

## Executive Board – 17 December 2024

<b>Subject:</b>	Budget Savings 2025/26 – 2028/29
<b>Corporate Director(s)/Director(s):</b>	Stuart Fair, Interim Corporate Director of Finance and Resources (S151)
<b>Executive Member(s):</b>	Councillor Linda Woodings, Executive Lead for Finance and Resources
<b>Report author and contact details:</b>	Clare Williams, Interim Director of Finance and Deputy S151 clare.williams@nottinghamcity.gov.uk
<b>Other colleagues who have provided input:</b>	Corporate Leadership Team Colleagues within Transformation/Corporate Project Management Office and Finance Teams
<b>Subject to call-in:</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The report does not contain any decisions that are eligible for call in
<b>Key Decision:</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
<b>(a)</b>	<input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision.
<b>and/or</b>	
<b>(b)</b>	Significant impact on communities living or working in two or more wards in the city. <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Type of expenditure:</b>	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date:
<b>Total value of the decision:</b>	Nil
<b>Wards affected:</b>	All
<b>Date of consultation with Portfolio Holder(s):</b>	Throughout
<b>Relevant Council Plan Key Outcome:</b>	
Clean and Connected Communities	<input checked="" type="checkbox"/>
Keeping Nottingham Working	<input checked="" type="checkbox"/>
Carbon Neutral by 2028	<input checked="" type="checkbox"/>
Safer Nottingham	<input checked="" type="checkbox"/>
Child-Friendly Nottingham	<input checked="" type="checkbox"/>
Healthy and Inclusive	<input checked="" type="checkbox"/>
Keeping Nottingham Moving	<input checked="" type="checkbox"/>
Improve the City Centre	<input checked="" type="checkbox"/>
Better Housing	<input checked="" type="checkbox"/>
Financial Stability	<input checked="" type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
<p>The Council in March 2024 approved a Medium-Term Financial Plan (MTFP) based on the best available information at the time. Due to exceptional circumstances £41m Exceptional Financial Support (EFS) was required to set a legally balanced 2024/25 budget.</p> <p>The environment within which the Council is operating is constantly evolving and continues to present significant financial challenges. A proposed budget strategy to address the potential MTFP position for the new 4-year period 2025/26 to 2028/29 was reported to 18 June 2024 Executive Board.</p> <p>This report seeks approval to enter public and staff consultation on an initial range of new saving and other proposals.</p>	

Further work is currently being undertaken to review and update all assumptions underpinning the MTFP. The outcomes of this detailed review and the implications of the provisional Local Government Finance Settlement to be announced later in December will be reported to 21 January 2025 Executive Board.

The full 2025/26 Budget and MTFP will be reported to 11 February 2025 Executive Board for recommendation to Full Council on 3 March 2025 for final approval.

**Does this report contain any information that is exempt from publication?**

No

**Recommendation(s):**

- 1 To endorse the draft public consultation of saving proposals as set out in Appendix 1 and to commence formal public consultation on these proposals and to note the on-going efficiency savings proposals that will form further savings within the 2025/26 base as outlined within Appendix 2.
- 2 To authorise the Corporate Director or Director(s) with responsibility for each proposal to carry out all necessary steps required in relation to each proposal, including undertaking any further consultation in accordance with the Council's legal duties and responsibilities.
- 3 To approve, where any staffing reductions result from the savings proposals set out in this report, the reductions be supported through a targeted voluntary redundancy approach and that redundancy compensation be in accordance with the Council's agreed Discretionary Compensation Regulations Policy provisions for voluntary redundancies.
- 4 To note that further work is continuing to identify ways in which a balanced budget for 2025/26 and a robust MTFP can be achieved, and that these will form part of future reports to Executive Board as appropriate.

**1. Reasons for recommendations**

- 1.1. This report is part of the Council's continuing budget planning process and builds on the existing MTFP previously approved and considered by Full Council on 4 March 2024 and Executive Board on 18 June 2024, respectively.
- 1.2. It sets out the saving proposals developed by officers for 2025/26 to 2028/29 under the budget strategy approved 18 June 2024 Executive Board. The proposed budget consultation will run for a four-week period between 17 December 2024 to 13 January 2025. The responses to the budget consultation and any proposed changes will be considered and agreed by the Executive Board in late February 2025 and Full Council in early March 2025. Where required and in accordance with the Council's legal duties and responsibilities, respective directorates may undertake additional targeted consultation in relation to specific proposals.
- 1.3. The overarching objective of our budget strategy is to ensure that the Council have set a priority-led budget over the medium term that is balanced and realistically supported by achievable saving plans. However, it must be recognised that the Council is currently facing a significant budget challenge, which requires the Council to transform the way it delivers services and do some things differently.
- 1.4. The saving proposals set out in this report will contribute towards reducing the budget gaps for 2025/26 to 2028/29. The final decision whether to implement any

proposal will only be undertaken once all implications that may emerge from further preparatory work are known and final proposals will be appropriately amended.

- 1.5. Proposals that include workforce reductions will be subject to collective consultation with Trade Unions and affected colleagues in line with established policy and procedures. Details of proposals may be amended during the consultation and consequently alter the way in which the identified proposals will be delivered.

## 2. **Background**

- 2.1. The Council continues to face significant budget pressures in future years and uncertainty, including the continuing level of support from Central Government, over the medium term. Due to an increased demand for services councils continue to operate in a challenging resource environment where changes to demands on services can lead to material budget variances.
- 2.2. Due to the Council only setting a balanced budget for 2024/25 by using Exceptional Financial Support it begins in 2025/26 with a c£41m structural deficit and consequently the need to identify savings and reduce expenditure. Further work is currently being undertaken to review and update all assumptions underpinning the MTFP. The outcomes of this detailed review and the implications of the provisional Local Government Finance Settlement will be reported to 21 January 2025 Executive Board.

## 3. **Budget Strategy**

### 3.1. **Approved Strategy**

- 3.1.1. The strategic approach adopted for this budget process was outlined in the previous Budget Strategy report considered by 18 June 2024 Executive Board. This sets out the direction of travel as to how the Council plans to finance its operations and meet its strategic council priorities. It identified the themes and categories the Council will look at to further develop as a means of delivering a balanced budget over the immediate and medium term and set out any underlying actions that need to be taken.
- 3.1.2. The budget strategy was formulated to reflect the financial management cycle and support outcomes expected to be delivered as part of the EFS and government intervention. All of which have been encompassed into the following seven objectives for the medium-term financial plan and budget strategy:
  - Set and deliver a balanced budget ensuring delivery of best value
  - Establish financial resilience to ensure the Council's long term financial health and viability is sound
  - Establish robust and credible delivery plans
  - Ensure effective early intervention and prevention across all service areas
  - Maximise the transformation and change programme to redesign the Council to deliver continuous improvement which effectively manages and delivers services within its means
  - Redefine our service offer aligned to the available financial envelope
  - Ensure financial resources are effectively monitored and managed, in a high accountability environment

3.1.3. These budget strategy objectives were to be underpinned by the following five principles:

- Minimal ongoing reliance on Exceptional Financial Support
- Adopt a longer-term view to optimise the delivery of strategic priorities
- Appropriate prioritisation of resources
- Financial sustainability at the core of how the Council operates
- Maximise use of external funding and return on investment

3.1.4. The development of saving proposals was focussed on the following budget themes to help it deliver a balanced budget over the medium-term financial plan:

- Service Redesign
- Income and debt
- Asset Rationalisation
- Transformation and change
- Efficiency
- Technical Review

## 3.2. **Progress Delivering the Budget Strategy**

3.2.1. Corporate Leadership Team and transformation colleagues began in June 2024 to develop early-stage directorate savings alongside several cross-cutting 'big ticket' savings opportunities in line with the six budget strategy themes. Commissioners identified that the review and development of these savings opportunities would benefit from additional external assistance and PwC was commissioned in July 2024 to support this alongside identifying opportunities for additional savings.

3.2.2. To further this work a joint City Council/PwC Budget Strategy Board and Taskforce were established in August 2024 for a two-month period, to develop a framework around how benefits are to be realised, and outline proposals for both cross-cutting and directorate-led opportunities. Regular progress updates on this work were shared with Corporate Leadership Team, Directors Forum, and Senior Leadership Forum throughout the process. A final report on the potential portfolio of identified opportunities was presented by PwC in mid-October 2024.

3.2.3. All identified saving opportunities were also reviewed and prioritised for further development into detailed saving proposals by dedicated Directorate "Star Chambers", with the involvement of Commissioners and appropriate Executive Members.

3.2.4. PwC consultants have been re-engaged to further develop and deliver the three highest-value cross-cutting opportunities related to workforce change.

## 4. **2025/26 Saving and Income Proposals (rounded)**

4.1.1. The tables below summarise the saving and other proposals proposed for initial public and staff consultation in addition to the latest standard efficiency savings that do not involve significant service or policy change. These proposals total some £24.191m over the duration of the MTFP to 2028/29 with £17.91m scheduled to be delivered in 2025/26. Further details of the £10.788m of those savings proposals that require to be consulted are set out in Appendix 1.

**Table 1: 2025/26 New Saving and Income proposals that require consultation**

Directorate	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	cumulative £m
Cross-cutting	(10.788)	(5.312)	0.000	0.000	(16.100)
<b>Saving and Income Proposals</b>	<b>(10.788)</b>	<b>(5.312)</b>	<b>(0.000)</b>	<b>0.000</b>	<b>(16.100)</b>

- 4.1.2. In the course of budget setting, as well as standard in-year management processes, a number of efficiency savings have been identified that will be incorporated within the 2025/26 base budget construction. These are outlined in Appendix 2 and are illustrated within Table 2 below.

**Table 2: 2025/26 Efficiency Savings and Income proposals (rounded)**

Directorate	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	cumulative £m
Adult Social Care & Health	(3.584)	0.000	0.000	0.000	(3.584)
Children's Integrated Services	(2.000)	0.000	0.000	0.000	(2.000)
Communities, Environment & Resident Services	(1.098)	(0.590)	(0.264)	0.115	(1.836)
Growth & City Development	(0.380)	(0.210)	(0.010)	(0.010)	(0.610)
Corporate	(0.060)	0.000	0.000	0.000	(0.060)
<b>Saving and Income Proposals</b>	<b>(7.122)</b>	<b>(0.800)</b>	<b>(0.274)</b>	<b>0.105</b>	<b>(8.091)</b>

- 4.1.3. Further work on fully developing these new saving proposals is continuing and will form part of the full 2025/26 Budget and MTFP to be reported to 11 February 2025 Executive Board.
- 4.1.4. Any one-off or time-limited investment required to deliver the new saving proposals contained within this report is assumed to be funded from reserves.
- 4.1.5. It should be noted that new proposals will build on previous saving and income profiles approved by the 4 March 2024 Full Council and included in the current MTFP as part of its Savings Programme. A summary of these previously agreed profiles by directorate is set out in Table 3.

**Table 3: Previously approved saving profiles (incremental figures) (rounded)**

Directorate	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	cumulative £m
Adult Social Care & Health	(10.548)	(4.425)	(0.374)	0.000	(15.347)
Children & Education Services	(5.119)	(0.398)	(0.278)	0.000	(5.795)
Communities, Environment & Resident Services	(2.699)	0.000	0.000	0.000	(2.699)
Growth & City Development	(5.202)	(7.357)	0.190	0.000	(12.368)
Finance & Resources	(2.763)	(0.423)	(0.021)	0.000	(3.206)
Chief Executive	(0.168)	0.000	0.000	0.000	(0.168)
<b>Previous Saving Profiles</b>	<b>(26.497)</b>	<b>(12.603)</b>	<b>(0.483)</b>	<b>0.000</b>	<b>(39.583)</b>

- 4.1.6. Further work on the continued deliverability of previously approved saving profiles is currently being undertaken with directorate colleagues and will form part of the updated MTFP report to 21 January 2025 Executive Board.

## 5. Next Steps

- 5.1. It is proposed that the Council continues with the timetable as set in Table 4 so that all required proposals to balance the MTFP can be considered, as appropriate, before final decisions are made.

**Table 4: Budget Timetable**

Month	Activity
December	<ul style="list-style-type: none"> <li>End of Council Tax Support Scheme (CTSS) consultation</li> <li>Budget consultation on the proposed 2025/26 savings with citizens, local business, community &amp; voluntary sector, other stakeholders as set out in Appendix 1</li> <li>Provisional Local Government Financial Settlement</li> </ul>
January	<ul style="list-style-type: none"> <li>MTFP update to Executive Board as appropriate</li> <li>Executive Board recommends revised CTSS to Full Council for approval</li> <li>CFO agrees 2025/26 tax base and forecast collection fund surplus or deficit</li> <li>Corporate Scrutiny Committee to consider Budget consultation</li> <li>Schools Forum to approve Schools Budget</li> </ul>
February	<ul style="list-style-type: none"> <li>Audit Committee to be consider Treasury Management &amp; Capital strategies</li> <li>Final Local Government Financial Settlement</li> <li>Executive Board to recommend Revenue &amp; Capital MTFP to Council, approve HRA rents &amp; service charges</li> <li>Corporate Scrutiny Committee to consider Budget/MTFP</li> </ul>
March	<ul style="list-style-type: none"> <li>City Council approves Budget, Treasury Management strategy and sets Band D Council Tax for 2025/26</li> </ul>

## 6. Other options considered in making recommendations

- 6.1. Throughout the budget process a range of different options have been considered including various levels of council tax, investment, expenditure reductions and income generation proposals. This report presents the overall set of current draft savings proposals which together seek to balance levels of investment, income, cost reductions and an appropriate level of Council Tax.

## 7. Consideration of Risk

- 7.1. The S151/Chief Finance Officer is required to provide his statutory advice to Council on the robustness of the budget estimates. This assessment will be set out in the full 2025/26 Budget and MTFP report to 11 February 2025 Executive Board.

## 8. Best Value considerations

- 8.1. To ensure we are delivering continuous service improvement and good outcomes for citizens the Council will embed a culture of Best Value Transformation across all our services and work together as 'One Council'.

8.2. Encompassing Best Value Transformation alongside the 'Together for Nottingham Plan' and a refreshed MTFP the 'One Council' approach will enable us to work on a more stable financial footing.

8.3. Throughout the budget process the Council will take a proactive and planned approach to delivering Best Value.

8.4. At the conclusion of this process the Council's published reports will clearly set out how it plans to meet its Best Value requirement to demonstrate the continued financial sustainability of services to its communities over the longer term.

## 9. **Commissioner comments**

9.1. Approved by the commissioners, these proposals build on the principles of the Improvement Plan and represent a realistic and robust foundation for consultation

## 10. **Finance colleague comments**

10.1. This report sets out the savings proposals which have been risk assessed for delivery. Detailed savings plans along with any investment requirements will be developed for inclusion in the budget report to be presented to the Executive Board in January. 2025.

## 11. **Legal colleague comments**

11.1. The recommendations in this report raise no significant legal issues but need to be viewed in the context of the legal requirement to set a balanced 2025/26 budget before 11 March 2025. This report should be viewed as one of the formal steps to achieving this requirement.

11.2. The setting of the balanced budget includes the duty to report to the Council on the robustness of the estimates provided and the adequacy of the financial reserves in place. Section 31A of the Local Government Finance Act 1992 and Section 25 of the Local Government Act 2003 refer. The Council's prospective expenditure must not be likely to exceed its resources available to meet that expenditure.

11.3. Councillors are subject to the Council's duty to set a balanced budget. Councillors must receive and consider the advice of officers, particularly the Section 151 officer, when considering and deciding the Council's budget. As the decision makers, members must have due regard to the Council's equalities duties when setting the budget.

11.4. The report also approves the requirement to formally consult on elements of the budget proposals. Consultation enables us to fulfil our statutory obligations to consult (both Best Value and common law requirements), in accordance with the Gunning Principles. The public consultation period will be from December 17<sup>th</sup> 2024 to January 13<sup>th</sup> 2025 and will be facilitated through a combination of online and hard copy survey questionnaire, public and stakeholder communications, and public engagement activities. Any responses received as a result of the consultation will need to be fully and carefully considered.

## 12. **Procurement comments**

12.1. Not applicable

13. **Crime and Disorder Implications**

13.1. Not applicable

14. **Social value considerations**

14.1. Not applicable

15. **Regard to the NHS Constitution**

15.1. Not applicable

16. **Equality Impact Assessment (EIA)**

16.1. Has the equality impact of the proposals in this report been assessed?

Not at this stage but will be required for final MTFP report.



16.2. An EIA is not required because any decisions relating to the draft budget proposals will be set out in further reports to Executive Board and Full Council.

17. **Data Protection Impact Assessment (DPIA)**

17.1. Not applicable.

18. **Carbon Impact Assessment (CIA)**

18.1. The carbon impact assessment of proposed proposals will be considered in due course.

19. **List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

19.1. None

20. **Published documents referred to in this report**

- 2025/26 Budget Strategy – 18 June 2024 Executive Board  
<https://committee.nottinghamcity.gov.uk/documents/s161638/2025-26%20Budget%20MTFP%20EB%20Jun24%20v9.3%20FINAL.pdf>
- 2024/25 Budget and Council Tax Resolution – 4 March 2024 City Council  
<https://committee.nottinghamcity.gov.uk/documents/s158707/2024-25%20Budget%20Council%20Tax%20Resolution%20Report.pdf>
- 2024/25 Budget and Medium-Term Financial Plan – 13 February 2024 Executive Board  
<https://committee.nottinghamcity.gov.uk/documents/s158020/2024-25%20Budget%20MTFP%20EB%20Feb24%20v7.1%20FINAL.pdf>