

Report to Council

Subject: Council Tax 2026/27

Date: 4 March 2026

Author: Leader of the Council

Wards Affected

Borough wide

Purpose

This report summarises the Council's General Fund Revenue Budget for 2026/27. The report also includes information about the Council's external funding support and sets out the basis from which decisions can be made regarding the Council Tax level for 2026/27.

Key Decision

This **is** a key decision.

Recommendations:

That:

- (1) Members determine the application of fund balances, or the level of contributions to balances.
- (2) Members approve the calculations for 2026/27 required by sections 31 to 36 of the Local Government Finance Act 1992 and the amounts set as Council Tax for each category of dwelling. (The detailed calculations will be published separately, but before the meeting, once all final notifications from preceptors have been received).

1. Background

The Council Tax Process

- 1.1 The Council Tax is a tax on property, with personal elements in the form of discounts for dwellings with fewer than two relevant residents, and reductions awarded under the approved Council Tax Reduction Scheme. All dwellings are listed in one of eight valuation Bands. The headline Council Tax is calculated for a Band D property and the tax for each of the remaining bands is calculated as a proportion of this amount. The lowest, Band A, is two thirds of Band D and the highest, Band H, is twice Band D and three times Band A. The proportions are therefore:

Band A 6/9	Band E 11/9
Band B 7/9	Band F 13/9
Band C 8/9	Band G 15/9
Band D 9/9	Band H 18/9

- 1.2 The Council and its Members have several legal duties when making decisions in relation to the revenue budget and the Council Tax. The Council must:

- Act in accordance with its statutory duties and responsibilities;
- Act reasonably;
- Not act in breach of its fiduciary duty to its Ratepayers and Council Taxpayers.

- 1.3 As part of the Budget and the Council Tax setting process, the Council is required by the Localism Act 2011 to calculate its Council Tax Requirement for the year. These calculations must be made before 11 March (ie. by midnight on 10 March) although they are not invalid merely because they are made on or after this date. However, until the calculations are made, any attempt to set the Council Tax will be treated as null and void. The Council has a clear legal duty to set a Council Tax and a resolution not to do so would be unlawful, being in breach of Section 30 of the Local Government Finance Act 1992. Similarly, a resolution to set a Council Tax that deliberately did not balance the various calculations would also be unlawful.

- 1.4 The final stage of the Council Tax setting process is for the Council as billing authority to set the overall Council Tax for each Band. Whereas the billing authority and major preceptors each calculate their own budget requirements, basic amounts and the amounts of each Band, the setting of the Council Tax is solely the responsibility of Gedling Borough Council as billing authority.

- 1.5 Formal notification of the precept requirements from all of the major precepting authorities (Fire, Poice & County) have been received. Details of these precepts

are provided below at paragraph 3.5.5 – 3.5.7 below. Amounts in respect of parish precepts are below at paragraph 3.5.8.

2. Local Government Finance Settlement (LGFS) 2026/27

2.1 Overview of the 2026/27 Settlement

The 2026/27 Local Government Finance Settlement marks the start of the first multi-year settlement (2026/27–2028/29) in a decade, providing councils with greater planning certainty compared to previous single-year settlements. It introduces significant reforms to the funding system, including a new Fair Funding Review, needs-based formula and a comprehensive reset of the business rates retention system.

2.2 Key Changes from Previous Years

2026/27 introduces a three-year settlement, replacing previous one-year allocations such as the 2025/26 settlement published in December 2024.

This change provides local authorities with improved financial certainty for strategic planning. The settlement includes the first full update to relative need and resource assessments since 2013.

Funding is now more closely aligned with deprivation and service demand, benefiting more deprived and urban councils and reducing relative allocations for areas with historically higher tax bases.

Grant Simplification:

18 grants are consolidated into the Revenue Support Grant (RSG) under the new Fair Funding Allocation (FFA).

Separate grants continue only where needed for ring-fenced duties, such as homelessness prevention, compared with 2025/26, where multiple stand-alone grants such as the Recovery Grant and New Homes Bonus remained in place, this represents a major structural simplification.

2.3 The Business Rates Reset

The 2026/27 settlement includes the first major reset of the business rates retention system since 2013/14. This is one of the most significant changes affecting district and borough councils. The reset redistributes 50% of estimated 2026/27 business rates nationally, including growth that was previously retained by local authorities. Future local growth may again be retained, but from a new reset baseline, and subject to revised levy and safety-net arrangements.

District and borough councils are more affected by the reset as they are often more reliant on locally retained business rates and therefore face some of the most direct consequences of the reset.

Councils such as Gedling achieved business rates growth under the old system lose that accumulated benefit, as it is now redistributed nationally.

Districts with strong commercial growth over the last decade (e.g., logistics hubs, town center redevelopment areas) may see reduced baseline funding compared with 2025/26. Gedling has seen a reduction in taxbase.

Transitional measures that have been introduced will smooth the funding impact over several years, but district councils may still experience notable short-term pressure as their retained income is recalculated.

2.4 The Provisional Settlement

The Government announced its provisional finance settlement on 17 December 2025 Fair Funding review and three-year funding allocation, giving certainty to funding levels until 2028/29.

At the time of setting the budget the government had already indicated that a business rates reset would happen, The financial impact of this is offset by a package of transition arrangements including an income funding floor which protects income for councils.

The changes in the funding settlement are significant and tracking the movement from 2025/26 to 2026/27 has not been easy, as the formula to calculate the core spending power is different, and a number of previous grants have been rolled in. It was necessary to remodel the 2025/26 funding allocation into the new methodology to show the movement, set out in the table below:

Core Spending Power	£m
2025/26 Actual	12.585
2025/26 Re-calculated for FFR	15.841
2026/27	16.178

The CSP for 25/26 was £12.585m, however there were also a number of other grants outside of the CSP, now rolled into the new calculation. In addition, the Council also retained some business rates income above the baseline as part of being in the Nottinghamshire Business Rates Pool. As a result of the reset Nottinghamshire Councils have determined that there is no longer any benefit to being part of a pool. The Nottinghamshire pool has now been dissolved.

CSP includes the Governments Council Tax assumptions which are the maximum increase of 3% or £5. Overall, the increase in CSP in 2026/27

compared to the revised calculation is **£0.349m** or **2.13%**. However, as stated above the CSO now includes a number of grants which have been rolled in including temporary accommodation, food waste, and the homelessness prevention and rough sleeping (the latter is ring-fenced and therefore cannot be used in core budget).

In real terms the provisional settlement cash grants have reduced by **£0.012m (0.15%)** in 2026/27 and fall further in 2026/27 and 2027/28.

2.5 The Final Settlement

On 5th February 2026 A report by the Institute for Fiscal Studies suggested there may be a material change in funding allocation in the Governments Financial Settlement.

On Monday 9th February 2026, the Government published its final settlement, which confirmed a material change to funding allocations published as part of the provisional Settlement.

The issue related to the baseline that will be used to determine the level of income that is protected by the minimum funding floors. These are part of the proposed package of transitional arrangements resulting from the Fair Finding review.

This specifically relates to the levels of business rates pooling income that is to be included in the baseline allocations. The provisional settlement proposed that 100% of the gains from business rates pooling in the baseline for councils (such as Gedling) that would have to pay a levy on their business rates growth. However, pooling benefits are shared with all councils in the pool. The result of this increased the baseline and thus increased the funding protection for these Councils (predominantly Borough and District Councils).

The final settlement sees pooling gains split 50/50 between tariff and top/up authorities, rather than the provisional proposal to allocate 100% of gains to tariff authorities.

The impact to Gedling would have been a reduction of funding in 26/27 in Revenue Settlement Grant and Income Floor Protection Grant of £399,000. However, the Government have introduced a one-off grant to mitigate the impact of this change in 26/27 of an equal amount to ensure Councils do not suffer a financial loss in 2026/27. Currently this is expected to be a one-off mitigation and losses for 2027/28 and 2028/29 total **£533,000** for Gedling.

In addition, the final settlement confirmed another £72,000 for Homelessness prevention resulting in a Core Spending Power for 2026/27 of **£16.251m**. This represents an increase from 2025/26 of **£410,052** or **2.59%**, however as stated in 2.5.3 this includes ringfenced grants, and the majority of the growth is from

locally collected income arising from an assumed maximum growth in Council, Tax.

In real terms the cash grants have reduced by by **£339,247** or **4.17%**.

Referendum Limit

- 2.6 The Localism Act 2011 gives powers to the local community to either endorse or veto council tax rises that are above a limit which is to be set annually by the House of Commons. If a local authority decides to implement an increase above the Government's set limit this will trigger a referendum so that local voters can either support or reject the proposed rise. The referendum limit for 2026/27 for all shire districts has been set at a 3% increase (or more than 3%) and more than a £5 increase on the amount for 2026/27. Any council which sets an increase greater than the referendum limit, and does not get support from the electorate via the referendum, will have to revert to a council tax level that is compliant, and bear the cost of re-billing its residents.
- 2.7 For Gedling in 2026/27, the maximum increase must be below 3% (equivalent to £5.84). A £5 increase equates to 2.57%.

3. Proposal

3.1 Proposed Portfolio Budget 2026/27

The proposed budgets for 2026/27, as recommended by Cabinet on 19 February 2026, are summarised in the following table:

Portfolio	Base Budget 2026/27 £
Communities and Place	0
Lifestyles, Health and Wellbeing	1,963,000
Public Protection	1,900,200
Environmental Services	5,593,800
Climate Change and Natural Habitat	1,993,100
Sustainable Growth and Economy	1,616,000
Corporate Resources and Performance	6,067,400
Net Portfolio Budget 2026/27	19,133,500
Transfer to/(from) Earmarked Reserves	(2,251,200)
Net Council Budget 2026/27	16,882,300

3.2 Consultation with Non-Domestic Ratepayers

In accordance with Section 65 of the Local Government Finance Act 1992, consultation with representatives of Non-Domestic Ratepayers has been undertaken. No responses had been received at the time of writing, but any received subsequently will be reported at the meeting.

3.3 **The General Fund Balance**

The General Fund balance at 1 April 2027 is estimated to be in the region of £5,669,600.

If a Council Tax increase of £5.82 (2.998%) is approved there will be surplus of £180,100 in 2026/27 which will increase the the General Fund balance in order to ensure the MTFP is balanced over the medium term. Members will need to consider the use of balances when determining the Council Tax for 2026/27.

3.4 **Robustness of Estimates**

3.4.1 Sections 25 and 26 of the Local Government Act 2003 place a personal duty on the Chief Financial Officer to make a report to Council when considering its budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of 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.

Under Section 25 of the Local Government Act 2003, the Section 151 Officer is required to provide a commentary assessing the robustness of the estimates when Cabinet and Council are considering the budget proposals.

The key strategic risks in considering the 2026/27 revenue budget proposals and Capital Programme in the context of the Medium Term Financial Plan were reported to Cabinet on 19 February 2026, and are also detailed in paragraphs 3.4.2 to 3.4.8 below.

Council Tax: The Government’s Core Spending Power figures are based on the assumption that Council Tax will be increased by the maximum amount in accordance with the referendum principles and that growth in the tax base will be created through additional hereditaments. This rise is equivalent to the maximum possible without requiring a referendum and leaves no room for local discretion to set a higher council tax in order to plug any funding gaps. The MTFP contained in this report assumes that a 2.998% increase will be applied between 2026/27 and 2028/29 but the actual increase will be determined on an annual basis by Council. In the absence of additional ongoing funding in the local government finance settlement, any Council Tax

increase below the 2.998% will require an increase in the efficiency/budget reduction targets to ensure that a balanced MTFP is secured.

Economic Growth & Inflation:

- 3.4.2 Brexit, Covid-19, the war in Ukraine have all had a major adverse impact on the economy in recent years and the impact of this has had a cumulative effect on budgets. Ongoing uncertainty continues to create major challenges for economic forecasting. The UK economy is forecasted to grow albeit slower than previous expectations. Significant risks relating to labour supply shortages proving more enduring and depressing economic activity; however, inflationary pressures have been somewhat relieved. Inflation assumptions have been incorporated in the MTFP, including pay award of 3.2% for 2026/27 3% per annum to 2028/29 and 2% 2029/30 onwards.
- 3.4.3 A minimum balance of £1m on the General Fund, or 7.5% of net operating expenditure whichever is the greater, is recommended by the Chief Financial Officer to be a prudent amount given the scale of the business conducted by the Council. The external auditor regards this level of balance on the General Fund to be satisfactory, and it is also appropriate to reflect uncertainties in the financial position in the medium term. Given the substantial inflationary pressures being experienced and the scale of the future budget reductions likely to be required, in the absence of funding increases, the level of minimum balances will be kept under review and may need to increase to reflect the increasing level of risk in the MTFP.
- 3.4.4 The surplus or deficit on balances in the MTFP shows amounts (above) or below the recommended minimum General Fund balance in any one year. Current spending plans show a surplus of £5,669,600 in 2026/27, declining to £1,300,600 by the end of 2030/31. Achievement of this position is reliant upon efficiency plans being progressed and delivered during the period of the MTFP or additional funding being made available via the local government finance reforms. Underlying this is an annual deficit between the amounts of income expected and anticipated expenditure, which needs to be managed beyond the five-year horizon, but this is significantly reduced to manageable levels with the inclusion of the efficiency/savings programmes. However, this still does not leave significant capacity to manage future budget and inflation pressures that may arise, which will have to be managed by further budget reductions.

The Council has a substantial programme of budget reductions planned for delivery. Whilst risk provisions and transformation funds have previously been approved (which mitigate the risk of non-delivery), and in the main the delivery of the programme has gone well, more recently difficulties have been experienced, particularly with regard to projects that require more innovative and transformational approaches with inherent uncertainties, which presents an increasing downside risk to successful delivery. Programmes are regularly

monitored, and progress reported to Cabinet to manage this risk, and new efficiency proposals are recommended to ensure this downside risk is effectively managed.

The challenges that lie ahead are increasing compared to those in previous years, due to inflationary pressures, but whilst recognising the significant challenges ahead, this plan is considered robust. Gedling is not alone in facing this challenge as it is a national problem, but with the Council's long track record in delivering successful efficiency programmes it is well placed to react and to develop strategies to meet the set efficiency targets.

- 3.4.5 Initiatives introduced to manage within reduced resources bring increased risks both financially and in terms of service delivery. For example:

Reduced maintenance budgets: these can be accommodated in the medium term but may bring pressures in the longer term as major capital investment plans may need to be accelerated as assets deteriorate faster. Increased public building maintenance budgets have been included in the capital budget proposals to mitigate this risk;

Earmarked reserves: reserves for specific purposes and risk management have been reviewed and will be managed at minimum requirement levels providing less scope for managing emerging risks.

- 3.4.6 The Authority continues with activities undertaken in association with a variety of partners. This requires reliance on partnership funding and/or the delivery of integrated programmes and is an approach which is integral to the Council's efficiency programme. However, a significant number of the Council's partners are public sector organisations which are also facing significant budget pressures and changing roles. This places increasing risk on the Council both directly, in respect of possible withdrawal of partnership funding, and indirectly, with the Council potentially facing additional burdens resulting from budget cuts in other organisations. This is especially true in respect of the most vulnerable in society, which could therefore have a direct impact on families, homelessness, and those with specialist housing need.
- 3.4.7 There is an increased risk arising from these assumptions and the level of minimum balances will be kept under review. As the Council is responding to the challenges through efficiency measures and service reductions it is considered that the annual and medium-term budgets are robust, but given the above risk assessment the achievement of the estimated Medium Term Financial Plan will be a significant challenge to deliver.
- 3.4.8 Given the Council's excellent track record for budget management, careful budget monitoring and financial planning, which will continue, the structural deficit that remains in the Medium Term Financial Plan is now significant, and it should be expected that there may need to be some contraction of service delivery/performance if existing efficiency plans do not proceed in line with

expectations, or there are further funding reductions following the implementation of the Fair Funding Review.

3.5 **Council Tax 2026/27**

3.5.1 **Tax Base**

The Council's overall tax-base was determined by the Portfolio-holder for Corporate Resources and Performance on 29 December 2025 as 39,974.31. The tax-base for each parish is given below at paragraph 2.5.8.

3.5.2 **Local Government Finance Settlement**

Final Settlement Funding Assessment (SFA) figures are summarised below. This level of support is not dependent on a particular level of expenditure.

Fair funding settlement (FFA)

Funding Stream:	£
Revenue Support Grant (including Rolled-in grants)	4,094,900
Business Rates - Baseline Funding Level	2,963,800
Fair Funding Assessment (FFA)	7,058,700

3.5.3 **The Collection Fund**

The Collection Fund continues to operate for Council Tax requirements, and following the introduction of the Business Rates Retention regime on 1 April 2013, also for Non Domestic Rates (NDR).

A Council Tax **surplus** of £571,305 was declared on 15 January 2026 for the estimated position at 31 March 2026, of which Gedling's share is £49,960 and will be added to the General Fund in 2026/27.

Proportionate Share – Council Tax:	£
Gedling Borough Council	50,000
Nottinghamshire County Council	431,700
Nottinghamshire Police & Crime Commissioner	67,500
Combined Fire & Rescue Authority	22,200
Total declared SURPLUS 15 January 2026	571,300

An NDR **deficit** of £1,333,805 was declared on 31 January 2026 for the estimated position at 31 March 2026, of which Gedling's share is £533,522 and will be charged to the General Fund in 2026/27.

Proportionate Share - NDR:	£
Central Government 50%	(666,900)
Gedling Borough Council 40%	(533,500)
Nottinghamshire County Council 9%	(120,000)
Combined Fire & Rescue Authority 1%	(13,400)
Total declared DEFICIT 31 January 2026	(1,333,800)

The impact of collection fund surpluses and deficits are included in the Medium Term Financial Plan.

3.5.4 Gedling Borough Council – Council Tax 2026/27

Cabinet have recommended a net budget of £16,882,300 and a Council Tax increase of £5.82 (2.998%) for 2026/27. The summary of the proposed budget and the amount to be raised by Council Tax of £8,007,600 is detailed in the table below, together with the estimated position on the General Fund Balances:

Budget 2026/27:	£
Total Portfolio Budget:	16,882,300
Less:	
NNDR – Baseline Funding	(3,156,200)
SFA – Revenue Support Grant	(4,094,900)
Recovery Grant (New)	(49,100)
Adjustment - Revenue Support Grant	(399,800)
Extended Producer Responsibility Funding (New)	(1,304,800)
Plus:	
Council Tax collection fund surplus	(50,000)
Less:	
Amount (from)/to Balance Core Budget	180,100
COUNCIL TAX REQUIREMENT 2026/27	8,007,600
ESTIMATED GENERAL FUND BALANCE AT 1 APRIL 2027	(5,669,600)
Minimum required General Fund balance at 1 April 2027	1,266,200

Gedling Borough Council's proposed Council Tax of £200.32 (£194.50 in 25/26, an increase of £5.82) is calculated by dividing the amount to be raised through the Council Tax (£8,007,600) by the tax base (39,974.31). This produces an amount per Band D property.

3.5.5 Nottinghamshire County Council

Nottinghamshire County Council's precept was approved at the Council meeting on Thursday 26 February 2026. The Council Tax will rise by £75.59 (3.99%), which produces an amount per Band D property of £1,970.13 (£1,894.54 in 25/26).

3.5.6 Nottinghamshire Police and Crime Commissioner

The Nottinghamshire Police and Crime Panel met on 23 February 2026, and we have received final notification from the Nottinghamshire Police and Crime Commissioner. The Council Tax will rise by £15 (5.10%), which produces an amount per Band D property of £311.10 (£296.10 in 25/26).

3.5.7 Combined Fire & Rescue Authority

The Combined Fire Authority met on Friday 27 February 2026 and formal notification has now been received. The Council Tax will rise by £5.00 (5.14%) which produces an amount per Band D property of £102.21 (£97.21 in 25/26).

3.5.8 Parish Precepts

Parish Councils are required to give formal notice of their precept requirements for 2026/27 by 1 March 2026. Formal notification has now been received from all Parishes. Precept precepts total £1,031,083 an increase of 5.06% on those declared for 2025/26.

Parish:	Tax Base 2026/27	Precept 2026/27 £	Band D 2026/27 £	Band D 2025/26 £	Band D +/- £	Band D +/- %
Bestwood Village	744.66	30,000	40.29	27.29	+13.00	+47.62
Burton Joyce	1,586.02	263,581	166.19	158.43	+7.76	+4.90
Calverton	2,510.36	294,634	117.37	116.89	+0.48	+0.41
Colwick	893.88	31,600	35.35	34.20	+1.15	+3.37
Lambley	516.84	27,666	53.53	69.62	-16.09	-23.11
Linby	406.61	30,337	74.61	73.18	+1.43	+1.95
Newstead	375.35	23,039	61.38	61.01	+0.37	+0.61
Papplewick	270.55	25,194	93.12	85.87	+7.25	+8.44
Ravenshead	2,814.16	177,305	63.00	60.61	+2.39	+3.95
St Albans*	705.36	25,572	36.25	-	-	-
Deer Park*	253.14	8,616	34.04	-	-	-
Stoke Bardolph	503.74	3,500	6.95	5.39	+1.56	+28.91
Woodborough	940.91	90,039	95.69	92.46	+3.23	+3.50
Unparished	27,452.72	n/a				
Total	39,974.31	1,031,083				

Percentage movements for parish councils may on occasion appear excessive; however, Members should note that where precepts are small, modest monetary increases can result in significant percentage changes. There is no referendum limit set for parish councils for 2026/27 by central government.

*For the financial year 2026/27 there are alterations to St Albans Parish Council. The Parish Council will cease to exist from 31/03/2026 and is replaced by two new parish councils known as (1) St Albans Parish Council and (2) Deer Park Parish Council from 01/04/2026. Their precept requirements have been set by the Council for the 2026/27 financial year. As they are new entities this shows why there are no comparative figures for the previous financial year.

4. Alternative Options

Had Cabinet chosen not to recommend a budget to Council this would have been in contravention of the Council's constitution and would not be in compliance with the Local Government Finance Act 1992.

Recommending an alternative budget may alter the level of recommended Council Tax for 2026/27.

5. Financial Implications

All financial implications are discussed within the report.

6. Legal Implications

Under the Local Government Finance Act 1992 (as amended by the Localism Act 2011), local authorities must set a council tax that takes into account its budget requirement, and any authority proposing an excessive increase in council tax must hold a local referendum and obtain a "yes" vote before implementing the increase. An authority proposing an excessive increase must also make substitute calculations, based on a non-excessive council tax level. This takes effect if the excessive increase is rejected in the referendum. Accordingly, authorities must raise their charge by less than the threshold to avoid a referendum.

Council tax setting legally requires a recorded vote.

7. Equalities Implications

There are no equalities implications arising from this report.

8. Carbon Reduction / Environmental Sustainability Implications

There are no carbon reduction / environmental sustainability implications arising from this report.

9. Appendices

None

10. Background Papers

- DLUHC Settlement report - Local Government Finance in England 2026/27;
- Prudential and Treasury Indicators and Treasury Management Strategy Statement (TMSS) 2026/27;
- Capital Programme and Capital Investment Strategy 2026/27 to 2030/31;
- General Fund Revenue Budget 2026/27;
- Gedling Plan 2023–2027;
- Precept notifications 2026/27.

11. Reasons for Recommendations

To set the Council Tax for 2026/27 and comply with the requirements of the Local Government Finance Act 1992.

Statutory Officer approval:

Approved by: Chief Financial Officer

Date: February 2026

Approved by: Monitoring Officer

Date: February 2026