Bassetlaw.

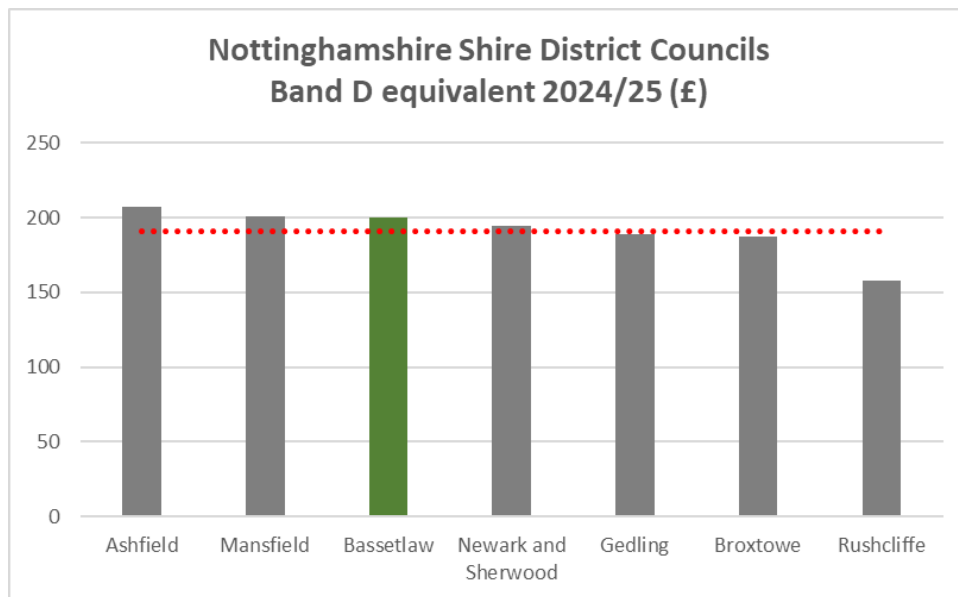
Chart 12 – Shire District councils, Council Tax income per head of population, 2025/26



Source: LG Improve

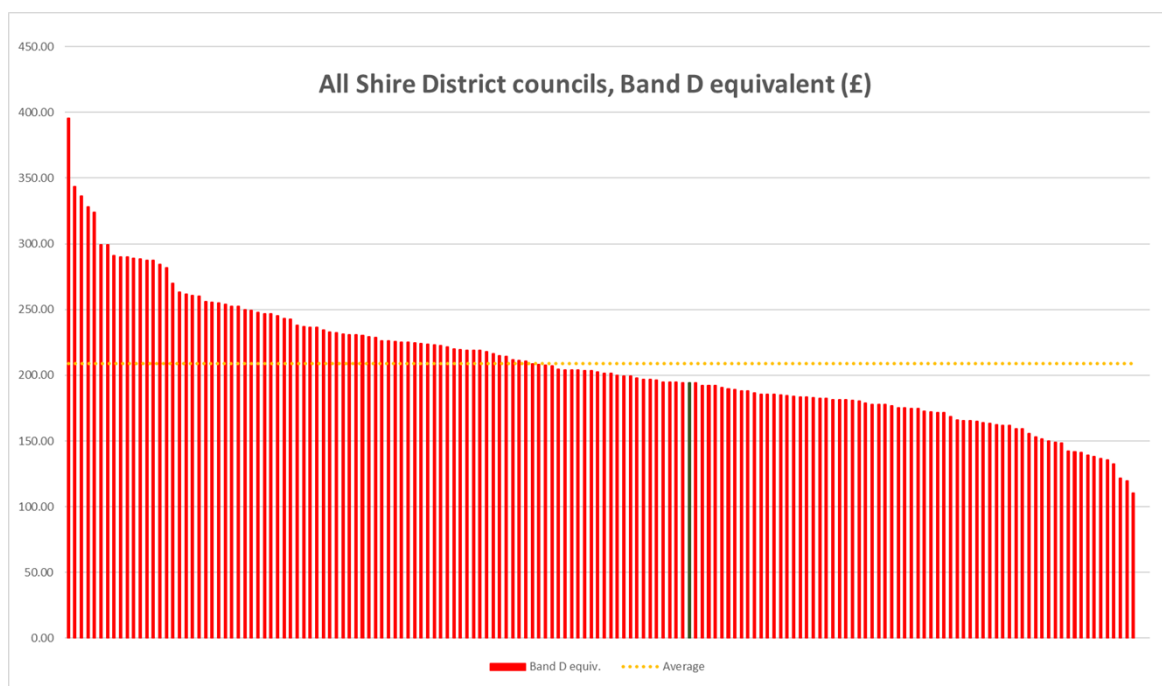
Bassetlaw’s **Band D equivalent** of £199.92 in 2024/25 ranked third highest of the seven Shire District councils in Nottinghamshire. This was £8.98 above the County average for the 7 districts. This aligns with the need to increase tax levels against a low tax base to reach the necessary income levels.

Chart 13 – Nottinghamshire Shire District councils, Band D equivalents 2024/25



In terms of all 164 Shire District councils, Bassetlaw's Band D equivalent ranked 96<sup>th</sup> highest and below the Shire District council average.

Chart 14 – All Shire District Councils, Band D equivalents



It should be noted that Parish, Police, Fire and County precepts are still to be set by the precepting authorities and will be included in the Council Tax Resolution report to be reported to full Council.

### Collection Fund Surplus / Deficit

3.44 The Council is statutorily obliged on 15<sup>th</sup> January each year to prepare an estimate of its Collection Fund transactions for Council Tax. This estimate enables Bassetlaw and the

three major precepting authorities to take account of any surpluses or deficits on the Fund when they set their own authority budgets.

- 3.45 The position on the Collection Fund for Council Tax on 31<sup>st</sup> March 2024 was a surplus of £0.213m. A deficit of £1.640m has been forecast for 2024/25.
- 3.46 The Council Tax Base report to Council on 7<sup>th</sup> January 2025 recommended that the estimated collection rate be set at 97%. The Collection Fund estimates are shown below.

Table 7 – Bassetlaw, Collection Fund

<b>Collection Fund</b>		
	<b>£'000</b>	<b>£'000</b>
<b>2023/24</b>		
Actual Surplus for 2023/24	213	
Less Surplus declared 15 <sup>th</sup> January 2024	(4,057)	
Surplus overstated		(3,844)
<b>2024/25</b>		
Accounts Due	114,458	
Council Tax Reduction Scheme	(8,577)	
Exemptions, Discounts and Reliefs	(11,755)	
Precepts	(91,622)	
Increase in bad debt provision	(300)	
Estimated Surplus 2024/25		2,204
<b>Deficit declared 15<sup>th</sup> January 2025</b>		<b>(1,640)</b>

### **Business Rates**

- 3.47 Central government requires all local billing authorities to complete a return (*called the NNDR1 return*), which sets out the business rate income baseline for the purposes of budget setting. There is a direct link between the *NNDR1 return* and the amount of business rates retained by the Council. The total is currently allocated on the basis of:
- 50% to be paid to the Central Government.
  - 40% allocated to the District Council.
  - 9% to be paid to the County Council.
  - 1% to be paid to the Fire & Rescue Authority.
- 3.48 From this figure, further calculations are applied for tariffs or top-ups, and safety net payments or levies, before arriving at an individual business rate budget for a local authority.
- 3.49 The 40% retained business rate income allocated to Bassetlaw District Council is much higher than central government deems to be required, and therefore a tariff is payable back to central government for distribution to other councils where the amount collected is less than the baseline amount required.
- 3.50 The position as to whether a safety net is receivable or a levy is payable is less clear, as it depends upon how much income is collected in year when compared against the

government's baseline position i.e. what central government expects Bassetlaw District Council to collect.

- 3.51 From 1<sup>st</sup> April 2013, all seven Nottinghamshire District Councils joined Nottinghamshire County Council to form a business rates pool. This arrangement works the same as for an individual authority, except the tariff or top-up, and the safety net payment or levy, is calculated on the Pool as a single entity. This approach has enabled a greater level of financial resources to be retained within Nottinghamshire.
- 3.52 Both Bassetlaw and the Nottinghamshire Pool have benefitted from Bassetlaw taking a proactive approach to inspecting business properties through a dedicated business property inspector who has significantly increased the Rateable Value of properties in the district.
- 3.53 Part two of the Non-Domestic Rating (Rates Retention) Regulations 2013 require all billing authorities to calculate the following amounts and to notify these to the Secretary of State and any relevant precepting authorities by 31<sup>st</sup> January each year via the *NNDR1 return*:
- (a) the amount of the central share of its non-domestic rating income.*
  - (b) the amount of each relevant precepting authority's share of its non-domestic rating income in accordance with regulation 5.*
  - (c) the amount (if any) to be deducted from the central share payment in accordance with regulation 4(1).*
  - (d) the amount of each relevant precepting authority's share of any amount to be deducted from the central share payment in accordance with regulation 4(1).*
  - (e) the amount (if any) specified by regulation 7(2).*

The NNDR1 return (Appendix 5) has been completed and will be submitted by 31<sup>st</sup> January 2025.

### **Robustness of Estimates and Adequacy of Reserves**

- 3.54 Under the provisions of the Local Government Act 2003, the Councils Section 151 Officer is required to report on the robustness of the estimates and the adequacy of the financial reserves. The Act requires Members to "have due regard to the report in making their decisions." Where this advice is not accepted, it should be formally recorded within the minutes of the Council Meeting.

### **Robustness of Estimates**

- 3.55 In assessing the robustness of the estimates in the 2025/26 revenue and capital budget proposals, the key strategic risks to consider in the context of the Medium-Term Financial Plan are:

#### General Fund Revenue Expenditure

- An average 2% in 2024/25 and 2% to each year thereafter in respect of the assumed pay award. The adoption of the discretionary Living Wage has been allowed for when setting budgets.
- For the Nottinghamshire County Council Pension the proposed minimum contribution rates for the three-year period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2026 are 20.3% for active employees, with an additional annual deficit lump sum.

- Due to the high current level of inflation, some inflationary increases have been applied to specific budgets. In addition, increases have been applied to any contracts that are linked to RPI or CPI depending on individual agreements.
- Through effective treasury management, the Council is currently under-borrowed which means that the budget for long-term borrowing interest can be kept lower than necessary. For cash flow purposes, if short-term funds are required in year, then temporary borrowing will be undertaken, however it is not envisaged that this will be needed.
- The Council has been proactive in anticipating budget and funding reductions and establishing a financial strategy to address budget gaps. A significant budget gap is expected from 2027/28 resulting from the Local Government finance reforms.

#### General Fund Revenue Income

- Investment income interest rate assumptions have been set in line with current market forecasts. Any reduction in investment income, resulting from a reduction in interest rates, will be offset by a reduction in borrowing costs. The assumptions used in preparing the 2025/26 budget therefore remain prudent.
- Income budgets have been set in accordance with the Corporate Charging Policy with a minimum increase of 2.5%, and realistic estimates have been included within the budget based on estimated usage of each service. This increase will be approved at Cabinet in February.
- New Homes Bonus will continue into 2025/26 and will be used for revenue purposes.
- The Local Government Finance Settlement announced on 18<sup>th</sup> December 2024 confirmed the Settlement Funding Assessment as £4,943k.
- The government's intention to move to funding local services from business rates has created a degree of risk when setting Council budgets. A high degree of volatility still exists due to the impacts of business rate reforms, the success of outstanding appeals, and changes to relief schemes.

#### General Fund Provisions and Reserves

- The Council holds an Insurance provision against general fund losses. This is based upon 100% of the cumulative cost of the loss adjusters estimated value of each individual claim. This provision is re-assessed each year during the closure of accounts process.
- As a further measure against financial risk, the Council operates strategic Corporate Contingency and Legal Contingency Funds for which £0.150m has been allocated for the 2025/26 budgets. A Health and Safety Contingency budget of £0.025m has also been included. These budgets are sufficient to cover exceptional budget variances or emergencies that may occur in the year.
- The continuing uncertainty about the current economic environment has exacerbated the effects on the Councils debt collection rates and increased housing benefit levels. In the interests of prudence, the Council has included a bad debt provision of £50k within the budget.

## Housing Revenue

- The government's existing National Social Rent Policy allows rents to be increase by CPI (as of September) plus 1%. The rent determination for 2025/26 has therefore been capped at 2.7%. This has been included within the 40-year HRA business plan which will inform investment decisions for future years.
- Under self-financing, all the treasury management decisions are now made specifically for Housing as the loans pool is split into two i.e. one for General Fund and one for the Housing Revenue Account. The Treasury costs are one of the largest budgets within the Housing Revenue Account, and because of the changes, these are relatively fixed giving added stability to the decision-making process.

## Capital Programme and Funding

- Funding for General Fund capital schemes, particularly in later years, remains subject to generating capital receipts and being successful in bidding for grants. In the absence of that funding, some schemes may not be affordable. Prudential Borrowing will be used for 'long life' assets as a substitute for capital receipts and where positive cash flows can be demonstrated. Any additional pressure on the Minimum Revenue Provision (MRP) has been included in the revenue budgets.
- The Capital Programme is set out in a separate report. The costs of borrowing used to fund the Capital Programme are accounted for in the 2025/26 revenue budget.

## Financial Management

- The Council has sound financial management arrangements in place as evidenced by the internal audit report by RSM. This was reported to the Council's Audit and Governance Committee in September 2023 with an opinion of 'reasonable assurance' on the inherent control environment.

## Risk Management

- The Council has sound arrangements in place for effective risk management, including controls around its financial resilience. The is evidenced by an internal audit report to Audit and Governance Committee in July 2024 ('reasonable assurance').

## **Adequacy of Reserves**

- 3.56 The Local Government Finance Act 2003 requires authorities to have regard to the level of reserves when calculating their budget requirements. Professional guidance is set out to assist in this deliberation (*guidance note on Local Authority Reserves and Balances – LAAP Bulletin 99 – July 2014*).
- 3.57 Earmarked Reserves are to be used for specific purposes over a period of more than a single financial year. These earmarked reserves either protect the Council against specific financial risks or used as a means of funding specific revenue projects. The main reserves held by the Council are detailed above in paragraph 3.18.

- 3.58 The General Reserve is a corporate contingency to be used by either Cabinet or Council for any purpose within the legal powers of the Council. Examples of the purposes for which it might be used include dealing with unforeseen in-year budget pressures, financing once-only items of expenditure, or creating a strategic earmarked reserve.
- 3.59 In consideration of this guidance, the Council is maintaining its Minimum Working Balance of £1.0m for the General Fund, and £3.7m for the Housing Revenue Account (as at March 2025). In the event of these Minimum Working Balances being compromised, Cabinet and Council, as advised by the Section 151 Officer, must agree a plan to restore the balance in the following financial year.
- 3.60 The resulting levels of General Reserves and Balances for the proposed 2025/26 budget (i.e. of 31<sup>st</sup> March 2025) are shown in paragraph 3.18.

### **Future Years**

- 3.61 The budget report outlines the expected financial position of Bassetlaw between now and 2029/30. The budget gap over the five years has been set at £2.5m. However, numerous assumptions have been made about the future funding of the Council and if these prove to be inaccurate, future budgets may be affected.
- 3.62 Having considered the above risks, the conclusion of the Section 151 Officer is that the Council is advised that overall:
- The estimates are sufficiently robust, and,
  - The levels of reserves and balances forecasted to be held of 31<sup>st</sup> March 2025 are adequate, to allow the Council to set the Revenue Budget, Capital Programme and Council Tax for 2025/26.

### **Budget Consultation**

- 3.63 Bassetlaw has a statutory duty to consult the business community as part of its budget preparations. This year the consultation will take place in February via a Teams meeting.
- 3.64 The Council has also undertaken significant budget engagement with its residents through its 'Budget Conversation' survey. The findings are attached at Appendix 2 to this report.
- 3.65 This report has been subject to extensive review and challenge through the Council's scrutiny process. The Council's Overview and Scrutiny Committee's response to the 2025/26 Budget is attached at Appendix 4.

### **Future Issues and Prospects**

- 3.66 The impact of a number of uncertainties and challenges outlined below should become clearer in 2025/26. The new or developing issues and projects, which are not clear at the time of agreeing this budget report, include the on-going cost of living crisis which affects all areas of the Council's finances including:
- Business Rates – businesses closures, changes in rateable values, changes in working practices, government funded reliefs.
  - Council Tax – increase in LCTS claimants, ability to pay, effect on Council Tax base, accelerated move to Universal Credit.
  - Government Funding – continuation of funding, expectation of councils to use reserves.



- Ongoing loss of income and increased expenditure.

Other future issues and prospects include:

- How the proposed business rates reform will work in practice and what new responsibilities will be given to councils are still unclear.
- The extent to which any transitional arrangements arising from business rates reform will impact on the Council.
- Whether the 'Local Authority Funding Reform' will affect the Council's funding levels to a greater (or lesser) extent than expected.
- How much multi-year financial settlements will affect the amount of funding available to the Local Government sector.
- Delivery of efficiencies and/or savings – the Council has delivered significant savings in previous years and has plans to deliver significant savings in future years. This represents a considerable challenge for the organisation.
- Financial pressure on other partners – as other agencies come under spending pressure there may be direct impacts on services, which are currently, funded by them or in partnership with them. Even when there are no direct, cuts to Council funding there are likely to be indirect impacts on our community-based services.
- Welfare Reform – the government continues to reform the country's system of welfare payments, which will have implications for the Council, not least the continuing and increased roll-out of Universal Credit.
- Local Government Reorganisation - The government published their English Devolution White Paper 'Power and Partnership: Foundations for Growth' on 16<sup>th</sup> December 2024. This stated that the government wants all remaining two-tier areas in England to be restructured into single-tier unitary authorities. The reforms will take a phased approach to delivery, considering where reorganisation can unlock devolution, where areas are keen to proceed at pace or where it can help address wider failings. The impact on the Council is currently unclear.

#### **4. Implications**

- a) For service users.

Budgets have already been significantly reduced over prolonged periods, and the Council may be facing further increasing pressure from the planned central government reforms from 2026/27.

- b) Strategic & Policy.

The General Fund revenue budget complements the capital report, and both contribute to the Council's Vision.

- c) Financial - Ref: 25/302

All the financial implications are contained within the body of this report. If there are any further changes, they will be itemised in the Budget Setting Report to full Council.

d) Legal – Ref: 180/02/2025

The Local Government Act 1988 provides the legislative framework, which requires the Council to set a balanced budget. The s151 officer is responsible for ensuring the budget is balanced.

e) Human Resources.

Any Human Resources issues will be addressed as they arise.

f) Climate change, Environmental

None directly from this report

g) Community Safety, Equality and Diversity.

None directly from this report.

h) GDPR

There are no GDPR implications.

i) This is Key Decision Number **1094**

## **5. Options, Risks and Reasons for Recommendations**

5.1 The Council is exposed to a significant number of risks and uncertainties, which could affect its financial position, and the deliverability of the proposed budget. These risks include:

- The financial impact of the recovery from the cost-of-living crisis in future years.
- Savings plans may not deliver projected savings to expected timescales.
- Assumptions and estimates, such as inflation and interest rates, may prove inaccurate.
- Funding from central government (Settlement Funding Assessment and other grants) may fall below projections.
- The actual impact and timing of local growth on the demand for some services may not reflect projections used.
- Increases in council tax and business rates receipts due to local growth may not meet expectations.
- Business rates appeals may exceed the provision set aside for this purpose.
- The local and national economic climate may change, impacting on some of the Council's income streams such as car parking income, commercial rents, and planning fee income and
- New legislation or changes to existing legislation may have budgetary impacts.

5.2 The Council is required to set a balanced budget but may otherwise vary its spending and taxation proposals below the excessive capping referendum trigger. For the 2025/26 revenue budget, the following decisions are available to Members:

- i) Change the level of service spending or income projections.
- ii) Revise the level of any reserves to support the revenue Budget.
- iii) Change the planned level of increase in Council Tax for 2025/26.

## 6. Conclusions

- 6.1 The 2024/25 budget monitoring process has been tightly controlled throughout the financial year enabling managers and Members the opportunity to ensure spending is kept within budget. The Quarter 3 Budget Monitoring report on this agenda forecasts a broadly balanced budget position for 2024/25.
- 6.2 The Council has a relatively high level of deprivation and a relatively low council tax base.
- 6.3 There will be a review of local government funding that will be implemented in 2026/27. Linked to this, there will be consultation on the phasing of arrangements to ensure a smooth transition to new funding levels. Further uncertainties, particularly in future years, will arise from the proposals for local government reorganisation.
- 6.4 The 2025/26 budget includes a 2.99% increase in Band D equivalent council tax. Bassetlaw's financial position particularly regarding its reserves and balances will need to be reassessed in June 2025 after the 2024/25 outturn is finalised. The increase in Council Tax is assumed in the Council's core spending power figures and is necessary to ensure a balanced budget can be achieved in 2025/26 and later years.
- 6.5 Members and officers' attention is drawn to the budget gap of £2.5m to 31<sup>st</sup> March 2030 and the financial strategy in place to address it (identifying new savings and efficiencies and/or applying available revenue reserves). Should no further recurrent savings be identified this position would require £4.2m of reserves to close the budget gap to March 2030.

Table 8 – Medium Term Financial Plan (February 2025)

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
Net savings requirement	0	0	0	(1,619)	(918)	(2,537)

- 6.6 In previous years savings requirements have stemmed from the significant reductions in government funding, and unavoidable cost increases and pressures. In 2026/27 there will be the further complication of a full review of Local Government Financing coupled with a full Business Rates reform.

Limited information is available at this stage and numerous assumptions have been made to produce figures for future years. Whilst the Council has a record of identifying and delivering savings through service reviews and value for money improvements, many such savings have already been delivered and it is becoming more difficult to identify and deliver further savings and efficiencies. To mitigate the position, there may be additional funding from transitional arrangements following funding reforms and this has been included in the latest five-year projections.

- 6.7 Potential income generation options include the development of trading activities through S80 Partnership Limited ('S80'). It is important to continue to develop these trading

activities at pace so that identified savings, efficiencies and/or additional income can contribute towards a balanced budget position over the financial planning period. A five-year business plan for S80 has been progressed and will be monitored at the Shareholder Sub-Committee of Audit and Governance Committee throughout the year.

- 6.8 Continued reductions in expenditure will be a prerequisite moving forward, and it will be a difficult to ensure that service quality is maintained when set against reductions in service expenditure.
- 6.9 Working with other parts of the public sector in the district in the Bassetlaw Community Partnership must continue to develop to maximise the relationships between the Police, the Fire & Rescue service, the County Council, the local Clinical Commissioning Group, and other local groups such as the Bassetlaw Community and Voluntary Sector. This could then facilitate how local services could be financed and delivered in a more integrated, modern, and efficient way.

## **7. Recommendations**

Cabinet recommends the following to full Council:

- 7.1 That Cabinet considers the budget for 2025/26, including the budget savings proposals as summarised in Appendix 3, and future years and recommend their approval.
- 7.2 That Cabinet recommends a council tax increase of 2.99% for Band D equivalent properties for 2025/26.
- 7.3 That Cabinet notes the declaration of a £1.640m deficit on the Collection Fund for 2024/25 as summarised in para 3.46 of this report.
- 7.4 That Cabinet notes that the NNDR1 form (see Appendix 5) has been submitted by 31<sup>st</sup> January 2025 and includes figures on:
- the net yield from local business rates.
  - the cost of collection allowance.
  - the amounts retained in respect of renewable energy schemes; and
  - the declared surplus at the end of 2025/26.
- 7.5 Cabinet notes the consultation process and the results from the Budget Conversation survey (Appendix 2) and the response from Overview and Scrutiny Committee which was received following their meeting on 21<sup>st</sup> January 2025 (Appendix 4).
- 7.6 That Cabinet delegates authority to the Director of Corporate Resources and Cabinet Member for Corporate and Financial Services for addressing any issues arising from the Business Ratepayers consultation in February 2025; and
- 7.7 That Cabinet delegates authority to the Director of Corporate Resources as Section 151 Officer to deal with amendments to the budget for any changes to Internal Drainage Board and Parish Town Council precepts or any other technical adjustments.

**Background Papers**

Medium Term Financial Plan 2025/26 to 2029/30  
Local Government Finance Settlement Data  
Budget Model  
NNDR Returns  
LG Futures analysis

**Location**

Head of Finance & Property  
Services office.

# Appendix 1

## Medium-Term Financial Plan 2025/26 to 2029/30

	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30
	£	£	£	£	£
Total Net Cost of Services (Total)	21,424,600	21,788,800	22,224,500	22,725,500	23,187,100
Total Other Budgets	(602,300)	(205,000)	(187,200)	(169,800)	(152,900)
Net interest and borrowing costs	(309,100)	(258,800)	(97,100)	(9,100)	59,400
Other Operating Expenditure	3,169,400	3,253,200	3,367,000	3,485,800	3,609,600
Accounting Adjustments	(1,480,400)	(1,487,900)	(1,495,200)	(1,503,800)	(1,512,000)
Savings (2025/6 savings in 'Net Cost of Services')		(651,000)	(1,140,200)	(2,030,000)	(2,630,000)
MRP Review	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Other		(200,300)	(225,800)	(233,700)	(233,700)
Transfer to/(from) General Reserves	2,805,700	169,700	(1,607,000)	(1,368,400)	0
Remaining gap - further savings, use of reserves	0	0	0	(1,618,900)	(2,536,900)
<b>Council Net Budget</b>	<b>24,757,900</b>	<b>22,158,700</b>	<b>20,589,000</b>	<b>19,027,600</b>	<b>19,540,600</b>
<b>FUNDED BY</b>					
Settlement Funding Assessment (Total)	(4,934,400)	(5,071,900)	(5,183,500)	(5,287,200)	(5,392,900)
Retained Business Rates (from Nottinghamshire Business Rates Pool)	(800,000)	0	0	0	0
Section 31 Business Rates Grants	(4,859,000)	0	0	0	0
Renewable Energy Retained Business Rates	(1,515,400)	(1,545,700)	(1,576,600)	(1,608,100)	(1,640,300)
Green Plant and Machinery business rates exemption grant	(25,000)				
Internal Drainage Board - exceptional funding	(111,000)				
Recovery Grant	(452,600)	0	0	0	0
Compensation for NIC Employers' contribution increase	(102,400)	(102,400)	(102,400)	(102,400)	(102,400)
Extended Producer Requirement (2025/6 allocation in 'Council Net Budget')	(1,180,000)	(1,121,000)	(1,065,000)	(1,011,800)	(961,200)
Transitional arrangements for Fair Funding Review (from 2026/27)		(3,206,900)	(1,603,500)	0	0
Funding Floor	0	(1,052,200)	(557,400)	(56,000)	0
New Homes Bonus Grant	(1,126,200)				
Miscellaneous Government Grants	(34,800)		0	0	0
Domestic Abuse Safe Accommodation Grant	(34,800)	(34,800)	(34,800)	(34,800)	(34,800)
Council Tax - BDC	(7,908,000)	(8,274,200)	(8,637,500)	(9,016,700)	(9,412,400)
Council Tax - Parishes	(1,674,300)	(1,749,600)	(1,828,300)	(1,910,600)	(1,996,600)
<b>Total Funding</b>	<b>(24,757,900)</b>	<b>(22,158,700)</b>	<b>(20,589,000)</b>	<b>(19,027,600)</b>	<b>(19,540,600)</b>
Tax Base	38,407.31	39,019.26	39,550.18	40,087.73	40,632.00
Council Tax	205.90	212.05	218.39	224.92	231.65

### Budget Conversation Survey

#### Background

The Budget Conversation survey commenced on 1<sup>st</sup> November and ran for six weeks, closing on 12<sup>th</sup> December 2024.

The introduction to the survey explained the current funding challenges facing all councils and confirmed Bassetlaw's budget gap of £3.8m to March 2030 which was before implementing the financial strategy (of implementing savings and using available reserves to balance the budget). It also positioned our commitment to continue to manage the Council responsibly and sustainably. The introduction section provided a brief explanation of the two-tier system of local government and gave examples of the services we provide and those provided by Nottinghamshire County Council in their upper tier role.

The survey asked people to share their views on how Bassetlaw Council spends its budget and what the Council's priorities should be. As part of the approach to tackling the shortfall, we asked what services matter most to our residents and businesses and sought to find out which services people use the most and then capture any ideas the public may have on how to balance our budgets.

There were some standard demographic questions that help us to understand the views of different groups and of people living in different areas of the district.

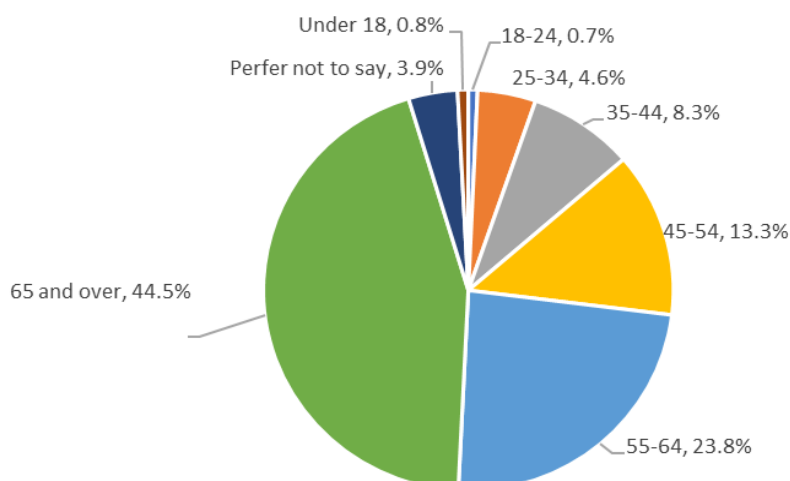
The survey was made available on the council's website, [Budget Conversation Survey 2024](#)

Paper copies were made available at locations across the district.

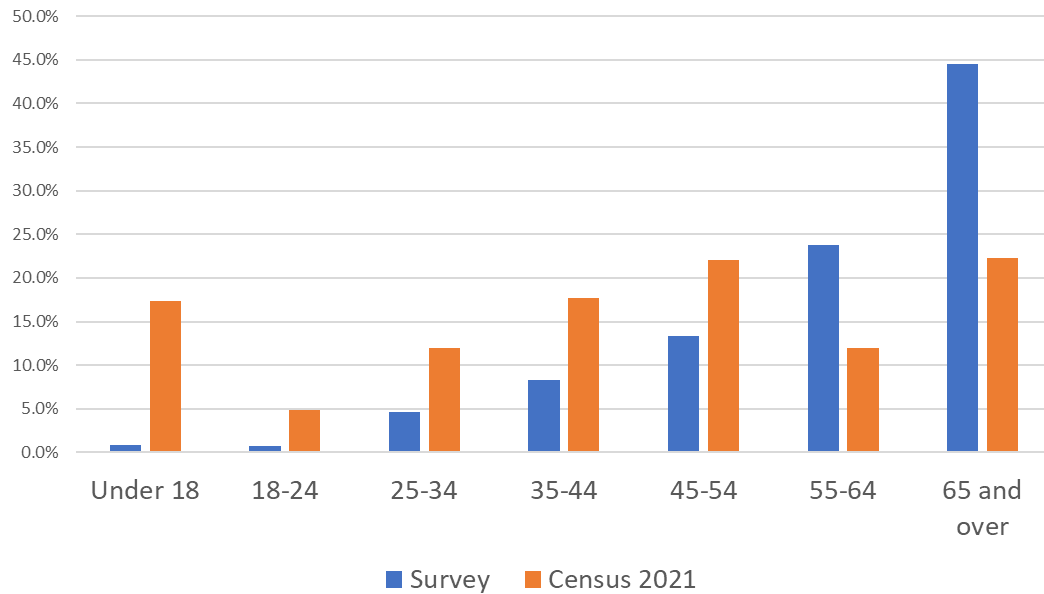
The survey results were published on the Council's website in January 2025.

#### Summary

There was an excellent response to the survey with 833 valid responses. Most responses (98%) were made electronically with the remainder being paper based. Over two thirds of all respondents were over 55 years of age. 44.5% of respondents were 65 and over with 23.8% being aged 55 to 64.



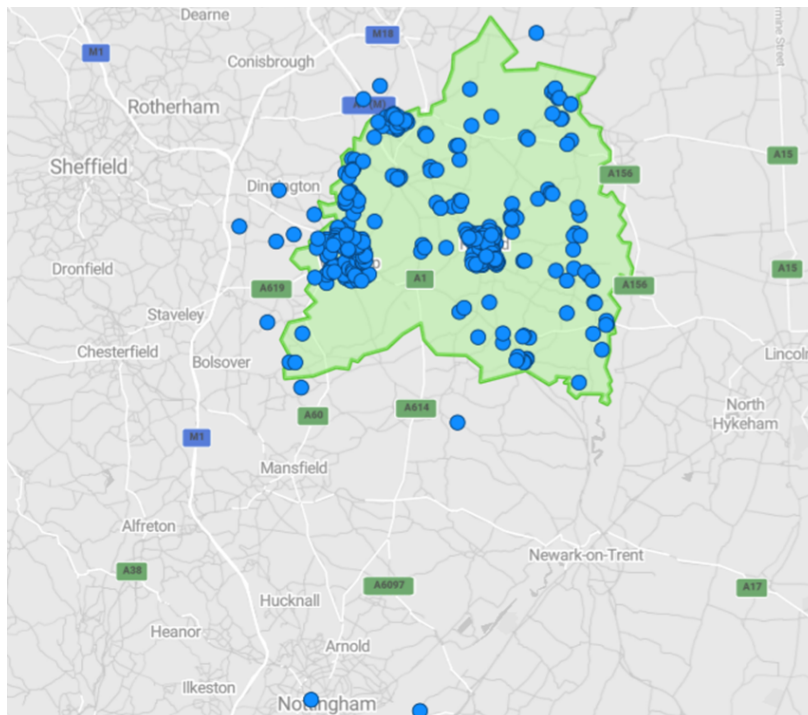
When compared against the Census 2021, this suggests that the survey was under representative of the 18-54 age group.



There was an even split between male (50.7%) and female respondents (46.8%) with a small proportion being 'other' or 'prefer not to say'.

The vast majority (91.3%) of respondents were White British.

There was a wide spread of responses from across the district with the majority centred around Worksop and Retford town centres.



The findings from the survey are detailed below.



## Survey Results

The first question established details of the respondent.

### Q1 - Which of the following best describes you?

A significant proportion of all respondents lived in the district (93.4%).

	%
I live in Bassetlaw District	93.4%
I work in Bassetlaw but live in another area	3.9%
I represent a business in Bassetlaw	1.2%
I represent a community organisation in Bassetlaw	0.8%
I visit Bassetlaw	0.7%

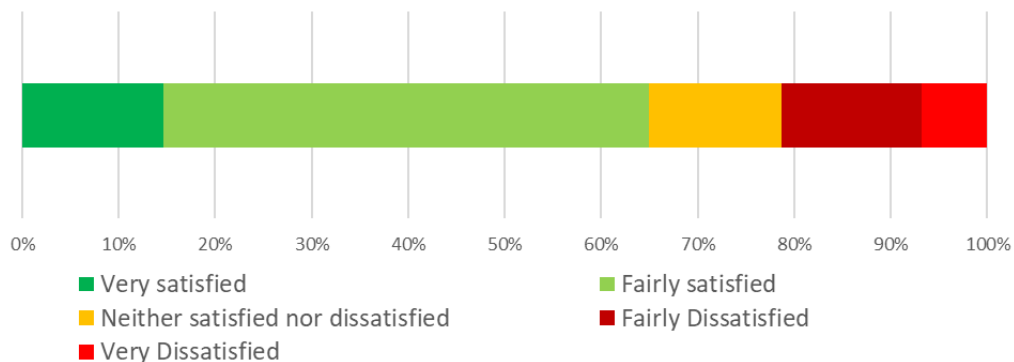
### Q2 - Overall, how satisfied, or dissatisfied are you with your local area as a place to live?

As a resident satisfaction question, results for this question excluded responses from the following categories:

- I visit Bassetlaw.
- I work in Bassetlaw but live in another area.
- I represent a business in Bassetlaw.
- I represent a community organisation in Bassetlaw.

64.9% of residents reported that they are satisfied with Bassetlaw as their local area. This was over three times those residents who expressed dissatisfaction (21.3%).

Q2 Overall, how satisfied, or dissatisfied are you with your local area?



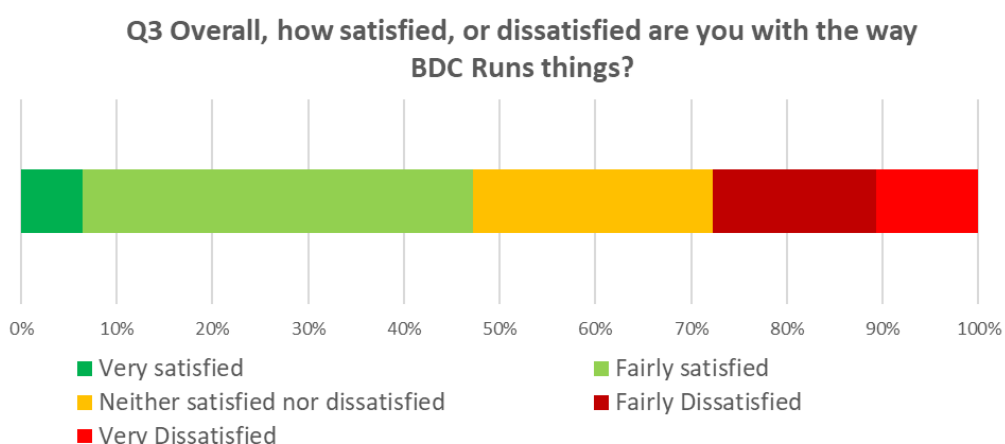
	Very Dissatisfied	Fairly Dissatisfied	Neither satisfied nor dissatisfied	Fairly satisfied	Very satisfied	Fairly or Very Satisfied
2. Overall, how satisfied, or dissatisfied are you with your local area	6.8%	14.5%	13.8%	50.3%	14.6%	64.9%

**Q3 - Overall, how satisfied, or dissatisfied are you with the way Bassetlaw District Council runs things?**

As a resident satisfaction question, results for this question excluded responses from the following categories:

- I visit Bassetlaw.
- I work in Bassetlaw but live in another area.
- I represent a business in Bassetlaw.
- I represent a community organisation in Bassetlaw.

47.2% of residents reported that they are satisfied with the way Bassetlaw District Council runs things.



	Very Dissatisfied	Fairly Dissatisfied	Neither satisfied nor dissatisfied	Fairly satisfied	Very satisfied	Fairly or Very Satisfied
3. Overall, how satisfied, or dissatisfied are you with the way Bassetlaw DC runs things?	10.7%	17.0%	25.1%	40.8%	6.4%	47.2%

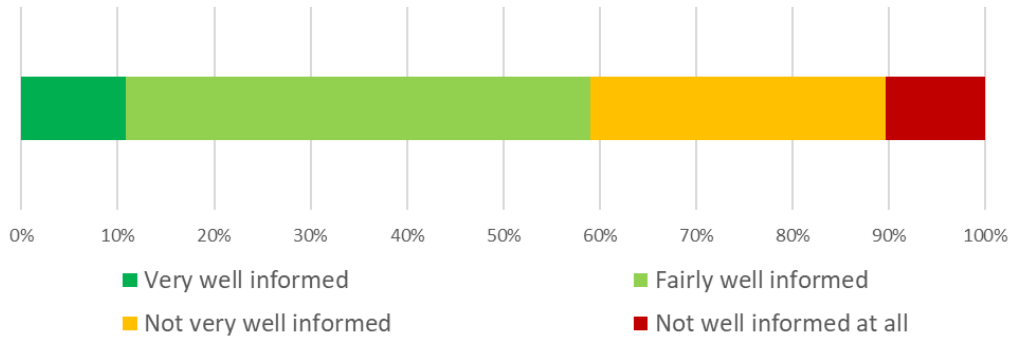
**Q4 - Overall, how well informed do you think Bassetlaw District Council keeps residents about the services and benefits it provides?**

As a resident satisfaction question, results for this question excluded responses from the following categories:

- I visit Bassetlaw.
- I work in Bassetlaw but live in another area.
- I represent a business in Bassetlaw.
- I represent a community organisation in Bassetlaw.

59.0% of residents are 'very' or 'fairly well' informed about services and benefits Bassetlaw District Council provides. Only 10.4% of residents said they were 'not well will informed'.

**Q4 How well informed do you think BDC keeps residents about the services and benefits it provides?**



	Not well informed at all	Not very well informed	Fairly well informed	Very well informed	Fairly or Very Well Informed
4. Overall, how well informed do you think Bassetlaw District Council keeps residents about the services and benefits it provides?	10.4%	30.6%	48.2%	10.8%	59.0%

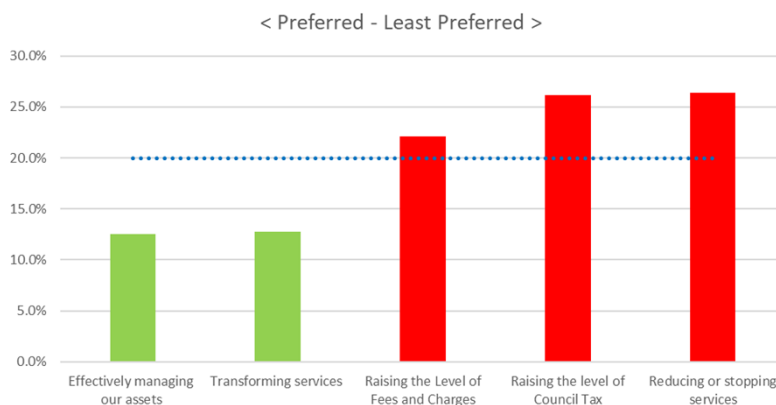
**Q5 - The Council has several ways it can balance its budget. Please rank the following options in order of preference (1 most preferable, 5 least preferable).**

The following options given were:

- Raising the level of Council Tax.
- Raising the level of Fees and Charges.
- Reducing or stopping services.
- Transforming services - provide services in a different way for example by working with partners, or by increasing efficiency.
- Effectively managing our assets - including reducing the costs of running our buildings, for example by changing how our buildings are used and managed or by selling off some property.

“Effectively managing our assets” was the most preferable way of balancing the budget, very closely followed by “Transforming services.” The least preferable way of balancing the budget was “Reducing or stopping services,” followed by “Raising the level of Council Tax”.

**Q5 Options to balance the budget**



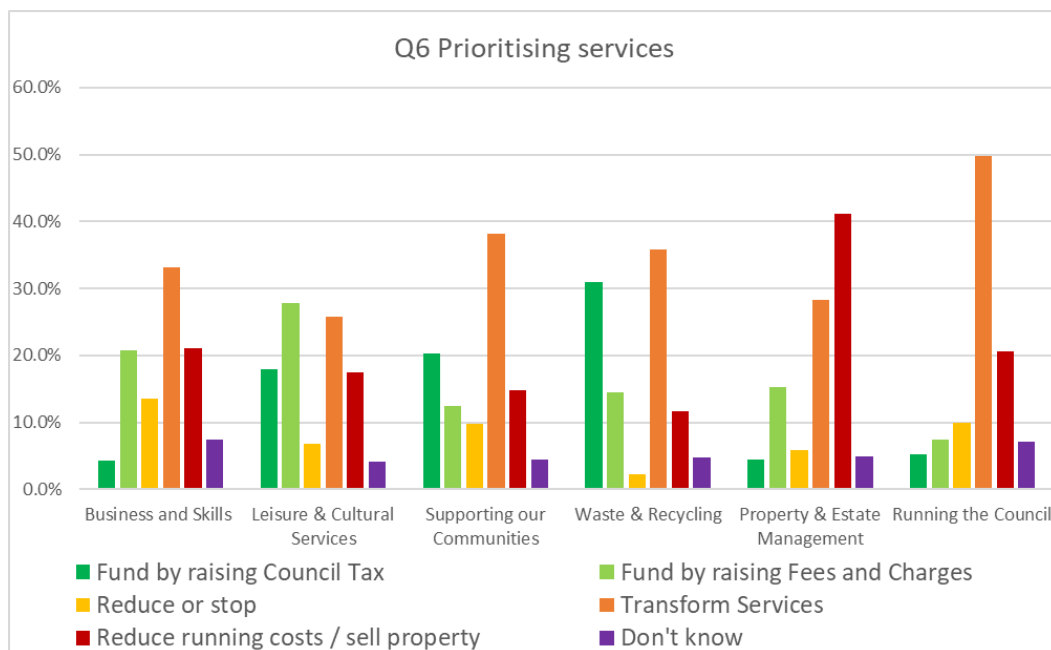
**Q6 - Which of the following statements do you mostly agree with? (Please tick one option per service area).**

The service areas were:

- Business and skills.
- Leisure and culture services.
- Supporting our communities.
- Waste and recycling.
- Property and estate management.
- Running the Council.

The options given were:

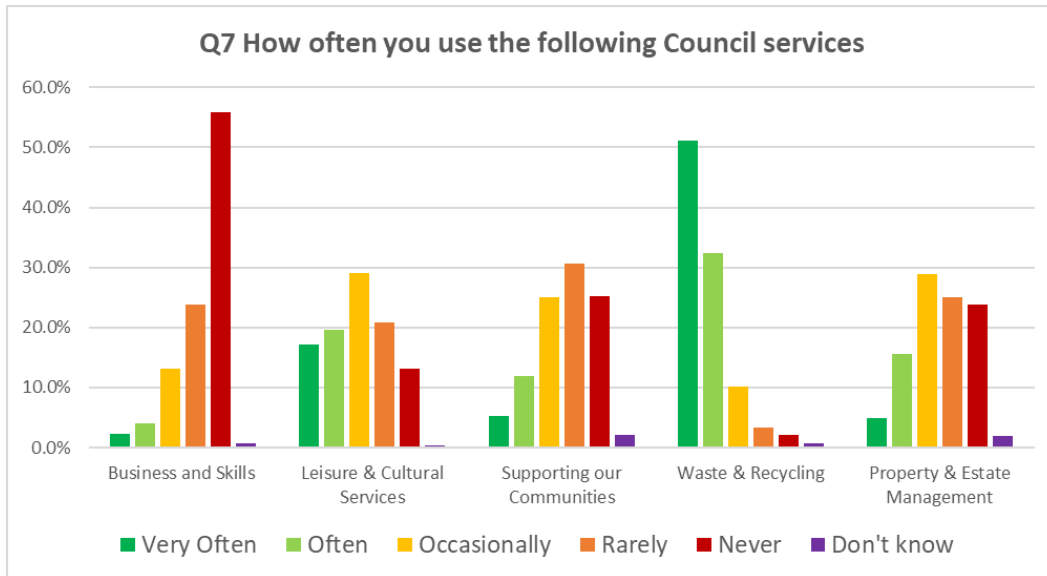
- These services should be mainly funded by raising the level of Council Tax.
- These services should be mainly funded by raising the levels of Fees and Charges.
- The Council should reduce or stop some of these services to save money.
- The Council should transform these services to make savings.
- The Council should reduce the costs of running its buildings and/or sell off some of its property to fund these services.
- Do not know.



**Q7 – How often do you use council services?**

In the main, respondents report using Waste and Recycling services ‘very often’ or ‘often’, Property & Estate Management and Leisure & Cultural services ‘occasionally’, Supporting our communities ‘rarely’, and Business and Skills ‘never’ or ‘rarely’.

Q6 How often do you use council services?	Very Often	Often	Occasionally	Rarely	Never	Do not know
Business & Skills	2.3%	4.1%	13.2%	23.7%	<b>55.9%</b>	0.7%
Leisure & Cultural Services	17.2%	19.5%	<b>29.0%</b>	20.8%	13.1%	0.4%
Supporting our communities	5.2%	11.9%	25.0%	<b>30.6%</b>	25.2%	2.1%
Waste & Recycling	<b>51.1%</b>	32.4%	10.2%	3.4%	2.2%	0.7%
Property & Estate Management	4.8%	15.6%	<b>28.8%</b>	25.0%	23.8%	1.9%



### Q8 - Are there any other ways we can use to balance the budget?

There were several common themes relating to improved efficiency and a reduction in Council running costs. These included staffing, reducing agency spend, improving recruitment and retention; and reducing back-office functions whilst increasing front-line numbers.

There were a number of suggestions around asset management which included making better use of council buildings including town halls, closing public conveniences and improving the use of assets to generate revenue. There were also suggestions around car parking charges proposing a review of charges.

There were other statements including some respondents identifying a reduction in services such as a reduced mowing of grass verges with an increasing focus on essential services.

## Appendix 3

### Budget Savings Proposals

The proposed budget savings resulting from the Budget Review work amount to £1.073m in 2025/26. These savings will be incorporated into the 2025/26 budget and will be supported by robust delivery plans.

Future monitoring of the proposals will be via the quarterly budget monitoring reports to Cabinet.

Further savings arising from the Council's Asset Management Plan will be delivered in later years from 2026/27.

The 22 savings proposals are summarised in the two tables below:

#### 'Business As Usual' Proposals

Ref	Proposal (brief outline)	Service area	Budget option	2025/26 £	2026/27 £	2027/28 £	TOTAL £
1	Additional salary sacrifices and promotion of Additional Voluntary Contributions	Running the Council	Transformation	2,500	0	0	<b>2,500</b>
2	Review welcome gifts for new employees	Running the Council	Reduce or stop	6,640	0	0	<b>6,640</b>
3	Review of the Council's email security software	Running the Council	Transformation	14,000	0	0	<b>14,000</b>
4	Reduce photocopier and printer costs	Running the Council	Reduce or stop	15,000	5,000	0	<b>20,000</b>
5	IT software efficiencies	Supporting our communities	Transformation	10,000	0	0	<b>10,000</b>
6	Energy efficiency due to use of sleep/standby modes	Running the Council	Transformation	3,000	0	0	<b>3,000</b>
7	Review printing and posting payslips - access via online and/or email	Running the Council	Reduce or stop	6,000	0	0	<b>6,000</b>
8	Reassessment of rateable values on our operational properties (commission external rating advice)	Property & estate management	Transformation	89,000	21,000	0	<b>110,000</b>

9	Increased housing benefit overpayment (historic debt) recovery	Supporting our communities	Transformation	165,000	-165,000	0	0
10	Housing benefit service efficiencies	Supporting our communities	Transformation	56,500	0	0	56,500
11	Reduced energy costs arising from changes already implemented to town centre/market lighting	Property & estate management	Reduce or stop	16,000	0	0	16,000
12	Recover Business Support costs from Towns Fund Grant	Business & skills	Transformation	10,000	0	0	10,000
13	Dog Warden, review contract specifications	Supporting our communities	Transformation	10,000	0	0	10,000
14	Garden waste, increased take-up of scheme	Waste & recycling	Fees and charges	50,000	0	0	50,000
15	Review utilities cap in Barnsley Premier Leisure contract	Leisure & cultural	Transformation	327,000	0	0	327,000
16	Ensure appropriate cost recovery for support costs on Community Infrastructure Levy	Supporting our communities	Transformation	50,000	0	0	50,000
17	Recover Ecology Officer monitoring fees from Biodiversity Net Gain credits	Supporting our communities	Transformation	120,800	0	0	120,800
				<b>951,440</b>	<b>(139,000)</b>	<b>0</b>	<b>812,440</b>

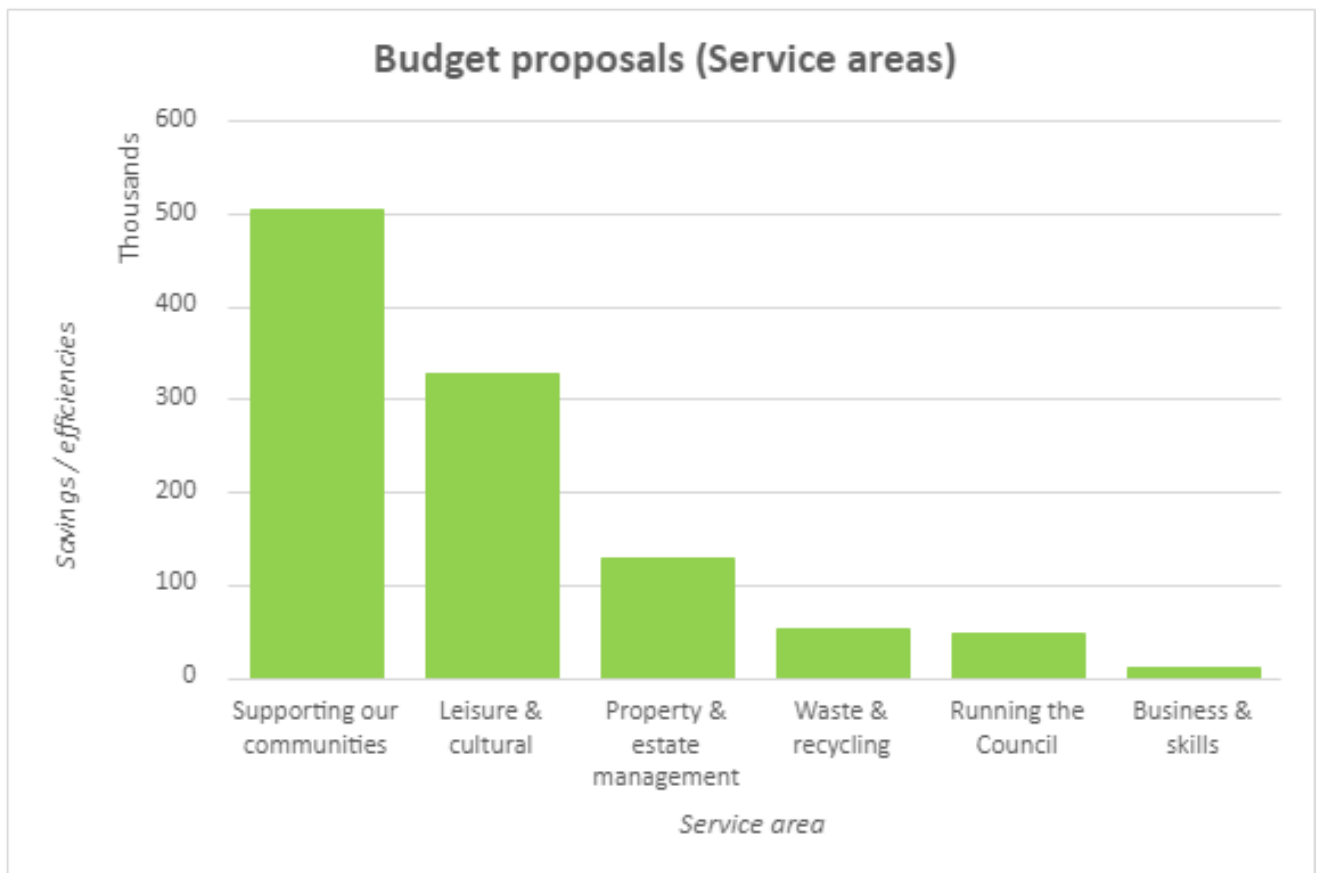
### Service Review Proposals

1	Review the provision of the Worksop and Retford Shopmobility Schemes	Supporting our communities	Transformation	69,400	69,400	0	138,800
2	Cemeteries, review charges	Supporting our communities	Fees and charges	24,200	0	0	24,200

3	Bulky waste, review charging methodology and schedule of rates depending on disposal cost	Waste & recycling	Fees and charges	3,000	0	0	<b>3,000</b>
4	Garden waste, review charges	Waste & recycling	Fees and charges	0	100,000	0	<b>100,000</b>
5	Review provision of Chapelgate public conveniences.	Property & estate management	Reduce or stop	25,000	0	0	<b>25,000</b>
				<b>121,600</b>	<b>169,400</b>	<b>0</b>	<b>291,000</b>

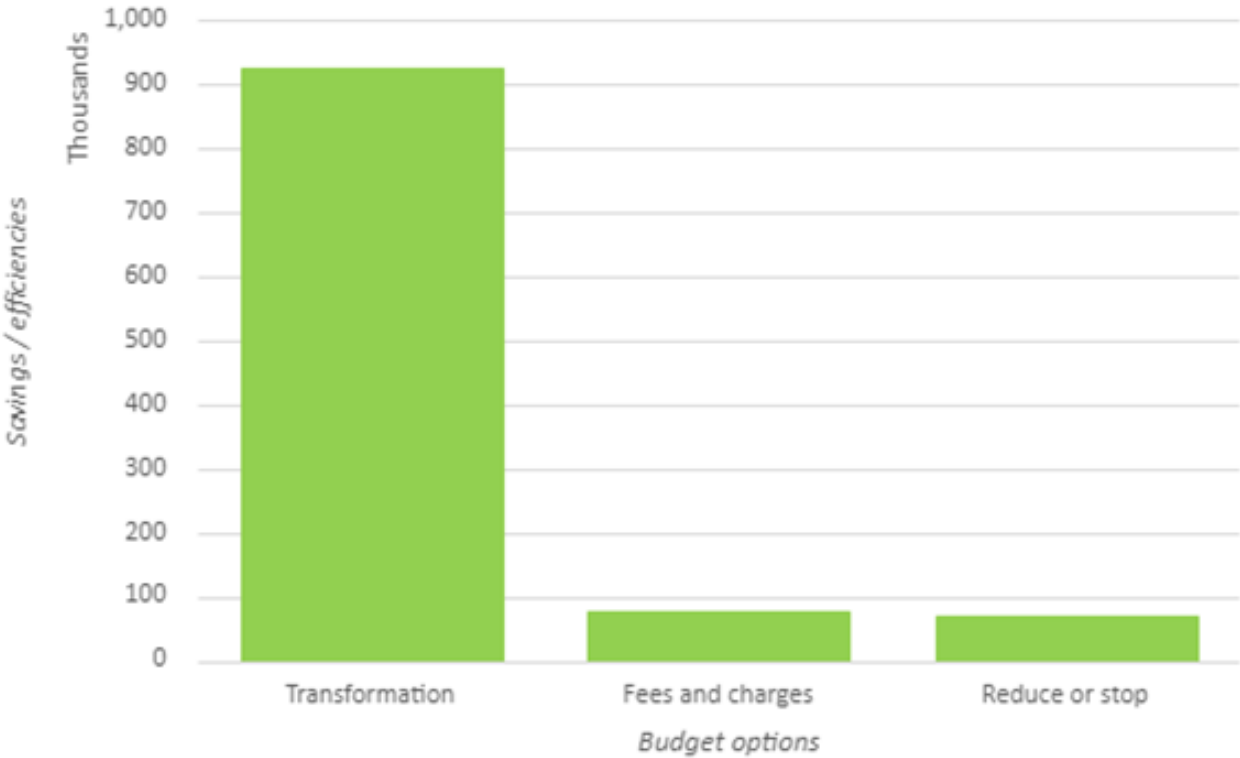
In line with the Budget conversation, over 80% of the savings proposals are provided by transforming our services.

The main service areas contributing towards the savings proposals are 'Supporting our communities' and 'Leisure and cultural'.





### Budget proposals (options)



## Appendix 4

### Overview and Scrutiny Committee Response to the 2025/26 Budget

Overview and Scrutiny Committee met on 21<sup>st</sup> January 2025 and, following pre-decision scrutiny of the 2025/26 budget provided the following statement.

“Under the Council’s constitution, the Overview and Scrutiny Committee is required to monitor the Council’s budget position and finances.

Throughout 2024/25 the Committee has considered Budget Monitoring & Capital Programme Update Reports on a regular basis and has invited the Cabinet Member for Corporate & Financial Services and s.151 Officer to answer questions.

We received presentations on benchmarking data from LG Improve Financial Resilience Health check, updates on the Medium-Term Financial Plan, and undertook pre-decision scrutiny of the 2025/26 budget before and after the receipt of the provisional financial settlement.

The Committee received training from the s.151 Officer on Council Finances and Medium-Term Financial Plan in 2024/25 and information has been provided in an understandable way with key issues highlighted.

The Committee understands our comparative financial position and challenges faced in future years, and recognises the work undertaken across the authority to deliver a balanced budget for 2025/26.

As an Overview and Scrutiny Committee, we welcome methods of engagement that amplify the voice of the public and are pleased to see feedback from the Budget Conversation Survey being considered as part of the 2025/26 budget setting process.

In 2025/26, the Committee will continue to regularly monitor the Council’s financial position, and delivery of the 2025/26 budget.”

## Appendix 5

### National Non-Domestic Rates, NDR1 Return 2025/26

Local Authority : Bassetlaw

#### PART 1B: PAYMENTS

**This page is for information only; please do not amend any of the figures**

The payments to be made, during the course of 2025-26 to:

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
- ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
- iii) transferred by the billing authority from its Collection Fund to its General Fund,

are set out below

	Column 1 Central Government	Column 2 Bassetlaw	Column 3 Nottinghamsh ire County Council	Column 4 Nottinghamsh ire Fire Authority	Column 5 Total
<b>Retained NDR shares</b>	£	£	£	£	£
12. % of non-domestic rating income to be allocated to each authority in 2025-26	50%	40%	9%	1%	100%
<b>Non-Domestic Rating Income for 2025-26</b>					
13. Non-domestic rating income from rates retention scheme	26,974,658	21,579,727	4,855,439	539,493	53,949,317
14. (less) deductions from central share	0				0
15. <b>TOTAL:</b>	26,974,658	21,579,727	4,855,439	539,493	53,949,317
<b>Other Income for 2025-26</b>					
16. add: cost of collection allowance		176,482			176,482
17. add: amounts retained in respect of Designated Areas		0			0
18. add: amounts retained in respect of renewable energy schemes		1,782,411	0		1,782,411
19. add: amounts retained in respect of Shale oil and gas sites schemes		0	0	0	0
20. add: qualifying relief in Designated Areas		0	0	0	0
21. add: City of London Offset		0			0
22. add: in respect of Port of Bristol hereditament		0			0
<b>Estimated Surplus/Deficit on Collection Fund</b>	£	£	£	£	£
23. Surplus/Deficit at end of 2024-25 (+ve = surplus, -ve = deficit)	-474,701	-379,761	-85,446	-9,494	-949,402
<b>TOTAL FOR THE YEAR</b>	£	£	£	£	£
24. Total amount due to authorities	26,499,957	23,158,859	4,769,993	529,999	54,958,808