Nottingham & Nottinghamshire Councils

Financial Case Option 1b and 1e

November 2025

Contents

1. Overview of approach

Purpose of the Financial Analysis

This document provides an overview position for each unitary option detailing the estimates for transition costs as well as the benefits from aggregation and implementation. It sets out the estimated financial balance of each organisation across income and expenditure and then asset and liabilities.

The output covers:

- A “day 1” budget forecast derived from the above and from income and expenditure projections on the basis of our agreed assumptions and inputs
- A “day 1” financial balance factoring in apportionments of assets, associated liabilities and borrowing commitments according to geography and function
- An updated view of the estimated cost and benefit of Local Government Reorganisation (LGR) and potential subsequent transformation for each proposed configuration of unitary authorities

Note: this is an estimated financial position for the new unitary authorities developed using current financial data and assumptions. It does not, therefore, take into account decisions that might be taken during the transition phase that might have an impact on costs, realisation of benefits, or wider elements that could impact the Day 1 position e.g the outcome of the Fair Funding Review, changes in the local government finance settlement, inflation, or political developments at both local and national levels.

Components of the Financial Analysis

The analysis undertaken and assumptions applied provides an estimated forecast of "Year 1" budgets and financial balance for the new Unitary Authorities (UAs) options, the projected impact of LGR and Transformation. Separately, an analysis of potential scenarios for council tax harmonisation is provided to demonstrate the impact of this fiscal lever for the new authorities.

Forecast Budgets for new Unitary Authorities

Existing MTFS projections

Income including Council Tax
- Exceptional Financial Support
- MTFS Business Rates, Council Tax, Grants
- Use of earmarked and General Fund Reserves

Expenditure
- Efficiency Savings
- Additional demand pressures overspend
- Additional costs from staffing pay alignment

Impact of LGR (benefits and costs)

Recurring LGR aggregation benefits
- FTE consolidation (including senior leadership)
- Third party and property spend reduction
- Elected member and election cost reduction

One off transition costs
- Redundancies and salary alignment; IT migrations; contingency
- Engagement, design, transition and programme support
- Organisation closedown and establishment

Transformation
- Staffing and operating model transformation benefits
- Third Party Spend reduction
- Transformation costs

Existing transformation (factored into MTFS) → Planned transformation (but not factored into current MTFS) → **Transformation activity *following* reorganisation**

Financial Balance for new Unitary Authorities

Assets (HRA/Non-HRA)
- Long Term Assets

Liabilities
- Long Term Liabilities
- Borrowing Interest

Together, these outputs form the basis of the initial financial position (eg. FY 2028/29) for the new unitary authorities following their establishment.

Council Tax Harmonisation

Alongside the outputs above, analysis has been undertaken to project the impact of different scenarios for Council Tax Harmonisation that the new authorities would be responsible for agreeing and implementing.

- **Weighted average method**
- **High, low and average harmonisation scenarios**

Timeline to the financial analysis

Set out below is the methodology and logic for assumptions applied. The additional complexity involved in creating multiple unitary authorities has been taken into account in the form of increased transition costs and reductions in economies of scale. To note, transformation costs and benefits are applied after reorganisation based on an assumed level of ambition and implementation of further change to realise the full benefit.

Reorganisation Benefits and Costs

Reorganisation Benefits

Recurring Aggregation Benefits: Savings achieved through consolidation e.g. management, systems and support functions. These are ongoing efficiencies generated through removing duplication and streamlining processes.

These benefits are phased over the initial years following vesting (30% in year 1; 50% in year 2), before being 100% realised in year 3 (2030/31).

Reorganisation Costs

One-off Transition Costs: Upfront investment needed to create new authorities.

These costs are incurred incrementally in the four years following vesting (30% in year 1; 30% in year 2; 30% in year 3, 10% in year 4). The cumulative percentage of costs add to 100%.

Transformation

Post-Vesting Day

Transformation Benefits

Efficiency and productivity improvements realised once new authorities are established and operating effectively.

Reflect long-term service redesign, innovation, and better outcomes for residents.

These benefits begin to realise in Year 1 (28/29) following vesting (25% in year 1; 50% in year 2), before being 100% realised in year 3 (2030/31).

Transformation Costs

Investment required to modernise and redesign services (e.g. digitalisation, workforce reform, asset rationalisation).

These are incurred after reorganisation and are distinct from transition costs. These are short-term costs intended to unlock longer-term service and financial improvements.

Different scenarios for the phasing of costs of transformation have been developed to inform the cost-benefit analysis.

2. Estimated Day 1 Position

Estimated Year 1 income and net expenditure position is set out on this page for Option 1B.

MTFS figures from the most recent published versions as of 31 March 2025 have been used to estimate forward-looking income and net expenditure for the purposes of developing the Year 1 position. This baseline position was agreed with S151 Officers for all Nottingham and Nottinghamshire authorities in September.

The Year 1 position is not intended to predict the outcome of national funding reforms or new grant schemes. A significant number of elements could impact the Year 1 position, including the Fair Funding Review, future settlements from government, inflation, political change nationally and locally. The government is expected to provide more detail on the Fair Funding Review outcome in Autumn 2025.

Option 1B | Estimated Year 1 Position

Modelling indicates that the proposed new councils will begin operations in the following financial position.

- **Opening deficits:** The combined opening position across the new UAs shows significant core funding pressures. All will start with an operating deficit, which is not unexpected as local government is operating in a challenging financial context.
- **Efficiency requirements:** To achieve a balanced budget, savings are required across multiple councils, with many needing recurring efficiency gains over the next 5 years. These are outlined in the notes below.
- **Strategic trade-offs:** Councils will face early policy choices: draw further on reserves, amend Council Tax, or accelerate service transformation. Longer-term gains from LGR aggregation and longer-term transformation integration are potential offsets.

	Option 1b	
	North *Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe*	**South** *Nottingham City, Broxtowe and Gedling*
28/29 Core Funding	£648,520,241	£594,372,174
28/29 Net Cost Operating Expenditure	£672,117,041	£653,748,917
28/29 "Year 1" Budget Gap	**£23,596,800**	**£59,376,743**
Cumulative Budget Gap from 25/26-28/29 inc. demand pressures	**£80,016,112**	**£178,755,555**
Cumulative Budget Gap from 25/26-28/29 inc. demand pressures net of savings, Exceptional Financial Support, Reserves from MTFS	**£43,483,641**	**£70,906,860**

Authority	Ashfield	Bassetlaw	Broxtowe	Gedling	Mansfield	Newark & Sherwood	Rushcliffe	Nottingham City	Nottinghamshire County
Year Used	2028/29	2028/29	2028/29	2028/29	2028/29	2028/29	2028/29	2028/29	2028/29
Source	Annual Budget And Council Tax 2025/26 And Medium Term Financial Strategy Update Pg 15	Medium Term Financial Plan 2025-26 to 2029-30 Pg 18	Medium Term Financial Strategy	General Fund Revenue Budget 2025/26 Pg 20	Medium Term Financial Plan 2025/26 To 2027/28 Pg 17	Revenue Budget and Council Tax Setting for 2025/26 Pg2	Budget Setting Report And Associated Financial Strategie Pg 43	Medium Term Financial Strategy	Budget 2025/26 – Proposals For Submission To Full Council Pg 22
MTFS Note	Efficiency savings required to set a balanced budget.General and Embarked reserves have been used to achieve a net 0 for 2025/26	The Budget highlights the need for the implementation of savings and efficiencies in order to balance the budget. Both general and other reserves are required	The MTFS includes a Business Strategy that sets out initiatives to reduce costs and generate additional income.General fund will be used to balance the budget	Most efficiencies have been built in the budget. Additional efficiencies are yet to be identified.General fund will be used	The Council has a programme of savings that it needs to deliver in order to balance its budget.	Efficiency savings required to set a balanced budget.General and Embarked reserves have been used to achieve a net 0	The budget includes Transformation and Efficiency Plan savings of £1.7m over the 5-year period helping to reduce the deficit to more manageable levels	Successful delivery of transformational change and efficiency savings will be fundamental to the elimination of deficit	The progress of all savings and efficiencies will be monitored as part of the budget monitoring processes.This budget report is proposing to utilise £46.5m of reserves

As a result of using the consistent baseline of published revenue budgets and MTFS as of 31 March 2025, the projected income and expenditure position does not forecast the impact of updated in-year outturn figures or revised MTFPs prepared as part of the 2026/27 budget-setting process. These may indicate an improved financial position - particularly in the South's net income and expenditure positions and thereby reduce pressure on general fund reserve balances.

An estimated Year 1 Assets and Liabilities position is set out on this page for Option 1B.

The Year 1 Balance Sheet analysis incorporates data which includes:

- Long Term Assets on the current Statement of Accounts
- Long Term Liabilities on the current Statement of Accounts
- Capital Financing Requirements from 25/26 to 28/29
- Capital Programme Budget to from 25/26 to 28/29

Option 1B | Balance Sheet

Modelling indicates that the proposed new councils will begin operations in the following financial position.

- **Assets:** Set out below is an evidence-based estimate of what each new authority would be accountable for on Year 1, drawn from existing Statement of Account asset values, taking in planned and additional disposals of surplus assets into account. The apportionment of assets assumes that asset value follows population across the proposed new unitaries.
- **Liabilities:** Also below is the long term financial obligations that would transfer into any new unitary councils, which are allocated following the same distribution profile as assets. In reality, the apportionment of debt will be worked through in detail as part of the implementation of any new authority.

	Option 1b	
	North *Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, and Rushcliffe*	**South** *Nottingham City, Broxtowe and Gedling*
Assets		
Long Term Assets (28/29)	£4,307,432,202	£4,701,904,337
Liabilities		
Long Term Liabilities (28/29)	£1,126,998,351	£1,228,619,592
Net Assets		
Net Long Term Assets (28/29)	£3,180,433,851	£3,473,284,745

Authority	Ashfield	Bassetlaw	Broxtowe	Gedling	Mansfield	Newark & Sherwood	Rushcliffe	Nottingham city UA	Nottinghamshire County
Sources (Asset)	*Draft Statement of Accounts FINANCIAL YEAR 2024/2025 Pg 9*	*Draft Statement of Accounts 2024/2025 Financial Year Pg 30*	*Draft Statement of Accounts FINANCIAL YEAR 2024/2025 Pg 33*	*Draft Statement of Accounts FINANCIAL YEAR 2024/2025 Pg 42*	*Draft Statement of Accounts FINANCIAL YEAR 2024/2025 pg 55*	*Draft Statement of Accounts FINANCIAL YEAR 2024/2025 pg 32*	*Draft Statement of Accounts FINANCIAL YEAR 2024/2025 Pg 53*	*Draft Statement of Accounts FINANCIAL YEAR 2024/2025 Pg 20*	*Draft Statement of Accounts FINANCIAL YEAR 2024/2025s Pg 39*

The use of Draft Statement of Accounts for 2024-25 was agreed as a baseline position by Section 151 officers for all authorities. As such, this analysis does not factor in any in-year changes to the asset and liability position for individual authorities (e.g. additional repayment of long-term debt or asset disposal), which could affect the net asset position for the new authorities.

Estimated Year 1 income and net expenditure position is set out on this page for Option 1E.

MTFS figures from the most recent published versions as of 31 March 2025 have been used to estimate forward-looking income and net expenditure for the purposes of developing the Year 1 position. This baseline position was agreed with S151 Officers for all Nottingham and Nottinghamshire authorities in September.

The Year 1 position is not intended to predict the outcome of national funding reforms or new grant schemes. A significant number of elements could impact the Year 1 position, including the Fair Funding Review, future settlements from government, inflation, political change nationally and locally. The government is expected to provide more detail on the Fair Funding Review outcome in Autumn 2025.

Option 1E | Estimated Year 1 Position

Modelling indicates that the proposed new councils will begin operations in the following financial position.

- **Opening deficits:** The combined opening position across the new UAs shows significant core funding pressures. All will start with an operating deficit, which is not unexpected as local government is operating in a challenging financial context.
- **Efficiency requirements:** To achieve a balanced budget, savings are required across multiple councils, with many needing recurring efficiency gains over the next 5 years. These are outlined in the notes below.
- **Strategic trade-offs:** Councils will face early policy choices: draw further on reserves, amend Council Tax, or accelerate service transformation. Longer-term gains from LGR aggregation and longer-term transformation integration are potential offsets.

	Option 1e	
	North *Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Gedling*	**South** *Nottingham City, Broxtowe and Rushcliffe*
28/29 Core Funding	£638,098,497	£604,793,918
28/29 Net Cost Operating Expenditure	£660,939,524	£664,926,434
28/29 "Year 1" Budget Gap	**£22,841,027**	**£60,132,516**
Cumulative Budget Gap from 25/26-28/29 inc. demand pressures	**£84,269,495**	**£174,502,172**
Cumulative Budget Gap from 25/26-28/29 inc. demand pressures net of savings, Exceptional Financial Support, Reserves from MTFS	**£42,231,311**	**£72,159,190**

Authority	Ashfield	Bassetlaw	Broxtowe	Gedling	Mansfield	Newark & Sherwood	Rushcliffe	Nottingham City	Nottinghamshire County
Year Used	2028/29	2028/29	2028/29	2028/29	2028/29	2028/29	2028/29	2028/29	2028/29
Source	Annual Budget And Council Tax 2025/26 And Medium Term Financial Strategy Update Pg 15	Medium Term Financial Plan 2025-26 to 2029-30 Pg 18	Medium Term Financial Strategy	General Fund Revenue Budget 2025/26 Pg 20	Medium Term Financial Plan 2025/26 To 2027/28 Pg 17	Revenue Budget and Council Tax Setting for 2025/26 Pg2	Budget Setting Report And Associated Financial Strategie Pg 43	Medium Term Financial Strategy	Budget 2025/26 – Proposals For Submission To Full Council Pg 22
MTFS Note	Efficiency savings required to set a balanced budget.General and Embarked reserves have been used to achieve a net 0 for 2025/26	The Budget highlights the need for the implementation of savings and efficiencies in order to balance the budget. Both general and other reserves are required	The MTFS includes a Business Strategy that sets out initiatives to reduce costs and generate additional income.General fund will be used to balance the budget	Most efficiencies have been built in the budget. Additional efficiencies are yet to be identified.General fund will be used	The Council has a programme of savings that it needs to deliver in order to balance its budget.	Efficiency savings required to set a balanced budget.General and Embarked reserves have been used to achieve a net 0	The budget includes Transformation and Efficiency Plan savings of £1.7m over the 5-year period helping to reduce the deficit to more manageable levels	Successful delivery of transformational change and efficiency savings will be fundamental to the elimination of deficit	The progress of all savings and efficiencies will be monitored as part of the budget monitoring processes.This budget report is proposing to utilise £46.5m of reserves

As a result of using the consistent baseline of published revenue budgets and MTFS as of 31 March 2025, the projected income and expenditure position does not forecast the impact of updated in-year outturn figures or revised MTFPs prepared as part of the 2026/27 budget-setting process. These may indicate an improved financial position - particularly in the South's net income and expenditure positions and thereby reduce pressure on general fund reserve balances.

An estimated Year 1 Assets and Liabilities position is set out on this page for Option 1E.

The Year 1 Balance Sheet analysis incorporates data which includes:

- Long Term Assets on the current Statement of Accounts
- Long Term Liabilities on the current Statement of Accounts
- Capital Financing Requirements from 25/26 to 28/29
- Capital Programme Budget to from 25/26 to 28/29

Option 1E | Balance Sheet

Modelling indicates that the proposed new councils will begin operations in the following financial position.

- **Assets:** Set out below is an evidence-based estimate of what each new authority would be accountable for on Year 1, drawn from existing Statement of Account asset values, taking in planned and additional disposals of surplus assets into account. The apportionment of assets assumes that asset value follows population across the proposed new unitaries.
- **Liabilities:** Also below is the long term financial obligations that would transfer into any new unitary councils, which are allocated following the same distribution profile as assets. In reality, the apportionment of debt will be worked through in detail as part of the implementation of any new authority.

	Option 1e	
	North *Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, and Gedling*	**South** *Nottingham City, Broxtowe and Rushcliffe*
Assets		
Long Term Assets (28/29)	£4,218,402,048	£4,790,934,491
Liabilities		
Long Term Liabilities (28/29)	£1,082,073,042	£1,273,544,901
Net Assets		
Net Long Term Assets (28/29)	£3,136,329,005	£3,517,389,591

Authority	Ashfield	Bassetlaw	Broxtowe	Gedling	Mansfield	Newark & Sherwood	Rushcliffe	Nottingham city UA	Nottinghamshire County
Sources (Asset)	Draft Statement of Accounts FINANCIAL YEAR 2024/2025 Pg 9	Draft Statement of Accounts 2024/2025 Financial Year Pg 30	Draft Statement of Accounts FINANCIAL YEAR 2024/2025 Pg 33	Draft Statement of Accounts FINANCIAL YEAR 2024/2025 Pg 42	Draft Statement of Accounts FINANCIAL YEAR 2024/2025 pg 55	Draft Statement of Accounts FINANCIAL YEAR 2024/2025 pg 32	Draft Statement of Accounts FINANCIAL YEAR 2024/2025 Pg 53	Draft Statement of Accounts FINANCIAL YEAR 2024/2025 Pg 20	Draft Statement of Accounts FINANCIAL YEAR 2024/2025s Pg 39

The use of Draft Statement of Accounts for 2024-25 was agreed as a baseline position by Section 151 officers for all authorities. As such, this analysis does not factor in any in-year changes to the asset and liability position for individual authorities (e.g. additional repayment of long-term debt or asset disposal), which could affect the net asset position for the new authorities.

Breakdown of MTFS Income & Expenditure

The cumulative deficit shown in the summary analysis reflects the year-on-year differences in income and expenditure shown in each respective council published MTFS (as of 31 March 2025) from 25/26 to 28/29. As a result, the projected income and expenditure position does not forecast the impact of updated in-year outturn figures or revised MTFPs prepared as part of the 2026/27 budget-setting process.

Council	Income - 2025/2026	Expenditure - 2025/2026	Net Difference	Income - 2026/2027	Expenditure - 2026/2027	Net Difference	Income - 2027/2028	Expenditure - 2027/2028	Net Difference	Income - 2028/2029	Expenditure - 2028/2029	Net Difference	Cumulative Difference
Nottinghamshire County	£668,400,000	£668,408,000	-£8,000	£701,400,000	£711,500,000	-£10,100,000	£735,400,000	£741,700,000	-£6,300,000	£771,500,000	£776,900,000	-£5,400,000	**-£21,808,000**
Bassetlaw	£24,757,900	£24,757,900	£0	£22,158,700	£22,158,700	£0	£20,589,000	£22,196,000	-£1,607,000	£19,027,600	£22,014,900	-£2,987,300	**-£4,594,300**
Ashfield	£17,764,000	£22,017,000	-£4,253,000	£15,361,000	£23,484,000	-£8,123,000	£14,826,000	£24,668,000	-£9,842,000	£14,899,000	£24,837,000	-£9,938,000	**-£32,156,000**
Broxtowe	£14,182,000	£15,429,000	-£1,247,000	£14,471,000	£16,137,000	-£1,666,000	£14,805,000	£16,956,000	-£2,151,000	£15,147,000	£17,395,000	-£2,248,000	**-£7,312,000**
Gedling	£15,527,921	£15,584,200	-£56,279	£14,633,691	£16,206,649	-£1,572,958	£14,717,620	£16,753,607	-£2,035,987	£14,913,015	£15,043,858	-£130,843	**-£3,796,067**
Mansfield	£17,334,000	£17,572,000	-£238,000	£17,304,000	£19,928,000	-£2,624,000	£17,703,000	£20,948,000	-£3,245,000	£17,703,000	£20,948,000	-£3,245,000	**-£9,352,000**
Newark & Sherwood	£20,647,000	£20,647,000	£0	£19,337,000	£21,618,000	-£2,281,000	£19,639,000	£21,974,000	-£2,335,000	£19,950,000	£22,629,000	-£2,679,000	**-£7,295,000**
Rushcliffe	£19,888,700	£16,338,900	£3,549,800	£14,278,400	£15,439,500	-£1,161,100	£14,848,800	£15,906,400	-£1,057,600	£15,445,800	£16,263,200	-£817,400	**£513,700**
Nottingham City	£331,800,000	£355,068,000	-£23,268,000	£344,000,000	£372,189,000	-£28,189,000	£349,116,000	£390,103,000	-£40,987,000	£354,307,000	£409,835,000	-£55,528, 000	**−£147,972,000**

Deep dive into the MTFS figures

Outlined is the extent to which each council's Medium-Term Financial Strategy (MTFS) has incorporated the potential impacts of the Fair Funding Review, and on any wider support or fiscal levers which could affect the projected financial position of the new unitary authorities.

Council	Included Fair Funding impact to Income?	Receiving Exceptional Financial Support?	Anticipated use of reserves through life of MTFS?	Description
Nottinghamshire County	No	No	Yes	The impact of Business Rates reform, the Fair Funding Review and reforms to Social Care funding are all acknowledged as risks within the MTFS, but assumed impacts of these changes have not been built into the base budget or MTFS. The 2025/26 budget proposes to directly utilise £46.5m of reserves over the MTFS period (see page 40).
Bassetlaw	Yes (in supplementary data return)	No	Yes	Bassetlaw's position reported to Cabinet and budget Council in February identified a decline in income over the course of the MTFS which has been confirmed as reflecting anticipated impacts of the Fair Funding review which will require further identification of savings and/or additional use of reserves. The MTFS sets out an intention to reduce revenue reserves up to March 2029 whilst maintaining a minimum General Fund balance of £3m and a minimum General Fund working balance of £1m over the life of the MTFS (page 13).
Ashfield	Yes	No	Yes (only 2025/26)	Ashfield's MTFS acknowledges the uncertainty from the proposed Fair Funding review and wider changes to local government finance from 2026/27 (page 14). As a result, the MTFS models a "worst case" scenario which projects an annual reduction in income from 2026/27-2027/28 based on the LG Futures financial model. No use of reserves is forecast beyond 2025/26 where £4.253m of reserves is projected to be used to meet an identified funding gap.
Broxtowe	No	No	Yes	Broxtowe's MTFS does not model a decrease in Revenue Support Grants from Government and presupposes a continuation of current business rate retention mechanisms. While the MTFS assumes a reduction in reserve balance from £4,347m to -£2.856m in 2028/29. However, this does not factor in savings and efficiencies set out in the authority's Business Strategy which sets an expectation of an anticipated budget underspend (pages 5-7).
Gedling	Yes	No	Yes	Gedling's MTFS does reflect assumed impacts of the Fair Funding Review but this has minimal impact on income but does acknowledges outcomes of Fair Funding Review and Business Rates retention as risks to the MTFS projections. The MTFS assumes transfers from reserves budgets totalling £3.74m to balance the shortfall between income and expenditure, and identifies a need to identify £4.467m of efficiencies to maintain a balanced MTFS (page 19).
Mansfield	Yes (in supplementary data return)	No	No	While Mansfield's published MTFS does not model the impact of fair funding reforms, subsequent data provided by finance leads estimates an increase in income for 2028/29 arising from this. The MTFS does not use reserves to achieve a budget balance (but acknowledges the need to increase reserve balances as a result of depletions over recent years).
Newark & Sherwood	Yes	No	Yes	The MTFS assumes a reduction in government grants from 26/27 as a result of the outcomes from the Fair Funding Review (page 2). The MTFS shows a gap in funding from 2025/26 to 2028/29 of £8.882m. The Council has mitigation plans that will deliver savings and generate additional income of £3.186m. The balance of the shortfall of £5.696m will be funded by use of the MTFP reserve. This reserve was specifically set up for the purpose of bridging the gap in funding resulting from the Fair Funding Review and the Business Rates baseline re-set. By the end of 2028/29 it is forecast that this reserve will have a balance remaining of £2.566m.
Rushcliffe	Yes	No	Yes	The business rates reset has been built into the budget from 2026/27 and assumes no loss due to fairer funding. From 2027/28 the budget includes the effect of a reset and some growth (2%).
Nottingham City	No	Yes	No	A request for Exceptional Financial Support (EFS) was made on 31 December 2024 in accordance with MHCLG deadline for up to a further c£35m, being £25m for 2025/26 and a further £10m for 2026/27 bringing the total EFS to £100m (page 10). The MTFS does not assume additional use of General Fund reserves to balance budgets over and above earmarked reserves over the life of the MTFS.

3. Estimated impact of Local Government Reorganisation

The estimated aggregation benefits for Option 1B as a whole are set out on this page.

Table 1 quantifies the maximum annualised benefit realisable (which will be realised in 2030/31) for:

- **Staffing:** Benefits from reduction in duplicated roles across leadership, front office, service delivery, and back office internal and enabling services and strategic roles.
- **Third Party Spend (TPS):** Benefits from reduction in addressable spend across all in-scope service areas.
- **Democracy:** Benefits from changing the number of councillors and streamlining elections.
- **Property:** Benefits from reduced operational expenditure spent on rationalised assets (i.e. surplus assets).

Table 2 applies an assumed phasing of aggregation benefits agreed with section 151 officers in July 2025 to calculate the benefit realised in each year following vesting.

Option 1B | Aggregation Benefits

Table 1: Maximum annualised benefit realisable through LGR from reduced spend on staffing, third party spend, democracy and property operating costs.

		TOTAL	North *Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe*	South *Nottingham City, Broxtowe and Gedling*
Estimated Staffing Benefits				
Senior Leadership Structures savings	**Recurring**	£8,681,498	£6,201,070	£2,480,428
Front Office Reorganisation savings	**Recurring**	£7,654,170	£6,807,873	£846,297
Service Delivery Reorganisation savings	**Recurring**			
Back Office Reorganisation savings	**Recurring**			
TOTAL FTE BENEFITS	**Recurring**	£16,335,668	£13,008,943	£3,326,725
Estimated Third Party Spend Benefits				
TPS Aggregation savings	**Recurring**	£9,018,354	£6,564,991	£2,453,363
Estimated Democracy Benefits				
Allowances+SRA savings+Election costs	**Recurring**	£1,783,602	£1,414,008	£369,595
Estimated Property Benefits				
Property OpEx savings	**Recurring**	£3,435,116	£2,520,439	£914,677
Total Aggregation Benefits (when 100% is realised from 2030/31)	**Recurring**	**£30,572,741**	**£23,508,381**	**£7,064,360**

Table 2: Gross aggregation benefit by year

Aggregation benefits					
Financial year	**28/29**	**29/30**	**30/31**	**31/32**	**32/33**
Year following vesting	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**
Total Aggregation Benefits	£9,171,822	£15,286,371	£30,572,741	£30,572,741	£30,572,741
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe)*	£7,052,514	£11,754,191	£23,508,381	£23,508,381	£23,508,381
South *(Nottingham City, Broxtowe and Gedling)*	£2,119,308	£3,532,180	£7,064,360	£7,064,360	£7,064,360
Aggregation benefits profile	**30%**	**50%**	**100%**	**100%**	**100%**

The estimated aggregation benefits for Option 1E as a whole are set out on this page.

Table 1 quantifies the maximum annualised benefit realisable (which will be realised in 2030/31) for:

- **Staffing:** Benefits from reduction in duplicated roles across leadership, front office, service delivery, and back office internal and enabling services and strategic roles.
- **Third Party Spend (TPS):** Benefits from reduction in addressable spend across all in-scope service areas.
- **Democracy:** Benefits from changing the number of councillors and streamlining elections.
- **Property:** Benefits from reduced operational expenditure spent on rationalised assets (i.e. surplus assets).

Table 2 applies an assumed phasing of aggregation benefits agreed with section 151 officers in July 2025 to calculate the benefit realised each year following vesting.

Option 1E | Aggregation Benefits

Table 1: Maximum annualised benefit realisable through LGR from reduced spend on staffing, third party spend, democracy and property operating costs.

		TOTAL	**North** *Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Gedling*	**South** *Nottingham City, Broxtowe and Rushcliffe*
Estimated Staffing Benefits				
Senior Leadership Structures savings	**Recurring**	£8,681,498	£6,201,070	£2,480,428
Front Office Reorganisation savings	**Recurring**			
Service Delivery Reorganisation savings	**Recurring**	£7,654,170	£6,932,412	£721,758
Back Office Reorganisation savings	**Recurring**			
TOTAL FTE BENEFITS	**Recurring**	£16,335,668	£13,133,482	£3,202,186
Estimated Third Party Spend Benefits				
TPS Aggregation savings	**Recurring**	£9,018,354	£6,473,715	£2,544,640
Estimated Democracy Benefits				
Allowances+SRA savings+Election costs	**Recurring**	£1,783,602	£1,341,434	£442,169
Estimated Property Benefits				
Property OpEx savings	**Recurring**	£3,435,116	£2,478,523	£956,593
Total Gross aggregation benefits (when 100% is realised from 2030/31)	**Recurring**	**£30,572,742**	**£23,427,154**	**£7,145,588**

Table 2: Gross aggregation benefit by year

Aggregation benefits					
Financial year	**28/29**	**29/30**	**30/31**	**31/32**	**32/33**
Year following vesting	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**
Total Aggregation Benefits	£9,171,823	£15,286,371	£30,572,742	£30,572,742	£30,572,742
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Gedling)*	£7,028,146	£11,713,577	£23,427,154	£23,427,154	£23,427,154
South *(Nottingham City, Broxtowe and Rushcliffe)*	£2,143,676	£3,572,794	£7,145,588	£7,145,588	£7,145,588
Aggregation benefits profile	**30%**	**50%**	**100%**	**100%**	**100%**

The estimated transition costs for Option 1B as a whole are set out on this page.

- **New unitarites setup & closedown costs:** Spend to design the new UA and manage the change (training, comms, process redesign).
- **IT & Systems costs:** Spend on new / upgraded systems to support a single UA (e.g. finance, HR, CRM).
- **External transition, design and implementation support costs:** Resources needed to run the transformation programme (e.g. Project management)
- **Redundancy Costs:** Payments and support for staff reductions due to structural changes.
- **Salary Alignment:** Additional staffing costs to align to the same payscale
- **Contingency:** A buffer for unexpected costs, reflecting risk and **complexity.**

Option 1B | Transition Costs

One off transition costs for Option 1B as a whole	**North** *Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe*	**South** *Nottingham City, Broxtowe and Gedling*
External transition/design/implementation support	£4,270,000	£4,270,000
Internal programme management	£1,903,200	£1,903,200
ICT (integration, migration, licensing)	£1,192,500	£1,192,500
Comms & rebranding	£366,000	£366,000
Public consultation	£205,875	£205,875
Organisation closedown	£152,500	£152,500
Creating the new council(s)	£610,000	£610,000
Redundancy costs	£3,902,683	£998,018
Salary alignment	£5,375,473	£1,246,258
Contingency	£3,387,927	£3,387,927
Total	£21,366,157	£14,332,277

Transition costs over a five year period (and apportionment)	2028/29	2029/30	2030/31	2031/32	2032/33
Total One-Off Transition Costs (£M)	£10,709,530	£10,709,530	£10,709,530	£3,569,843	£0
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe)*	£6,409,847	£6,409,847	£6,409,847	£2,136,616	£0
South *(Nottingham City, Broxtowe and Gedling)*	£4,299,683	£4,299,683	£4,299,683	£1,433,228	£0
Aggregation cost profile	**30%**	**30%**	**30%**	**10%**	**0%**

The estimated transition costs for Option 1E as a whole are set out on this page.

- **New unitarites setup & closedown costs:** Spend to design the new UA and manage the change (training, comms, process redesign).
- **IT & Systems costs:** Spend on new / upgraded systems to support a single UA (e.g. finance, HR, CRM).
- **External transition, design and implementation support costs:** Resources needed to run the transformation programme (e.g. Project management)
- **Staffing:** Redundancy payments and support for staff reductions due to structural changes and the costs of salary alignment.
- **Salary Alignment:** Additional staffing costs to align to the same payscale
- **Contingency:** A buffer for unexpected costs, reflecting risk and **complexity.**

Option 1E | Transition Costs

One off transition costs for Option 1E as a whole	**North** *Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Gedling*	***South*** *Nottingham City, Broxtowe and Rushcliffe*
External transition/design/implementation support	£4,270,000	£4,270,000
Internal programme management	£1,903,200	£1,903,200
ICT (integration, migration, licensing)	£1,192,500	£1,192,500
Comms & rebranding	£366,000	£366,000
Public consultation	£205,875	£205,875
Organisation closedown	£152,500	£152,500
Creating the new council(s)	£610,000	£610,000
Redundancy costs	£3,940,045	£960,656
Salary alignment	£5,540,905	£741,117
Contingency	£3,387,927	£3,387,927
Total	**£21,568,951**	**£13,789,774**

Transition costs over a five year period (and apportionment)

	2028/29	2029/30	2030/31	2031/32	2032/33
Total One-Off Transition Costs	£10,607,618	£10,607,618	£10,607,618	£3,535,873	**£0**
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Gedling)*	£6,470,685	£6,470,685	£6,470,685	£2,156,895	**£0**
South *(Nottingham City, Broxtowe and Rushcliffe)*	£4,136,932	£4,136,932	£4,136,932	£1,378,977	**£0**
Aggregation cost profile	**30%**	**30%**	**30%**	**10%**	**0%**

This page collates the phased benefits and costs of reorganisation to identify a total cumulative net benefit for each proposed unitary authority for Option 1B.

Option 1B | Cost/benefit overview

North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe)*

Financial Year	2028/29	2029/30	2030/31	2031/32	2032/33
Year after vesting	Y1	Y2	Y3	Y4	Y5
Yearly Benefit	£7,052,514	£11,754,191	£23,508,381	£23,508,381	£23,508,381
Yearly Cost	£6,409,847	£6,409,847	£6,409,847	£2,136,616	£0
Cumulative Benefit	£7,052,514	£18,806,705	£42,315,086	£65,823,468	£89,331,849
Cumulative Cost	£6,409,847	£12,819,694	£19,229,541	£21,366,157	£21,366,157
Total Cumulative Net Benefit	£642,667	£5,987,011	£23,085,545	£44,457,311	£67,965,692
Payback period	0.91 years				

South *(Nottingham City, Broxtowe and Gedling)*

Financial Year	2028/29	2029/30	2030/31	2031/32	2032/33
Year after vesting	Y1	Y2	Y3	Y4	Y5
Yearly Benefit	£2,119,308	£3,532,180	£7,064,360	£7,064,360	£7,064,360
Yearly Cost	£4,299,683	£4,299,683	£4,299,683	£1,433,228	£0
Cumulative Benefit	£2,119,308	£5,651,488	£12,715,849	£19,780,209	£26,844,570
Cumulative Cost	£4,299,683	£8,599,366	£12,899,049	£14,332,277	£14,332,277
Total Cumulative Net Benefit	-£2,180,375	-£2,947,878	-£183,200	£5,447,932	£12,512,293
Payback period	3.03 years				

This page collates the phased benefits and costs of reorganisation to identify a total cumulative net benefit for each proposed unitary authority for Option 1E.

Option 1E | Cost/benefit overview

North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Gedling)*					
Financial Year	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**
Year after vesting	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**
Yearly Benefit	£7,028,146	£11,713,577	£23,427,154	£23,427,154	£23,427,154
Yearly Cost	£6,470,685	£6,470,685	£6,470,685	£2,156,895	£0
Cumulative Benefit	£7,028,146	£18,741,723	£42,168,877	£65,596,032	£89,023,186
Cumulative Cost	£6,470,685	£12,941,371	£19,412,056	£21,568,951	£21,568,951
Total Cumulative Net Benefit	**£557,461**	**£5,800,353**	**£22,756,821**	**£44,027,080**	**£67,454,234**
Payback period	0.92 years				

South *(Nottingham City, Broxtowe and Rushcliffe)*					
Financial Year	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**
Year after vesting	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**
Yearly Benefit	£2,143,676	£3,572,794	£7,145,588	£7,145,588	£7,145,588
Yearly Cost	£4,136,932	£4,136,932	£4,136,932	£1,378,977	£0
Cumulative Benefit	£2,143,676	£5,716,470	£12,862,058	£20,007,645	£27,153,233
Cumulative Cost	£4,136,932	£8,273,864	£12,410,797	£13,789,774	£13,789,774
Total Cumulative Net Benefit	**-£1,993,256**	**-£2,557,394**	**£451,261**	**£6,217,871**	**£13,363,459**
Payback period	2.85 years				

4. Transformation scenarios following reorganisation

Local Government Reorganisation has previously been seen as a catalyst for wider transformation in order to realise additional financial and non-financial benefits in addition to those achieved through reorganisation.

This analysis sets out some different scenarios for costs and benefits available for each unitary authority through additional transformation activity. In particular, it explores different assumptions about the phasing of the costs of mobilising transformation programmes for each unitarity authority. In each scenario there is a "base" and "stretch" case (and cost assumptions).

Any estimated benefits of transformation are of course subject to effective implementation, and the analysis assumes that each authority would instigate a transformation programme rapidly following reorganisation.

Transformation | Scenario overview

Three transformation scenarios have been developed as part of this analysis.

Scenario A assumes that 100% of the cost of transformation is applied in year 1 (2028/29). This provides an illustration of the total costs of transformation for each authority (see further pages 24 and 26), but is not reflective of a programme that may, in reality, run over a number of years (for example to implement a target operating model and innovate new models of service delivery).

Scenario A	**Year 1** *(2028/29)*	**Year 2** *(2029/30)*	**Year 3** *(2030/31)*	**Year 4 -10**
Benefits *(cumulative)*	25%	50%	100%	100%
Transformation costs *(one-off)*	100%			

Scenario B assumes that costs of transformation are phased over four years, with 30% of costs borne for each of the first three years, with 10% incurred in year 4.

Scenario B	**Year 1** *(2028/29)*	**Year 2** *(2029/30)*	**Year 3** *(2030/31)*	**Year 4 -10**
Benefits *(cumulative)*	25%	50%	100%	100%
Transformation costs *(one-off)*	30%	30%	30%	10%

Scenario C projects a scenario where the costs of mobilising and delivering transformation are front loaded in to the first two years, with a reduced cost being borne in years 3-4 (for example for sustaining programme management capacity to assure ongoing benefit.

Scenario C	**Year 1** *(2028/29)*	**Year 2** *(2029/30)*	**Year 3** *(2030/31)*	**Year 4 -10**
Benefits *(cumulative)*	25%	50%	100%	100%
Transformation costs *(one-off)*	40%	40%	10%	10%

Local Government Reorganisation has previously been seen as a catalyst for wider transformation in order to realise additional financial and non-financial benefits in addition to those achieved through reorganisation.

This analysis sets out some different scenarios for costs and benefits available for each unitary authority through additional transformation activity. In particular, it explores different assumptions about the phasing of the costs of mobilising transformation programmes for each unitarity authority. In each scenario there is a “base” and “stretch” case (and cost assumptions).

Any estimated benefits of transformation are of course subject to effective implementation, and the analysis assumes that each authority would instigate a transformation programme rapidly following reorganisation.

Transformation | Scenario overview

Three transformation scenarios have been developed as part of this analysis.

Scenario A assumes that 100% of the cost of transformation is applied in year 1 (2028/29). This provides an illustration of the total costs of transformation for each authority (see further pages 24 and 26), but is not reflective of a programme that may, in reality, run over a number of years (for example to implement a target operating model and innovate new models of service delivery).

Scenario A	**Year 1** *(2028/29)*	**Year 2** *(2029/30)*	**Year 3** *(2030/31)*	**Year 4 -10**
Benefits *(cumulative)*	25%	50%	100%	100%
Transformation costs *(one-off)*	100%			

Scenario B assumes that costs of transformation are phased over four years, with 30% of costs borne for each of the first three years, with 10% incurred in year 4.

Scenario B	**Year 1** *(2028/29)*	**Year 2** *(2029/30)*	**Year 3** *(2030/31)*	**Year 4 -10**
Benefits *(cumulative)*	25%	50%	100%	100%
Transformation costs *(one-off)*	30%	30%	30%	10%

Scenario C projects a scenario where the costs of mobilising and delivering transformation are front loaded in to the first two years, with a reduced cost being borne in years 3-4 (for example for sustaining programme management capacity to assure ongoing benefit.

Scenario C	**Year 1** *(2028/29)*	**Year 2** *(2029/30)*	**Year 3** *(2030/31)*	**Year 4 -10**
Benefits *(cumulative)*	25%	50%	100%	100%
Transformation costs *(one-off)*	40%	40%	10%	10%

4a. Transformation scenario a:
100% year 1 costs

Estimated transformation benefits and costs for Option 1B are set out on this page.

The table shows what the maximum annual benefits arising from transformation would be under base and stretch scenarios (assumed to take effect in 2030/31).

Benefits are drawn from three areas:

- **Staffing:** Benefits from reduction in roles, realisable through operating model transformation.
- **Third party spend:** Reduced reliance on third party spend through transformation of commissioning, procurement and digital estate.
- **Income:** transformation of commercial capabilities to derive more income (e.g. from assets).

Costs are calculated based on experience of transformation programme costs from other local authorities and public sector organisations.

Option 1B | Transformation Benefits

Benefit Area	Base Savings Assumption	Stretch Savings Assumption	North *Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe*		*South* *Nottingham City, Broxtowe and Gedling*	
			100% of Base benefits	100% of Stretch benefits	100% of Base benefits	100% of Stretch benefits
Front office FTE reduction	6.00%	10.00%	£14,707,345	£21,690,483	£15,282,639	£22,538,931
Service delivery FTE reduction	3.00%	5.00%				
Back office FTE reduction	7.00%	8.00%				
Third Party Spend (TPS) reduction	2.50%	3.00%	£10,777,527	£12,933,033	£10,719,494	£12,863,393
Income uplift (SFC, commercial) uplift	1.30%	1.70%	£8,430,763	£11,024,844	£7,726,838	£10,104,327
Cost Area						
IT Investment Costs			£4,550,000	£9,100,000	£4,550,000	£9,100,000
Operating Model Construct & Change Management			£4,550,000	£5,850,000	£4,550,000	£5,850,000
Programme Support Costs			£1,300,000	£1,950,000	£1,300,000	£1,950,000
Contingency			£1,365,000	£2,242,500	£1,365,000	£2,242,500
Redundancy costs			£4,412,203	£6,507,145	£4,584,792	£6,761,679

Option 1B | Transformation Benefits

The estimated transformation benefits for Option 1B are set out on this page.

These are additional benefits which the new UAs could achieve post-vesting day through transformation for example, by implementing digital technology, AI, automation, and redesigned operating models.

These potential savings are over and above aggregation benefits identified above.

The scope of transformation savings would need to be refined by the new authorities including identifying individual opportunities and establishing programmes of work.

Net Summary base				
Financial year	28/29	29/30	30/31	31/32
Year following vesting	Y1	Y2	Y3	Y4 -10
Total Benefits	£16,911,152	£33,822,304	£67,644,607	£67,644,607
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe)*	£8,478,909	£16,957,818	£33,915,635	£33,915,635
South *(Nottingham City, Broxtowe and Gedling)*	£8,432,243	£16,864,486	£33,728,972	£33,728,972
North Total Costs	£16,177,203	£0	£0	£0
South Total Costs	£16,349,792	£0	£0	£0
Transformation benefits profile	25.00%	50.00%	100.00%	100.00%
Transformation costs profile	100.00%	0.00%	0.00%	0.00%
Payback period North	1.45 years			
Payback period South	1.47 years			

Net Summary stretch				
Financial year	28/29	29/30	30/31	31/32
Year following vesting	Y1	Y2	Y3	Y4 -10
Total Benefits	£22,788,753	£45,577,506	£91,155,012	£91,155,012
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe)*	£11,412,090	£22,824,180	£45,648,360	£45,648,360
South *(Nottingham City, Broxtowe and Gedling)*	£11,376,663	£22,753,326	£45,506,651	£45,506,651
North Total Costs	£25,754,003	£0	£0	£0
South Total Costs	£25,792,109	£0	£0	£0
Transformation benefits profile	25.00%	50.00%	100.00%	100.00%
Transformation costs profile	100.00%	0.00%	0.00%	0.00%
Payback period North	1.63 years			
Payback period South	1.63 years			

Option 1E | Transformation Benefits

The component parts of the transformation benefits and costs for Option 1E are set out on this page.

The table demonstrates what the maximum annual benefits arising from transformation would be under base and stretch scenarios (assumed to take effect in 2030/31).

Benefits are drawn from three areas:

- **Staffing:** Benefits from reduction in roles, realisable through operating model transformation.
- **Third party spend:** Reduced reliance on third party spend through transformation of commissioning, procurement and digital estate.
- **Income:** transformation of commercial capabilities to derive more income (e.g. from assets).

Costs are calculated on the basis of transformation programme costs from other local authorities and public sector organisations.

Benefit Area	Base Savings Assumption	Stretch Savings Assumption	North *Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Gedling*		*South* *Nottingham City, Broxtowe and Rushcliffe*	
			100% of Base benefits	100% of Stretch benefits	100% of Base benefits	100% of Stretch benefits
Front office FTE reduction	6.00%	10.00%	£14,943,213	£22,038,343	£15,029,340	£22,165,364
Service delivery FTE reduction	3.00%	5.00%				
Back office FTE reduction	7.00%	8.00%				
Third Party Spend (TPS) reduction	2.50%	3.00%	£10,627,682	£12,753,218	£10,869,340	£13,043,208
Income uplift (SFC, commercial) uplift	1.30%	1.70%	£8,295,280	£10,847,674	£7,862,321	£10,281,497
Cost Area						
IT Investment Costs			£4,550,000	£9,100,000	£4,550,000	£9,100,000
Operating Model Construct & Change Management			£4,550,000	£5,850,000	£4,550,000	£5,850,000
Programme Support Costs			£1,300,000	£1,950,000	£1,300,000	£1,950,000
Contingency			£1,365,000	£2,242,500	£1,365,000	£2,242,500
Redundancy costs			£4,482,964	£6,611,503	£4,508,802	£6,649,609

Option 1E | Transformation Benefits

The estimated transformation benefits for Option 1E are set out on this page.

These are additional benefits which the new UAs could achieve post-vesting day through transformation for example, by implementing digital technology, AI, automation, and redesigned operating models.

These potential savings are over and above aggregation benefits identified above.

The scope of transformation savings would need to be refined by the new authorities including identifying individual opportunities and establishing programmes of work.

Net Summary base				
Financial year	28/29	29/30	30/31	31/32
Year following vesting	Y1	Y2	Y3	Y4 -10
Total Benefits	£16,906,794	£33,813,588	£67,627,176	£67,627,176
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood,Gedling)*	£8,466,544	£16,933,088	£33,866,175	£33,866,175
South *(Nottingham City, Broxtowe and Rushcliffe)*	£8,440,250	£16,880,500	£33,761,001	£33,761,001
North Total Costs	£16,247,964	£0	£0	£0
South Total Costs	£16,273,802	£0	£0	£0
Transformation benefits profile	25.00%	50.00%	100.00%	100.00%
Transformation costs profile	100.00%	0.00%	0.00%	0.00%
Payback period North	1.46 years			
Payback period South	1.46 years			

Net Summary stretch				
Financial year	28/29	29/30	30/31	31/32
Year following vesting	Y1	Y2	Y3	Y4 -10
Total Benefits	£22,782,326	£45,564,652	£91,129,304	£91,129,304
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood,Gedling)*	£11,409,809	£22,819,618	£45,639,236	£45,639,236
South *(Nottingham City, Broxtowe and Rushcliffe)*	£11,372,517	£22,745,034	£45,490,068	£45,490,068
North Total Costs	£25,754,003	£0	£0	£0
South Total Costs	£25,792,109	£0	£0	£0
Transformation benefits profile	25.00%	50.00%	100.00%	100.00%
Transformation costs profile	100.00%	0.00%	0.00%	0.00%
Payback period North	1.63 years			
Payback period South	1.63 years			

4b. **Transformation scenario b:** *Costs phased in line with transition cost assumptions*

Option 1B | Transformation Benefits

The estimated transformation benefits for Option 1B are set out on this page.

These are additional benefits which the new UAs could achieve post-vesting day through transformation for example, by implementing digital technology, AI, automation, and redesigned operating models.

These potential savings are over and above aggregation benefits identified above (previous slide).

The scope of transformation savings would need to be refined by the new authorities including identifying individual opportunities and establishing programmes of work.

In this scenario, the phasing of the cost of transformation over multiple years means that the authorities would see a net benefit in year 1 (hence payback periods of less than 1 year). However, it should be noted that authorities would bear a cost for transformation activity over four years rather than in one as in scenario A.

Net Summary base				
Financial year	**28/29**	**29/30**	**30/31**	**31/32**
Year following vesting	**Y1**	**Y2**	**Y3**	**Y4 -10**
Total Benefits	**£16,911,152**	**£33,822,304**	**£67,644,607**	**£67,644,607**
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe)*	**£8,478,909**	**£16,957,818**	**£33,915,635**	**£33,915,635**
South *(Nottingham City, Broxtowe and Gedling)*	**£8,432,243**	**£16,864,486**	**£33,728,972**	**£33,728,972**
North Total Costs	£4,853,161	£4,853,161	£4,853,161	£1,617,720
South Total Costs	£4,904,938	£4,904,938	£4,904,938	£1,634,979
Transformation benefits profile	25.00%	50.00%	100.00%	100.00%
Transformation costs profile	30.00%	30.00%	30.00%	10.00%
Payback period North	**Less than 1 year**			
Payback period South	**Less than 1 year**			

Net Summary stretch				
Financial year	**28/29**	**29/30**	**30/31**	**31/32**
Year following vesting	**Y1**	**Y2**	**Y3**	**Y4 -10**
Total Benefits	**£22,788,753**	**£45,577,506**	**£91,155,012**	**£91,155,012**
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe)*	**£11,412,090**	**£22,824,180**	**£45,648,360**	**£45,648,360**
South *(Nottingham City, Broxtowe and Gedling)*	**£11,376,663**	**£22,753,326**	**£45,506,651**	**£45,506,651**
North Total Costs	£7,694,893	£7,694,893	£7,694,893	£2,564,964
South Total Costs	£7,771,254	£7,771,254	£7,771,254	£2,590,418
Transformation benefits profile	25.00%	50.00%	100.00%	100.00%
Transformation costs profile	30.00%	30.00%	30.00%	10.00%
Payback period North	**Less than 1 year**			
Payback period South	**Less than 1 year**			

Option 1E | Transformation Benefits

The estimated transformation benefits for Option 1E are set out on this page.

These are additional benefits which the new UAs could achieve post-vesting day through transformation for example, by implementing digital technology, AI, automation, and redesigned operating models.

These potential savings are over and above aggregation benefits identified above (previous slide).

The scope of transformation savings would need to be refined by the new authorities including identifying individual opportunities and establishing programmes of work.

In this scenario, the phasing of the cost of transformation over multiple years means that the authorities would see a net benefit in year 1 (hence payback periods of less than 1 year). However, it should be noted that authorities would bear a cost for transformation activity over four years rather than in one as in scenario A.

Net Summary base				
Financial year	28/29	29/30	30/31	31/32
Year following vesting	Y1	Y2	Y3	Y4 -10
Total Benefits	**£16,906,794**	**£33,813,588**	**£67,627,176**	**£67,627,176**
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Gedling)*	**£8,466,544**	**£16,933,088**	**£33,866,175**	**£33,866,175**
South *(Nottingham City, Broxtowe and Rushcliffe)*	**£8,440,250**	**£16,880,500**	**£33,761,001**	**£33,761,001**
North Total Costs	£4,874,389	£4,874,389	£4,874,389	£1,624,796
South Total Costs	£4,882,141	£4,882,141	£4,882,141	£1,627,380
Transformation benefits profile	25.00%	50.00%	100.00%	100.00%
Transformation costs profile	30.00%	30.00%	30.00%	10.00%
Payback period North	**Less than 1 year**			
Payback period South	**Less than 1 year**			

Net Summary stretch				
Financial year	28/29	29/30	30/31	31/32
Year following vesting	Y1	Y2	Y3	Y4 -10
Total Benefits	**£22,782,326**	**£45,564,652**	**£91,129,304**	**£91,129,304**
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Gedling)*	**£11,409,809**	**£22,819,618**	**£45,639,236**	**£45,639,236**
South *(Nottingham City, Broxtowe and Rushcliffe)*	**£11,372,517**	**£22,745,034**	**£45,490,068**	**£45,490,068**
North Total Costs	£7,726,201	£7,726,201	£7,726,201	£2,575,400
South Total Costs	£7,737,633	£7,737,633	£7,737,633	£2,579,211
Transformation benefits profile	25.00%	50.00%	100.00%	100.00%
Transformation costs profile	30.00%	30.00%	30.00%	10.00%
Payback period North	**Less than 1 year**			
Payback period South	**Less than 1 year**			

4c. **Transformation scenario c:** *Alternative cost phasing profile*

Option 1B | Transformation Benefits

The estimated transformation benefits for Option 1B are set out on this page.

These are additional benefits which the new UAs could achieve post-vesting day through transformation for example, by implementing digital technology, AI, automation, and redesigned operating models.

These potential savings are over and above aggregation benefits identified above (previous slide).

The scope of transformation savings would need to be refined by the new authorities including identifying individual opportunities and establishing programmes of work.

In this scenario, the phasing of the cost of transformation over multiple years means that the authorities would see a net benefit in year 1 (hence payback periods of less than 1 year). This is, however, a lower net benefit for years 1 and 2 when compared with Scenario B as a result of the assumed higher cost phasing for these initial years of transformation.

Net Summary base				
Financial year	28/29	29/30	30/31	31/32
Year following vesting	Y1	Y2	Y3	Y4 -10
Total Benefits	**£16,911,152**	**£33,822,304**	**£67,644,607**	**£67,644,607**
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe)*	**£8,478,909**	**£16,957,818**	**£33,915,635**	**£33,915,635**
South *(Nottingham City, Broxtowe and Gedling)*	**£8,432,243**	**£16,864,486**	**£33,728,972**	**£33,728,972**
North Total Costs	£6,470,881	£6,470,881	£1,617,720	£1,617,720
South Total Costs	£6,539,917	£6,539,917	£1,634,979	£1,634,979
Transformation benefits profile	25.00%	50.00%	100.00%	100.00%
Transformation costs profile	40.00%	40.00%	10.00%	10.00%
Payback period North	Less than 1 year			
Payback period South	Less than 1 year			

Net Summary stretch				
Financial year	28/29	29/30	30/31	31/32
Year following vesting	Y1	Y2	Y3	Y4 -10
Total Benefits	**£22,788,753**	**£45,577,506**	**£91,155,012**	**£91,155,012**
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe)*	**£11,412,090**	**£22,824,180**	**£45,648,360**	**£45,648,360**
South *(Nottingham City, Broxtowe and Gedling)*	**£11,376,663**	**£22,753,326**	**£45,506,651**	**£45,506,651**
North Total Costs	£10,259,858	£10,259,858	£2,564,964	£2,564,964
South Total Costs	£10,361,672	£10,361,672	£2,590,418	£2,590,418
Transformation benefits profile	25.00%	50.00%	100.00%	100.00%
Transformation costs profile	40.00%	40.00%	10.00%	10.00%
Payback period North	Less than 1 year			
Payback period South	Less than 1 year			

Option 1E | Transformation Benefits

The estimated transformation benefits for Option 1E are set out on this page.

These are additional benefits which the new UAs could achieve post-vesting day through transformation for example, by implementing digital technology, AI, automation, and redesigned operating models.

These potential savings are over and above aggregation benefits identified above (previous slide).

The scope of transformation savings would need to be refined by the new authorities including identifying individual opportunities and establishing programmes of work.

In this scenario, the phasing of the cost of transformation over multiple years means that the authorities would see a net benefit in year 1 (hence payback periods of less than 1 year). This is, however, a lower net benefit for years 1 and 2 when compared with Scenario B as a result of the assumed higher cost phasing for these initial years of transformation.

Net Summary base				
Financial year	28/29	29/30	30/31	31/32
Year following vesting	Y1	Y2	Y3	Y4 -10
Total Benefits	**£16,906,794**	**£33,813,588**	**£67,627,176**	**£67,627,176**
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood,Gedling)*	**£8,466,544**	**£16,933,088**	**£33,866,175**	**£33,866,175**
South *(Nottingham City, Broxtowe and Rushcliffe)*	**£8,440,250**	**£16,880,500**	**£33,761,001**	**£33,761,001**
North Total Costs	£6,499,186	£6,499,186	£1,624,796	£1,624,796
South Total Costs	£6,509,521	£6,509,521	£1,627,380	£1,627,380
Transformation benefits profile	25.00%	50.00%	100.00%	100.00%
Transformation costs profile	40.00%	40.00%	10.00%	10.00%
Payback period North	**Less than 1 year**			
Payback period South	**Less than 1 year**			

Net Summary stretch				
Financial year	28/29	29/30	30/31	31/32
Year following vesting	Y1	Y2	Y3	Y4 -10
Total Benefits	**£22,782,326**	**£45,564,652**	**£91,129,304**	**£91,129,304**
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood,Gedling)*	**£11,409,809**	**£22,819,618**	**£45,639,236**	**£45,639,236**
South *(Nottingham City, Broxtowe and Rushcliffe)*	**£11,372,517**	**£22,745,034**	**£45,490,068**	**£45,490,068**
North Total Costs	£10,301,601	£10,301,601	£2,575,400	£2,575,400
South Total Costs	£10,316,844	£10,316,844	£2,579,211	£2,579,211
Transformation benefits profile	25.00%	50.00%	100.00%	100.00%
Transformation costs profile	40.00%	40.00%	10.00%	10.00%
Payback period North	**Less than 1 year**			
Payback period South	**Less than 1 year**			

5. Summary position

This page summarises the key components of the financial case for local government reorganisation, and the impact on the two proposed new unitary authorities for Nottingham and Nottinghamshire.

The analysis summarises:

- the inherited net budget position that each proposed unitary authority would inherit under the two options;
- projected costs and benefits realisable through reorganisation;
- financial disbenefits accrued through the transfers of services between the proposed UA areas;
- costs and benefits of post-reorganisation transformation activity in a "base" scenario.

LGR | Summary of financial case

Option 1b

	28/29 Cumulative budget gap [1]	One-off LGR transition Costs	Projected transition benefit [2] *(recurring)*	Projected transformation costs (base)	Projected transformation benefit (base) [3]
North *(Ashfield, Bassetlaw, Mansfield, Newark and Sherwood, Rushcliffe)*	£43,483,641	£21,366,157	£23,508,381	£16,177,203	£33,915,635
South *(Nottingham City, Broxtowe and Gedling)*	£70,906,860	£14,332,277	£7,064,360	£16,349,792	£33,728,972

Option 1e

	28/29 Cumulative budget gap [1]	One-off LGR transition Costs	Projected transition benefit [2] *(recurring)*	Projected transformation costs (base)	Projected transformation benefit (base)
North *(Ashfield, Bassetlaw, Gedling, Newark and Sherwood*	£42,231,311	£21,568,951	£23,427,154	£16,247,964	£33,866,175
South *(Nottingham City, Broxtowe and Rushcliffe)*	£72,159,190	£13,789,774	£7,145,588	£16,273,802	£33,761,001

Notes:

[1] Assumes MTFS savings delivery, reserves transfer and exceptional financial support are delivered.

[2] Represents 100% of projected transition benefit *(due to take effect in year 3 - 2030/31)*

[3] Represents 100% of projected transformation benefit *(due to take effect in year 3 - 2030/31), as considered in Scenario A*

6. Council Tax Harmonisation scenarios

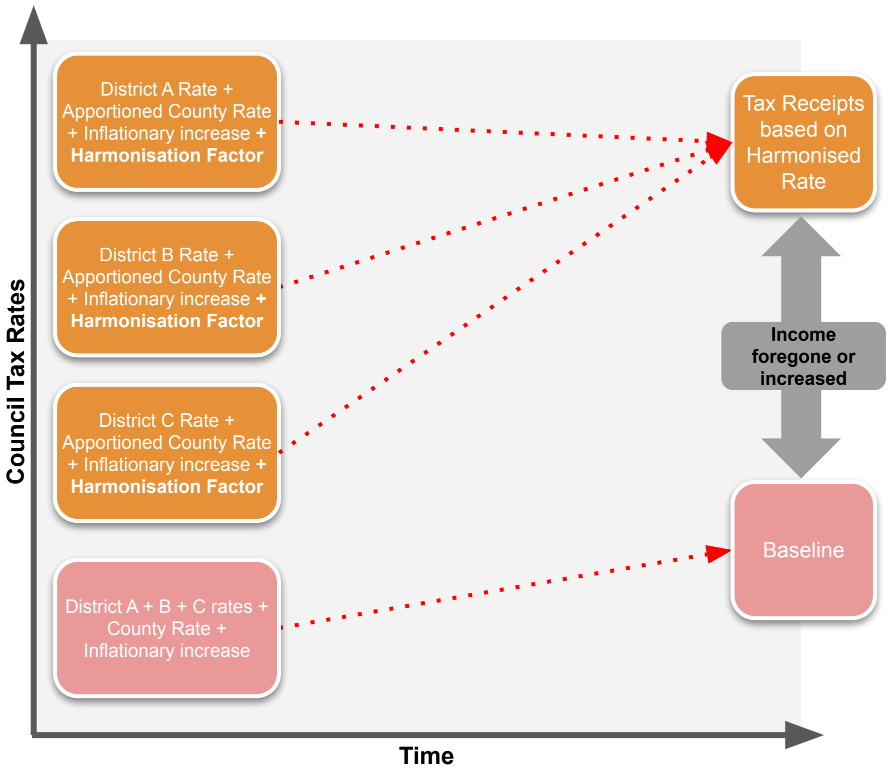
Council Tax Harmonisation is the process which brings the existing bands of tax payable across districts together to form a single future set of bands for a newly formed authority.

Under the Local Government (Structural Changes) (Finance) Regulations 2008, the same level of council tax should be in payment across the whole of the new authority area within seven years of vesting day.

This therefore represents a fiscal lever available to the new unitary authorities as they undertake their initial financial planning following vesting.

This may involve increasing taxes to the highest among the current rates, reducing to the lowest, or bringing taxes towards a calculated median point. Additionally, a ‘weighted average’ approach can be employed which prevents significant changes for taxpayers. The time taken to make the adjustment will influence the difference between the income from current rates, and the harmonised rate which may represent income foregone or increased over the harmonisation period.

Council Tax | Low, Medium, High Approaches



Harmonising to the highest current rate is likely to lead to larger increases for citizens paying less tax currently, but is also likely to forego less income - and potentially to generate additional income in some areas.

Harmonising to the average (mean) will result in changes to all rates (as the mean is unlikely to exactly equal one of the existing rates). The overall impact will vary depending on the current tax structure.

Harmonising to the lowest current rate is likely to forego the greatest income, but has the lowest impact on rates in areas with lower taxation. This may be seen as more equitable but is more costly in terms of income

Note: The setting of council tax rates is a member function and will be exercised by either a shadow or continuing authority. These scenarios are therefore presented to demonstrate the potential implications of the various available approaches. It should also be noted that the new unitaries are not required to take the same approach to harmonisation as each other.

Following LGR there is a requirement to harmonise council tax rates, to ensure that all parts of a new unitary area are paying the same rate within a maximum of seven years. An alternative approach used in some areas follows a “weighted average” method to harmonise rates from day 1.

The weighted-average option is modelled on the projected FY28/29 Band D rate for each local authority. The weighted weighted Band D charge is calculated by dividing total council tax by the total tax base.

This sets the single rate equal to the weighted average of existing rates, so there is no material change to aggregate council tax income (unlike phasing over several years, which changes timing and distributional impacts).

Council Tax | Weighted Average

Option 1b	Area	2028/29 Rate	Weighted Average Rate	Impact on the Resident
North	Bassetlaw	£2,418	£2,411	-£7
	Ashfield	£2,419	£2,411	-£8
	Mansfield	£2,419	£2,411	-£8
	Newark & Sherwood	£2,410	£2,411	£0
	Rushcliffe	£2,393	£2,411	£18
South	Nottingham City UA	£2,619	£2,511	-£108
	Broxtowe	£2,405	£2,511	£106
	Gedling	£2,406	£2,511	£105

Following LGR there is a requirement to harmonise council tax rates, to ensure that all parts of a new unitary area are paying the same rate within a maximum of seven years. An alternative approach used in some areas follows a “weighted average” method to harmonise rates from day 1.

The weighted-average option is modelled on the projected FY28/29 Band D rate for each local authority. The weighted weighted Band D charge is calculated by dividing total council tax by the total tax base.

This sets the single rate equal to the weighted average of existing rates, so there is no material change to aggregate council tax income (unlike phasing over several years, which changes timing and distributional impacts).

Council Tax | Weighted Average

Option 1e	Area	2028/29 Rate	Weighted Average Rate	Impact on the Resident
North	Bassetlaw	£2,418	£2,414	-£4
	Ashfield	£2,419	£2,414	-£5
	Gedling	£2,406	£2,414	£8
	Mansfield	£2,419	£2,414	-£5
	Newark & Sherwood	£2,410	£2,414	£4
South	Nottingham City UA	£2,619	£2,501	-£118
	Broxtowe	£2,405	£2,501	£96
	Rushcliffe	£2,393	£2,501	£108

A summary of the projected council tax receipts for each authority under Option 1b has been provided.

Three scenarios have been modelled:

- **Harmonisation after one year (i.e. 2029/30)**
- Harmonisation after three years (i.e. 2031/32)
- Harmonisation after seven years (i.e. 2035/6)

These scenarios show the impact on harmonisation on the Final Band D level, the income foregone or received within the system, and the average change in council tax rate.

Average change rates above 4.99% would exceed the trigger for a referendum on council tax. This is especially pertinent for "mid" and "high" scenarios. While some flexibility is available in setting rates using an 'Alternative Notional Amount' this would require the approval of MHCLG.

Council Tax | 1 year harmonisation scenarios

Option	Unitary Authority	Harmonisation level	Final Band D level in 2029/30	Average change in council tax rate	Income foregone/received over respective year
1b	**North** *(Ashfield, Bassetlaw, Mansfield, Newark & Sherwood and Rushcliffe)*	**Low**	£2,508	**4.00%**	**Low- £3.67M** **Mid- £323K** **High- £1.8M**
		Mid	£2,528	**4.81%**	
		High	£2,535	**5.12%**	
	South *(Nottingham City, Broxtowe and Gedling)*	**Low**	£2,521	**1.78%**	**Low- £16.8M** **Mid- £5.3M** **High- £17.7M**
		Mid	£2,597	**4.88%**	
		High	£2,750	**11.02%**	

A summary of the projected council tax receipts for each authority under Option 1e has been provided.

Three scenarios have been modelled:

- **Harmonisation after one year (i.e. 2029/30)**
- Harmonisation after three years (i.e. 2031/32)
- Harmonisation after seven years (i.e. 2035/6)

These scenarios show the impact on harmonisation on the Final Band D level, the income foregone or received within the system, and the average change in council tax rate.

Average change rates above 4.99% would exceed the trigger for a referendum on council tax. This is especially pertinent for "mid" and "high" scenarios. While some flexibility is available in setting rates using an 'Alternative Notional Amount' this would require the approval of MHCLG.

Council Tax | 1 year harmonisation scenarios

Option	Unitary Authority	Harmonisation level	Final Band D level in 2029/30	Average change in council tax rate	Income foregone/received over respective year
1e	**North** *(Ashfield, Bassetlaw, Gedling, Newark & Sherwood and Mansfield)*	**Low**	£2,522	**4.44%**	**Low- £1.6M** **Mid- £79.7K** **High- £992.2k**
		Mid	£2,531	**4.81%**	
		High	£2,535	**5.00%**	
	South *(Nottingham City, Broxtowe and Rushcliffe)*	**Low**	£2,508	**1.46%**	**Low- £18.1M** **Mid- £4.5M** **High- £20.9M**
		Mid	£2,593	**4.88%**	
		High	£2,750	**11.22%**	

A summary of the projected council tax receipts for each authority under option 1b has been provided.

Three scenarios have been modelled:

- Harmonisation after one year (i.e. 2029/30)
- **Harmonisation after three years (i.e. 2031/32)**
- Harmonisation after seven years (i.e. 2035/6)

These scenarios show the impact on harmonisation on the Final Band D level, the income foregone or received within the system, and the average change in council tax rate.

Average change rates above 4.99% would exceed the trigger for a referendum on council tax. This is especially pertinent for "mid" and "high" scenarios. While some flexibility is available in setting rates using an 'Alternative Notional Amount' this would require the approval of MHCLG.

Council Tax | 3 year harmonisation scenarios

Option	Unitary Authority	Harmonisation level	Final Band D level in 2031/32	Average change in council tax rate	Income foregone/received over respective year
1b	**North** *(Ashfield, Bassetlaw, Mansfield, Newark & Sherwood and Rushcliffe)*	**Low**	£2,756	**4.55%**	**Low- £7.6M** **Mid- £704.5K** **High- £3.8M**
		Mid	£2,777	**4.81%**	
		High	£2,785	**4.91%**	
	South *(Nottingham City, Broxtowe and Gedling)*	**Low**	£2,770	**3.80%**	**Low- £37.8M** **Mid- £11.9M** **High- £39.0M**
		Mid	£2,857	**4.88%**	
		High	£3,031	**6.96%**	

A summary of the projected council tax receipts for each authority under option 1e has been provided.

Three scenarios have been modelled:

- Harmonisation after one year (i.e. 2029/30)
- **Harmonisation after three years (i.e. 2031/32)**
- Harmonisation after seven years (i.e. 2035/6)

These scenarios show the impact on harmonisation on the Final Band D level, the income foregone or received within the system, and the average change in council tax rate.

Average change rates above 4.99% would exceed the trigger for a referendum on council tax. This is especially pertinent for "mid" and "high" scenarios. While some flexibility is available in setting rates using an 'Alternative Notional Amount' this would require the approval of MHCLG.

Council Tax | 3 year harmonisation scenarios

Option	Unitary Authority	Harmonisation level	Final Band D level in 2031/32	Average change in council tax rate	Income foregone/received over respective year
1e	**North** *(Ashfield, Bassetlaw, Gedling, Newark & Sherwood and Mansfield)*	**Low**	£2,771	**4.69%**	**Low- £3.3M** **Mid- £193.5K** **High- £2.1M**
		Mid	£2,780	**4.81%**	
		High	£2,785	**4.87%**	
	South *(Nottingham City, Broxtowe and Rushcliffe)*	**Low**	£2,756	**3.69%**	**Low- £40.6M** **Mid- £10.1M** **High- £46.1M**
		Mid	£2,852	**4.88%**	
		High	£3,031	**7.03%**	

A summary of the projected council tax receipts for each authority under option 1b has been provided.

Three scenarios have been modelled:

- Harmonisation after one year (i.e. 2029/30)
- Harmonisation after three years (i.e. 2031/32)
- **Harmonisation after seven years (i.e. 2035/6)**

These scenarios show the impact on harmonisation on the Final Band D level, the income foregone or received within the system, and the average change in council tax rate.

Average change rates above 4.99% would exceed the trigger for a referendum on council tax. This is especially pertinent for "mid" and "high" scenarios. While some flexibility is available in setting rates using an 'Alternative Notional Amount' this would require the approval of MHCLG.

Council Tax | 7 year harmonisation scenarios

Option	Unitary Authority	Harmonisation level	Final Band D level in 2035/36	Average change in council tax rate	Income foregone/received over respective year
1b	**North** *(Ashfield, Bassetlaw, Mansfield, Newark & Sherwood and Rushcliffe)*	**Low**	£3,330	**4.71%**	**Low- £15.9M** **Mid- £1.9M** **High- £8.7M**
		Mid	£3,353	**4.82%**	
		High	£3,362	**4.86%**	
	South *(Nottingham City, Broxtowe and Gedling)*	**Low**	£3,344	**4.38%**	**Low- £92.9M** **Mid- £29.1M** **High- £96.0M**
		Mid	£3,458	**4.88%**	
		High	£3,683	**5.83%**	

A summary of the projected council tax receipts for each authority under option 1e has been provided.

Three scenarios have been modelled:

- Harmonisation after one year (i.e. 2029/30)
- Harmonisation after three years (i.e. 2031/32)
- Harmonisation after seven years (i.e. 2035/6)

These scenarios show the impact on harmonisation on the Final Band D level, the income foregone or received within the system, and the average change in council tax rate.

Average change rates above 4.99% would exceed the trigger for a referendum on council tax. This is especially pertinent for "mid" and "high" scenarios. While some flexibility is available in setting rates using an 'Alternative Notional Amount' this would require the approval of MHCLG.

Council Tax | 7 year harmonisation scenarios

Option	Unitary Authority	Harmonisation level	Final Band D level in 2035/36	Average change in council tax rate	Income foregone/received over respective year
1e	**North** *(Ashfield, Bassetlaw, Gedling, Newark & Sherwood and Mansfield)*	**Low**	£3,346	**4.80%**	**Low- £6.7M** **Mid- £800.4K** **High- £4.9M**
		Mid	£3,356	**4.82%**	
		High	£3,362	**4.84%**	
	City UA *(Nottingham City, Broxtowe and Rushcliffe)*	**Low**	£3,330	**4.34%**	**Low- £98.8M** **Mid- £24.4M** **High- £113.4M**
		Mid	£3,452	**4.88%**	
		High	£3,683	**5.86%**	