NEWCASTLE UNDER LYME BOROUGH COUNCIL

PLEASE NOTE THAT PRAYERS WILL BE HELD AT 6.50PM BEFORE THE COMMENCEMENT OF THE BUSINESS OF THE COUNCIL.

THE MAYOR REQUESTS THAT ANY MEMBER WISHING TO PARTICIPATE IN PRAYERS BE IN ATTENDANCE BY NO LATER THAN 6.45PM.

Dear Sir/Madam,

You are summoned to attend the meeting of the Borough Council of Newcastle-under-Lyme to be held in the **Queen Elizabeth II & Astley Rooms - Castle House, Barracks Road, Newcastle, Staffs. ST5 1BL** on **Wednesday, 12th February, 2025** at **7.00 pm**.

B U S I N E S S

1 APOLOGIES

2 DECLARATIONS OF INTEREST

To receive declarations of interest from Members on items contained within this agenda.

3 MINUTES OF A PREVIOUS MEETING **(Pages 5 - 14)**

To consider the Minutes of the previous meeting(s)

4 MAYOR'S ANNOUNCEMENTS

5 REVENUE AND CAPITAL BUDGET STRATEGIES 2025/26 **(Pages 15 - 154)**

6 PAY POLICY STATEMENT **(Pages 155 - 164)**

7 CHANGES TO COMMITTEE MEMBERSHIP **(Pages 165 - 168)**

8 MOTIONS OF MEMBERS **(Pages 169 - 172)**

A Motion has been received regarding changes to the state pension triple lock and protecting pensioners from poverty

9 QUESTIONS TO THE MAYOR, CABINET MEMBERS AND COMMITTEE CHAIRS **(Pages 173 - 174)**

10 RECEIPT OF PETITIONS

To receive from Members any petitions which they wish to present to the Council.

11 URGENT BUSINESS

To consider any communications which pursuant to Section B4, Rule 9 of the constitution are, in the opinion of the Mayor, of an urgent nature and to pass thereon such resolutions as may be deemed necessary.

12 DISCLOSURE OF EXEMPT INFORMATION

To resolve that the public be excluded from the meeting during consideration of the following report(s) as it is likely that there will be disclosure of exempt information as defined in paragraphs contained within Part 1 of Schedule 12A (as amended) of the Local Government Act 1972.

Yours faithfully

Chief Executive

NOTICE FOR COUNCILLORS

1. **Fire/Bomb Alerts**

   In the event of the fire alarm sounding, leave the building immediately, following the fire exit signs.

   Fire exits are to be found at the side of the room leading into Queens Gardens.

   On exiting the building Members, Officers and the Public must assemble at the statue of Queen Victoria. DO NOT re-enter the building until advised to by the Controlling Officer.

2. **Mobile Phones**

   Please switch off all mobile phones before entering the Council Chamber.

3. **Notice of Motion**

   A Notice of Motion other than those listed in Procedure Rule 14 must reach the Chief Executive ten clear days before the relevant Meeting of the Council. Further information on Notices of Motion can be found in Section B5, Rule 4 of the Constitution of the Council.

Officers will be in attendance prior to the meeting for informal discussions on agenda items.

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COUNCIL

Wednesday, 22nd January, 2025
Time of Commencement: 7.00 pm

[View the agenda here]

[Watch the meeting here]

Present: Mayor - Councillor Barry Panter (Chair)

Councillors:	Adcock	Heesom	Stubbs
	Barker MBE	Holland	Sweeney
	Beeston	Fox-Hewitt	J Tagg
	Berrisford	Hutchison	S Tagg (Leader)
	Brown	Johnson	J Waring
	Bryan	S Jones	P Waring
	Burnett-Faulkner	D Jones	Whieldon
	Crisp	Lewis	Whitmore
	Dymond	Northcott	Wilkes
	Edginton-Plunkett	Parker	G Williams
	Fear	Reece	J Williams
	Gorton	Richards	Wright
	Grocott	Skelding	

Apologies: Councillor(s) Allport, Bettley-Smith, Lawley and Moss

Officers:	Gordon Mole	Chief Executive
	Simon McEneny	Deputy Chief Executive
	Anthony Harold	Service Director - Legal & Governance / Monitoring Officer
	Sarah Wilkes	Service Director - Finance / S151 Officer
	Sam Clark	Service Director - IT & Digital
	Geoff Durham	Civic & Member Support Officer

1. DECLARATIONS OF INTEREST

There were no declarations of interest stated.

2. MINUTES OF A PREVIOUS MEETING

Resolved: That the minutes of the meeting held on 20 November, 2024 be agreed as a correct record.

3. MAYOR'S ANNOUNCEMENTS

The Mayor announced that his Charity Ball will be held on Saturday 29 March at Keele Hall and asked Members for their support.

4. DEVOLUTION & LOCAL GOVERNMENT REORGANISATION: WHITE PAPER

The Leader introduced a report seeking endorsement and support to act to preserve the borough, following release of the English Devolution White Paper on 16 December, 2024.

The paper added forced unitarization to the devolution and stated that councils should be around 500,000 residents strong implying that Stoke City Council could merge with Newcastle and would take away the decision making and delivery of its services.

Devolution had been on the agenda for a while. The previous government was bringing forward devolution deals – bringing more power and money to be spent locally to deliver services. The Staffordshire Leaders Board put in a devolution submission in September when the present government indicated that they wished to have submissions. There had been no mention of forced unitarization but there was mention of elected mayors. Members' attention was drawn to paragraphs 1.4 and 1.5 of the report which set out what had been included in the Staffordshire Leaders Board submission.

The Leader stated that thousands of residents in the borough appreciated its history. There was a proud record of delivery of services here which could suffer under unitarization. This Council needed to stand up for its residents and for the history of the Borough.

The Leader had reached out to Adam Jogee MP for his support in saving the borough and he had mentioned it in Parliament since.

This Council needed to ensure that any changes served the best interests of residents and preserve the unique character, autonomy and history of the borough.

The Government would be setting out the full details by the end of January and were hoping for a submission during March. Newcastle was not in the initial phase, it would be possibly 2027/28 before there was any significant change.

The Mayor referred to an amendment that had been tabled this evening by the Labour Group, however, an adjournment of the meeting was required for officers and the Mayor to review the document before proceeding further.

Meeting adjourned at 7.20pm

Meeting resumed at 7.51pm

The Mayor stated that, following advice from the Monitoring Officer, the amendment was declined due to it being deemed to negate the motion contained within the agenda.

Councillor Parker arrived at 7.55pm

Councillor Sweeney, in seconding the motion stated that he had been looking through various papers and had come across various aspects that reorganisation must achieve, such as enhancing local services and democracy; have the support of local residents and have the agreement of the whole local government sector which he felt would not do so in this case. Councillor Sweeney questioned how cutting councillors would increase democratic accountability. Reorganisation would not drive savings if there were redundancy, consultancy and set-up costs.

Councillor Dave Jones stated that reorganisation was a once in a generation opportunity to reset council services and design better provision for residents. The formation of the new unitary councils came with the proposal of more devolved powers over various services. It would provide an opportunity to have a seat at the table of upper tier services. Councillor Jones felt that reorganisation was needed because residents were being let down by the County Council.

Councillor Whieldon stated that Stoke on Trent City Council had never had a good bank balance and without financial and fiscal security in Newcastle, it would be at a distance as the city would take precedence and Newcastle would be used to prop up Stoke's fiscal failings.

Councillor Stubbs stated that modern governance needs may differ from those in the past and historical independence did not provide a practical argument against reorganisation. Reorganisation could streamline services and improve efficiency and bring additional resources and expertise. Councillor Stubbs stated that a more comprehensive analysis of the White Paper should consider both the risks and the opportunities.

Councillor Reece stated that reorganisation had the potential to deal with pressing issues for residents such as adult social care and hospitals. Reorganisation of local authorities across Staffordshire and the creation of larger, more geographically representative unitary councils would allow for the resetting of relationships with care providers, integrated care boards and hospital trusts.

Councillor Paul Waring stated that this Authority had provided a sound financial base and as such benefited from significant assets. Any amalgamation would be detrimental to residents and there was no clear evidence that creating larger bodies led to economies of scale. It had been seen where larger authorities had got into financial difficulty whereas smaller ones had managed to avoid it.

Councillor Adcock stated that it was important to stand up for the Borough of Newcastle-under-Lyme. Cross-council working had many benefits and Newcastle was proud to work with its partners, however, a much larger unitary authority would have much less focus on Newcastle and its villages/rural areas.
Newcastle's business would be decided in Stoke by councillors, very few of whom represented the borough.

Councillor Fox-Hewitt stated that councils had a duty to hold power to account and to ensure that changes serve the public good.

Councillor Skelding stated that the White Paper represented the dilution of the borough's heritage and the loss of its individual identity. Local facilities such as the museum would be lost and there would be no control over money coming into the borough for projects.

Councillor Gorton stated that the White Paper adopted a high handed, top down approach. There was very little in the White Paper to justify the combining of county and borough/district councils. Change of some kind may be coming and there were two ways in which the Council could respond; refuse any reform or work with other Staffordshire councils to put together models for a new structure of local government. There were key aspects that needed to be preserved in any new structure such as mayoralty, honorary aldermen and burgesses. Change to the delivery of services in North Staffordshire may allow councils to improve and strengthen key services.

It was hoped that before a firm decision was reached here at Newcastle, all Members would be able to scrutinise and examine the options for change.

Councillor Heesom stated that this Council was solvent and well run and had demonstrated that it could focus and influence actions and decisions at a local level.

Councillor Lewis stated that highways and transport were letting people down and said that it was time for accountability and a commitment to delivering the basic standards.

Councillor Holland stated that it could be considered more widely whether unitarization was a good thing and what the optimum size for a unitary authority might be. Referring to being made into a larger authority, Councillor Holland stated that the Walleys Quarry Issue, the Local Plan and the Town Deals funding would not have been dealt with as effectively as this Council had done.

Councillor Brown stated that ways of improving and enhancing the services provided by this Council could be looked at. Residents had not been consulted on this yet and therefore it was not known if they would be opposed to any reorganisation. A unitary authority could simplify the way in which a council worked.

Councillor Fear stated that the White Paper was all about centralisation; taking power away from smaller groups to bigger groups and with fewer elected members per head of population. Having been a Councillor at Newcastle for many years, Councillor Fear stated that every power that had been moved upwards, away from the Borough had got worse.

In summing up, the Leader thanked all Members for their views and stated that he would be engaging with this and had been since the announcement in December and had been key members in putting together the bid that went in for devolution in September, which the government did not respond to.

The Leader stated that attacks on the County Council were bad form, especially as their public health function had been heavily involved with the Walleys Quarry issue and continued to be so.

The White Paper had been sprung upon local authorities by the government in December, 2024 after bids for devolution had been requested in September of that year.

It was hoped that this Council could work with the local MP to put forward a case accepting the history of the borough and that local services were best and to point out some of the deficiencies of unitarization. If the government forced this forward this Council would work with its partners to make whatever was imposed happen.

A named vote was requested:

ADCOCK	Y	GORTON	N	RICHARDS	N
ALLPORT	ABSENT	GROCOTT	N	SKELDING	Y
BARKER	Y	HEESOM	Y	STUBBS	N
BEESTON	Y	HOLLAND	Y	SWEENEY	Y

BERRISFORD	Y	HUTCHISON	Y	J TAGG	Y
BETTLEY-SMITH	ABSENT	JOHNSON	Y	S TAGG	Y
		D JONES	N	J WARING	Y
BROWN	N	S JONES	ABSENT	P WARING	Y
BRYAN	Y	LAWLEY	ABSENT	WHIELDON	Y
BURNETT-FAULKNER	Y	LEWIS	N	WHITMORE	Y
CRISP	Y	MOSS	ABSENT	WILKES	Y
DYMOND	N	NORTHCOTT	Y	G WILLIAMS	N
EDGINGTON-PLUNKETT	N	PANTER	Y	J WILLIAMS	N
FEAR	Y	PARKER	Y	WRIGHT	N
FOX-HEWITT	N	REECE	N		

In Favour (Y) – 24

Against (N) - 14

Abstain – 0

The motion was carried

Resolved:
(i) That the contents and implications of the English Devolution White Paper be noted.
(ii) That Council pledges to stand up for the historic independence of the Borough.
(iii) That the petitioning of residents in relation to the preservation of the Borough, be supported.
(iv) That Newcastle-under-Lyme's Members of Parliament be called upon to support the Borough's preservation, and that they engage with Government Ministers in stating the case for the Borough.
(v) That the Leader & Chief Executive write to the Deputy Prime Minister and relevant Ministers stating the Council's position.
(vi) That the Leader be enabled to take forward necessary discussions and actions with Government and others and report these to the next suitable full Council.

[Watch the debate here]

5. **STATEMENT OF THE LEADER OF THE COUNCIL**

The Leader, Councillor Simon Tagg presented the statement that had been circulated about the activities and decisions made by Cabinet to allow questions and comments.

Questions were raised and responses were provided as follows.

<u>On paragraph 2 – Walleys Quarry Odour Issue</u>

Councillor Adcock referred to the ongoing issues and especially over the last few months, following the issuing of the closure notice. Recently there had been over three thousand complaints in one week. What was now required was for the Secretary of State to fast track the appeal hearing.

Councillor Dave Jones echoed Councillor Adcock's comments. He stated that he had been disappointed with comments made in recent election literature and asked the Leader if he agreed that the comments were factually inaccurate and harmed the long standing agreement that Walleys Quarry remained an issue that united all Members in seeking a resolution.

The Leader stated that during any election, literature was put out by all groups making the case to vote for their candidate, which contained criticisms.

Councillor Whieldon asked what monitoring was taking place regarding the Environment Agency and the closure notice.

The Leader agreed that the issue needed to be resolved and that suffering had been amplified since Christmas. He stated that the Chief Executive sat on a group which sought assurances on the progress of the work to let both council members and the public know what was happening.

Councillor John Williams referred to the travellers whose site adjoined Walleys Quarry and asked if there had been any representations from them.

The Leader agreed that this was a good point and stated that the SCG there was extra concentration and analysis on those residents. It was also reflected with council officers and its partners who monitored the travellers' wellbeing.

<u>On paragraph 3 – Borough Local Plan Submission</u>

Councillor Bryan asked the Portfolio Holder for Strategic Planning if he could outline the next steps now that it had been submitted and how rural areas were protected.

Councillor Crisp asked if the rumours of the government's plans to force through a new local plan were correct and asked the Portfolio Holder for Strategic Planning for an update.

The Portfolio Holder confirmed that the local plan had been submitted before Christmas and thanked the Planning team for their hard work on this. By submitting it, the Council did not have to put in the revised housing target from the new government although the rules had been changed slightly, therefore the submitted local plan did have the old rules. However, there was now a new National Planning Policy Framework and the rules had now been changed in such a way that the housing requirement would increase and if this Council falls short of the new 80% requirement, the local plan procedure would have to be gone through again.

On paragraph 4 – Draft Revenue and Capital Budget and Strategies 2025/26

Councillor Parker asked the Portfolio Holder for Finance, Town Centres and Growth what the implications were for the Government's cut to the minimum funding guarantee and how this Council would be affected.

The Portfolio Holder stated that grant funding, paid to the Council by Central Government as part of the Local Government Finance Settlement would be cut from £6.123m to £5.852m in 2025/26 – a cut of £271,000.

On paragraph 5 – Car Parking Strategy 2019-29 Update

Councillor Whieldon welcomed the charge of £1 after 1pm that was still running on surface level carparks around the town centre. It was introduced in 2018 to help the footfall in the town centre. The Portfolio Holder for Finance, Town centres and Growth was asked to outline the benefits of this concession and how it was working.

The Portfolio Holder stated that the £1 after 1pm had been very successful and had improved the footfall in the town centre. This Council had never used its car parks as a cash cow

Councillor John Williams asked if parking would still be free for disabled badge holders on the new car park and also, with the car parks being sold off, would there still be the same amount of disabled parking in the town.

The Portfolio Holder confirmed that there would be disabled access onto the new car park bit it would not be free as there would be nobody on there to monitor it. However, the surface level car parks around the town centre would remain the same.

On paragraph 6 – Navigation House Refurbishment Contractor Award

Councillor John Williams asked that, after twelve months of this facility being opened, it go back to scrutiny to assess any anti-social behaviour that had taken place outside of the building.

The Portfolio Holder for Community Safety and Wellbeing stated that she had no problems with it going to scrutiny after twelve months. The Council officers and Rough Sleeper Team were liaising closely with residents in the area and the only people using the facility would be those wanting support.

The Leader stated that this Council had always had a proud record in tackling homelessness, with facilities around the town centre and this would be an addition to those, helping people to get off the streets.

On paragraph 7 – Update on Decarbonisation of the Council's Operational Buildings and Fleet

Councillor Northcott congratulated everyone involved in this and particularly the teams who dealt with collections over the recent period of bad weather and the clear instructions put onto the website regarding the collections that had been missed. The Leader asked the Leader and the Portfolio Holder for Sustainable Environment that this excellent service continue in the future.

The Portfolio Holder confirmed that this would be the case and stated that he was very proud of the recycling and waste team.

Councillor Paul Waring asked the Portfolio Holder for Sustainable Environment what the plans of the Council were to replace the trees at Clough Hall Park that were lost during bad weather.

The Portfolio Holder stated that 60 healthy trees had been uprooted, along with over a hundred in the woodland area; all lost trees would be replaced in due course.

Councillor Berrisford asked the Portfolio Holder for sustainable Environment how the 35% reduction in carbon emissions during the past year had been achieved.

The Portfolio Holder stated that carbon emissions had fallen by 68.37% since measurements began fifteen years ago and effort had accelerated over the last 12 months with a switch to bio-degradable and fossil free fuel for its heavy goods vehicles which had cut carbon emissions by the 35% year on year. In addition, solar panels had been installed at four of the Council's office buildings.

On paragraph 8 – Forward Plan

Councillor Whieldon stated that, here at Newcastle there was a perfect template for fiscal responsibility and responsibility to residents.

The Leader agreed with Councillor Whieldon.

Resolved: That the statement of the Leader of the Council be received and noted.

Watch the debate here

6. **REPORTS OF THE CHAIRS OF THE SCRUTINY COMMITTEES**

Reports for the Finance, Assets and Performance Scrutiny Committee, the Health Wellbeing and Environment Scrutiny Committee and the Economy and Place Scrutiny Committee were attached to the agenda.

Resolved: That the reports be received.

Watch the debate here

7. **REPORTS OF THE CHAIRS OF THE REGULATORY COMMITTEES**

Councillor Paul Northcott advised Council that the Planning Committee had met on 3 December 2024 and there had been five applications for major development and two applications for minor development. There was a report on a non-determination appeal at a site in Loggerheads and an application for a Historic Buildings Grant. Finally there was the regular update report on Boggs Cottages.

The Audit and Standards Committee and the Licensing and Public Protection Committee had not met since the last meeting of Full Council.

Resolved: That the report be received.

Watch the debate here

8. **QUESTIONS TO THE MAYOR, CABINET MEMBERS AND COMMITTEE CHAIRS**

Question from Councillor Richard Gorton to the Leader of the Council

"2025 marks eighty years since the end of the Second World War with Victory in Europe (V E Day) on 8th May 1945 and Victory over Japan (V J Day) on 15th August 1945. Will the Leader of the Council confirm how the Borough Council intends to commemorate these important anniversaries?"

The Leader stated that national guidance was still awaited but confirmed that there would be a beacon lighting ceremony in the Queens Gardens and a commemorative Civic church service on the relevant Sunday. Applications would also be taken from residents wishing to close roads for street parties/events.

The Museum would also be doing a series of events, not only looking at the national ramifications of VE Day but also the impact on Newcastle and its residents.

Where the Council had control over war memorials, they would be the central focus of any celebrations going forward and it would be ensured that they were in a good condition.

Question from Councillor Mark Holland to the Leader of the Council

"We have seen an extreme spell of cold weather affecting residents of the Borough since the New Year. Many of our pensioners are still reeling from the governments cut to the Winter Fuel Allowance, some making a decision about whether to eat or heat.

The Council unanimously passed a Motion at its September meeting asking the Leader & Chief Executive to write to Rachel Reeves, Chancellor of the Exchequer, urging a review of the decision to means-test the Winter Fuel Allowance and asking her to ensure that vulnerable pensioners, particularly those who do not claim Pension Credit, were protected from fuel poverty. Secondly, to write to Adam Jogee MP and the other MPs representing the Borough, calling on them to support the campaign to reverse the Government's decision.

Has the Council received a response from the Chancellor or local MPs?

Mr Jogee told the local newspaper that he would be organising a series of 'roving surgeries' across Newcastle to help pensioners claim Pensions Credit to therefore qualify for the Winter Fuel Allowance.

How many 'roving surgeries' did Mr Jogee hold before the deadline to apply for Pensions Credit to enable pensioners to receive this year's Winter Fuel Allowance?"

The Leader referred to the motion, passed by Full Council last September, part of which was to campaign against the cut to the Winter Fuel Allowance. That was done and all community groups had been written to and two sessions were held for pensioners to come in and get advice on applying for Pension Credit.

Letters were sent to the local MP's and the Chancellor, Rachel Reeves and no responses had been received, however a letter had been received prior to this meeting from MP's who wanted to arrange a meeting.

Regarding the roving surgeries, the Leader had checked and could only see one event, pre-Christmas which was related to Pension Credit.

Councillor Holland asked a supplementary question:

“It being the case that he did not get a reply from the Chancellor or MP, would the Leader write again and in the course of either corresponding with the MP or, in the suggested meeting would he please ask how many of the surgeries were held and how many people may have been reasonably been expected to be assisted with their application for Pension Credit.

It was understood that since the time that the Government had made that announcement there had been a rise in people applying for Pension Credit but it would not have been 100% of those eligible so it was needed to know what worked.

The Leader confirmed that he would do that and feed back to Members and to Councillor \holland who asked the question.

Watch the debate here

9. **RECEIPT OF PETITIONS**

No petitions were handed in.

10. **URGENT BUSINESS**

There was no urgent business.

11. **DISCLOSURE OF EXEMPT INFORMATION**

There were no confidential items.

Mayor - Councillor Barry Panter
Chair

Meeting concluded at 10.01 pm

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S REPORT TO COUNCIL

12 February 2025

Report Title: **Revenue and Capital Budgets and Strategies 2025/26**

Submitted by: **Service Director for Finance (Section 151 Officer)**

Portfolios: **Finance, Town Centres and Growth**

Ward(s) affected: **All**

Purpose of the Report   **Key Decision**   **Yes ☒ No ☐**
This report sets out the recommendations of Cabinet for the 2025/26 General Fund Revenue Budget and the 2025/26 Capital Programme and sets out the recommendations for setting the 2025/26 Council Tax. It also recommends for approval the Medium Term Financial Strategy for 2025/26 to 2029/30, the Capital Strategy for 2025/35, the Treasury Management Strategy for 2025/26, the Investment Strategy for 2025/26 and the Commercial Strategy for 2025/26.
Recommendation **That Council:** **1. Approve the schedule of recommendations set out in Appendix 1.**
Reasons A robust, affordable and balanced budget is required to be set for the financial year 2025/26. The Council needs to have an approved Medium Term Financial Strategy for 2025/26 to 2029/30, an approved Capital Strategy for 2025/26, an approved Treasury Management Strategy for 2025/26, an approved Investment Strategy for 2025/26 and an approved Commercial Strategy for 2025/26 in place before the start of the 2025/26 financial year.

1. Background

1.1 This report is the culmination of the 2025/26 budget process. The Cabinet and the Finance, Assets and Performance Scrutiny Committee (FAPSC) have considered the content of the 2025/26 budget and the resultant Council Tax which is recommended. Cabinet met on 4 February 2025 and recommend a Council Tax for this Council in 2025/26 of £223.04 (based on Band D), as set out in Appendix 1 and Appendix 2. This is an increase of 1.99% (£4.35) a year from the 2024/25 amount, this is below the increase permitted without triggering the requirement for a referendum.

1.2 The Council is committed to the delivery of high quality services. Integral to this ambition is effective targeting of financial resources in line with the vision of "good local services, a prosperous borough and safe and welcoming places for all" and the Council's stated aims and objectives, as set out in the Council Plan 2022-2026, which was approved by Cabinet on 6 September 2022.

1.3 The Medium Term Financial Strategy (MTFS) sets out the Council's financial position over the next 5 years. This is aligned to the Council Plan 2022-2026 and is the key vehicle for ensuring efficiency in service delivery and targeting resources to priority areas.

1.4 There has been good progress against Council Plan objectives in the current year, with high standards of service delivery being achieved overall. Key Council Achievements, linked to the Council Plan objectives, are reported to Cabinet on a quarterly basis. (Details of the Council Plan 2022-2026 can be seen here https://www.newcastle-staffs.gov.uk/policies-1/council-plan-2022-2026

1.5 The 2025/26 budget is based on the assumptions set out in the MTFS which was reported to the Cabinet at its meeting on 9 January 2025, scrutinised by the Finance, Assets and Performance Scrutiny Committee at its meeting on 16 January 2025 and subsequently approved by Cabinet on 4 February 2025 for recommendation to Full Council.

1.6 The Capital Strategy 2025/35 sets out how the Council proposes to deploy its capital resources in order to achieve its corporate and service objectives. It takes into account other relevant Council strategies, policies and plans and the views of partners and interested parties with whom the Council is involved. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.

1.7 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice. This requires approval by Full Council concerning the Treasury Management Strategy to be followed in carrying out its treasury management activities in the forthcoming financial year, 2025/26.

1.8 The Investment Strategy 2025/26 is compiled according to Central Government's Guidance on Local Government Investments ('the Guidance') and the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ('the CIPFA TM Code'). It sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.9 The Commercial Strategy 2025/26 is aligned with the Council's vision for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's Medium-Term Financial Strategy.

2. Issues

Budget 2024/25 – Provisional Outturn Forecast

Revenue

2.1 The Council approved a General Fund Revenue Budget of £17.046m on 14 February 2024 for 2024/25. The actual and forecast position compared to this budget is continuously monitored by Budget Holders, the Corporate Leadership Team and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget.

2.2 At the close of period 9 a positive variance of £0.049m has been achieved. The projected outturn on the General Fund Revenue Account for the year is £17.037m. This represents a positive outturn of £0.009m for the year.

2.3 The adverse variances that have occurred at the close of period 9 of 2024/25 include:

a. Income shortfalls from sales, fees and charges which amount to £0.232m (forecast to be £0.353m for the financial year).

b. Holding costs for York Place (e.g. utilities and business rates) are expected to amount to £0.104m for the financial year, £0.096m had been incurred at the close of period 9.

c. A pay award of £1,290 per employee has been awarded that is in excess of the amount provided for in the budget (3.5%), it amounts to a pressure of £0.120m (£0.090m at the close of period 9).

d. Expenditure on repairs and renewals is expected to amount to £0.101m greater than the amount budgeted for the financial year (£0.090m at the close of period 9).

e. Temporary accommodation for the homeless is expected to amount to £0.111m greater than the amount budgeted for the financial year after the application of grant monies (£0.083m at the close of period 9).

f. Contribution to reserves of £0.350m have been assumed as a result of the favourable variance shown below in respect of interest receivable of cash that the Council holds in terms of Town Deal and Future High Street funding. £0.200m of this has been set aside to fund the inspection stage of the Local Plan. The remaining £0.150m has been contributed to the Walley's Quarry Reserve and the Budget Support Fund.

2.4 These adverse variances have been offset in full by the following favourable variances:

a. Interest receivable on cash that the Council holds in terms of Town Deal and Future High Street funding totals £0.690m at the close of period 9 (it is forecast that this will grow to £0.750m of income by the close of the financial year).

b. Interest payable on borrowing has yet to be incurred due to the cash that the Council holds in terms of Town Deal and Future High Street funding. It is forecast that borrowing may be required in the final quarter of the financial year dependent upon cash flow and that interest payable will be £0.482m lower than budgeted for (£0.395m at the close of period 9).

2.4 Careful monitoring of the financial position will be required over coming weeks and months leading to prompt corrective action where necessary to ensure the Council remains in a position of being able to deliver a balanced budget position in the current financial year and beyond.

Capital

2.5 A mid-year review of the Capital Programme for 2024/25 has been undertaken as part of the Efficiency Board and budget setting process in order to identify any projects that may need to be re-profiled from 2024/25 into future years. The revised Capital Programme for 2024/25 totalling £51.295m was approved by Cabinet on 3 December 2024.

2.6 The table below shows a high level (service) summary of the Capital Programme position at the close of period 9:

Priority	**Budget at Period 9 £'000**	**Actual at Period 9 £'000**	**Variance at Period 9 £'000**
One Council Delivering for Local People	674	671	(3)
A Successful and Sustainable Growing Borough	10,652	10,673	21
Healthy, Active and Safe Communities	4,340	4,333	(7)
Town Centres for All	8,212	8,212	-
Total	**23,878**	**23,889**	**11**

Medium Term Financial Strategy

2.7 The MTFS indicates a budget shortfall of £1.890m for 2025/26, further years funding gaps are shown on the table below and in further detail at Appendix 5.

2.8 Confirmation of the amount of National Insurance reimbursed to the Council by Central Government was received on 3 February 2025, this will not cover the entirety of pressures placed upon the Public Sector by the changes to National Insurance. The shortfall of £0.233m will be taken from the Business Rates Reserve in 2025/26 and has been reflected as a pressure in the MTFS in 2026/27.

2.9 A number of savings and funding strategies have been identified as being both feasible and sustainable, via a vigorous Financial Efficiency Board process including challenge sessions for each of the Cabinet Portfolios involving Cabinet Members, the Corporate Leadership Team, Service Directors and the Finance Manager. The savings identified for the period of the MTFS, and the remaining funding gaps have enabled a balanced financial position to be proposed for 2025/26.

Detail	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Income	235	-	-	-	-
Staffing Related	156	-	-	-	-
Good Housekeeping	167	-	-	-	-
Tax Base	425	306	345	430	401
Council Tax Increase	175	177	180	184	188
Government Grants	732	-	-	-	-
TOTAL SAVINGS	**1,890**	**483**	**525**	**614**	**589**
UPDATED MTFS GAPS	**1,890**	**1,821**	**764**	**271**	**529**
REMAINING GAP	**-**	**1,338**	**239**	**(343)**	**(60)**

Revenue Budget 2025/26

2.10 The MTFS provides for a gap in 2025/26 of £1.890m and a gap over the 5 year period of the MTFS of £5.275m.

2.11 The table below shows the factors which give rise to the £1.890m gap for 2025/26:

	£'000
Additional Income	
Fees and Charges	(408)
Business Rates Retention	(109)
National Insurance Reimbursement	(403)
Total Additional Income	**(920)**
Loss of Income	
Settlement Funding Assessment – impact of Minimum Funding Guarantee reduction	380
Business Rates Retention Reset	500
Reduction in income from under achieved budgets	100
Total Loss of Income	**980**
Additional Expenditure	
Employees (pay awards, increments, national insurance, pension)	1,340
Premises (business rates and utilities)	153
Transport (fuel)	19
Borrowing	45
Other (inc. software licences, commercialisation, restructuring)	273
Total Additional Expenditure	**1,830**
Net Increase in Base Budget	**1,890**

2.12 The savings identified for 2025/26 are summarised at 2.9, with further detail in Appendix 4. These savings and strategies enable a balanced position to be proposed for 2025/26.

2.13 As in previous years, the first draft of the savings plan set out at Appendix 1 was made available to the Finance, Assets and Performance Scrutiny Committee for scrutiny at its meeting on 5 December 2024. The Committee also scrutinised the recommendations of the Cabinet report of 9 January 2025 at its meeting on 16 January 2025.

2.14 Following the Finance, Assets and Performance Scrutiny Committee, The saving in respect of the reduction in Parish Grant has been reduced from £20k to £8k. This will enable £500 to be allocated to each ward member to utilise appropriately within their Parish or Ward under the Civic Empowerment Scheme.

Civic Growth Fund

2.15 The Civic Growth Fund (formally the Borough Growth Fund) was established in 2020 for the purpose of enabling investment in corporate priorities. The Civic Growth Fund is required to be used to invest in initiatives that are forecast to generate on-going revenue savings through reducing the costs of service delivery or through the generation of additional income.

2.16 Since the establishment of the Civic Growth Fund, investments have been made and committed to in the following areas:

Investment Area	£'000	Details
Council Modernisation	605	Embedding digitalisation across services and developing the skills of staff.
One Council Programme	100	Contribution to drive the digital programme which will transform public access to council services and drive efficiency savings.
Environmental Sustainability	139	Tree planting/carbon reduction
Walley's Quarry	175	Addressing community concerns regarding the quarry's unpleasant odour omissions.
Town Centre Support	177	Used to support the Town Deal bids for Newcastle and Kidsgrove and the rejuvenation of the Markets.
Car Parking Machines	30	Purchase of car parking machines with cashless payment options.
Commercial Property Review	20	Review to develop income generation ideas as part of the Commercial Strategy.

2.17 The savings and funding strategies identified in the table in paragraph 2.9 and in Appendix 4 will enable continued investment of £0.250m in the Council's priorities as per the Council Plan 2022-2026 via the Civic Growth Fund. The Civic Growth Fund will continue to be used to provide investment in initiatives, including Digital Delivery, that are forecast to generate on-going revenue savings through reducing the costs of service delivery or through the generation of additional income. The Council's Section 151 Officer will determine whether any proposed use of the fund complies with this guidance on a case by case basis.

2.18 The 2025/26 Civic Growth Fund investment will be used in the following areas:

Investment Area	£'000
Environmental Sustainability	100
Digital Delivery	100
Place Development	50
Total	**250**

2.19 In order to boost environmental sustainability within the Borough, £0.100m per annum over the life of the MTFS continues to be ring-fenced from the Civic Growth Fund to enable such projects to be fully funded.

2.20 £0.100m of the 2025/26 Civic Growth Fund will continue to be allocated to the digital programme which will transform public access to Council services and drive efficiency savings.

2.21 The remaining £0.050m will be used within place development on initiatives and events for boosting footfall within the town centre.

Council Tax and Collection Fund

2.22 A 1.99% per Band D equivalent property Council Tax increase, producing £0.175m of additional income is proposed based on a Borough Council Tax requirement of £8,878,550. This increase in Council Tax would equate to the following monetary increases for residents:

Property Band	Annual Increase £ p	Weekly Increase £ p
A	2.90	0.06
B	3.39	0.07
C	3.86	0.07
D	4.35	0.08
E	5.31	0.10
F	6.29	0.12
G	7.25	0.14
H	8.70	0.17

2.23 In addition to the Borough Council Tax, the Council is required to levy additional charges relating to Parish Councils, Staffordshire County Council, the Staffordshire Commissioner (Fire and Rescue Authority and the Officer of the Staffordshire Police and Crime Commissioner). These amounts are shown in Appendix 1 per property band and area of the Borough.

2.24 Taking into account changes to the Council Tax base (i.e. new properties, empty homes premium, second home premium, single persons discount review), the Council Tax base has increased by 1,069 band D equivalent properties from 38,738 in 2024/25 to 39,807 in 2025/26.

2.25 The Council is required to declare its estimated surplus or deficit on the Collection Fund (for both Business Rates and Council Tax) to preceptors ahead of the financial year end for 2024/25. This surplus or deficit is then shared between the relevant preceptors in 2025/26 (a surplus if paid out to preceptors, including the Council, and a deficit is repaid to the collection fund from preceptors, including the Council).

2.26 The Business Rates Collection Fund is estimated to be in a surplus position at the close of 2024/25. The surplus is estimated to amount to £4.114m, of which the Council's share is £1.645m.

2.27 The surplus primarily relates to the appeals provision which had a balance of £4.920m at 31 March 2024. As the final year of the 2023 business rates revaluation cycle, it is anticipated that a much lesser balance (£1.678m) will be required to be held during 2025/26.

2.28 The Council's share of the surplus will be contributed to the Business Rates Reserve to increase the Council's resilience against Business Rates volatility in future periods. Per 2.8, £0.233m will be required to be transferred from the Business Rates Reserve in 2025/26 to reflect the shortfall in the amount of National Insurance pressure reimbursed by Central Government. In addition, £0.375m will be transferred to the Budget and Borrowing Support Fund.

2.29 The Council Tax Collection Fund is estimated to be in a small surplus position as the close of 2024/25. This surplus is estimated to amount to £0.004m, of which the Council's share is £0.001m.

Budget Consultation

2.30 Public consultation has been undertaken on the budget (Appendix 14), the consultation ran between 18 November 2024 and 16 December 2024. The consultation clearly determined that residents felt that the following services were the most important to them:

- Town Centre regeneration
- Street Cleaning
- Refuse Collection

It also showed that a greater number of residents feel that services should be protected as far as possible, even if that requires an increase in Council Tax as opposed to reducing services to a core statutory offer or reducing levels of services to ensure that Council Tax is frozen or increased at a minimal amount.

Capital Programme 2025/26 to 2027/28 and Capital Strategy 2025/35

2.31 The Capital Programme for 2025/26 to 2027/28 (Appendix 7) is based on new schemes which are vital to ensure continued service delivery and in assisting the Council to achieve its corporate and service objectives as set out in the Council Plan 2022-26. These schemes total £94.604m including major investment into the Borough via external funding in terms of the Future High Streets Fund and the Town Deals Fund for both Newcastle and Kidsgrove.

2.32 The Capital Programme will require to be financed by borrowing, primarily for cash flow purposes, whilst assets are procured and constructed, after which time significant capital receipts are expected. The associated borrowing costs have been factored into the MTFS. The Capital Financing Requirement is set to increase to £23.585m by 2027/28 based on the 3 year Capital Programme for 2025/26 to 2027/28, the Capital Financing Requirement at 31 March 2024 (£10.262m) and the Capital Financing Requirement for capital expenditure during the current financial year and the financial years 2025/26 to 2027/28 (£13.323m).

2.33 The Capital Programme for 2025/26 to 2027/28 includes an estimate for the development of York Place, this assumes spend of £16.8m over the period 2025/26 to 2026/27 and a subsequent capital receipt of the same value during 2026/27. This is subject to the business case that is currently being developed.

2.34 The Capital Programme for this period also includes an estimate for the redevelopment of the Midway Carpark and assumes spend of £28.6m over the period 2025/26 to 2026/27 and a subsequent capital receipt of the same value during 2027/28. This is subject to the business case that is currently being developed.

2.35 In addition, the Capital Programme also includes an estimate for the Aparthotel on the Ryecroft site of £30.0m over the period 2026/27 to 2027/28 together with a subsequent capital receipt of the same value in 2027/28. Again, this is subject to the business case that is currently being developed.

2.36 The Capital Strategy for 2025/35 (Appendix 8) meets the requirements of statutory guidance issued by the Government in January 2018. The Council's capital investment is carried out within the statutory framework laid down by the Local Government Act 2003 and regulations under that Act. Accordingly, only expenditure which fits the definition of capital expenditure contained in the Act or Regulations pursuant to it will be capitalised.

2.37 The Capital Programme is produced in line with the Capital Strategy for 2025/35. In addition to the Council's corporate and service objectives, as set out in the Council Plan 2022-26, the Capital Programme is also influenced by a number of external parties and factors.

2.38 Delivering the capital programme for 2025/26 will require prudential borrowing to be undertaken. The impact of borrowing is included in the MTFS pressures for 2025/26 and future years.

2.39 Advice will be sought from the Council's Treasury Management advisors, Arlingclose, as to the most beneficial timing of prudential borrowing. Their current advice to reduce interest rate risk is to borrow on a short term basis (up to 4 years) from other local authorities where possible alongside longer term Public Works Loan Board borrowing where suitable.

Treasury Management Strategy 2025/26, Investment Strategy 2025/26 and Commercial Strategy 2025/26

2.40 The Treasury Management Strategy for 2025/26 is attached at Appendix 9. The Minimum Revenue Provision Policy for 2025/26 is contained in Annex C to the strategy.

2.41 The Treasury Management Strategy for 2025/26 allows for borrowing. Although not utilised in recent years, the Council has previously considered the option of long-term borrowing from the Public Works Loans Board (PWLB). After the utilisation of capital receipts and internal borrowing, the Council will also look to borrow short term from other local authorities and will also review any other sources of funding if required.

2.42 The Investment Strategy for 2025/26 is attached at Appendix 10. This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and is based on guidance provided by Arlingclose, the Council's treasury management advisors. Quantitative investment indicators are included within the Strategy to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

2.43 The Commercial Strategy for 2025/26 is attached at Appendix 11. This strategy is aligned with the Council's vision for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's medium-term financial strategy.

Balances and Reserves

2.44 A review of the Council's Balances and Reserves together with a financial resilience risk assessment informing the levels of these has been undertaken by the Council's Section 151 Officer. Details of the risk factors considered and the weightings applied to each are set out at Appendix 6.

2.45 It is recommended that a minimum level of unallocated reserves and contingencies (i.e. the Council's Balance and Reserve Strategy for 2025/26) of £2.010m be held in 2025/26 to reflect the levels of revenue risk shown in the budget for 2025/26. The remainder of the current balance is to be allocated to the Walley's Quarry Reserve during 2024/25.

Localised Council Tax Support Scheme 2025/26

2.46 Section 13A of the Local Government Finance Act 1992, substituted by section 10 of the Local Government Finance Act 2012 requires each billing authority in England to make a Localised Council Tax Reduction scheme, specifying the reductions which are to apply to amounts of Council Tax payable by persons or classes of person whom the authority consider are in financial need.

2.47 Any scheme needs to be approved by the 10 March before the start of a new financial year or a default scheme prescribed by regulations will be imposed by the Government. The scheme for 2025/26 (Appendix 13), is intended to remain as per the 2024/25 scheme.

3. Recommendation

That Council:

3.1 Approve the schedule of recommendations set out in Appendix 1.

4. Reasons

4.1 The Council has a statutory duty to set a balanced budget before 11 March in the financial year preceding the one in respect of which the budget is set, per Section 30(6) of the Local Government Finance Act 1992. Best practice is for financial planning to take place over a 5 year period in the form of a MTFS that sets out how the Council plans to allocate resources to meet its objectives.

5. Options Considered

5.1 None.

6. Legal and Statutory Implications

6.1 The Council is required to set its Council Tax for 2025/26 by 11 March 2025, per Section 30(6) of the Local Government Finance Act 1992. It is planned to approve the final budget and Council Tax rates on 12 February 2025.

7. Equality Impact Assessment

7.1 Local authorities have a responsibility to meet the Public Sector Duty of the Equality Act 2010. The Act gives people the right not to be treated less favourably due to protected characteristics. It is important to consider the potential impact on such groups and individuals when designing or delivering services and budgets. Budget proposals requiring changes or new services and policies will be subject to Equality Impact Assessments including consultation with affected people and organisations.

8. Financial and Resource Implications

8.1 These are addressed in the body of the report.

9. Major Risks & Mitigation

9.1 Section 25 of the Local Government Acts 2003 places a duty on the Section 151 Officer to report on the robustness of the budget. The main risks to the budget include spending in excess of budget; income falling short of the budget (including capital receipts from disposal of assets); and unforeseen elements such as changes to Government funding. In the context of uncertainty regarding Government funding reforms there are significant budget risks that will need to be managed. It will be essential the Council has sufficient reserves to call on if required.

9.2 Such risks require regular and robust monitoring and it is essential that the Council has sufficient useable reserves to call on if required. The review and risk assessment indicates that overall unallocated reserves and contingencies are required to be held at a minimum level of £2.010m to reflect the levels of revenue risk shown in the draft budget for 2025/26. In addition a contingency of £1m is required to provide flexibility to manage risks relating to delivery of the capital programme.

9.3 The assessment of the Section 151 Officer is that the proposals included in this report are robust and will ensure an adequate level of reserves.

9.4 Treasury Management is a major area of risk for the Council in that large amounts of money are dealt with on a daily basis and there are a number of limits and indicators, which must be complied with.

9.5 The overriding consideration in determining where to place the Council's surplus funds is to safeguard the Council's capital. Within this constraint the aim is to maximise the return on capital. Operational procedures, coupled with monitoring arrangements, are in place to minimise the risk of departures from the approved strategy.

10. UN Sustainable Development Goals (UNSDG

10.1 In shaping detailed budget proposals consideration will be given to the need for investment in order to deliver the Council's Sustainable Environment Action Plan.

11. One Council

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council ☒
We will make investment to diversify our income and think entrepreneurially.

One Digital Council ☒
We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.

One Green Council ☒
We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.

12. Key Decision Information

12.1 Final approval of the budget setting process will be a key decision.

13. Earlier Cabinet/Committee Resolutions

13.1 Medium Term Financial Strategy 2025/26 to 2029/30 (Cabinet 10 September 2024).

13.2 Revenue and Capital Budgets 2025/26 – First Draft Savings Plans (Cabinet 3 December 2024).

13.3 Draft Revenue and Capital Budgets and Strategies 2025/26 (Cabinet 9 January 2025).

13.4 Draft Revenue and Capital Budgets and Strategies 2025/26 (Finance, Assets and Performance Scrutiny Committee 16 January 2025).

13.5 Revenue and Capital Budgets and Strategies 2025/26 (Cabinet 4 February 2025).

14. List of Appendices

14.1 Appendix 1 – Schedule of Detailed Recommendations
14.2 Appendix 2 – Revenue Budget 2025/26
14.3 Appendix 3 – Medium Term Financial Strategy 2025/26 to 2029/30
14.4 Appendix 4 – 2025/26 MTFS Funding Strategy
14.5 Appendix 5 – 2025/26 to 2028/29 MTFS 'Gaps'
14.6 Appendix 6 – Risk Assessment on Required Balances/Contingency Reserve
14.7 Appendix 7 – 2025/26 to 2027/28 Capital Programme and 2024/25 Mid-Year Estimate
14.8 Appendix 8 – Capital Strategy 2025 to 2035
14.9 Appendix 9 – Treasury Management Strategy 2025/26
14.10 Appendix 10 – Investment Strategy 2025/26
14.11 Appendix 11 – Commercial Strategy 2025/26
14.12 Appendix 12 – Asset Management Strategy 2023/2028
14.13 Appendix 13 – Local Council Tax Reduction Scheme for 2025/26
14.14 Appendix 14 – 2025/26 Budget Consultation Summary

15. Background Papers

CIPFA Treasury Management Code of Practice (revised December 2017)
Council's Treasury Management Policy Statement
Local Government Act
Local Authorities (Capital Finance and Accounting) (England) Regulations

Appendix 1 – Schedule of Detailed Recommendations

The following recommendations set out the decisions needed for the Council to set its own budgets and Council Tax for 2025/26 in addition to the Medium Term Financial Strategy for 2025/26 to 2029/30, the Capital Strategy for 2025/2035, the Treasury Management Strategy for 2025/26, the Investment Strategy for 2025/26 and the Commercial Strategy for 2025/26.

Recommendations

(a) That the Revenue Budget for 2025/26 be approved (Appendix 2).

(b) That the updated Medium Term Financial Strategy for 2025/26 to 2029/30 be approved (Appendix 3).

(c) That the Band D Council Tax for 2025/26 be set at £223.04 (a 1.99% increase).

(d) That the Capital Programme to 2025/26 to 2027/28 be approved (Appendix 7).

(e) That the Capital Strategy for 2025-35 be approved (Appendix 8).

(f) That the Treasury Management Strategy for 2025/26 be approved (Appendix 9).

(g) That the Investment Strategy for 2025/26 be approved (Appendix 10).

(h) That the Commercial Strategy for 2025/26 be approved (Appendix 11).

(i) That the updated Asset Management Strategy 2023/28 be approved (Appendix 12).

(j) That the Local Council Tax Reduction Scheme for 2025/26 be approved (unchanged from 2024/25) (Appendix 13).

(k) That the un-earmarked minimum balances requirement be confirmed as £2,010,000.

(l) That it be noted that the Service Director for Finance (Section 151 Officer), under delegated authority assigned by Cabinet on 20 January 2016 and Full Council on 18 May 2016 calculated the following amounts for the year 2025/26:

   (i) 39,807 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as its council tax base for the whole Council area for the year (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”))

   (ii) For dwellings in those parts of the Council’s area to which a Parish precept relates as in the table below:

Parish/Town Council	Base
Audley	2,619
Betley, Balterley & Wrinehill	620
Chapel & Hill Chorlton	206
Keele	472
Kidsgrove	6,998
Loggerheads	2,234
Madeley	1,627
Maer	281
Silverdale	1,573
Whitmore	1,054

(m) That the Council Tax requirement for the Council's own purposes for 2025/26 (excluding Parish precepts) is £8,878,550.

(n) That the following amounts be calculated for the year 2025/26 per Sections 31 to 36 of the Act:

(i) £76,271,430 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.

(ii) £66,566,470 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.

(iii) £9,704,960 being the amount by which the aggregate at (n)(i) above exceeds the aggregate at (n)(ii) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).

(iv) £243.80 being the amount at (n)(iii) above (Item R), all divided by Item T (l)(i) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(v) £826,410 being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act.

(vi) £223.04 being the amount at (n)(iv) above less the result given by dividing the amount at (n)(v) above by item T (l)(i) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item (Parish precept) relates.

(vii) **<u>Part of the Council's Area</u>**

Parish/Town Council	£
Audley	309.74
Betley, Balterley & Wrinehill	258.83
Chapel & Hill Chorlton	255.71
Keele	262.93
Kidsgrove	257.09
Loggerheads	284.83
Madeley	281.31
Maer	249.51
Silverdale	242.98
Whitmore	262.59

Being the amounts given by adding to the amount at (n)(vi) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above, divided in each case by the amount at (l)(ii) above calculated by the Council in accordance with Section 34(3) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(viii) **Valuation Bands**

Parish/Town Council	**Valuation Bands (£)**							
	A	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Audley	206.50	240.90	275.33	309.74	378.58	447.39	516.24	619.48
Betley, Balterley & Wrinehill	172.56	201.31	230.08	258.83	316.36	373.86	431.39	517.66
Chapel & Hill Chorlton	170.48	198.88	227.30	255.71	312.54	369.35	426.19	511.42
Keele	175.29	204.49	233.72	262.93	321.36	379.78	438.22	525.86
Kidsgrove	171.40	199.95	228.52	257.09	314.22	371.34	428.48	514.17
Loggerheads	189.89	221.53	253.18	284.83	348.13	411.41	474.72	569.66
Madeley	187.55	218.79	250.06	281.31	343.83	406.33	468.86	562.62
Maer	166.34	194.05	221.79	249.51	304.96	360.39	415.85	499.01
Silverdale	162.00	188.98	215.99	242.98	296.99	350.97	404.98	485.97
Whitmore	175.07	204.23	233.42	262.59	320.95	379.29	437.66	525.18
Other Parts of Borough	148.69	173.47	198.26	223.04	272.61	322.17	371.73	446.08

Being the amounts given by multiplying the amounts at (n)(vi) and (n)(vii) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

(o) That it be noted that for the year 2025/26 the major precepting authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwelling shown below:

Preceptor	**Valuation Bands (£)**							
	A	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Staffordshire County Council	1,081.14	1,261.33	1,441.52	1,621.71	1,982.09	2,342.47	2,702.85	3,243.42
Staffordshire Commissioner Fire & Rescue Authority	61.18	71.38	81.57	91.77	112.16	132.56	152.95	183.54
Office of the Staffordshire Police & Crime Commissioner	191.71	223.67	255.62	287.57	351.47	415.38	479.28	575.14

(p) That having calculated the aggregate in each case of the amounts at (n)(viii) and (i) above, the Council, in accordance with Section 30(2) of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2025/26 for each of the categories of dwelling shown below:

Parish/Town Council	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Audley	1,540.53	1,797.28	2,054.04	2,310.79	2,824.30	3,337.80	3,851.32	4,621.58
Betley, Balterley & Wrinehill	1,506.59	1,757.69	2,008.79	2,259.88	2,762.08	3,264.27	3,766.47	4,519.76
Chapel & Hill Chorlton	1,504.51	1,755.26	2,006.01	2,256.76	2,758.26	3,259.76	3,761.27	4,513.52
Keele	1,509.32	1,760.87	2,012.43	2,263.98	2,767.08	3,270.19	3,773.30	4,527.96
Kidsgrove	1,505.43	1,756.33	2,007.23	2,258.14	2,759.94	3,261.75	3,763.56	4,516.27
Loggerheads	1,523.92	1,777.91	2,031.89	2,285.88	2,793.85	3,301.82	3,809.80	4,571.76
Madeley	1,521.58	1,775.17	2,028.77	2,282.36	2,789.55	3,296.74	3,803.94	4,564.72
Maer	1,500.37	1,750.43	2,000.50	2,250.56	2,750.68	3,250.80	3,750.93	4,501.11
Silverdale	1,496.03	1,745.36	1,994.70	2,244.03	2,742.71	3,241.38	3,740.06	4,488.07
Whitmore	1,509.10	1,760.61	2,012.13	2,263.64	2,766.67	3,269.70	3,772.74	4,527.28
Other Parts of Borough	1,482.73	1,729.85	1,976.97	2,224.09	2,718.33	3,212.57	3,706.82	4,448.18

Appendix 2 – Revenue Budget 2025/26

Area	2024/25 General Fund		2025/26 General Fund	
	Estimate £	Band D Council Tax £	Estimate £	Band D Council Tax £
Central Services	2,397,680	61.89	2,449,120	61.52
Cultural Services	3,555,470	91.78	3,513,630	88.27
Environmental Services	8,150,380	210.40	8,701,440	218.59
Planning	1,730,040	44.66	1,673,670	42.04
Transport	(270,890)	(6.99)	(238,330)	(5.99)
Housing	2,168,480	55.98	2,326,630	58.45
Net Cost of Services	**17,731,160**	**457.72**	**18,426,160**	**462.88**
Pensions Liabilities Account	400,000	10.33	400,000	10.05
Investment Properties	(84,510)	(2.18)	(101,270)	(2.54)
Interest and Investment Income	498,000	12.86	588,000	14.77
Net Operating Expenditure	**18,544,650**	**478.73**	**19,312,890**	**485.16**
Contribution to/(from) Revenue Reserves	273,000	7.05	2,683,000	67.40
Contribution to/(from) Capital Reserves	(1,771,500)	(45.73)	(2,266,000)	(56.92)
Amount to be met from Government Grant and Local Taxpayers	**17,046,150**	**440.05**	**19,729,890**	**495.64**
Revenue Support Grant	(232,000)	(5.99)	(255,000)	(6.41)
Other Non-Specific Grants	(1,066,000)	(27.52)	(1,087,000)	(27.31)
Business Rates Retention Funding	(7,568,540)	(195.39)	(7,831,340)	(196.73)
Collection Fund Deficit/(Surplus)	292,000	7.54	(1,678,000)	(42.15)
Borough Council Tax Requirement	**8,471,610**	**218.69**	**8,878,550**	**223.04**
Staffordshire County Council Precept		1,544.64		1,621.71
Fire Authority Precept		86.77		91.77
Police Authority Precept		273.57		287.57
Total Council Tax Requirement		**2,123.67**		**2,224.09**

The Council Tax Base used for 2025/26 in the above table is 39,807.

GLOSSARY OF TERMS

Collection Fund. A fund accounting for Council Tax and Non-Domestic Rates received by the Council and the payments which are made from the fund including precepts to other authorities, the Council's own demand and shares of business rates receipts. The surplus or deficit for the year (essentially the difference between the amounts collected and the amounts paid out of the Fund) must be cleared by a transfer out of or into the Fund in the following year by the Council and the other major precepting authorities.

Contributions to/(from) Capital Reserves. Comprises transfers to or from the Capital Adjustment Account. This account is used to eliminate capital transactions, such as depreciation and impairment charges, which have to be debited or credited to the revenue account in order to comply with proper accounting practice but which statutorily cannot count against the council tax.

Appendix 4 – 2025/26 MTFS Funding Strategy

Ref	Service Area	Description	£000's	Detail
Income				
I1	Sustainable Environment	Trade waste	70	Introduction of recycling in respect of Trade Waste
I2	Commercial Delivery	Car Parking	91	Increased demand, pricing and permits for new car park
I3	Commercial Delivery	Leisure Memberships	28	Promotion of memberships and Skillscourt offer at Jubilee 2
I4	Commercial Delivery	Museum Donations	3	Split of donations between improvements and contribution to running costs
I5	Commercial Delivery	Direct Cremations	30	Net income following the introduction of a new fee for direct cremations
I6	Neighbourhood Delivery	Fixed Penalty Notices	5	Additional income generated from fixed penalty notices (fly tipping)
I7	Finance	Purchase Card Rebates	8	Rebates generated on credit card purchases from existing suppliers
			235	
Staffing Related Efficiencies				
S1	Commercial Delivery	Facilities/Property restructure	70	An amalgamation of the Facilities and Property functions
S2	Corporate	Vacancy factor	71	An increase in the assumed vacancy factor of posts from 3.5% to 4%
S3	Corporate	Annual leave purchase scheme	15	Scheme to enable staff to purchase additional leave
			156	
Good Housekeeping/More Efficient Processes				
G1	Commercial Delivery	Reduction in subsidy	50	An ongoing allowance in respect of subsidy to Kidsgrove Sports Centre is no longer required, suitable provision is held in reserves
G2	Commercial Delivery	Solar Panels	20	Reduction in electricity costs following installation of solar panels on Council property
G3	Information & Technology	Internet Fibre Connections	60	Installation of internet fibre connections and associated rental
G4	Information & Technology	Printing	10	Reduction in member and staff printing volumes
G5	Corporate	Parish Councils	8	Replacement of Council Tax Support Grant with demand led contributions
			148	
Alternative Sources of Finance/Other				
A1	Corporate	Tax base – Council Tax	100	Increase in tax base based on market housing supply requirement and current year tax base forecasts
A2	Corporate	Tax base – Business Rates	190	Assumed increase in tax base of 2.5%
A3	Corporate	Single Persons Discount review	30	Assumed increase in Council Tax from a Borough wide review of claimants of discounts
A4	Corporate	Empty Homes Premium	94	The impact of the change in eligibility of a premium Council Tax charge for empty homes, this was effective from 1 April 2024 (approved in February 2024)

A5	Corporate	Second Homes Premium	11	The impact of the change in eligibility of a premium Council Tax charge for second homes, this was effective from 1 April 2025 (approved in February 2024)
A6	Corporate	Council Tax increase	175	Assumed increase of 1.99% per Band D property
A7	Corporate	Equipment Replacement Fund	9	Contributions will not be made until fund requires replenishment
A8	Corporate	Heritage Grants Fund	10	Contributions will not be made until fund requires replenishment
A9	Sustainable Environment	Extended Producer Responsibility funding	732	Levy paid by producers of materials collected and disposed of by Local Authorities (£932k), net of loss in recycling credits (£200k)
			1351	
		Grand Total	***1,890***	

Appendix 5 – 2025/26 to 2029/30 MTFS ‘Gaps’

Detail	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Description
Employees:						
Increments	60	60	60	60	60	*Employees due an increment*
Pay awards	594	446	461	477	493	*3.5% pay award assumed for 2025/26 plus £1,290 per FTE re. 2024/25, 3% thereafter*
Members pay awards	8	7	8	8	8	*3.5% pay award assumed for 2025/26, 3% thereafter*
Superannuation increases	144	111	115	118	122	*22% of increase in salaries*
Superannuation lump sum	41	43	45	45	45	*Net increase of lump sum pension payment*
National insurance rate	120	-	-	-	-	*Increase of employer rate from 13.8% to 15%*
National insurance threshold	283	-	-	-	-	*Change in employer threshold from £9,100 to £5,000*
National Insurance	90	76	78	80	83	*National insurance on increase in salaries*
Premises:						
Business Rates	26	27	28	29	30	*Inflationary increase in business rates (per CPI)*
Utilities	127	31	33	34	35	*Inflationary increase in gas and electric (per CPI), additional pressure in 2025/26 to reflect current costs*
Transport:						
Fuel	11	12	12	12	13	*Inflationary increase in fuel (per CPI)*
Hydrotreated Vegetable Oil	8	8	8	9	9	*Inflationary increase in HVO (per CPI)*
Financing:						
Borrowing costs	45	136	(48)	(47)	206	*Borrowing costs regarding the financing of capital*
New Pressures:						
ICT software	16	10	10	10	10	*ICT costs re. systems maintenance and licences*
Restructuring	205	-	-	-	-	*Potential additional resource requirements*
Commercialisation	52	-	-	-	-	*Introduction of Commercialisation post*
Income:						
Fees and charges	(408)	(399)	(415)	(431)	(449)	*4% increase to enable continued cost recovery*
National insurance	(403)	233	-	-	-	*Re. National Insurance contribution changes*
Local Government Finance Settlement	380	649	-	-	-	*Impact of minimum funding guarantee reduction (3% to 0%) and one off grants*
Business Rates Retention reset	500	500	500	-	-	*To allow for a reset of the scheme in 2027/28*
Business Rates baseline funding	(109)	(129)	(131)	(133)	(136)	*Inflationary increase in baseline funding level (per CPI)*
Income Pressures	100	-	-	-	-	*To correct income shortfalls from budget*
TOTAL GAPS	**1,890**	**1,821**	**764**	**271**	**529**	

Appendix 6 – (i) Risk Assessment on Required Balances/Contingency Reserve (£2.010m) and (ii) Actual/Forecast Reserve Balances at 31 March 2024 to 2026

a. Risk Assessment on Required Reserves Balances (£2.010m)

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Balance Needed £
1	Increase in fees and charges does not result in higher income levels	Shortfall in income leading to overspends	3 x 4	High	Included in calculation of minimum balances	2 x 3	Moderate	Regular monitoring of income levels	205,000
2	Reduced Income due to non-availability of service (e.g. COVID-19 related or similar)	Shortfall in income leading to overspends	3 x 3	High	Included in calculation of minimum balances	3 x 3	Moderate	Regular monitoring of income levels	140,000
3	Bad debts reduce the Council's income	Shortfall in income leading to overspends and top up of provision	3 x 4	High	A contribution to the bad debts provision is budgeted for	3 x 3	High	Increase monitoring of collection rates	275,000
4	Employee budget is discounted on the assumption there will be vacancies	Vacancies do not occur leading to additional costs	3 x 3	High	The budget assumes a vacancy factor of 4%, this is realistic	3 x 3	High	Regular monitoring of vacancy levels	70,000
5	Employee budgets - the employee pay settlement results in an increase higher than included in the budget	Additional unbudgeted costs	2 x 3	Moderate	Balances sufficient to deal with any additional costs, plus reduced job security in economy	2 x 3	Moderate	None	95,000
6	Problems with staff recruitment/retention resulting in the payment of market supplements at extra cost	Additional unbudgeted costs	3 x 3	High	Subject to ongoing review	3 x 3	High	None	75,000
7	Problems with staff absence resulting in agency/interim staff at extra cost	Additional unbudgeted costs	3 x 3	High	Absence management procedures in place	3 x 3	High	Monitoring of sickness levels	150,000

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Balance Needed £
8	Council becomes liable to pay compensation or legal fees or another unforeseen commitment arises	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances	3 x 2	Moderate	None	125,000
9	Inflation relating to supplies and services exceeds the allowance in the budget	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances. Regular review of inflation levels	3 x 3	High	None	70,000
10	Existing commitment(s) missed out of budget	Additional unbudgeted costs	3 x 3	High	Budgets subject to checking at several levels	3 x 3	High	None	75,000
11	Additional interest costs incurred resulting from loss of income and additional expenditure	Additional unbudgeted borrowing costs	3 x 3	High	Capital Budgets and receipt expectations have been realistically set. Allowance provided for in calculation of minimum balances	3 x 3	High	None	160,000
12	Fuel costs increase by more than allowed for in budget	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget	3 x 3	High	None	45,000
13	Energy costs increase by more than allowed for in budget	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget	3 x 3	High	None	70,000
14	Unforeseen major repairs needed to Council properties	Additional unbudgeted costs	2 x 3	Moderate	Planned maintenance /stock condition survey in place	2 x 3	Moderate	None	50,000
15	Insurances – unexpected increases in premiums	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances	2 x 3	Moderate	None	15,000
16	Insurances - high level of excesses to be met by Council or uninsured losses	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances. Insurance Provision established	2 x 3	Moderate	Monitor level of Insurance Provision	40,000
17	Government further increase NI rates	Additional unbudgeted costs	2 x 3	Moderate	Included in calculation of minimum balances.	1 x 2	Low	None	25,000

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Balance Needed £
					Increased rate built into budget				
18	Savings built into Budget are not realised	Additional unbudgeted costs	3 x 3	High	Regular Budget Monitoring	3 x 2	Moderate	None	65,000
19	New Legislation imposes extra costs but provides insufficient resources	Additional unbudgeted costs	3 x 3	High	Contingency Reserve available. Included in calculation of minimum balances	3 x 2	Moderate	None	25,000
20	Partnerships - expenses falling on Council as accountable body	Additional unbudgeted costs	2 x 3	Moderate	Monitor partnership activities and ensure carried out according to agreements	2 x 1	Low	None	5,000
21	Civil Emergency	Additional unbudgeted costs	5 x 2	High	Bellwin Scheme will meet 100% of eligible expenditure within 1 month of an emergency	4 x 2	Moderate	None	55,000
22	Municipal Mutual Insurance (MMI) Clawback	Additional unbudgeted costs	4 x 4	Extreme	MMI Provision	3 x 2	Moderate	Consider increasing amount of provision if necessary	25,000
23	Data Protection breach resulting in fine	Additional unbudgeted costs	3 x 3	High	Data Protection Policy Reminders to staff. All staff complete mandatory Data Protection e-learning module	3 x 3	High	None	75,000
24	Members act against officer advice resulting in cost to the Council	Additional unbudgeted costs	3 x 3	High	Agenda pre-meetings. Liaison with members. Monitoring Officer	3 x 3	High	None	75,000

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b. Actual/Forecast Reserve Balances at 31 March 2024 to 2026

Reserve	Actual Balance at 31/3/24 (£000’s)	Forecast Change in 2024/25 (£000’s)	Forecast Balance at 31/3/25 (£000’s)	Forecast Change in 2025/26 (£000’s)	Forecast Balance at 31/3/26 (£000’s)	Purpose
General Fund Balance	2,157	(147)	2,010	-	2,010	Working balance to cover unforeseen adverse events affecting the budget. Recommended minimum balance of £2.010m for 2025/26
Walley’s Quarry Reserve	200	500	700	(700)	-	To assist with the Council’s actions regarding air quality issues at Walley’s Quarry
Equipment Replacement Fund	54	(54)	-	-	-	To pay for the replacement of equipment
Budget and Borrowing Support Fund	484	(47)	437	203	640	To support the General Fund revenue budget or to meet costs approved by Council
Budget Support Fund (Local Plan)	211	(111)	100	(100)	-	To fund the Borough Local Plan in addition to a base budget allocation and transfer of vacant post funding. This fund is fully committed
Budget Support Fund (Homelessness)	184	(84)	100	(50)	50	To hold homelessness grants to be used in future periods. This fund is fully committed
Civic Growth Fund	79	(79)	-	-	-	To fund investment in corporate priorities. This fund is fully committed
Conservation & Heritage Fund	30	(10)	20	(10)	10	To provide repair grants to owners of historic buildings
Mayor’s Charity Reserve	30	(30)	-	-	-	To hold funds on behalf of the Mayor’s Charity
Museum Purchases Fund	46	(16)	30	-	30	To purchase, conserve and enhance exhibits
Business Rates Reserve	1,654	(352)	1,302	1,570	2,872	To equalise any surplus or deficit on the collection fund and to provide contingency for appeals and future funding reviews
Elections Reserve	50	73	123	50	173	To provide budget on a 4 year cycle for Borough Elections
Maintenance Fund	-	283	283	(100)	183	To provide revenue fund maintenance per Section 106 agreements
Clayton Community Centre	24	(7)	17	(7)	10	Sinking fund held on behalf of Committee (contributions made by Committee)
Totals	**5,203**	**(81)**	**5,122**	**856**	**5,978**	

Appendix 7 2025/26 to 2027/28 Capital Programme and 2024/25 Mid-Year Estimate

CAPITAL PROGRAMME	*2024/25 MID YEAR*	2025/26	2026/27	2027/28	TOTAL 2025/26 to 2027/28
	£	£	£	£	£
PRIORITY – One Council Delivering for Local People					
Service Area - Council Modernisation	*1,967,318*	434,000	336,000	80,000	850,000
Total	***1967,318***	**434,000**	**336,000**	**80,000**	**850,000**
PRIORITY – A Successful and Sustainable Growing Borough					
Service Area - Housing Improvements	*1,984,832*	1,670,000	1,670,000	1,595,000	4,935,000
Service Area - Managing Property & Assets	*12,168,633*	15,843,846	39,125,982	20,495,475	75,465,303
Total	***14,153,465***	**17,513,846**	**40,795,982**	**22,090,475**	**80,400,303**
PRIORITY – Healthy, Active and Safe Communities					
Service Area - Environmental Health	*72,000*	-	-	-	-
Service Area - Streetscene and Bereavement Services	*844,705*	250,000	160,000	135,000	545,000
Service Area - Recycling and Fleet	*2,046,150*	3,169,500	6,003,100	1,222,514	10,395,114
Service Area – Leisure and Cultural	*192,000*	150,000	-	-	150,000
Service Area - Engineering	*385,000*	120,000	50,000	-	170,000
Total	***3,539,855***	**3,689,500**	**6,213,100**	**1,357,514**	**11,260,114**
PRIORITY – Town Centres for All					
Future High Streets Fund	*2,441,925*	-	-	-	-
Town Deals – Newcastle	*19,828,498*	807,000	-	-	807,000
Town Deals - Kidsgrove	*8,415,328*	1,236,000	-	-	1,236,000
Total	***30,685,751***	**2,043,000**	**-**	**-**	**2,043,000**
CONTINGENCY (will be carried forward to 2025/26)	*948,980*	*51,020*	-	-	**51,020**
TOTAL	***51,295,369***	**23,731,366**	**47,345,082**	**23,527,989**	**94,604,437**
FUNDING					
Capital Receipts	*3,786,000*	4,150,000	50,787,087	34,350,000	**89,287,087**
External Contributions	*32,960,583*	3,543,000	1,500,000	1,500,000	**6,543,000**
Borrowing	*14,548,786*	16,038,366	(4,942,005)	(12,322,011)	**(1,225,650)**
TOTAL	***51,295,369***	**23,731,366**	**47,345,082**	**23,527,989**	**94,604,437**

Appendix 13 – Local Council Tax Reduction Scheme for 2025/26

Claim Type	Council Tax Support Scheme
Pensioner Claimants	
No scope for changes within LCTS	Up to 100% of Council Tax Bill
Working Age Claimants	
Claims will be based on a max of 80% Council Tax Liability (unless in a protected group)	Up to 80% of Council Tax Bill
Properties in bands higher than Band D will be based on 80% Band D Council Tax	Up to 80% of band D rate
Second Adult Rebate will not be retained in the Local Scheme	Nil
Capital Cut off at £6k (non-passported)	No Council Tax Support if capital exceeds £6k
Earnings Disregards	Flat rate of £25 if claimant working
Claimants who are eligible to Severe Disability Premium (SDP)	
May allow up to 100% LCTS as protected group	Up to 100% of Council Tax Bill
Claimants who are eligible to receive War Disablement Pensions, War Widow's Pensions and Armed Forces Compensation Scheme Payments	
May allow up to 100% LCTS as protected group	Up to 100% of Council Tax Bill

Discretionary Payments

The Council has discretion to award Council Tax Support, in excess of the accounts determined by this framework, where it is satisfied that exceptional circumstances exist.

2025/26 Budget Consultation report

Headline findings

- 82 responses – a significant decrease from 148 responses last year
    - 96 per cent were residents of the borough
- Responses from 20 of the borough's 21 wards
    - Few responses from the three most northern wards
- Three council services by far seen as most important
    - Town centre regeneration
    - Street cleaning
    - Refuse collection
- One non-statutory services that respondents most want to be protected far more than any other:
    - Town centre regeneration
- Arts development, leisure facilities and off-street parking seen as the areas to generate additional income from
- 48 per cent want to protect services even if it means an increase in Council Tax
- 58 per cent of respondents were aged 51+

Background

This survey was available online from 18 November 2023 to 16 December 2024 via an online form on the Council's Have Your Say web page, and was publicised by the Communications Team via social media. There were 82 responses – a significant decrease on the 148 received last year – though not all respondents answered every question.

Analysis of responses

Q1) Are you a resident of the borough of Newcastle-under-Lyme?

96 per cent of respondents said that they were a resident of the borough, with the remaining four per cent saying they were not. This was broadly similar to the previous year when 95 per cent identified as borough residents.

Q2) What is the single most important thing the Council could do differently to improve the quality of life for your local community?

This was a purely open question – an open text box was provided for respondents to answer, unprompted, with no suggested answers to choose from. This word cloud shows key themes with all comments included in full in the appendix. Note in particular the prominence of the words 'town' and 'centre'.

Q3) Which of these Council services are the most important to you?

For this question, respondents were asked to choose up to five services from a list of 12 services. As respondents could choose up to five options, totals will add up to considerably more than 100 per cent.

Three services were chosen by at least half per cent of respondents:

• Town centre regeneration	60 per cent of respondents
• Street cleaning	60 per cent
• Refuse collection	56 per cent

Slightly fewer than half picked two others:

• Parks, playgrounds and open spaces	49 per cent
• Recycling facilities	43 per cent

The remainder were far less popular:

• Planning and building control	30 per cent
• Food Safety -	24 per cent
• Culture and the Arts	20 per cent
• Off street Parking	17 per cent
• Outdoor markets	17 per cent
• CCTV coverage	14 per cent
• Britain in Bloom	13 per cent

Q4) Out of the following services which the Council is not required by law to provide would you most like to see protected? Please tick up to five boxes.

Respondents were asked to choose up to five options out of a list of 11 services.

One service was clearly the most popular:

• Town centre regeneration	77 per cent

Four were chosen by at least one-third of respondents:

• CCTV	44 per cent
• Outdoor leisure facilities	41 per cent
• Outdoor markets	38 per cent
• Indoor leisure facilities	33 per cent

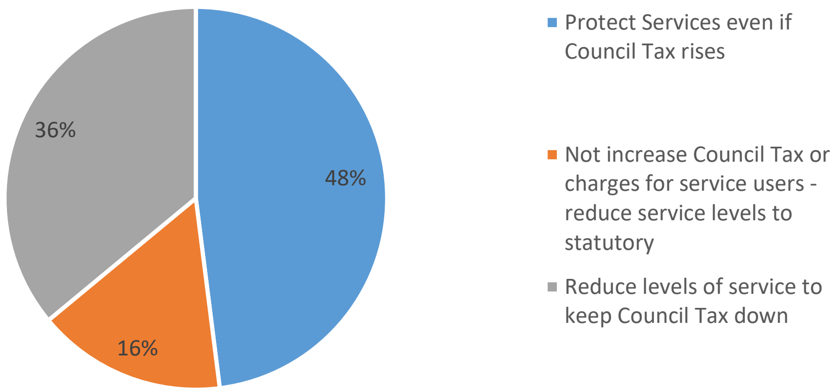
The rest were less popular:

• Culture and the Arts	30 per cent
• Neighbourhood grant funding programme	29 per cent
• Britain in Bloom	22 per cent
• Promotion of tourism	13 per cent
• Sports development	10 per cent
• Mayoral activities	One per cent (one respondent)

Q5) When making decisions about spending plans for next year and beyond, should we...

Respondents were asked to choose from a set list of three options, and they were chosen as follows:

- *Protect services, even if this means we will need to increase Council Tax and charges to service users because of central funding reductions.* This was picked by nearly half (48 per cent) and was the most popular choice.
- To *not increase Council Tax or charges for service users, but instead look to reduce service levels towards a core statutory offer - that is, excluding those listed in question 3.* This was the least popular choice, picked by only one-in-six (16 per cent) of respondents.
- *Reduce levels of service to make sure that Council Tax rises and fee increases for service users are kept to a minimum*. This was selected by one-in-three (36 per cent) of respondents.



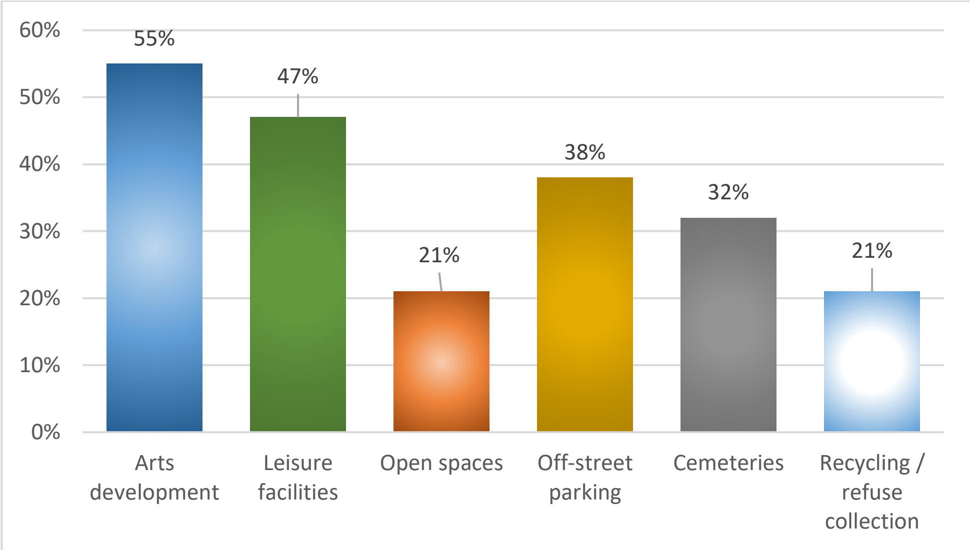
Q6) Are there any particular service areas where you feel Newcastle-under-Lyme Borough Council should not reduce its funding?

The following word cloud shows the key themes,

Q7) Which service areas should the Council seek to generate additional income from service users in order to help balance the budget? Please tick as many as you feel are appropriate.

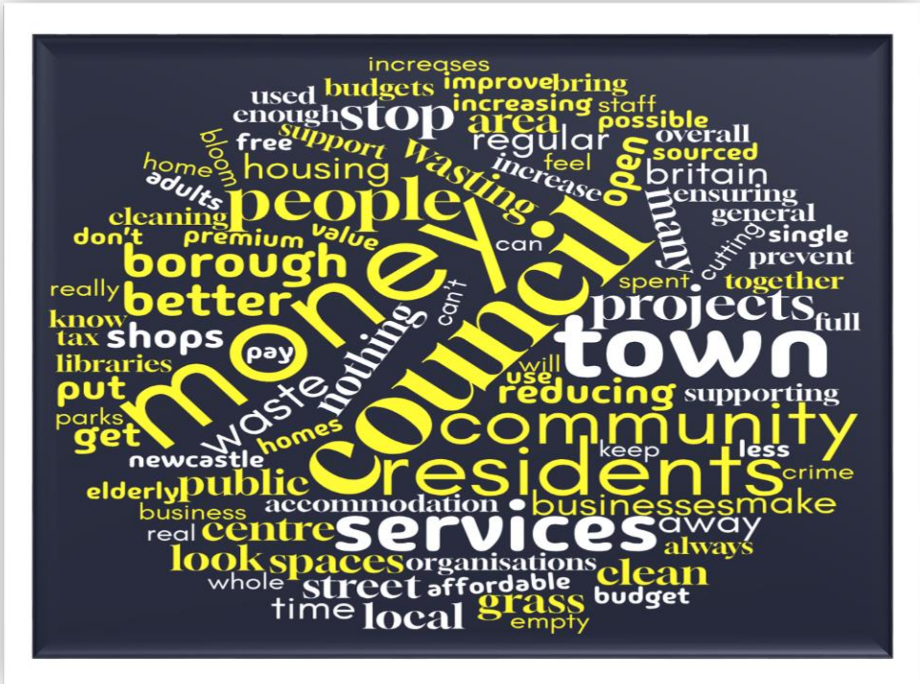
Respondents were asked to choose from a list of six options, and they could select as many of these six as they wanted to – explaining why percentages add up to considerably more than 100 per cent.

Arts development (55 per cent) and leisure facilities (47 per cent) were chosen ahead of the others as the following chart demonstrates:



Q8) Is there anything else you think the Council should consider a priority when setting the budget?

Another open comments box invited respondents to make unprompted suggestions, the following word cloud shows the key themes:



Profile of respondents

Finally, respondents were asked to provide their age group and postcode – this enables us to see how representative of the borough the respondents were. The following table shows how many respondents were received by broad age group compared to the population of the borough. There was an over-representation of residents in the middle age groups - the three age groups containing residents aged 41 to 70 were generally over-represented, with those aged under 40 and above 70 under-represented.

Table 1: Age profile of respondents compared to the borough based on 78 responses

Broad age group	Proportion of respondents	Proportion of 18+ residents in the borough (2021 census)
30 and under	8%	20%
31-40	15%	15%
41-50	18%	15%
51-60	24%	17%
61-70	24%	14%
71+	10%	18%

Location of respondents

Unfortunately, not all respondents did provide full valid postcodes, but 78 did at least provide at least the first part of theirs, enabling the following matching. The wards with the largest number of responses were Westlands (nine) May Bank (seven) and Silverdale (six). However, despite their relatively large populations, there were few submissions from the northern wards of Kidsgrove and Ravenscliffe, Talke and Butt Lane or Newchapel and Mow Cop – with none from Holditch and Chesterton.

Table 2: Respondents by ward or other area - 78 respondents

Ward/area	Respondents
Audley	3
Bradwell	2
Clayton	5
Crackley and Red Street	3
Cross Heath	2
Holditch and Chesterton	0
Keele	1
Kidsgrove and Ravenscliffe	2
Knutton	2
Loggerheads	2
Madeley and Betley	2
Maer and Whitmore	2
May Bank	7
Newchapel and Mow Cop	2
Silverdale	6
Talke and Butt Lane	1
Thistleberry	3
Town	4
Westbury Park/Northwood	2
Westlands	9
Wolstanton	2
ST5 (incomplete postcode)	7
ST7 (incomplete postcode)	1
Staffordshire Moorlands	1
Stoke-on-Trent (Hartshill)	1

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NEWCASTLE UNDER LYME BOROUGH COUNCIL

Medium Term Financial Strategy
2025/26 – 2029/30

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Medium Term Financial Strategy 2025/26 to 2029/30

1. Corporate Plan

1.1 The Council Plan for 2022-2026 sets out the Council's priorities for the next four years and serves to focus the work of everyone at the Council.

1.2 The Council Plan is shaped around our four key priorities:

- One Council Delivering for Local People
- A Successful and Sustainable Growing Borough
- Healthy, Active and Safe Communities
- Town Centres for All

1.3 The Council Pan sets out how we will work to make Newcastle-under-Lyme a better place for everyone who lives here or comes here to work, to study or for leisure. Our aims can only be achieved by taking advantage of every opportunity available and developing further opportunities through innovation and collaborative working.

1.4 The Council is committed to strong and sustainable economic growth for the borough, focusing on opportunities around Keele University, Newcastle Town Centre and Kidsgrove.

1.5 The Council has worked hard to secure more than £50m from government programmes aimed at boosting the economic fortunes of areas such as ours. This plan includes a transformational portfolio of major projects but also reflects our ambition to attract yet more funding and take this work even further.

2. Financial Strategy

2.1. A sound financial strategy is key to the delivery of the Corporate Plan and financial resilience.

2.2. There are five key strands to the strategy:

- A financially self-sustaining Council
- Value for Money
- Everyone's responsibility culture
- Underpinned by robust financial position
- Ensuring a fair financial settlement for Newcastle-under-Lyme

Financially Sustainable Council

2.3. The change in the balance of funding to local authorities has shifted over the last ten years. The reduced Revenue Support Grant awarded by Government has been replaced by income from retained Business Rates and Council Tax. This has led to a need for local authorities to be increase self-financing with a need to promote and grow the local economy and Council Tax bases to provide prosperity and reduce need alongside delivering efficiencies and generating more income.

2.4 Newcastle-under-Lyme has a growing population, but in recent decades it has seen low levels of house building which have not kept up with housing demand. The resulting affordability gap for residents influenced by the cost of living puts pressure on our homelessness and temporary accommodations services but also has the risk of dampening council tax income.

2.5 Newcastle-under-Lyme's industrial and retail sectors have remained healthy in recent times and the business rates base has grown significantly (rateable value of £101.912m for 2024/25) since the borough joined the Staffordshire business rates pool in 2013/14 (rateable value of £83.842m).

2.6 Alongside the growth in the tax base the rates need to keep base with the Council's inflationary and demand pressures, whilst also reflecting the financial pressures facing our residents. Accordingly the MTFS assumes annual inflationary increases in the tax base.

Value for Money

2.7 It is essential that the Council makes best use of its finite resources. In simple terms this means evidence based decisions, testing the market, strong business cases, delivering on the corporate objectives.

Culture

2.8 The Council's finances need to be everyone's responsibility. It is not the sole responsibility of the Council's Section 151 Officer. Ownership is required across the entire Council. This has increasingly been the case through years of austerity and the financial impacts of the Covid-19 and Cost of Living crises and the continued uncertainty around Local Government funding.

Robust Financial Position

2.9 There needs to be clear, transparent and integrated service and budget planning to ensure the Council's finite resources are directed to where they are most needed. It is essential that the finances are understood by members, senior officers, managers and the community. The finances need to be sustainable. A single year budget is not enough, the finances need to be planned over the medium term and good practice is for this term to be five years.

2.10 The budgets need to be robust with realistic savings plans to avoid in year volatility. The five year plan needs to recognise all future pressures and income flows. Local Government is a dynamic environment with many demand led services and the growth in demand for services needs to be accurately modelled. The same applies on the income side with a clear understanding required of changes to the Council Tax and Business Rates tax bases and the level of Government support.

2.11 There is inevitably a gap between the two or the need to invest in priority areas which will need to be met by changing the way in which the Council operates. This will be through delivery of efficiencies, reducing services or generating more income. All of these measures need to be realistic with appropriate processes in place to ensure their delivery.

2.12 Finally, the Council needs to hold an appropriate level of reserves to ensure that it can continue to deliver its objectives in times of financial uncertainty. These reserves will cover the smoothing of spend areas that are known to move from year to year, for specific and general risks and a general provision for unknown risks.

2.13 Much work has been done to put the Council's finances on a robust sustainable footing. Undeliverable savings and historical overspends have been built back into the base budget, there is a more focussed view of the medium term and there is a far more realistic assessment of future demographic pressures and investment needs. In addition, a 'Ten Year Capital Strategy' has ensured that decision making considers this wider, long term context. This Strategy will set out how this approach can be taken further forward.

A Fair Financial Settlement for Newcastle-under-Lyme

2.14 The Government introduced its Business Rates Retention model for funding local government in 2013/14. It however relied on the historical needs data and damping arrangements from the previous model. At the time government committed to address both of these issues and also set out plans to reset the business rates growth on a regular basis.

2.15 Government has been developing Fair Funding proposals to remedy the position, this is now overdue and local authorities have been disadvantaged by both the lack of an update of the underlying data and the damping arrangements. Implementation was held up due to the Covid-19 pandemic and it is currently unclear when the new Government will press ahead with plans for a business rates reset which would see the accumulated growth built up since 2013/14 being redistributed across the system.

2.16 As a member of the Staffordshire Business Rates Pool the Council currently saves £0.814m per annum in levy payments which would be payable to the Treasury if the Council ceased to be part of a pooling arrangement. In addition to this, growth within the Borough has enabled a further £2.705m of business rates income to be retained by the Council (this has been recognised in previous savings) over and above the funding baseline set by Central Government. In the event that a business rates reset goes ahead strong lobbying will be required to ensure that appropriate transitional arrangements are in place to cushion the impact locally.

2.17 The MTFS assumes that a business rates reset will occur during the medium term with a strong likelihood of this taking place during the 3 year period 2025/26 to 2027/28. Initial forecasts assume that this reset will eliminate around half of the benefit that the Council current incurs from the scheme. The MTFS phases the loss over a 3 year period and assumes utilisation of the Business Rates reserve to assist with the transition if the reset occurs in 2025/26 or 2026/27. The Business Rates reserve was established to be utilised in this way.

2.18 Finally the Council has been successful in ensuring that significant resources required to regenerate the borough have been secured via Town Deals and Future High Street Fund (a number of projects are well underway). The Council will continue to work to secure inward investment in the borough to drive growth and employment opportunities for local people.

3. Economic Context (at October 2024)

3.1 UK inflation fell to around the Bank of England's target, dropping from 3.2% in March to 2.0% in May, then rising slightly to 2.2% in July and August. Core inflation remained higher at 3.6% for general goods and 5.6% for services. The UK economy grew more slowly, expanding by 0.5% in the second quarter, down from 0.7% in the first, and showed no growth in July. The job market is easing, with unemployment dropping to 4.1% and employment rising to 74.8%. Average regular earnings increased by 5.1%, leading to real pay rises when adjusted for inflation.

3.2 In response to lower inflation, the Bank of England reduced interest rates from 5.25% to 5.00% in August, maintaining this rate in September, though concerns about persistent inflation remain. They expect the economy to grow through 2024 but predict inflation will rise again before falling below 2% by 2025.

3.3 The US Federal Reserve cut interest rates to a range of 4.75% to 5.00% in September, with plans for further cuts in the coming years. Meanwhile, the European Central Bank reduced its main interest rates to 3.65% in September, but hasn't provided a clear future path for rates, anticipating inflation to stay above 2% until 2026.

3.4 Sentiment in financial markets mostly improved, but bond yields remained quite unpredictable. While yields generally increased early on, they later settled close to where they began. This meant bond investors faced a lot of ups and downs due to various economic and global events.

3.5 For example, the yield on the 10-year UK government bond started at 3.94% and ended at 4.00%, peaking at 4.41% in May and dropping to 3.76% in mid-September. Similarly, the 20-year bond yield rose from 4.40% to 4.51%, reaching a high of 4.82% in May and a low of 4.27% in mid-September. Throughout this period, the average overnight interest rate was 5.12%.

4. Borough Profile

4.1 Newcastle-under-Lyme has a population of 128,100 (2023 mid year estimate), an increase of 5000, or 4.1%, since the 2021 mid year estimate. This is a far large increase than for the national, regional or county – England's population increased by 2.0%, the West Midlands region by 2.2% and Staffordshire's by 2.4%.

4.2 In the ten years from 2013-2023, the percentage of the borough's population aged 70+ increased from 13.3% to 15.8%, keeping this rate higher than across the West Midlands region (13.9%) and England (13.7%), though slightly lower than Staffordshire's rate of 16.6%.

4.3 The general population has increased by 3.4% over the past decade (2013-2023), but with the number of residents over 65s increasing by 12.8%, lower than the Staffordshire increase of 17.8%, the England increase of 16.1% and the West Midlands increase of 14.3%.

4.4 The 2023 median age for the borough is 42 years, higher than for the West Midlands (40) and England and Wales (41) but lower than Staffordshire (43). The borough's median is the same as it was in 2010.

4.5 It is estimated that the number of households in the Borough will increase to 59,200 by 2029, and to 62,100 by 2039.

4.6 Measured through the average rank for IMD 2019, Newcastle-under-Lyme is the 150th most deprived local authority in England, out of 317 overall. Newcastle's ranking compared with other local authorities in England has improved slightly from 156th in 2015. In terms of Health Deprivation and Disability the borough is the 80th most deprived local authority but 197th most deprived in terms of Barriers to Housing and Services.

4.7 Parts of the borough including Cross Heath and Knutton are in the 10% most deprived areas in England. Further parts of Holditch and Chesterton, Kidsgrove and Ravenscliffe, Crackley and Red Street, Town and Westlands are also in the 20% most deprived. However, parts of Loggerheads, Westbury Park and Northwood, Madeley and Betley and Westlands are in the top 10% least deprived parts of England, with parts of Clayton, Crackley and Red Street, Thistleberry, Westlands, Bradwell, Madeley and Betley, Newchapel and Mow Cop in the top 20% least deprived.

4.8 Across the borough in 2023, the annual mean gross weekly pay for full-time workers was £629. This was lower than for the West Midlands (£652) and Great Britain £683).

(Gross weekly pay for full-time workers)

	Newcastle-under-Lyme	**West Midlands**	**Great Britain**
Females	£594	£594	£629
Males	£664	£695	£728
Overall	£629	£652	£683

4.9 In the year up to June 2023, an estimated 79.0% of residents aged 16-64 were classed as 'in employment', slightly higher than the West Midlands (74.3%) and Great Britain (75.6%).

(All people in employment) Numbers in brackets are people.

	Newcastle-under-Lyme	**West Midlands**	**Great Britain**
July 2017- June 2018	75.7% (64,900)	72.8%	75.0%
July 2018- June 2019	74.9% (64,200)	73.5%	75.6%
July 2019- June 2020	71.0% (60,100)	74.2%	75.9%
July 2020-June 2021	69.0% (57,700)	73.5%	74.4%
July 2021- June 2022	77.8% (64,500)	73.5%	75.5%
July 2022-June 2023	79.0% (67,300)	74.3%	75.6%

4.10 As of 2022, a little over two-thirds (69%) of residents' jobs were full-time, with the remaining 31% part-time. This is very similar to the rate for the West Midlands (58%) and Great Britain (69%).

4.11 According to official crime summary data, the number of recorded crimes for headline offences in Newcastle-under-Lyme between April 2023 and March 2024 was 8,287.

4.12 The crime rate for headline offences from April 2023 to March 2024 was 66 per 1,000 residents, slightly lower than the Staffordshire rate of 75 per 1,000 people and in the middle of the Staffordshire boroughs.

4.13 In Newcastle-under-Lyme the three most common types of recorded crime were:

- Violence against the person (3,731)
- Theft offences (2,106)
- Stalking and harassment (1,590)

4.14 The latest available local estimates from the ONS (Life Expectancy at Birth 2022) suggest that life expectancy at birth for males born in Newcastle-under-Lyme is 79.2 years, which is broadly similar to the Staffordshire (79.9 years) and the England average (79.3 years). Female life expectancy is 82.7 years, again broadly similar to the Staffordshire and England averages of 83.2 years.

4.15 There are, however, wide variations across the borough with the inequality driven by deprivation. For Newchapel and Mow Cop ward, the life expectancy at birth for males is 82.4 years, but in Town ward it is 6 ½ years lower at 75.9 years.

4.16 For females in Loggerheads life expectancy at birth is 87.1 years, but in the Town ward it is 11 years lower at 76.1 years.

4.17 Across the borough, the age-standardised mortality rate (avoidable mortality) of 287 was higher than the Staffordshire rate of 242, the West Midlands rate of 277 and England's 253.

4.18 There are circa 53,400 homes in the borough (2021). At the 2021 Census housing tenure was as follows:

- Owned outright 38%
- Owned with mortgage/loan 30%
- Social rented 17%
- Private rented 15%

4.19 Overcrowding is mostly assessed by the 'bedroom standard' which assesses the number of bedrooms needed according to the size and composition of households. In the 2021 census, Newcastle-under-Lyme had an overcrowding rate of 2.1% – very similar to Staffordshire's 1.9%. and significantly lower than England's 4.4%.

4.20 Across 2023, the local housing affordability ratio i.e. median house price compared to median gross income was 5.52, significantly lower than all of the other Staffordshire districts. Across the West Midlands the ratio is 7.10, and across England it is 8.18. The borough's rate is lower than in 2013 when the ratio was 5.26.

4.21 In 2023, 94.0% of residents of working age had qualifications at level FQF1 or above, higher than the 87.5% across the West Midlands and the Great Britain average of 89.0%. However, an estimated 37.9% of adults aged 16-64 were qualified to level RQF4 or above – lower than both the West Midlands rate of 42.5% and the Great Britain rate of 47.3%.

4.22 The unemployment claimant count for the borough of 3.3% as at August 2024 was slightly higher than Staffordshire's rate of 3.1%, but lower than Great Britain's 4.3%. As with most of the country, there has been an increase from March 2020 when the rate was 2.4%. There is some variance across the borough – in four wards the rate is higher than the national average, in five wards it is lower than half that rate.

5. Refresh of Financial Assumptions

5.1 Council agreed a five year Medium Term Financial Strategy in February 2024 covering the period 2024/25 to 2028/29. For 2024/25 Net Expenditure of £17.046m on services was budgeted for with a Council Tax Requirement of £8.472m. There is a Council Tax Base of 38,738 and a Band D Council Tax of £218.69. There was a balanced budget for 2024/25 but a forecast gap of £4.193m across the period 2025/26 to 2028/29.

5.2 The MTFS gaps have been rolled forward a year to cover 2029/30, this was reported to Cabinet on 10 September 2024 and the assumptions updated, further updates have been reported to Cabinet on 3 December 2024 and again on 7 January 2025. There will continue to be further review of the gaps throughout the budget setting process, cumulating in an updated gap being reported to Council on 12 February 2025.

5.3 The MTFS has been revised to reflect current information and includes an estimate of pressures that have both a short and medium term impact on the tax base for Council Tax and Business Rates.

5.4 Overall, rolling forward a year the Council is forecast to have a funding gap of £5.275m over the next five years. £1.890m of this is in 2025/26 and whilst the overall strategy is to have a balanced five year plan the focus of attention will be on this first year.

Detail	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	Total (£000's)
Income	60	854	(46)	(564)	(585)	(281)
Expenditure	1,830	967	810	835	1,114	5,556
Gap	**1,890**	**1,821**	**764**	**271**	**529**	**5,275**

Income

5.5 A provision for income losses of £0.100m has been built in for 2025/26. An assumed annual increase in fees and charges has also been included of 4% for 2025/26 and for each year thereafter.

Detail	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	Total (£000's)
National Insurance	(403)	233	-	-	-	(170)
Settlement –Inc. Minimum Funding Guarantee	380	649	-	-	-	1,029
Business Rates Baseline Funding	(109)	(129)	(131)	(133)	(136)	(638)
Business Rates Reset	500	500	500	-	-	1,500
Fees and Charges	(408)	(399)	(415)	(431)	(449)	(2,102)
Income Pressures	100	-	-	-	-	100
Total	**60**	**854**	**(46)**	**(564)**	**(585)**	**(281)**

Government Grant

5.6 Local Government has been through an unprecedented period of austerity. The assumption is for settlement funding to be reduced as the minimum funding guarantee which is linked to Core Spending Power (including Council Tax) has been reduced from a 3% increase to 0%, with continued one year settlements until further notice. It is now known that the changes to Employers National Insurance will be part funded and the remaining gap has been built into the MTFS.

Business Rates

5.7 There have been significant impacts to Business Rates as a result of the Covid-19 crisis. Firstly, there have been a wide range of interventions from Government with extensive discounts and also provision of grant to small businesses. These discounts have been matched with Section 31 grant and have therefore not impacted the Council's bottom line.

5.8 The MTFS currently assumes an inflationary increase of 2.5% in each year in terms of collectable Business Rates, this is in addition to an inflationary increase in the base level funding set for the Business Rates Retention scheme by Central Government (1.7% for 2025/26).

Council Tax

5.9 The Council has a market housing supply of 2,815 properties over the 5 year period of the MTFS. The MTFS assumes that the requirement will be met per the trajectory in the draft Local Plan, thus increasing the tax base accordingly. The MTFS assumes a Council Tax increase of 1.99% per Band D property for all years.

5.10 The Council operates a Council Tax Support scheme, introduced following the localisation of support by Government at the start of austerity. Increased levels of Council Tax Support were awarded during 2020/21 in the midst of the Covid-19 pandemic. The MTFS forecast assumes that the levels of support have now returned to pre-pandemic levels, however this will continually be reviewed.

Savings/Income Generation

5.11 To date savings of £1.890m have been identified for 2025/26 enabling a balanced position to be proposed. £2.211m has been identified to largely close the gap for the remainder of the MTFS (total shortfall of £0.941m).

Detail	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	Total (£000's)
Income	235	-	-	-	-	235
Staffing Related	156	-	-	-	-	156
Good Housekeeping	167	-	-	-	-	167
Tax Base	425	306	345	430	401	1,907
Council Tax Increase	175	177	180	184	188	904
Government Grants	732	-	-	-	-	732
Total	**1,890**	**483**	**525**	**614**	**589**	**4,101**

Expenditure

5.12 Employee pressures relate to assumed pay awards of 3.5% for 2025/26 (£0.501m) and 3% for all years thereafter, 2025/26 also provides for the 2024/25 pay award (£1,290 per full time employee regardless of grade) that was over and above amount assumed, this amounts to a further pressure of £0.093m excluding the associated increases to National Insurance and pension contributions.

5.13 National Insurance contributions related to assumed pay awards and the 2024/25 pay award amount to an additional £0.090m for 2025/26, whilst associated pension contributions result in a pressure of £0.184m. Changes to Employers National Insurance Contribution rates and the associated thresholds amount to a pressure of £0.403m, it was confirmed on 3 February 2025 that only £0.170m of this will be reimbursed by Central Government.

5.14 A number of new pressures facing the Council in 2025/26 have also been provided for, these include increased costs relating a restructure of the Legal service and the introduction of a Commercial post to identify new income streams.

Detail	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	Total (£000's)
Employees	1,340	743	767	788	811	4,449
Premises	153	58	61	63	65	400
Transport	19	20	20	21	22	102
Financing	45	136	(48)	(47)	206	292
Pressures	273	10	10	10	10	313
Total	**1,830**	**967**	**810**	**835**	**1,114**	**5,556**

Inflation

5.15 Provision for price increases is made in line with the Bank of England target for CPI (Consumer Price Index) where appropriate.

Investment

5.16 The base budget includes an annual contribution to the Civic Growth Fund (formerly known as the Borough Growth Fund) of £0.250m to fund investment in key Council priorities. At the present time the assumption is that this level of investment will continue over the life of the MTFS.

Capital financing

5.17 The proposed Capital Programme for 2025/26 to 2027/28 is based on new schemes which are vital to ensure continued service delivery and in assisting the Council to achieve its corporate and service objectives as set out in the Council Plan 2022-26. These schemes total £94.604m including major investment into the Borough via external funding in terms of the Future High Streets Fund and the Town Deals Fund for both Newcastle and Kidsgrove and associated projects.

5.18 The Capital Programme will require to be financed by borrowing, primarily for cash flow purposes, whilst assets are procured and constructed, after which time significant capital receipts are expected. The associated borrowing costs have been factored into the MTFS. The Capital Financing Requirement is set to increase to £23.585m by 2027/28 based on the 3 year Capital Programme for 2025/26 to 2027/28, the Capital Financing Requirement at 31 March 2024 (£10.262m) and the Capital Financing Requirement for capital expenditure during the current financial year and the financial years 2025/26 to 2027/28 (£13.323m).

Other financing adjustments

5.19 The Council has eliminated reliance on capital receipts to finance revenue expenditure.

6. In Year Response to Financial Pressures Arising from Covid-19 and Cost of Living Crisis

6.1 There remains a small amount of uncertainty at present with regards to the recovery of lost income levels resulting from the Covid-19 pandemic and the impact of the Cost of Living Crisis. The medium term therefore contains risks around loss of income, these are included as part of the risk assessment informing the Council's level of reserves. A number of steps have been taken in year, or are planned for future periods to continue to address the financial impact and ensure that the Council remains financially resilient including:

- A review of income forecasts as part of monthly budget monitoring processes.
- Maintaining spend within the existing budget envelope as far as possible.
- Identifying management action to reduce in year cost pressures.
- Re-focusing the income collection approach to reduce the impact of bad debt.
- Reassessment of Capital Programme commitments.
- A comprehensive review and risk assessment of the Council's reserves.
- Use of grants to substitute for existing spend wherever possible.
- Asset review to maximise receipts from disposals.

7. Approach

7.1 The following section sets out the central approach to developing the Medium Term Financial Strategy for 2025/26 to 2029/30.

Foundation analysis

7.2 Over the summer and early autumn the groundwork for the MTFS has been undertaken which is primarily the review of the Borough Profile, assessment of the Cost of Living Crisis, a full benefit opportunity assessment and benchmarking to give a clear context in which to identify areas for investment and redirection of resources, opportunities for efficiency and income generation and service reconfiguration. Service level benchmarking has primarily been based on the MHCLG Revenue Outturn data focussed on the Council's CIPFA statistical "nearest neighbours" and Staffordshire geographical near neighbours. Spend has also been mapped to strategic priorities and outcomes.

One Council

7.3 The One Council Programme was launched in February 2021 following Full Council approval of the budget in order to meet the changing needs of our residents by increasing our ability to provide flexible, efficient and customer driven services. The programme was designed to respond to the key lessons from the Covid-19 pandemic, how this impacted on how customers accessed Council services, and how services flexed in order to remain resilient. The programme focussed on reviewing customer need alongside modernising internal processes whilst developing our internal cultural transformation and ensuring we address financial demands.

7.4 The One Council programme facilitated a fundamental change in Newcastle-under-Lyme Borough Council's operating model and how the Council address's its challenges. Significantly, it set out to enable the Council to make better use of the resources available to it, ensuring both efficient and effective service delivery.

7.5 One Council was a "spend to save" programme with an agreed investment of £1.2m. Recurrent benefits of £1.173m have been achieved (£0.196m achieved in 2021/22, £0.601m achieved in 2022/23 with a further £0.376m in 2023/24).

7.6 In order to build the programme and consider the areas for change and focus, the broad concepts of purpose were considered alongside a benchmarking exercise which placed the customer and delivery of services at centre stage. This analysis supported the development of certain big ideas which have formulated the overall Future Operating Model design and gave a structure to the design of service change through the development of the "Big Operating Model Building Blocks" of:

- Leadership and Management
- Information Advice and Guidance and Website
- One Front Door
- Internal Support
- Mobile Multifunction Team
- Strategy and Performance Team

Leadership and Management

7.7 The programme realised the importance of cultural development, attitudes, behaviours and overall quality and consistency of leadership as a driver for success. As such a dedicated culture work stream was initiated which considered our purpose as a Council and provider of services as well as the important people driven elements which would support the achievement of our goals. Focus groups across the Council considered our purpose, strengths and weaknesses and contributed to the development of an overall mission statement and related values.

Information, Advice and Guidance / website

7.8 A core aim of the overall programme was to enable residents and local business to self-serve wherever possible, thereby freeing up expertise and staff time to support delivery of complex tasks and innovative services in a more efficient model.

7.9 The Digital work stream engaged with services to consider changes needed to enable this transition for users of our website and contracted with Jadu to develop the new website which was launched on 27 October 2021.

7.10 The site is cleaner and more modern than the previous site and has been developed with a focus on functionality and ease of use to support the customer. The website developments integrate directly with the established One Front Door (or Customer Hub) and drive traffic away from resource heavy phone lines enabling a deeper and broader remit and function to develop within the customer facing team.

One Front Door

7.11 The One Front Door, now known as the Customer Hub, is the customer facing function designed to offer end to end service, advice and transactional support to customers of the Council. A strong feature of this service is providing the team with training and development across a range of services, as well as giving them access to in service technology to allow them to have up to date information and ability to transact specific elements of queries easily and efficiently.

7.12 Work initially focussed on the previous teams for Customer Services and Revenues and Benefits and the two areas were consolidated. Pulling the teams together, with focussed work on processes alongside the website development has enabled the team to be resourced more efficiently and for knowledge to be spread amongst a larger number of employees.

Internal Support

7.13 Efficiencies have been developed within our internal services. These continue to provide services with streamlined support and guidance whilst releasing those with technical expertise to focus on value added delivery.

7.14 Much like the One Front Door, efficiencies of scale have been identified here as well as process and technology developments which have enabled a reduction in Full Time Equivalents (FTE) assigned to the teams.

Mobile Multi-Function Team

7.15 The Mobile Multi-Functional Team recently renamed the Neighbourhood Delivery Team, enables an agile and diverse team of operatives to be dispatched where there is immediate need. Linked to a preventative delivery arm and the One Front Door, the impact on the Borough and residents has been significant and positive.

Strategy and Performance Team

7.16 The Strategy and Performance Team supports services in their strategic aims as well as becoming a critical friend and challenging function in terms of performance and delivery. This function has enabled the Council to better use data and performance indicators to drive outcomes against the Council Plan and other strategic aims.

7.17 In addition this service will continue to look outward to strengthen relationships with our partners, consider policy and strategy development and ensure effort and activity drive us closer to our overall aims and vision.

Future of One Council

7.18 The One Council Programme has completed the initial 3 year programme of works. The programme has been successful in realising £1.173m of reoccurring savings, has implemented process improvements, and had a positive impact on the culture of the Council through seeking continuous improvement to services. This approach of improvement and change is now embedded within service provision.

7.19 Due to the success of the One Council Programme, three further workstreams have commenced. These workstreams will focus on the sustainable agenda (One Green Council) the digital agenda (One Digital Council) and the commercial strategy (One Commercial Council).

7.20 The One Green Council will focus on the Sustainable Environment Strategy in order to achieve the Council's Net Zero target in 2030 and the Borough's Net Zero target in 2050.

7.21 The One Digital Council will focus on the delivery of the Digital Agenda and the continuous improvement of services via technology.

7.22 The One Commercial Council will concentrate its activity on the Commercial Strategy, reviewing commercial options in order to generate additional income for the Council whilst improving service delivering and organisational efficiency.

Commercial

7.23 The Council's Commercial Strategy was updated and approved by Full Council in February 2024. The vision is for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's Medium Term Financial Strategy.

7.24 As a Council which adopts a commercial mind-set across the organisation, we expect staff to think innovatively and deliver services differently. We will use commercial principles to maximise the impact of our assets (whether physical or intangible) to benefit our communities and deliver financial sustainability.

7.25 The primary objective is to use the Council's resources as effectively and efficiently as possible when delivering the Council Plan. Achievement of the primary objective will come in part through the following:

- Developing a commercial culture
- Putting sound governance in place – being clear about responsibilities, authorities, processes, templates and funding
- Ensuring there is appropriate performance management in place for commercial initiatives

7.26 The overarching aim of this strategy is to deliver a financial return, which contributes to the Council's efficiencies and additional income targets. This will help to safeguard, and develop, frontline services that the Council currently provides and enhance the Council's ability to invest in its place shaping agenda.

Property

7.27 The Council's Asset Management Strategy for 2023-2028 was approved by Cabinet in September 2023 and has recently been updated as part of the 2025/26 budget setting process. The Asset Management Strategy provides a clear framework for understanding the value and condition of property owned by the Council so that, in turn, investment decisions can be taken to optimise the use of the said land/property to meet the needs of the Borough's residents, businesses and visitors.

7.28 The Asset Management Strategy directs the Council's disposal of surplus land and property assets, it also sets out the approach to managing the Council's assets, both t hose that are operational and those that are commercial.

7.29 A key element of this is ensuring that all buildings and land holdings continue to meet the needs of our users and are effective to manage. The Council needs to ensure that assets maximise income where they are commercial assets to ensure that the Council generates income to support operational costs and investment plans.

8. Reserves

8.1 Forecast balances for the Council's reserves as at 31 March 2025 are as follows:

Reserve/Fund	**Balance 31.3.24 (£'000's)**	**Forecast Balance 31.3.25 (£'000's)**
General Fund	2,157	2,010
Walleys Quarry Reserve	200	700
Equipment Replacement	54	-
Budget Support Fund	484	437
Budget Support Fund (Local Plan)	211	100
Budget Support Fund (Homelessness)	184	100
Borough Growth Fund	79	-
Conservation & Heritage Fund	30	20
Mayor's Charity Fund	30	-
Museum Purchases Fund	46	30
Business Rates Reserve	1,654	1,302
Elections Reserve	50	123
Maintenance Fund	-	283
Clayton Community Centre Fund	24	17
Totals	**5,203**	**5,122**

8.2 A full reserves risk assessment is completed as part of the 2025/26 budget preparation. Based on a preliminary assessment it is considered that the current balance of the general fund reserve provides sufficient cover for foreseeable risks.

8.3 It should be noted that the balance of the Business Rates reserve is to be held to mitigate against future collection fund losses and as a contingency for the Fair Funding Review.

9. Capital Strategy

9.1 The Council agreed its Capital Strategy and ten year Capital Programme 2024/25 to 2033/34 in February 2024, this will be refreshed as part of the 2025/26 budget setting process. The Capital Strategy explains how the Council invests its capital funds and the various sources of funding and how this facilitates the delivery of its objectives.

9.2 The main governance of the Capital Strategy is through the Capital, Assets and Commercial Investment Review Group which:

- Reviews and recommends to Cabinet all new General Fund Capital projects
- Ensures capital resources are viewed corporately with a clear link to corporate objectives
- Ensures any revenue costs are identified and considered in the Treasury Management Strategy and the Council's MTFS
- Develops a Capital Strategy which supports the Councils corporate objectives
- Oversees the development and implementation of the asset management and commercial strategies
- Reviews new capital project and on behalf of Cabinet.

9.3 As part of the Efficiency Board process every capital scheme and in-year capital commitment has been reviewed.

9.4 The draft ten year Capital Programme for the period 2025/26 to 2034/35 provides for investment into the Borough. This programme will be funded by capital receipts, significant external contributions (Town Deals and Future High Streets Funding) and borrowing. The revenue impact of borrowings has been included within the MTFS.

10. Treasury Management Strategy

10.1 The Council agreed its Treasury Management Strategy for 2024/25 in February 2024, the strategy for 2025/26 will be updated alongside the proposed budget and capital programme as part of the 2025/26 budget setting process.

10.2 As referred to in the above section, the Council will be required to borrow to fund the draft Ten Year Capital Programme. The PWLB and Council to Council borrowing are the primary borrowing options that the Council is currently reviewing to fund borrowing in relation to the capital programme.

10.3 The Capital Financing Requirement is set to increase to £23.585m by 2027/28 based on the 3 year Capital Programme for 2025/26 to 2027/28, the Capital Financing Requirement at 31 March 2024 (£10.262m) and the Capital Financing Requirement for capital expenditure during the periods below (£13.323m).

Funding Stream	Capital Receipts (£000's)	External Contributions (£000's)	Borrowing (£000's)	Total (£000's)
2024/25	3,786	32,961	14,549	**51,295**
2025/26	4,150	3,543	16,038	**23,731**
2026/27	50,787	1,500	(4,942)	**47,345**
2027/28	34,350	1,500	(12,322)	**23,528**
Total	**93,073**	**39,504**	**13,323**	**145,900**

11. Budget Preparation Timetable

11.1 Work on the development of budget proposals for 2025/26 is at an advanced stage. The final revenue budget and Council Tax proposals, along with the Capital Strategy, Capital Programme and Treasury Management Strategy will be presented for approval at Council in February 2025.

11.2 An Efficiency Board chaired by the Leader of the Council plays a key role in shaping the MTFS and providing input and challenge to savings and investment proposals.

11.3 The decision making timetable was as follows:

Event	**Committee**	**Date**
Budget consultation	Mid November to mid December	
Scrutiny of first draft savings proposals	FAPSC	5 December 2024
Approval of final MTFS & consideration of draft budget proposals	Cabinet	9 January 2025
Scrutiny of draft budget proposals	FAPSC	16 January 2025
Final budget proposals recommended for approval by Full Council	Cabinet	4 February 2025
Full Council to approve budget	Full Council	12 February 2025

Appendix A – Summary of Refreshed MTFS Assumptions

Detail	2025/26 (£000's)	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	Total (£000's)
Employees	1,340	743	767	788	811	4,449
Premises	153	58	61	63	65	400
Transport	19	20	20	21	22	102
Financing	45	136	(48)	(47)	206	292
Pressures	273	10	10	10	10	313
Income	60	854	(46)	(564)	(585)	(281)
Total	**1,890**	**1,821**	**764**	**271**	**529**	**5,275**
Savings						
Income	235	-	-	-	-	235
Staffing Related	156	-	-	-	-	156
Good Housekeeping	167	-	-	-	-	167
Tax Base	425	306	345	430	401	1,907
Council Tax Increase	175	177	180	184	188	904
Government Grants	732	-	-	-	-	732
Total	**1,890**	**483**	**525**	**614**	**589**	**4,101**
Gap	-	**1,338**	**239**	**(343)**	**(60)**	**1,174**

NEWCASTLE UNDER LYME BOROUGH COUNCIL

Capital Strategy
2025 to 2035

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Introduction

The purpose of the Capital Strategy is to set out how the Council proposes to deploy its capital resources to assist it to achieve its corporate and service objectives. It considers other relevant Council strategies, policies and plans and the views of partners and interested parties with whom the Council is involved. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

A mid-year review of the Capital Programme for 2024/25 has been undertaken as part of the Efficiency Board and budget setting process to identify any projects that may need to be re-profiled from 2024/25 into future years. This was approved by Cabinet on 3 December 2024.

The revised 2024/25 Capital Programme totals £51.295m which includes £32.551m for schemes funded by external sources (£28.244m Town Deals, £2.442m Future High Streets and £1.865m Disabled Facilities Grants) and is summarised below, showing the constituent categories by the priorities identified in the Council Plan:

Council Priorities	**Planned Expenditure £m**
One Council Delivering for Local People	1.967
A Successful and Sustainable Growing Borough	14.153
Healthy, Active and Safe Communities	3.540
Capital Contingency	0.949
Town Centres for all	30.686
Total	**51.295**

Full Council will consider a capital programme to continue investment beyond 2024/25 on 12 February 2025.

The Strategy has been prepared against a background of continuing reductions in funding provided to local authorities by central government and its agencies, arising from the need to restrain public expenditure owing to the ongoing economic conditions and to rebalance public finances. The Council has also produced a Commercial Strategy with the aim to generate income through commercial activities which can then be reinvested in local priorities.

Key Objectives and Priorities

The Council's Priorities contained in the Council Plan are:

One Council Delivering for Local People
A Successful and Sustainable Growing Borough
Healthy, Active and Safe Communities
Town Centres for All

Capital investment projects will be included in the Council's Capital Programme on the basis that they address issues arising from one or more of these Priority Areas. An indication is shown against each project in the Programme of the area or areas it addresses.

New proposals for capital investment will be assessed against the corporate priorities to ensure that they will contribute towards achieving the aims expressed. This assessment will be carried out as part of the appraisal process for new projects.

The Council will also endeavour, through its programme of capital investment, to maintain its assets to a standard such that they remain fit for purpose, enabling continuity of service delivery. In particular, it will carry out regular surveys of its stock of buildings and structures to ascertain their state of repair and any remedial works which may be necessary. Repair or improvement works arising from such surveys will be carried out subject to the availability of resources and consideration of the role the building plays in service delivery and the need to continue the relevant service in order to contribute to meeting corporate priorities. If a building is no longer required for service delivery, it will either be considered for alternative use by the Council or its partners or disposed of and the proceeds made available for future capital investment in priority areas. All property assets are held to either (i) provide Council services, (ii) provide an investment return or (iii) to further regeneration projects.

The Capital Assets and Commercial Investment Review Group is in place and chaired by the Cabinet Portfolio Holder for Finance, Town Centres and Growth. This Group keeps the Council's capital investment strategy under continuous review, including the prioritisation of projects for inclusion in future capital investment programmes over the medium term. Regular reviews of the property portfolio will be carried out by the group to identify properties or land which could potentially be disposed of, following a consultation process in the case of significant proposals, and a capital receipt obtained from the sale.

Where suitable "Invest to Save" projects can be identified the Council will actively pursue such projects as it recognises the benefits, in the form of reduced costs falling on the General Fund Revenue Account, that can result from such investment.

The Council will seek, where practicable and economically justifiable, to develop its investment projects having regard to principles of sustainability, for example in relation to materials used and environmentally friendly modes of operation once in use, following construction or purchase.

Factors Influencing the Capital Programme

Projects for inclusion in the capital programme arise from a variety of sources, some of them internally generated and some arising from external factors. The more significant of these can be summarised diagrammatically as follows:

Internal	External
Corporate Priorities, as set out in the Council Plan	Government sponsored programmes, e.g. Disabled Facilities Grants
Investment identified in Strategies, Policies and Plans	Unforeseen Emergency Works
Work needed to maintain Property Assets	Works required to comply with legislation, e.g. re disabled access, health and safety
Vehicles, Plant and Equipment replacement needs	Projects resulting from Partnership Activity
ICT Investment and Replacement	Availability of External Funding
Invest to Save Projects	Public expectation that works should be carried out

These are discussed in greater detail in sections below:

Links with Other Strategies, Policies and Plans

As well as the Council's Plan and the Capital Programme the Capital Strategy has clear links to many other strategies, policies and plans, the most significant of which are shown in the following table:

Key Strategies	
Asset Management Strategy	Service and Financial Plans
Economic Development Strategy	Procurement Strategy
Investment Strategy	Housing Strategy
Medium Term Financial Strategy	Customer Service and Access Strategy
Flexible Use of Capital Receipts Strategy	Treasury Management Strategy

An important link is to the Asset Management Strategy in that many capital investment projects are related to the Council's fixed assets, such as its stock of buildings. Needs and priorities identified in the Asset Management Strategy will require consideration for inclusion in the Council's Capital Programme and have wider financial consequences. Equally important is the opportunity to generate capital receipts from the disposal of land/property where there is no current or likely future operational need.

The Investment Strategy sets out the Council's policies and practices in relation to commercial investments, for example investments in property and will include information about any such proposals, including funding the expenditure and the effect upon the revenue budget. Expenditure relating to commercial investments will be capital and will be included in the capital programme.

The Medium Term Financial Strategy will take account of the revenue effect of capital investment.

Appraisal, procurement and management of capital projects needs to be carried out with regard to the objectives, methodologies the principles and practices set out in the Procurement Strategy.

The various service based strategies will inform the Council's capital investment process through their identification of areas for action and of priorities within individual service areas.

The Treasury Management Strategy needs to reflect planned capital spend, particularly with regard to setting limits for tying up money over the longer term and the limits relating to the amount of permitted borrowing.

In addition, the Capital Strategy will be influenced by the results of any Service Reviews which have been carried out by the Council, either as part of the budget preparation process or as one-off exercises. Where these reviews identify areas of service which are to be discontinued, this may give rise to assets which will be available for disposal and possibly generate a capital receipt which will be available for funding further capital investment. Alternatively, reviews may identify areas for investment, including potential "invest to save" projects, some of which may be capital investment.

External Influences, Partners and Consultation with Other Interested Parties

The Council's capital investment plans are influenced by several external parties and factors: central government and its agencies, legislation requiring capital works, partner organisations, businesses, developers and by the needs and views of other interested parties, particularly those of Borough residents.

Government sponsored initiatives and programmes will influence the projects which the Council will include in its capital investment plans. In particular, its Housing Investment Programme in which the Council participates with regard to Disabled Facilities Grants, this is a major area of investment where funding is provided by Government to meet a proportion of the costs of some of these activities. This funding currently consists mainly of grant payments to partially meet the cost of disabled facilities grants payable to eligible applicants.

Where required by legislation to carry out works of a capital nature, such as to comply with the Disability Act or Health and Safety requirements, or anti-pollution regulations, the Council will consider the most effective way to discharge its obligations and appropriate provision will be made in its Capital Programme once it has determined that it shall carry out the necessary work and that this should be capitalised.

The Council works with a wide range of partners from the public, private, voluntary and community sectors, all of which have an influence over its spending priorities. Relationships with partners, including those concerning capital matters, will be governed by the Council's Partnerships Code of Practice. Wherever possible the Council will seek to work in partnership with others to deliver its capital investment programme in order to provide facilities which meet its own and partners' needs. When working with the private sector, the objective will be to maximise the benefits to the Council and the community from any projects, both in terms of outputs and in relation to obtaining funding for the project.

The Council has established a Town Centre Partnership, together with relevant parties such as representatives of retailers and businesses in the town centres of Newcastle and Kidsgrove. The partnership may identify proposals for town centre improvements which could place demands upon future capital programmes where such works align with the Council's economic development objectives. It may also present an opportunity for costs to be shared between the parties likely to benefit from their implementation.

The availability of external funding (particularly in relation to the successful Town Deals and Future High Street Fund bids) will also influence the projects which the Council will include in its capital investment plans. This is referred to in the following section of the Strategy.

Regard will be given to the Council's obligations under disabled access requirements in putting forward proposals for capital investment and in the design of any facilities which are proposed.

Wherever possible the principles of financial and environmental sustainability will be incorporated into any capital projects.

Resources Available to Finance Capital Investment

The following table shows the main sources of funding which are available to the Council to finance its capital investment. Individual projects may be financed solely by one of these or by a combination of several of them.

Internal	External
Capital Receipts in Hand	Government Grants
Reserves	Borrowing
New Capital Receipts from Asset Sales	Contributions from Partners
Revenue Contributions	Other Contributions

More details of these funding sources are given in the following paragraphs:

Capital receipts have been the major source of funding for the Capital Programme in recent years. Capital receipts, alongside borrowing and external contributions, are committed to finance the currently approved Capital Programme. Additional capital projects may be financed from capital receipts obtained by asset sales or other new capital streams.

A previously significant source of capital receipts has been the Council's continuing right to a share of receipts arising from tenants of Aspire Housing under the Right to Buy legislation. However, Right to Buy sales have diminished from historically high levels, both because of the present depressed property market and there being fewer potential purchasers as time goes by. Future sales income is projected to be in the range of £0.5m per annum.

Capital receipts from sales of land and property (including covenant release payments) have been relatively modest in recent times.

The Asset Management Strategy sets out expected sales over the next ten years. The Capital, Assets and Commercial Investment Review Group meets on a bi-monthly basis and is responsible for the formulation of strategies in respect of income generation relating to asset disposals.

The use of capital receipts and reserves to finance new capital projects influences investment income receipts and hence the General Fund Revenue Account. At an investment interest rate of around 4.7%, every £100,000 of such capital receipts or reserve balances used will cost £4,700 to the revenue account on an ongoing basis. The use of capital receipts and reserves to finance the Capital Programme is taken account of in the Medium Term Financial Strategy. Any receipts generated from the sale of assets will be invested until they are required to finance capital expenditure.

Wherever Government grants are available to meet all or part of the cost of capital projects the Council will ensure that these are applied for and used to maximise the amount of investment which can be made and the benefit which will result from that investment.

Funding will be sought towards the cost of capital projects from external parties wherever possible and appropriate. The prime examples of these being the Town Deals, Future High Streets Fund and Disabled Facilities Grants. These may include property developers, central government and government agencies, funding bodies such as the National Lottery, the Football Foundation, the Lawn Tennis Association and partner organisations that may join with the Council to bring forward projects of mutual benefit.

The capital investment programme set out in Annex B will require a significant amount of borrowing if it is to be carried out in its entirety. The use of borrowing influences the General Fund Revenue account in terms of interest payable and the requirement to allocate a Minimum Revenue Provision, for a typical asset with a useful life of 20 years borrowing costs currently amount to around £10,000/year for every £100,000 borrowed.

There is no intention to charge any capital investment directly to the General Fund Revenue Account.

The Council does not presently intend to consider the use of Private Finance Initiative type arrangements or tax increment financing to meet the cost of capital investment.

The Service Director for Finance (S151 Officer) will prepare estimates of the resources which are presently in hand plus those likely to be available in future to finance capital investment. They will keep these estimates up to date and periodically report upon them to Cabinet and Council, particularly when the Capital Programme is being considered. The Council will decide on the appropriate form of financing for projects included in the Capital Programme based on advice from the Service Director for Finance (S151 Officer) as to availability and the consequences and costs of use of the various options.

The need to have available liquid funds to be used to pay for capital projects will be considered when drawing up the Council's Treasury Management Strategy. An appropriate limit will be placed on long term investments based on predictions of the capital spending profile over the period covered by the Strategy so that there are likely to be enough readily available easily cashable investments to meet requirements.

Revenue Implications

The impact upon the General Fund Revenue Account arising from capital investment proposals will be calculated and considered at the time projects are placed before Cabinet or Full Council for inclusion in the approved Capital Programme or for specific approval. Such impact may be in the form of reduced interest receipts, where projects are to be financed from capital receipts or reserves, borrowing costs, if loan finance is to be employed, or additional running costs arising from the provision of a new or altered facility. Offset against these costs will be any savings which might accrue, for example from “invest to save” projects.

The Council will always have regard to the affordability of its proposed capital investments, in terms of the revenue implications arising.

The revenue implications of the capital programme will be taken account of in the Council’s Medium Term Financial Strategy.

Appraisal and Prioritisation of Investment Proposals

In accordance with the Council’s Financial Regulations proposals for new capital investment estimated to cost more than £250,000 will be subject to an appraisal process, whereby a business case will be made out for the proposal, considering its contribution towards meeting corporate objectives and service priorities, its outputs and milestones, its cost and sources of and its effect, if any, upon the revenue budget in future years. Less significant projects costing below £250,000 will be subject to a simplified process. All new capital investment proposals must be considered by the Capital, Assets and Commercial Investment Review Group prior to specific Cabinet approval being requested. The project will only be included in the approved Capital Programme, after considering its priority relative to other proposed projects and the overall level of resources available to fund the Capital Programme as a whole.

No projects should be considered in isolation. They must be required to be measured against all other competing projects to determine which should go forward. This process should also apply to any projects which are proposed after the approval of the programme, to ensure that only those projects with a high priority are proceeded with and funds are not diverted to projects of a lesser priority.

A Risk Assessment, in the approved corporate format, will be completed for capital projects over £250,000.

Monitoring Arrangements and Project Management

Progress in relation to individual projects will be monitored through the Council’s arrangements for the monitoring of capital projects, which entail quarterly monitoring reports to be received by the Cabinet. The Capital Assets and Commercial Investment Review Group will also review project progress and corrective action will be initiated where projects fall behind schedule, appear likely to overspend or otherwise give cause for concern. Individual Project Forms will be maintained in respect of each project by the Service Director for Finance (S151 Officer) which will track the progress of projects and be available to officers and members with an interest in reviewing progress of those projects.

All projects will be assigned to a named officer who will be responsible for overseeing the project, including project monitoring and control and implementing exception reports and, where appropriate, corrective action if the project deviates from its planned progress or cost. Where complex major projects are to be carried out, consideration will be given to employing the Prince2 project management methodology.

All capital projects will be subject to Internal Audit review to ensure correct procedures have been followed and sums have been paid out in accordance with Financial Regulations and Standing Orders as they relate to contracts. Where projects have received funding from government or quasi-governmental sources, the expenditure will also be subject in many cases to external audit. European

Union funded projects may also be subject to audit by auditors on behalf of that body. Where monitoring returns or claims for reimbursement of expenditure are required to be sent to funding bodies, these will be completed and forwarded promptly to the relevant body in compliance with any deadlines laid down by them. All capital investment proposals and project progress and management are subject to the Council's scrutiny arrangements.

Statutory Framework

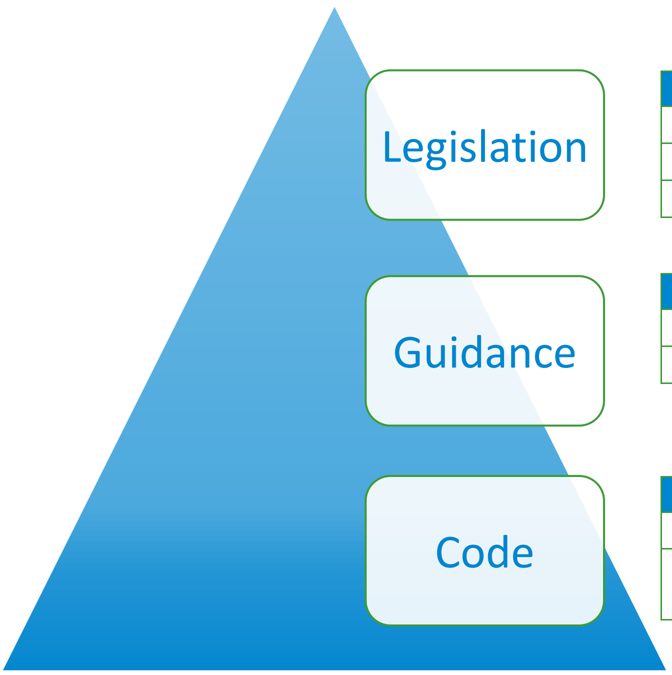
The Council's capital investment is carried out within the statutory framework laid down by the Local Government Act 2003 and regulations under that Act. Accordingly, only expenditure which fits the definition of capital expenditure contained in the Act or Regulations pursuant to it will be capitalised.

Capital expenditure is defined by the 2003 Act as that which falls to be capitalised in accordance with accounting, published by the Chartered Institute of Public Finance and Accountancy (CIPFA), applicable to all local authorities. Annex A sets out a summarised version of the definition provided by the Code. In addition, there are several other types of expenditure that have been defined by Regulations as being treatable as capital in nature. Generally, these do not apply to this Council.

It should be noted that the Act and Regulations are framed in a permissive way, allowing local authorities to capitalise expenditure which fits the definition but not forcing them to capitalise such expenditure. The Council will decide, therefore, whether to include a project meeting the capital definition in its capital programme or to meet its cost from a revenue account.

The Council does not set a minimum amount for the capitalisation of expenditure (de minimis level). Accordingly, any expenditure complying with the above definition may be capitalised.

Legal and Regulatory Requirements



Local Gov. Act 2003
• S1 – Power to borrow
• S3 – Affordable borrowing limit
• S12 – Power in invest

MHCLG Guidance
• Investment Guidance (2018)
• MRP Guidance (2018)

Professional Code
• CIPFA Prudential Code (2021)
• CIPFA Treasury Management Code of Practice (2021)

Prudential Indicators

The Council shall ensure that all its capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will consider its arrangements for the repayment of debt and consideration of risk and the impact, and potential impact, on the Council's overall fiscal sustainability. The Council's prudential indicators (shown in Annex C) are as follows:

- Estimates of capital expenditure

  The Council will make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years.

- Actual capital expenditure

  After the year end, the actual capital expenditure incurred during the financial year will be recorded.

- Estimates of capital financing requirement

  The Council will make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years.

- Actual capital financing requirement

  After the year end, the actual capital financing requirement will be calculated directly from the Council's balance sheet.

- Ratio of financing costs to net revenue streams

  This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.

- Authorised limit on external borrowing

  The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e., excluding investments) for the Council. This Prudential Indicator separately identifies borrowing from other long-term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

- Operational boundary for external debt

  This indicator refers to how the authority manages its external debt to ensure it remains within the statutory authorised limit. It differs from the authorised limit in as far as it is based on the most likely scenario, in terms of capital spend and financing during the year.

- Gross debt and capital financing requirement

  This is a key indicator of prudence. To ensure that over the medium-term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

  Where the gross debt is greater than the capital financing requirement the reasons for this should be clearly stated in the annual treasury management strategy.

Procurement

Regard will be given to the contents of the Council's Procurement Strategy when considering the delivery of capital projects.

Where estimated project contract costs exceed the relevant statutory threshold, the appropriate EU or other tendering procedures will be followed.

Standing Orders relating to contracts will apply to all contracts proposed to be let in relation to capital projects, together with Financial Regulations and the provisions of the Council's scheme of Delegation.

The achievement of Value for Money will be a guiding principle in the procurement of capital works and services and in managing contracts.

Future Capital Programme

Capital investment needs have been assessed over a ten-year period (2025/26 to 2034/35) and are set out in Annex B.

During this period, there will be a need for some items of capital investment to be made to ensure continued service delivery or to comply with statutory requirements or to ensure health and safety of staff and public. Examples of these include operational building repairs and maintenance, replacement of vehicles, plant and equipment required to deliver services, and disabled facilities grants.

It may be possible to extend the lives of some of the vehicles, if they are in a fit condition when their replacement date is reached. Similarly, some of the maintenance/improvement works to the Council's operational properties may be capable of being deferred; periodic stock condition surveys will inform any decisions in this regard. Additionally, some properties may be deemed surplus to operational requirements and eligible for disposal in their current condition.

In addition to the essential works outlined above, there are significant amounts of expenditure which need to be incurred:

- In respect of the Town Deals and Future High Streets Fund funding successfully bid for, these projects will have a significant impact upon the regeneration and recovery of both Newcastle and Kidsgrove Town centres;

- In respect of the commercial portfolio in order to keep properties in a state of repair such as to continue to obtain a reasonable rental income;

- To maintain various engineering structures such as walls, bridges, drains, and reservoirs to ensure safety to the public; and

- To enable agreed actions in relation to approved policies and strategies to be progressed and to meet other Council commitments.

Over the period 2025/26 to 2034/35 it is estimated that this expenditure will total £131.343m. There will be insufficient capital receipts arising from planned sales to meet all the costs of the investment programme.

The Capital Programme will require to be financed by borrowing, primarily for cash flow purposes, whilst assets are procured and constructed, after which time significant capital receipts are expected. The associated borrowing costs have been factored into the Medium Term Financial Strategy (MTFS). The Capital Financing Requirement is set to increase to £23.585m by 2027/28 based on the 3-year Capital Programme for 2025/26 to 2027/28, the Capital Financing Requirement at 31 March 2024 (£10.262m) and the Capital Financing Requirement for capital expenditure during the current financial year and the financial years 2025/26 to 2027/28 (£13.323m).

There will be a consequent cost to the revenue budget which will have to be included in the MTFS projections. Based on the expenditure shown in Annex B and forecasts of the amount and timing of receipts and current capital financing costs, the additional costs to the revenue budget will be around £10.110M over 10 years, with the costs in each year 2025/26 to 2034/35 being as shown below:

Year	Total £m	Year	Total £m
2025/26	0.616	2030/31	1.190
2026/27	0.735	2031/32	1.303
2027/28	0.631	2032/33	1.417
2028/29	0.563	2033/34	1.442
2029/30	0.747	2034/35	1.467
		Total	**10.111**

A capital programme for 2025/26 to 2027/28 totalling £94.604M will be recommended to Full Council on 12 February 2025, consistent with the detail shown in Annex B. The prudential indicators that will apply for this 3-year period are set out at Annex C.

Funding for 2024/25 expenditure is likely to be available from the following sources:

- Further capital receipts from asset sales;
- Right to Buy capital receipts;
- Government grants;
- Other external contributions; and
- Borrowing.

All the above funding sources are likely to be limited so the programme only includes affordable projects.

Annex A – Definition of Capital Expenditure included in the Code of Practice on Local Authority Accounting in the United Kingdom

All expenditure that can be directly attributed to the acquisition, creation, or enhancement of items of property, plant and equipment or the acquisition of rights over certain longer-term intangible benefits is accounted for on an accruals basis and capitalised as a non-current asset. It must be probable that the future economic benefits or service potential associated with the item will flow to the Council - the Council does not have to own the item, but it must be more than likely that it has gained the right to use the item in the provision of services or to generate cash from it. In addition, it must be possible to measure the cost of the item reliably.

Expenditure that should be capitalised will include expenditure on the:

- Acquisition, reclamation or laying out of land;
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures; and
- Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels.

In this context, the definition of enhancement contained in the previous Code of Practice (SORP) is still applicable and means the carrying out of works which are intended to:

- Lengthen substantially the useful life of the asset; or
- Increase substantially the market value of the asset; or
- Increase substantially the extent to which the asset can or will be used for the purpose or in conjunction with the functions of the local authority concerned.

Under this definition, improvement works and structural repairs should be capitalised, whereas expenditure to ensure that the fixed asset maintains its previously assessed standard of performance should be recognised in the revenue account as it is incurred. Expenditure on existing fixed assets should be capitalised in three circumstances:

- Enhancement - see above;
- Where a component of the fixed asset that has been treated separately for depreciation purposes and depreciated over its individual useful life is replaced or restored; or
- Where the subsequent expenditure relates to a major inspection or overhaul of a fixed asset that restores the benefits of the asset that have been consumed by the authority and have already been reflected in depreciation.

Assets acquired on terms meeting the definition of a finance lease should be capitalised and included together with a liability to pay future rentals.

Where an asset is acquired for other than cash consideration or where payment is deferred the asset should be recognised and included in the balance sheet at fair value.

Annex B – 2025/26 to 2034/35 Capital Programme

CAPITAL PROGRAMME	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
PRIORITY - One Council Delivering for Local People											
Neighbourhood Delivery	30,000	5,000	5,000	5,000	25,000	5,000	5,000	5,000	5,000	5,000	95,000
ICT	404,000	331,000	75,000	346,000	431,000	121,000	31,000	31,000	31,000	31,000	1,832,000
Total	**434,000**	**336,000**	**80,000**	**351,000**	**456,000**	**126,000**	**36,000**	**36,000**	**36,000**	**36,000**	**1,927,000**
PRIORITY - A Successful and Sustainable Growing Borough											
Housing	1,670,000	1,670,000	1,595,000	1,595,000	1,595,000	1,595,000	1,595,000	1,595,000	1,595,000	1,595,000	16,100,000
Property	149,532	272,791	-	277,510	-	7,280	-	-	-	-	707,113
Facilities Management	694,314	416,104	495,475	188,543	310,000	694,742	172,500	172,500	150,000	150,000	3,444,178
Commercial Strategy	15,000,000	38,437,087	20,000,000	-	-	-	-	-	-	-	73,437,087
Total	**17,513,846**	**40,795,982**	**22,090,475**	**2,061,053**	**1,905,000**	**2,297,022**	**1,767,500**	**1,767,500**	**1,745,000**	**1,745,000**	**93,688,378**
PRIORITY - Healthy, Active and Safe Communities											
Environmental Health	-	-	-	-	12,000	-	-	-	-	-	12,000
Streetscene	240,000	130,000	130,000	130,000	130,000	155,000	130,000	130,000	130,000	130,000	1,435,000
Bereavement Services	10,000	30,000	5,000	5,000	10,000	1,530,000	5,000	5,000	5,000	5,000	1,610,000
Recycling and Fleet Services	3,169,500	6,003,100	1,222,514	1,798,411	3,630,561	7,691,724	2,623,039	2,623,039	700,000	700,000	30,161,888
Leisure	150,000	-	-	-	-	-	-	-	-	-	150,000
Engineering Works	120,000	50,000	-	-	-	95,000	-	-	-	-	265,000
Total	**3,689,500**	**6,213,100**	**1,357,514**	**1,933,411**	**3,782,561**	**9,471,724**	**2,758,039**	**2,758,039**	**835,000**	**835,000**	**33,633,888**
PRIORITY - Town Centres for All											
Town Deal - Newcastle	807,000	-	-	-	-	-	-	-	-	-	807,000
Town Deal - Kidsgrove	1,236,000	-	-	-	-	-	-	-	-	-	1,236,000
Total	**2,043,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,043,000**
CONTINGENCY											
£1m to be carried forward from 2024/25	51,020	-	-	-	-	-	-	-	-	-	-
TOTAL	**23,731,366**	**47,345,082**	**23,527,989**	**4,345,464**	**6,143,561**	**11,894,746**	**4,561,539**	**4,561,539**	**2,616,000**	**2,616,000**	**131,343,286**
FUNDING											
Capital Receipts	4,150,000	50,787,087	34,350,000	4,350,000	550,000	550,000	550,000	550,000	550,000	550,000	96,937,087
External Contributions	3,543,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	17,043,000
Borrowing/Leasing	16,038,366	-4,942,005	-12,322,011	-1,504,536	4,093,561	9,844,746	2,511,539	2,511,539	566,000	566,000	17,363,199
TOTAL	**23,731,366**	**47,345,082**	**23,527,989**	**4,345,464**	**6,143,561**	**11,894,746**	**4,561,539**	**4,561,539**	**2,616,000**	**2,616,000**	**131,343,286**

Annex C – Prudential Indicators

Capital Prudential Indicators

Actual and Estimate of Capital Expenditure

31/03/24 Actual (£000's)	31/03/25 Estimate (£000's)	31/03/26 Estimate (£000's)	31/03/27 Estimate (£000's)	31/03/28 Estimate (£000's)
11,630	36,747	7,693	52,287	35,850

The Capital Financing Requirement (The Councils Borrowing Need)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.

The CFR projections are below:

31/03/24 Actual (£000's)	31/03/25 Estimate (£000's)	31/03/26 Estimate (£000's)	31/03/27 Estimate (£000's)	31/03/28 Estimate (£000's)
10,262	22,810	23,849	25,907	23,585

The amounts shown above from 2024/25 onwards allow the Council to borrow during those years to finance capital expenditure which cannot be funded from other revenue or capital resources. However, the likelihood of individual schemes, the timings and the amounts involved cannot be assessed with certainty at this point.

The sale of Council assets for capital receipts will have a significant impact upon the CFR, if sales are made the Council's borrowing requirement will be reduced, if not the Council's borrowing requirement will be greater.

Gross Debt and the Capital Financing Requirement

The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheaper short-term loans and long-term fixed rate loans where the future cost is known but higher.

The Council does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

Projected levels of the Council's total outstanding debt, are shown below, compared with the capital financing requirement (see above):

	2023/24 Actual (£000's)	2024/25 Budget (£000's)	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)	2027/28 Estimate (£000's)
Debt (incl. PFI & leases)	695	13,243	14,282	16,340	14,018
Capital Financing Requirement	10,262	22,810	23,849	25,907	23,585

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from the table above, the Council expects to comply with this in the medium term.

Affordability Prudential Indicators

Actual and Estimates of the Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Financing Costs comprise the aggregate of interest payable, interest receivable and investment income, the amount charged as MRP, and depreciation and impairment charges that have not been reversed out of the revenue account.

Net Revenue Stream is defined as the 'amount to be met from government grants and local taxpayers'. This is the Council's 'budgetary requirements' figure shown in the General Fund Revenue Budget, being the net expenditure for the year before deducting government grants (Revenue Support and Business Rates Retention) and adjusting for the Collection Fund surplus/deficit. The relevant figures for this Council are set out in the table below:

	2023/24 Actual (£000's)	2024/25 Budget (£000's)	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)	2027/28 Estimate (£000's)
Net Revenue Stream	16,684	17,046	17,046	17,046	17,046
Financing Costs	(1,103)	680	884	1,021	972
Ratio	(6.54%)	3.99%	5.19%	5.99%	5.70%

Treasury Indicators

Limits to Borrowing Activity

The Local Government Act 2003 requires each local authority to determine and keep under review how much money it can afford to borrow. This is to be determined by the calculation of an affordable borrowing limit which Regulations to the Act specify should be calculated with regard to the CIPFA Prudential Code.

Previously borrowing has not been used to fund the capital programme because the Council has had sufficient reserves and useable capital receipts to finance capital expenditure from these sources.

The Operational Boundary

This is the limit beyond which external debt is not normally expected to exceed.

Operational boundary	2024/25 Estimate (£000's)	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)	2027/28 Estimate (£000's)
Borrowing	55,000	80,000	125,000	150,000
Other long term liabilities	0	0	0	0

The Authorised Limit for External Borrowing

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

The Council is asked to approve the following authorised limit:

Authorised limit	2024/25 Estimate (£000's)	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)	2027/28 Estimate (£000's)
Debt	75,000	100,000	145,000	170,000
Other Long Term Liabilities	0	0	0	0

Limits on Interest Rate Exposures (fixed and variable interest rates)

The following limits will apply in relation to the Council's interest rate exposure. They relate to interest on both borrowings and investments. These limits are intended to reduce the risk of the Council suffering unduly from significant adverse fluctuations in interest rates.

Limit on Fixed Interest Rate Exposures (as a percentage of total borrowings / investments)

	Borrowing		Investments	
	Upper	Lower	Upper	Lower
2024/25	100%	0%	100%	0%
2024/25	100%	0%	100%	0%
2025/26	100%	0%	100%	0%
2026/27	100%	0%	100%	0%

Limit on Variable Interest Rate Exposures (as a percentage of total borrowings/ investments)

	Borrowing		Investments	
	Upper	**Lower**	**Upper**	**Lower**
2023/24	100%	0%	100%	0%
2024/25	100%	0%	100%	0%
2025/26	100%	0%	100%	0%
2026/27	100%	0%	100%	0%

In relation to both borrowing and investing fixed rate investments and loans may be anything between 0% and 100% of the total, with the same proportions being permitted for variable rate loans – in effect there is no limit on each type. This enables maximum flexibility to be afforded to take advantage of prevailing interest trends to obtain the best deal for the Council.

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Treasury Management Strategy

2025/26

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Introduction

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council may invest or borrow substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

Economic Situation

Highlights of the report supplied by Arlingclose Ltd.

External Context

Economic background: The UK's economy will be influenced by several factors in the coming years, including the government's Autumn Budget, slower cuts to interest rates, weaker growth, and uncertainties related to President-elect Trump's policies. In November 2024, the Bank of England (BoE) reduced interest rates to 4.75%, with expectations that they may lower rates further. However, UK growth is expected to slow after a small improvement in 2025. Inflation decreased in 2024 but is expected to rise again to around 2.75% in mid-2025 before stabilizing at the BoE's target of 2%.

The labour market is improving slowly, with unemployment at 4% in August 2024, but it may rise slightly in the future. Pay growth is positive, with regular earnings growing by 4.9%. In the US, the Federal Reserve is also cutting interest rates, but inflation remains high, so further cuts may happen more slowly. The Eurozone has seen inflation drop, allowing for further interest rate cuts there as well.

Credit outlook: Regarding credit risk, the financial market has been more stable in 2024, with fewer loan defaults than expected despite higher interest rates. UK banks remain strong, and any changes to US financial regulations under Trump are unlikely to affect UK banks' creditworthiness.

Interest rate forecast (November 2024): Looking ahead, the Bank of England is expected to continue lowering interest rates, reaching around 3.75% by the end of 2025/26. Long-term bond yields are expected to stay stable but slightly lower, with some short-term volatility due to global uncertainties.

A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.

Local Context

On 13th December 2024, the Council held no borrowing and £19.61 million of treasury investments, largely due to grant monies temporarily held. This is set out in further detail at Annex B. Forecast changes in these sums are shown in the balance sheet analysis in table below:

Balance Sheet Summary and Forecast	**31/03/2024 Actual £m**	**31/03/2025 Forecast £m**	**31/03/2026 Forecast £m**	**31/03/2027 Forecast £m**	**31/03/2028 Forecast £m**
General Fund CFR	10.3	22.8	23.8	25.9	23.6
Less: Existing external borrowing	0.0	0.0	(12.5)	(13.5)	(15.6)
Less: Usable reserves	(5.2)	(5.8)	(5.8)	(5.8)	(5.8)
Less: Working capital	(24.9)	(4.5)	(4.5)	(4.5)	(4.5)
(New Investments or Cash)/ New external borrowing	**(19.8)**	**12.5**	**1.0**	**2.1**	**(2.3)**

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. Where borrowing is required, this will be in line with Arlingclose's current advice of doing so from other local authorities on a short-term basis. This will be undertaken until it becomes advantageous to switch to long term debt, with the lowest cost option being considered.

The Council has an increasing CFR due to the capital programme and may therefore be required to borrow over the forecast period. More details in relation to the Council's CFR are included within the Capital Strategy.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. The table above shows that the Council expects to comply with this recommendation during 2025/26.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as above, but that cash and investment balances are kept to a minimum level of £1m at each year-end to maintain sufficient liquidity but minimise credit risk.

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Liability Benchmark	**31/03/2024 Actual £m**	**31/03/2025 Forecast £m**	**31/03/2026 Forecast £m**	**31/03/2027 Forecast £m**	**31/03/2028 Forecast £m**
General Fund CFR	10.3	22.8	23.8	25.9	23.6
Less: Balance sheet resources	(30.1)	(10.3)	(22.8)	(23.8)	(25.9)
Net loans requirement	**(19.8)**	**12.5**	**1.0**	**2.1**	**(2.3)**
Plus: Liquidity Allowance	-	1.0	1.0	1.0	1.0
Liquidity benchmark	**(19.8)**	**13.5**	**2.0**	**3.1**	**(1.3)**

Borrowing Strategy

The Council does not currently hold any loans, as per the previous year, as part of its strategy for funding previous years' capital programmes.

The balance sheet forecast, in the table above, shows that the Council expects to borrow in 2025/26, having undertaken borrowing towards the backend of the current year. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently higher than in the recent past but are expected to fall in the coming year and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead. The risks of this approach will be managed by keeping the Council's interest rate exposure within the limit set in the treasury management prudential indicators.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2025/26 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Although not utilised in recent years, the Council has previously considered the option of long-term borrowing from the Public Works Loans Board (PWLB). However, consideration will now be given to long-term loans from other sources including banks, pensions and local authorities, and the Council will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing:

The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board);
- National Wealth Fund (Formerly UK Infrastructure Bank Ltd);
- any institution approved for investments (see below);
- any other bank or building society authorised to operate in the UK;
- any other UK public sector body;
- UK public and private sector pension funds;
- capital market bond investors;
- retail investors via a regulated peer-to-peer platform and
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing;
- hire purchase;
- Private Finance Initiative;
- sale and leaseback; and
- Similar asset-based finance.

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.

Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Treasury Investment Strategy

The Council can hold significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £9.3 million and £36.9 million. The highest figure of £36.9 million was invested in December 2023, when the Council received monies in relation to Town Deal Funding.

The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

The Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Approved investment counterparties and limits

Sector	**Time limit**	**Counterparty limit**	**Sector limit**
The UK Government	3 years	Unlimited	n/a
Local authorities & other government entities	3 years	£7m	unlimited
Secured investments*	3 years	£7m	unlimited
Banks (unsecured)*	13 months	£7m	unlimited
Building societies (unsecured)*	13 months	£7m	£7m
Registered providers (unsecured)*	3 years	£10m	£10m
Money market funds*	n/a	£7m	unlimited
Real estate investment trusts	n/a	£2m	£2m
Other investments	3 years	£7m	£7m

* Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either where external advice indicates the entity to be of similar credit quality.

UK Government: Sterling-denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to be zero credit risk due to the government's ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Local authorities and other government agencies: Loans to, and bonds and bills issued or guaranteed by, other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds, secured deposits and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds, including exchange traded funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but can either be withdrawn after a notice period or sold on an exchange, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and unsecured loans to companies and universities. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

Operational bank accounts: The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £7,000,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

Reputational aspects: The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits: In order that the Council will not be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government and Registered Providers) will be £7 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

Additional Investment limits

	Cash limit
Any group of pooled funds under the same management	£7m per manager
Investments held in a broker's nominee account	£7m per broker
Foreign countries	£7m per country

Liquidity management: The Council uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

Non-treasury investments are covered by the Council's Investment Strategy.

Treasury Management Prudential Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A

Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£1m

Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	(£137,000)
Upper limit on one-year revenue impact of a 1% fall in interest rates	£137,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

Maturity structure of borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than a year

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2024/25	2025/26	2026/27	No Fixed Date
Limit on principal invested beyond year end	£25m	£25m	£25m	£25m

Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

The Council's Operational Boundary and Authorised Limit for External Borrowing are detailed in the Council's Capital Strategy.

Related Matters

The CIPFA Code requires the Council to include the following in its treasury management strategy.

Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk. The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive (MiFID II): The Council has opted up to professional client status with its providers of financial services, including advisers and banks, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. This is believed to be the most appropriate status given the size and range of the Council's treasury management activities.

Financial Implications

The budget for investment income in 2025/26 is nil. The revenue budget for debt interest paid in 2025/26 is £615,700. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Interest in respect of capital expenditure on major projects which the Council is funding ahead of a sale to the developer undertaking the project will be capitalised and recouped as part of the sale price. This interest will not impact upon the revenue account and will be separately identified for each of these projects.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. It is believed that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Annex A – Arlingclose Economic & Interest Rate Forecast November 2024

Underlying assumptions:

- As expected, the Bank of England Monetary Policy Committee (MPC) cut the Bank Rate to 4.75% in November in an 8-1 vote. However, the outlook for monetary policy has changed following the new government's fiscal plans, as delivered in the recent Budget.
- The Budget contained measures that will boost demand, in a constrained supply environment, while pushing up direct costs for employers. The short to medium-term inflationary effects of the Budget require a change to our Interest Rate Forecast.
- UK GDP recovered well in the first half of 2024 from technical recession, but underlying growth appears relatively subdued. However, the Budget will significantly boost government spending over the short-term, with few offsetting measures to subdue household demand, so GDP growth is likely to rise relatively steeply.
- Private sector wage growth has eased to 4.8% yet remains high, while services inflation continues to hold above pre-pandemic levels. The increase in employers' National Insurance Contribution's, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.
- CPI inflation was below the 2% target in September but will rise a little by year-end as energy price declines from the previous year fall out of the annual comparison. The Bank of England (BoE) estimates the Budget impact will see the CPI rate at 2.7% by year end 2025 and remain over target in 2026, as opposed to the prior projection of inflation easing back to and then below target by this point.
- The MPC re-emphasised the gradual move to easing monetary policy, and we now believe the Budget measures have both reduced the pace of Bank Rate cuts and increased the level to which the interest rate will fall (although downside risks remain in the medium term).
- The increase in borrowing, rise in inflation and shallower path for the Bank Rate projected by the Office for Budget Responsibility (OBR) raised gilt yields. The material change in rate expectations means that yields will be generally higher in the post-Budget world.
- US government yields have risen following Donald Trump's and Republican victories in the US elections. Trump has run on a platform of policies that appear inflationary, calling into question the extent of policy loosening required from the Federal Reserve. Higher US yields could also support higher UK yields.

Forecast:

- In line with our forecast, the Bank Rate was cut to 4.75% in November 2024.
- The MPC will continue to lower the Bank Rate to reduce the restrictiveness of monetary policy, but more slowly and to a higher level. We see another rate cut in February 2025, followed by one cut per quarter, in line with Monetary Policy Report publication, to a low of 3.75%.
- Long-term gilt yields have risen to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply. Volatility is likely to remain elevated as the market digests incoming data for clues around the impact of policy changes.
- This uncertainty may also necessitate more frequent changes to our forecast than has been the case recently.
- Upside risks to inflation over the next 12 months could limit the extent of monetary easing, but we see the risks as broadly balanced over the medium term.

	Current	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
Official Bank Rate													
Upside risk	*0.00*	*0.00*	*0.25*	*0.50*	*0.50*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*
Arlingclose Central Case	4.75	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	*0.00*	*0.00*	*-0.25*	*-0.25*	*-0.50*	*-0.50*	*-0.75*	*-0.75*	*-0.75*	*-0.75*	*-0.75*	*-0.75*	*-0.75*
3-mth money market rate													
Upside risk	*0.00*	*0.00*	*0.25*	*0.50*	*0.50*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*	*0.75*
Arlingclose Central Case	4.95	4.80	4.60	4.35	4.10	3.90	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	*0.00*	*0.00*	*-0.25*	*-0.25*	*-0.50*	*-0.50*	*-0.75*	*-0.75*	*-0.75*	*-0.75*	*-0.75*	*-0.75*	*-0.75*
5-yr gilt yield													
Upside risk	*0.00*	*0.60*	*0.70*	*0.80*	*0.90*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*
Arlingclose Central Case	4.30	4.20	4.10	4.05	3.95	3.90	3.90	3.90	3.95	4.00	4.05	4.05	4.05
Downside risk	*0.00*	*-0.40*	*-0.50*	*-0.60*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*
10-yr gilt yield													
Upside risk	*0.00*	*0.60*	*0.70*	*0.80*	*0.90*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*
Arlingclose Central Case	4.41	4.40	4.35	4.35	4.35	4.30	4.30	4.30	4.35	4.35	4.35	4.35	4.35
Downside risk	*0.00*	*-0.40*	*-0.50*	*-0.60*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*
20-yr gilt yield													
Upside risk	*0.00*	*0.60*	*0.70*	*0.80*	*0.90*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*
Arlingclose Central Case	4.84	4.80	4.75	4.70	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Downside risk	*0.00*	*-0.40*	*-0.50*	*-0.60*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*
50-yr gilt yield													
Upside risk	*0.00*	*0.60*	*0.70*	*0.80*	*0.90*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*	*1.00*
Arlingclose Central Case	4.35	4.50	4.45	4.40	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Downside risk	*0.00*	*-0.40*	*-0.50*	*-0.60*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*	*-0.65*

PWLB Standard Rate = Gilt yield + 1.00%
PWLB Certainty Rate = Gilt yield + 0.80%
PWLB HRA Rate = Gilt yield + 0.40%
National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

Annex B – Existing Investment & Debt Portfolio Position

	13/12/2024 Actual Portfolio £m	**13/12/2024 Average Rate %**
Treasury investments:		
Banks & building societies (unsecured)	0.86	3.00
Government (incl. local authorities)	16.75	4.70
Money Market Funds	2.0	4.74
Total treasury investments	19.61	
Total external borrowing	0.0	
Net investments	**19.61**	

Annex C – Minimum Revenue Provision Policy

Background

In instances whereby Local Authorities have a positive Capital Financing Requirement (CFR), Ministry of Housing, Communities and Local Government (MHCLG) Guidance requires them to adopt a prudent approach in order to fund the repayment of debt. This may be achieved by setting aside a minimum amount from revenue, known as the Minimum Revenue Provision (MRP). This means that the Council would be required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the MRP).

MHCLG Regulations and Guidance have been issued which require the Full Council to approve **an MRP Statement** in advance of each year. Four options for prudent provision of the MRP are provided to councils, these being:

Option 1 – Regulatory Method

For debt which is supported by the Government through the Revenue Support Grant system, authorities may continue to use the formulae in the current regulations, since the Revenue Support Grant is calculated on that basis. Although the existing regulation 28 is revoked by regulation 4(1) of the 2008 Regulations, authorities will be able to calculate MRP as if it were still in force. Solely as a transitional measure, this option will also be available for all capital expenditure incurred prior to 1 April 2008.

Option 2 – Capital Financing Requirement Method

This is a technically much simpler alternative to Option 1 which may be used in relation to supported debt. While still based on the concept of the CFR, which is easily derived from the balance sheet, it avoids the complexities of the formulae in the old regulation 28 (though for most authorities it will probably result in a higher level of provision than Option 1).

Option 3 – Asset Life Method

For new borrowing under the Prudential system for which no Government support is being given and is therefore self-financed, there are two options included in the guidance.

Option 3 is to make provision over the estimated life of the asset for which the borrowing is undertaken. This is a possibly simpler alternative to the use of depreciation accounting (Option 4), though it has some similarities to that approach.

Within option 3, two methods are identified. The first of these, the equal instalment method, will normally generate a series of equal annual amounts over the estimated life of the asset. The original amount of expenditure (“A” in the formula) remains constant.

The cumulative total of the MRP made to date (“B” in the formula) will increase each year. The outstanding period of the estimated life of the asset (“C” in the formula) reduces by 1 each year.

For example, if the life of the asset is originally estimated at 25 years, then in the initial year when MRP is made, C will be equal to 25. In the second year, C will be equal to 24, and so on. The original estimate of the life is determined at the outset and should not be varied thereafter, even if in reality the condition of the asset has changed significantly.

The formula allows a council to make voluntary extra provision in any year. This will be reflected by an increase in amount B and will automatically ensure that in future years the amount of provision determined by the formula is reduced.

The alternative is the annuity method, which has the advantage of linking MRP to the flow of benefits from an asset where the benefits are expected to increase in later years. It may be particularly attractive in connection with projects promoting regeneration or administrative efficiencies or schemes where revenues will increase over time.

Option 4 – Depreciation Method

Alternatively, for new borrowing under the Prudential system for which no Government support is being given, Option 4 may be used.

This means making the MRP in accordance with the standard rules for depreciation accounting. A step in this direction was made in the last set of amendments to the MRP rules [SI 2007/573]. However, the move to reliance on guidance rather than regulations will make this approach more viable in future.

Authorities will normally need to follow the standard procedures for calculating depreciation provision. But the guidance identifies some necessary exceptions:

The MRP continues until the total provision made is equal to the original amount of the debt and may then cease.

If only part of the expenditure on the asset was financed by debt, the depreciation provision is proportionately reduced.

MRP Policy in respect of Finance Leases

The introduction of International Financial Reporting Standards in 2011/12 resulted in some leases being reclassified as finance leases instead of operating leases. This resulted in a positive CFR and as such the need to set aside a MRP.

In accordance with the revised MHCLG Guidance this Council will set aside an annual MRP equal to the amount of the lease that has been taken to the Balance Sheet to reduce the finance lease liability i.e. the principal amount of the finance lease. This approach will produce an MRP charge which is the same as Option 3 in the guidance (Asset Life Method – annuity method). The revised guidance aims to ensure that authorities are in the same position as if the change in accounting standards had not occurred.

MRP Policy – Other Capital Expenditure

Capital Financing Requirement (CFR)

The Council's CFR is currently positive. This means that there is a requirement to set aside a MRP for the redemption of debt. The Prudential Indicator for the CFR, shown at Table 1 in the Treasury Management Strategy, indicates that the CFR will become positive within the period covered by the Strategy. This is based on the assumption that there will be a general overall increase in expected capital expenditure, which cannot be funded from revenue or capital resources. Accordingly, the Council needs to determine the option it will employ to make the necessary MRP in respect of the amount borrowed, when this occurs.

Option for making MRP

The most appropriate of the four options permitted by the Regulations is Option 3, the Asset Life Method, within which there are two further options, an equal instalment method and an annuity method (as detailed in 1.1 – option 3). The Council is permitted to apply either of these two further options to projects on a scheme by scheme basis. However, preference will be the annuity method.

It should be noted that MRP does not commence until the year following that in which the asset concerned became operational; however, voluntary MRP can be made at any given time if considered prudent.

Annex D – Treasury Management Glossary of Terms

- *Credit Default Swap* – an additional assessment of credit worthiness by providing a risk analysis of changes in credit quality as perceived by the market.
- *CFR* – the Capital Financing Requirement is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources.
- *CIPFA* – the Chartered Institute of Public Finance and Accountancy, is the professional body for accountants working in Local Government and other public sector organisations.
- *Counterparty* – an institution with whom a borrowing or investment transaction is made.
- *CPI* – a measure that examines the weighted average of prices of a basket of consumer goods and services. The Consumer Price Index is calculated by taking price changes for each item in the predetermined basket of goods/services and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.
- *Credit Rating* – is an opinion on the credit-worthiness of an institution, based on judgements about the future status of that institution. The main rating agencies are Fitch. Standard and Poor's and Moody's.
- *Depreciation* – the measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.
- *GDP* – Gross Domestic Product is the market value of all officially recognised final goods and services produced within a country in a given period of time.
- *IFRS (International Financial Reporting Standards)* – International accounting standards that govern the treatment and reporting of income and expenditure in an organisation's accounts, which came fully into effect from 1 April 2010.
- *Leasing* - a lease is a contractual arrangement calling for the lessee (user) to pay the lessor (owner) for use of an asset.
- *Liquidity* – relates to the amount of readily available or short term investment money which can be used for either day to day or unforeseen expenses. For example, Call Accounts allow instant daily access to invested funds.
- *MHCLG* – Ministry of Housing, Communities, and Local Government (formerly the Department for Communities and Local Government).
- *Money Market Funds (MMF)* – Money Market Funds are investment funds that are invested by a Fund Manager in a wide range of money market instruments. MMF's are monitored by the official ratings agencies and due to many requirements that need to be fulfilled; the funds usually receive the highest quality rating (AAA) so provide minimal risk. They are very flexible and can be withdrawn in the same way as any other call deposit.
- *MPC* – interest rates are set by the Bank of England's Monetary Policy Committee. The MPC sets an interest rate it judges will enable the inflation target to be met
- *MRP* – the Minimum Revenue Provision represents the revenue charge for the repayment of debt.
- *PWLB* – the Public Works Loan Board is a statutory board that is run within the UK Debt Management Office (DMO), its function is to lend money to Local Authorities and other prescribed bodies.

NEWCASTLE UNDER LYME BOROUGH COUNCIL

Investment Strategy
2025/26

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Introduction

This strategy is compiled according to the Ministry of Housing, Communities and Local Government's Guidance on Local Government Investments ("the Guidance") and the 2021 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code") It sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Guidance distinguishes between Treasury Management Investments and Other Investments. Treasury Management Investments are those which arise from the Council's cash flows and debt management activity and ultimately represent balances which need to be invested until the cash is required for use in the course of business. Other Investments are all those falling outside of normal treasury management activity, as defined above. They may be made with the express purpose of making a financial surplus for the Council, usually as a means towards balancing the revenue budget. They may be funded from borrowing where appropriate. The prime example referred to in the Guidance is direct investment in property assets. Loans, for example to voluntary organisations, local enterprises or joint ventures are also classified as Other Investments.

The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- to support local public services by lending to or buying shares in other organisations (service investments), and
- to earn investment income (known as commercial investments where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

Possible Revisions to the Strategy

The initial strategy may be replaced with a revised strategy at any time during the year in cases where any treasury management issues (including investment issues) need to be brought to the attention of Full Council.

Treasury Management Investments

The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £0m and £10m during the 2025/26 financial year.

Contribution: The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details: Full details of the Council's policies and its plan for 2025/26 for treasury management investments are covered in a separate document, the Treasury Management Strategy.

Service Investments: Loans

Contribution: During 2023/24 and 2024/25 to date the Council has not lent money to local charities, housing associations or any other bodies. However, the Council would consider applications from such bodies individually, in order to support local public services and stimulate local economic growth.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Loans for service purposes in £ thousands

Category of borrower	31/03/2024 Actual			2025/26
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Local charities	0	0	0	500
Housing associations	0	0	0	10,000
Other bodies	0	0	0	500
Total	**0**	**0**	**0**	**11,000**

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding service loans on an individual basis for each proposal. The risks inherent in the proposal will be reported to members when it is placed before them for consideration together with an assessment of the likelihood of any of them materialising, their impact on the revenue budget and the mitigating controls that will be put in place. Risk factors to be assessed include:

- barriers to entry into and exit out of the market concerned;
- the nature and level of competition;
- how the market and customer needs will evolve over time;
- ongoing need for further investment to be made; and
- whether there is sufficient internal capacity to assess the business case and risks relating to the proposal.

An initial review of each proposal will be carried out by Council officers, intended to determine whether there are any risks apparent at that stage which indicate that the proposal should not be proceeded with. Provided this is not the case and it has also been determined that there is a worthwhile business case for further consideration, a more detailed risk assessment will be carried out. Where necessary, owing to lack of internal expertise, external advisors may be used to assist with the assessment of appropriate risks. Any other appropriate sources of information may be used to assess and monitor risk, including credit ratings, if these are relevant. Data used to monitor ongoing risk will be reviewed regularly and appropriate action will be taken if there are any indications of increasing risk or risks materialising.

The Council will consider the following points:

- the degree to which the loan complies with corporate policies and furthers corporate objectives;
- the overall desirability of the activity which the loan is intended to fund;
- affordability in terms of the use of capital or other resources and impact on the revenue budget;
- the likelihood that the loan will be repaid in accordance with agreed terms; and
- the total amount of loans already made to ensure that as a whole the Council is not over-exposed to the risk of default.

All proposed loans will be subject to approval by members, normally via Full Council, following consideration of a report setting out all relevant matters, including compliance with the above criteria.

All loans will be subject to credit control arrangements to recover overdue repayments. Credit risk will be determined by reference to the "expected credit loss" model for loans and receivables as set out in International Reporting Standard (IFRS) 9 Financial Instruments.

Service Investments: Shares

Contribution: The Council currently does not invest in the shares of suppliers and local businesses in order to support local public services and stimulate local economic growth. This is due to the nature of the risks associated with investing in shares i.e. they are volatile and may fall in value meaning that the initial outlay may not be recovered. If the Council was to consider investing in shares, then in order to limit the risk, upper limits on the sum invested in each category of shares would need to be set.

Shares held for service purposes in £ thousands

Category of company	31/03/2024 actual			2025/26
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Suppliers	0	0	0	250
Local businesses	0	0	0	250
Total	**0**	**0**	**0**	**500**

Non-specified Investments: Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

If the Council were to consider placing funds in any other type of investment which would be categorised as Non-Specified, the security of the capital sum would be the paramount concern. The same requirements as to credit ratings relating to Specified Investments will apply, and in appropriate cases the advice of the Council's treasury management advisors will be sought.

Commercial Investments: Property

Contribution: The Council invests in local commercial property with the intention of making a profit that will be spent on local public services. These are held primarily to earn income to be used to support the revenue budget although in some cases there may also be a contribution towards the economic wellbeing of the Borough.

Security: In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment.

The majority of the investment property portfolio was acquired some time ago and there is no debt associated with any of the properties and the initial investment costs have been recouped many years ago. Investment properties are valued at fair value. The values of the properties will fluctuate according to market conditions prevailing from time to time, however these fluctuations do not constitute losses of capital invested. The value of investment properties included in the Council's balance sheet at 31 March 2024 is £13.505m.

If there are any new commercial investments funded from borrowing, their value will be monitored to determine whether it is sufficient to act as security for the capital invested and outstanding borrowing. If there is a significant fall in value then this will be reported to members.

Risk assessment: There are risks associated with making and holding commercial investments which require assessment and management.

With regard to the Council's current portfolio of commercial investments, comprising investment properties, the main risk is of not achieving the budgeted amount of income or of expenditure exceeding budgeted amounts. These risks are assessed and provided for via the assessment of the appropriate amount to hold in reserve in General Fund Balances. If the result of the assessment shows that current levels are inadequate, the necessary additional contribution will be made via inclusion in the Medium Term Financial Strategy.

With regard to consideration of proposed new commercial investment there will be additional risks to be assessed and taken account of. The degree of control which the Council has over the materialisation of these risks and its ability to mitigate them should they arise will be important considerations. In most, if not all, cases the Council will be operating in a competitive environment and possibly one which it is not experienced in operating within, all of which increases the level of risk.

A comprehensive risk assessment, taking account of all appropriate factors, will be carried out on an individual basis for each investment proposal. The risks inherent in the proposal will be reported to members when it is placed before them for consideration together with an assessment of the likelihood of any of them materialising, their impact on the revenue budget and otherwise and available mitigation measures. Risk factors to be assessed include:

- barriers to entry into and exit out of the market concerned;
- the nature and level of competition;
- how the market and customer needs will evolve over time;
- ongoing need for further investment to be made, for example to adapt investment property or repair defects or carry out cyclical maintenance; and
- whether there is sufficient internal capacity to assess the business case and risks relating to the proposal.

An initial review of each proposed investment will be carried out by Council officers, intended to determine whether there are any risks apparent at that stage which indicate that the proposal should not be proceeded with. Provided this is not the case and it has also been determined that there is a worthwhile business case for further consideration of the investment, a more detailed risk assessment will be carried out. Where necessary, owing to lack of internal expertise, external advisors may be used to assist with the assessment of appropriate risks. Any other appropriate sources of information may be used to assess and monitor risk, including credit ratings, if these are relevant. Data used to monitor ongoing risk will be reviewed regularly and appropriate action will be taken if there are any indications of increasing risk or risks materialising.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. There is no outstanding borrowing in relation to the current portfolio so any sales proceeds would be available in full to support capital investment.

In the case of any future commercial property investments, the likely degree of liquidity will be a consideration in deciding whether to make the investment.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness. To date, the Council is not contractually committed to make any loans.

Proportionality

The Council is dependent on profit generating investment activity to achieve a balanced revenue budget.

Net investment property income is subject to fluctuation according to market conditions and other factors such as bad debts and unforeseen expenditure. Accordingly the possibility of shortfalls in contribution towards the revenue budget from this source is one of the factors specifically taken into consideration in calculating the level of General Fund balance to be held as a contingency against adverse budget variances. A total of £2.007m is currently held in balances to cover this and other risks and can be drawn upon in the event of risks materialising.

It is not planned to vary the amount of investment property held in the short term. However, in accordance with the Asset Management Strategy, all such property will be kept under review to determine whether the return obtained justifies retention and there may be instances where it is decided to dispose of property to obtain a capital receipt. The net contribution made towards balancing the revenue budget and the options for replacing any significant loss of income will be one of the factors taken into account when determining whether or not to dispose of a property.

Borrowing in Advance of Need

The Prudential Code for Capital Finance in Local Authorities (2021) issued by CIPFA states that local authorities should not borrow more than or in advance of their needs purely to profit from the investment of the extra sums borrowed. This is repeated in the Statutory Investment Guidance issued by the Ministry of Housing, Communities and Local Government.

The reasons for making an investment are unlikely to be purely in order to make a profit since investments may also be made with the intention of furthering corporate aims or service objectives, such as economic regeneration.

Accordingly, borrowing will be permitted in respect of Other Investments. The Council will consider each proposal to borrow on its merits. As well as the corporate or service benefits due regard will be given to the financial impact upon the revenue budget in terms of capital financing costs.

All borrowing will be subject to approval by members, normally via Full Council, following consideration of a report setting out all relevant matters, including those referred to above.

Capacity, Skills and Culture

Council members and staff involved in dealing with Other Investments will have regard to the provisions of the CIPFA Prudential Code and the regulatory regime within which local authorities operate when carrying out these functions.

Investment in commercial property is a specialist area and the Council will therefore commission external advice in order to effectively appraise investment proposals, negotiate with third parties or manage certain types of investment on an ongoing basis. The external advice will be commissioned on a case by case basis and where asset management is required external managers may need to be employed, particularly if investment is made in residential property.

Decisions to make Other Investments and the means of financing them will be subject to member approval. This will normally be by Full Council (but may be by Cabinet where permitted by the Council's Constitution). Members will consider a report setting out all matters relevant to the making of an investment before making a decision. The normal scrutiny and call-in arrangements will apply.

Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

Gross and Net Income - Historic and Current Year

	2021/22 Actual (£000's)	2022/23 Actual (£000's)	2023/24 Actual (£000's)	2024/25 Estimate (£000's)
Commercial Properties				
Gross Income	864	1,053	1,040	982
Gross Expenditure - Excluding Capital Charges	(837)	(1,027)	(1,119)	(1,028)
Net Income / (Expenditure)	**27**	**26**	**(79)**	**(46)**
Net Service Expenditure (Whole Council)	(7,641)	(7,911)	(8,162)	(8,465)
Ratio of Net Income to Net Service Expenditure	**0.35%**	**0.33%**	**(0.97%)**	**(0.54%)**

Gross and Net Income - Over Period of Approved Medium Term Financial Strategy 2025/26 to 2029/30 (Based on 2% increase on 2024/25 less agency costs)

	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)	2027/28 Estimate (£000's)	2028/29 Estimate (£000's)	2029/30 Estimate (£000's)
Gross Income	1,002	1,022	1,042	1,063	1,084
Gross Expenditure	(963)	(982)	(1,002)	(1,022)	(1,042)
Net Income	**39**	**40**	**40**	**41**	**42**

Vacancy Levels

2021/22 Actual (%)	2022/23 Actual (%)	2023/24 Actual (%)	2024/25 Actual at Q2 (%)
10.2	9.4	8.8	7.5

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NEWCASTLE UNDER LYME
BOROUGH COUNCIL

Commercial Strategy
2025 to 2026

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Introduction

Our Corporate Plan sets out an ambitious agenda for Newcastle-under-Lyme. We want to help our communities to become stronger and more vibrant and we want to continue to deliver excellent services to our residents. We are focussing on our place-shaping role to create high quality neighbourhoods, facilities, town centres and jobs. We aspire to create new and better homes for our residents and we need to respond to the climate and ecological emergency. At the same time, our funding remains under pressure. Funding from Central Government continues to fall and, as a result, both our Corporate Plan and Medium Term Financial Strategy recognise the need for the Council to be a more commercial organisation.

This means that we need to improve service delivery and organisational efficiency and find ways to generate more income as a critical component of our financial strategy. Successful delivery of the Commercial Strategy should enable members and officers to make positive choices about what they want to invest in, and where, rather than being forced to make decisions about how, and where, to reduce expenditure.

Therefore, in order to deliver the priorities of the Corporate Plan, the Council needs a new, more agile, innovative, and commercially aware operating model to ensure that, in an environment of continued reductions in central funding, our limited resources are used to leverage maximum value and create a financially sustainable organisation that meets the changing needs and expectations of residents.

Key objectives and priorities

The Council's Priorities contained in the Council Plan are:

One Council Delivering for Local People
A Successful and Sustainable Growing Borough
Healthy, Active and Safe Communities
Town Centres for All

Vision

Our vision is for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's Medium Term Financial Strategy. As a Council which adopts a commercial mind-set across the organisation. We expect staff to think innovatively and deliver services differently. We will use commercial principles to maximise the impact of our assets (whether physical or intangible) to benefit our communities and deliver financial sustainability.

This will be achieved through:

- Generation of service efficiencies and new income streams

- We will continually identify and develop opportunities to commercialise existing and new services

- When we need to charge for our services, we will price commercially, ensuring that this covers the full cost of the service unless we have made a conscious and evidenced decision to subsidise

- We will be commercially astute – we will understand the market for our services, and know how to make it work for us

- Effective procurement and contract management

- Prudent investment in income generating assets

- We will all understand and recognise where we have a role to play in maximising the impact of the Council's assets for the benefit of residents and communities.

- Strategic asset development

- Commercial One Council co-ordinates the delivery of services to maximise income generation and achieve best value.

Strategy outcomes

1. To generate income through commercial activity that can be reinvested in local priorities, services and improvements for our residents.

2. To build strong working relationships with public, private and third sector partners in order to maximise collaboration and generate efficiencies.

3. To embed a commercial culture within the council and ensure that our staff are equipped with the skills they need to operate in a more commercial environment.

4. To support the council in delivering the council plan and growth agenda as a key pillar of the Medium Term Financial Strategy and our goal of financial self-sufficiency.

5. To optimise the council's use of technology and support our digital agenda in order to enable new, more efficient and flexible ways of working and interacting with customers and residents.

What 'commercial' means to us

Commercial approaches are being adopted by many local authorities. However, the focus and definition of what that means is different from one council to the next.

It is important therefore, to define what we, at Newcastle-under-Lyme, mean by being commercial.

Working commercially is about using our assets and capabilities in the most efficient and effective way to create a net benefit to the Council's finances. It is about identifying and implementing opportunities, which expand the ways the Council, can secure income.

Being commercial is also about being creative and exploring new ideas and activities, which will increase income to the Council. It means that we will need to work in different ways and Council employees will need to develop new skills and behaviours to help make the delivery of the Strategy a success.

Every commercial opportunity will be robustly assessed before it is put forward for formal approval and the Council will develop a range of commercial projects within the programme to balance risks. There will always be a clear link between any commercial endeavour and the Council delivering better services for residents.

Commercialisation is NOT just about making money. It is as much about avoiding costs, through early intervention and prevention, as it is about developing new projects.

This strategy impacts on all services across the Council. 'Being commercial' is a mindset that must underpin the way we all do our jobs.

This means 'commercialisation' at Newcastle-under-Lyme Borough Council and includes all of the following:

- Preventing costs arising in the first place
- Creating social value to enable delivery of excellence in services to our communities
- Early intervention to prevent a cost escalating
- Redesigning our staff structures and internal processes to be most efficient and effective
- Reviewing service delivery models (e.g. outsourced, shared service, company) to be most efficient and effective
- Effectively procuring and managing our contracts
- Identifying new sources of income
- Commissioning the right outputs/outcomes
- Enhanced financial ownership by service managers
- Maximising existing sources of income
- Eliminating unnecessary demand and work
- Insight and Intelligence to make good choices

Benefits

The successful delivery of the strategy will achieve multiple benefits including:

- Ensuring our resources are stewarded wisely to deliver outcomes for our residents and businesses.
- Enhancing our ability to provide social, economic and environmental outcomes that can help to deliver against all four of our priorities: One Council Delivering for Local People; A Successful and Sustainable Growing Borough; Healthy, Active and Safe Communities; Town Centres for All.
- Developing new income streams to support services and the Council's budget.
- Creating a culture where staff think and act differently to deliver new ways of service delivery to serve our residents and businesses.

- Inspiring staff by embedding a forward thinking, opportunity focused mind-set that can drive wider culture shift.

- Increasing the robustness of the organisation through the creation of a diverse commercial portfolio to ensure long term organisational sustainability.

Objectives

Primary Objective

The primary objective is to use the Council's resources as effectively and efficiently as possible when delivering the Council Plan.

Secondary Objectives

Achievement of the primary objective will come in part through the following secondary objectives:

- Developing a **commercial culture**

- Putting **sound governance** in place – being clear about responsibilities, authorities, processes, templates and funding

- Ensuring there is appropriate **performance management** in place for commercial initiatives

The overarching aim of this strategy is to deliver a financial return, which contributes to the Council's efficiencies and additional income targets. This will help to safeguard, and develop, frontline services that the Council currently provides and enhance the Council's ability to invest in its place shaping agenda.

Funding and investment will be required for the successful implementation of this strategy. It is important to note that the benefits of pursuing the Commercial Strategy are not purely financial. Becoming a commercially focused organisation means putting the customer at the heart of everything we do. We will actively encourage creative thinking to develop more effective and customer-centric ways to deliver our services.

Culture

Developing a commercial culture is an important part of this strategy. To achieve the ambitious objectives outlined in this strategy, all participants need to fulfil their roles. Whilst large commercial projects will be important, we are looking to develop a commercial culture across all service areas where, thinking in a business-like way and making business-like decisions, along with being creative and innovative is the normal way of working at the Council.

An embedded commercial culture will enable all our services to reach their potential and it will unlock new and innovative ways of delivering services to residents and businesses in Newcastle-under-Lyme. A commercial culture will encourage us to be creative and entrepreneurial, finding ways to add value to the way we serve residents. This will include behaviours such as challenging current approaches to look for improvements, seeking ways to maximise value for customers and the Council from contracts and looking for growth opportunities.

A culture can be defined as 'the way we do things round here' and the way we operate across our service areas will be ambitious and bold, working in new ways to steward the resources we have in the most effective way to deliver the priorities highlighted in the Council Plan.

Developing the programme and our priorities

A portfolio of opportunities has then been selected for further development. This approach should ensure that the Council pursues a diverse range of opportunities - different in their potential scale, complexity and nature – to balance the risks of the overall programme.

In selecting the opportunities, consideration has been given to:

- The need to generate a net financial return to support the pressures identified in the MTFS.
- The creation of large-scale commercial projects that have the potential to create long-term income for the Council.
- Development of a commercial culture across service areas, so that thinking and acting in a commercial manner becomes central to the Council's thinking and decision-making.

The following table shows the highest commercial priorities to investigate within the commercial programme.

Priority Area	**Description**	**Impact**
Commercial Waste	Developing the Commercial Waste income streams, building on the existing assumptions that form part of the Waste Transformation Programme	Increase the number of businesses using the council service and improve the level of income generated
Light Industrial	Develop and regenerate sites into light industrial units	Increased revenue generation, servicing demand in the local area and supporting economic development
Fees and Charges	Increasing fees and charges that benchmarking has shown to be currently charged at low rates in Staffordshire	Increase in income generated
Investment Opportunities for commercial return	Continue to investigate investment opportunities that will deliver a commercial return and build up our commercial portfolio	Increased revenue generation, servicing demand in the local area and supporting economic development
One Commercial Council	Delivery of digital screen including a small proportion of time dedicated to advertising	Advertising to pay for the running costs of the screen and therefore supporting cultural events and community messaging in Newcastle town centre

How will we realise our strategic outcomes?

- Act with intelligence and agility
- Embrace transformation and innovation
- Understand that resources are required for growth and change
- Act with integrity and high ethical standards
- Embrace commercialism and maximise income
- Create and nurture commercial and development opportunities
- Act strategically for the long-term benefit of the borough and its residents
- Greater focus on procurement and contract management
- Create a sustainable commercial programme
- Know the market place and act competitively
- Establish a strong commercial culture and invest in staff and member skills
- Drive our digital agenda forward
- Demand more from service providers and contracts
- Ensure we get value for money for residents
- Listen to our staff and customers
- Actively seek and work with partners commercially
- Engage with specialist commercial advisers and professional partners
- Pursue opportunities to generate efficiencies and financial savings
- Dispose of assets when the market is no longer viable
- Extract maximum value from our property and land assets and income streams
- Stop activities that add no value or benefit to customers
- Challenge where services can be commissioned

How will we make this happen?

- Endorsement from members of the council
- Sponsorship from the Corporate Leadership Team
- Facilitated by a highly skilled commercial team
- Collaboration across all council services and teams

- External specialist advice and support
- Initiatives owned by services

How does the strategy support our organisational goals?

- Robust financial and commercial service programmes aligned to the council plan.
- Supports the MTFS and closure of funding gap.
- Uses commercial activities to leverage funding opportunities to support the regeneration of the borough.

What is the governance structure?

- Investment decisions will be taken by full Cabinet.
- Some changes may be required to the Council's Constitution to enable timely decision making as commercial opportunities present themselves.

How will risks be managed?

- Partner with industry experts and specialists
- Ensure transparency and effective communication
- Rigorous approval processes and project scrutiny
- Following corporate risk management and mitigation procedures
- Effective contract management
- Meticulous due diligence

What are the tools and structures we will use?

- Exercise statutory powers
- Shared service agreements
- Crown Commercial Service, g-cloud and local framework agreements
- Joint venture partnerships
- Arms-length management organisations and/or council owned companies

How will we fund and resource the journey?

- Generate a return on investment to fund services
- Make every penny count
- Explore opportunities to share services with other councils
- Maximise existing revenue streams, including advertising

• Effective and proportionate risk management

• Robust strategic and operational planning

• Access to government grants and other funding

• Invest to save

ASSET MANAGEMENT STRATEGY

2023 - 2028

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1. Foreword

The Council's Capital Strategy and Asset Management Strategy are key strategies that establish the Council's approach to its use of resources. The Asset Management Strategy provides a clear framework for understanding the value and condition of property owned by the Council so that, in turn, investment decisions can be taken to optimise the Council's asset portfolio to meet the needs of the Borough's residents, businesses and visitors. As we move into the future with a new set of challenges and priorities, we have had to tailor the Asset Strategy in such a way as to meet those challenges head on, whilst taking other Council-wide strategies into consideration. This Strategy builds on the previous Asset Management Strategy.

By having an Asset Management Plan as part of this Asset Management Strategy for 2023 to 2028 the Council is well placed to ensure we are able to adapt to the changing market and deliver our corporate priorities.

Cllr Stephen Sweeney

Deputy Leader of the Council and Portfolio Holder - Finance, Town Centres and Growth

MISSION STATEMENT

"Our mission is to establish an Asset Management Strategy that reduces ongoing expenditure, increases investment income and renews and grows the Council's asset portfolio so that we can provide the highest attainable standard of buildings and facilities for the people of Newcastle-under-Lyme."

2. Background

2.1 The Borough of Newcastle-under-Lyme is part of the conurbation of North Staffordshire. It is the most populated district in Staffordshire with a population of around 125,000 and has an area of 81 square miles. The two main towns within the Borough are Newcastle-under-Lyme and Kidsgrove, and there is an extensive rural area to the west/south-west of the urban area.

2.2 The industrial base of the Borough has changed significantly in the last century, with the closure of local coal mines and the development of the distribution sector. Service industries are the largest employers in the area, with the number of people employed in water, energy and construction industries being higher than average. The presence of Keele University with the growing number of hi-tech, research and medical technology businesses in its Science and Innovation Park, along with the medical school demonstrates the potential for added value growth of the area.

2.3 Newcastle town centre is recognised as being one of two strategically important centres in the North Staffordshire conurbation, with further growth predicated upon its good connections to major transport routes.

2.4 There continues to be ongoing reductions in funding provided to local authorities, government, and its agencies, arising from the need to restrain public expenditure to rebalance public finances following the global economic recession that began with the banking crisis in 2008 and more recent increase in inflation. Services remain under pressure to reduce costs and to keep fixed outgoings such as property related costs under review. Some specific funds have however been made available recently including the 'Town Deal', 'Future High Street Fund and the Shared Prosperity Fund and it is key that those funding sources are spent on the right projects.

2.5 At the same time, the Council's own resources available to finance capital projects are limited and income is key to further delivery of the capital programme. The Council continues to require receipts from land and property disposals to fund future capital programmes.

2.6 In 2020, Cushman and Wakefield Surveyors were commissioned to carry out an independent Investment Property Portfolio Review. A detailed statement of the Council's current property portfolio is detailed within this and some of the key findings and recommendations from that review has assisted in developing the Asset Vision and will drive much of the Asset Management Strategy between 2023 and 2028. The Cushman and Wakefield Report as referred to at Section 18 below is available upon request.

3. Core Strategic Objectives

3.1 The core strategic objectives for asset management are designed to support the Council's vision and priorities. They are:

- To ensure that the Council's asset portfolio supports the delivery of its services and objectives.
- The maximise income through the asset portfolio in line with the One Council Commercial Strategy.
- To maximise the Council's assets to deliver corporate objectives such as major regeneration programmes.
- To ensure that all assets are demonstrably managed in the most economic, efficient, and effective manner.

3.2 In achieving these objectives the principles to be followed are that all operational assets must be:

- In the right location to allow customers to access the service and any other related services of partners, in suitable condition to enable staff to deliver services in a comfortable environment for both staff and customers without interruption.
- Suitable and sufficient for the purpose for which they are being used in terms of size, type, and layout of accommodation – including accessible to people with disabilities.
- Flexible to the extent that they can be adapted economically to adjust to changing services' needs, including sharing with partners in service delivery.

- Able to demonstrate ‘Best Value’ in terms of a balance between efficiency in operational running costs and long-term sustainability.
- Able to convey a positive image of the Council and the service being provided and able to contribute positively to the immediate environment, particularly where there is a need for physical regeneration of the locality.
- Good examples of sustainable development if new or extensively refurbished.
- Maintained in such a way so as to minimise reactive maintenance by improving planned maintenance arrangements; and managed to mitigate their impact on and the effect of climate change.

3.3 All non-operational assets must be:

- Able to make the maximum contribution to service revenue budgets in terms of rental income; or
- Able to make a positive contribution to the social wellbeing of the community either through its presence as a heritage asset or through use by others such as voluntary groups, charity organisations or small businesses; or
- Retained for reasons of strategic importance, such as to influence the physical economic regeneration of the Borough.
- Please note that some non-operational assets are subsidised to assist new start-ups.

3.4 In order to deliver a sound, well planned asset management strategy, the Council must first analyse the current position against our vision, then set key priorities for the overall assets portfolio and for individual assets. Where there are key priorities for specific assets the Council needs to evaluate funding opportunities and timescales. When proceeding with asset purchases, sales or long term leases there needs to be clear policies, procedures and processes that will ensure the successful delivery of the overall Strategy.

3.5 The Council has ambitious plans over the forthcoming years and this strategy seeks to support these. Whenever possible the Council will seek to maximise outcomes with external funding stream and working with the best partners. Timescales for individual asset management decisions will be made taking a whole range of issues into account. This Asset Strategy has been drafted in accordance with and supportive of the one Council Commercial Strategy.

4. Approach

4.1 As the wider landscape within the Council's asset portfolio is constantly changing and evolving and as many factors are outside of the Council's control, the general approach that has been adopted, is to:

- Establish the asset portfolio in two groups [operational and non-operational estates]
- Carry out an updated assessment of the two groups /estates (following the Cushman and Wakefield Report's headings [see Annex A]
- Establish what funding streams and capital reserves are available / allocable
- Review already planned capital works and other projects
- Establish what can and should be done to the assets in each asset class (operational and non-operational) to find savings and improve efficiency.

4.2 It is important to note that the Asset Management Strategy will be ever evolving as new challenges and objectives are revealed and as new funding sources become available.

4.3 It is paramount that any strategic objectives are fulfilled and delivered within governance rules and guidelines set out by central government, the constitution, property law and are reflective of the various other strategies across the Council.

This Strategy along with the Council's Capital Strategy seeks to demonstrate alignment with, and delivery of, the Council's ambitions as set out in the Council Plan 2022-26 and is also aligned with:

- The Financial Strategy
- The Digital Agenda
- The Carbon Management Plan
- The Council's Constitution
- Local Plan including Open Space and Green Infrastructure Strategy
- Playing Pitch Strategy

The Carbon Net Zero Roadmap

4.3b The Council is leading Newcastle-Under-Lyme to a sustainable and carbon net zero future. The Council is working with partners in the private, public and educational sectors to create an energy efficient environment in Newcastle-under-Lyme. This should ensure that the Borough remains a preferred place in which to live, work and invest.

The Council's Carbon Net Zero Roadmap represents a further step in the journey to become a carbon net zero council. The Council has made a good start in their contribution to the Council's reduction in energy use over the past year.

The Council are working with the Carbon Net Zero Roadmap to reduce its carbon footprint as well as the carbon footprint of the Borough (by 2050) as whole, which includes our homes, businesses and public spaces. The Council are introducing energy saving measures in properties, for example the council now collect food waste to be converted into energy through anaerobic digestion. The Carbon Net Zero Roadmap is still being finalised however we are beginning to take action now to reduce and cut the emissions we produce directly and indirectly. The Roadmap alongside other strategies and information about sustainability and climate can be found on our Sustainability and the Environment webpages which will be published soon on our website.

4.3c Our approach to more efficient and carbon net zero buildings:

Newcastle-under-Lyme Borough Council Is currently consulting and reviewing the energy use and consumption of its built estate. The buildings the Council owns contribute to a vast amount of emissions that we release into the atmosphere, contributing to climate change. In our soon to be released Carbon Net Zero Roadmap we will be initiating multiple projects to decarbonise our owned facilities such as J2, Knutton Lane Depot and Kidsgrove Town Hall. Our goal is to become fully carbon net zero by 2030 within the Council's built estate by developing renewable energy projects for electricity and heating, upgrading the fabric specifications (insulation) of our buildings, embedding biodiversity net gain in all our developments, facilitating sustainable behaviour campaigns and upgrading our buildings ventilation, lighting and the controls that regulate it sustainably. Our goal for 2030 within the built estate is also accompanied by our wider goal to become a net zero Borough by 2050, aligning ourselves with the UK Governments initiatives.

5. Governance

5.1 Legal and Constitutional Context

a. The Council has a duty, both fiduciary and operationally, to utilise its Assets for the benefit of the community.

b. The Local Government Act 1972 (as amended) – Section 123 - the Council has a duty to achieve best consideration when disposing of its assets.

c. The Local Government Act 2000 - powers to promote the economic, social, and environmental wellbeing of the Borough.

5.2 The National Context – Government Policy

Many Government initiatives, policy statements and/or guidance influence the Authority's asset policies, including:

- The Quirk review of ownership of public assets
- The Gershon Review, and the drive to improve efficiency
- The Prudential Code for the management of capital finance
- Leaner and Greener Report – Delivering effective estate management
- Leaner and Greener II – Putting Building to Work
- Penfold Review
- Laying the foundations of a Housing Strategy for England
- The Localism Act - Community Right to Bid
- The National Planning Policy Framework
- Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015

Statutory Responsibilities

5.3 The Authority as an employer, a landowner, a landlord and a provider of services, has a wide range of responsibilities with an implication for accommodation including:

- The legislative framework in respect of buildings
- A range of health and safety legislation, EEC requirements. HSE best practice and guidance notes, Industry standards and Insurance requirements.
- Carbon reduction and energy efficiency legislation and requirements.
- Equality Act 2010. This does not simply encompass accessibility considerations and should be taken into account in virtually all development and maintenance work which is carried out to ensure that every possible aspect of disability has been considered when implementing work.
- Management of the risks associated with property assets including regular maintenance and servicing to address matters such as:

  i) Legionella – A managed programme of water testing and preventative measures are carried out including weekly flushing regimes, monthly temperature tests, bi-annual bacteria testing and, as required, physical system cleansing. A robust legionella policy is in place for the council as required by law.

ii) Asbestos – An on-going programme of surveys and management together with the use of asbestos registers and regular monitoring to prevent the release of dangerous fibres and warn of the presence of asbestos across the portfolio. A robust asbestos policy is in place for the council as required by law.

iii) Fire Safety – The Authority undertakes Fire Risk Assessments in respect of its properties and tests fire safety equipment e.g. alarms on an annual basis. Weekly, monthly and annual testing of fire monitoring and backup systems also take place as required by the legislation to ensure that fire systems are maintained.

iv) Gas Safety – Inspections and services are carried out on an annual basis to ensure that all gas appliances are safe to use. The correct pre-planned maintenance approach has also ensured that gas appliance failures are now very rare which has delivered a considerable saving in respect of reactive maintenance costs.

v) Electrical Safety - An ongoing program of periodic tests is carried out to fixed wiring as required by both legislation and our insurers together with Portable Appliance Testing and emergency lighting testing.

vi) Lifts, pressure vessels, safety line, chimney maintenance - checks are carried in accordance with best practice.

vii) Lightning Conductors – checked in accordance with best practice.

viii) Routine inspection and repair/maintenance of assets including tree stock, playground stock, railings and structures, footpaths and roads etc.

ix) Testing and maintenance of generators, air conditioning and mechanical services equipment.

x) Glass and glazing assessment.

NB: The above summary is not an exhaustive list of statutory inspections/maintenance arrangements.

6. The Current Estate

6.1 The Council owns a broad variety of over 186 properties (buildings) ranging from crematoria to sports centres to industrial premises. As previously indicated the Council's property assets are divided into two portfolios – the operational and non-operational portfolio – see below: -

Operational assets

6.2 In broad terms this is property that is held, occupied, used, or contracted to be used on behalf of the authority in the direct delivery of services for which it has a responsibility, whether statutory or discretionary or for the service of strategic objectives of the authority. This includes 'Community Assets' which are delivering wider benefits of the community and the wider Council objectives.

6.3 This category includes (not exhaustive list):

- Castle House
- Knutton Lane depot
- Jubilee 2 Health & Wellbeing Centre
- The Museum/Art Gallery
- Crematorium and Cemeteries
- Land associated with operational property
- Parks and Open Spaces
- Historic Buildings/Monuments
- Allotments
- Sports facilities and pitches
- Community Centres
- Off-street car parks (non-fee-paying)
- Structures bridges, watercourses etc.
- CCTV infrastructure

Non-Operational Assets

6.4 These property assets are those held by the Council but not directly occupied, used, or concerned in the delivery of services, although they are likely to align with the authority's strategic objectives. Examples in this category (list not exhaustive) mainly related to commercial land and property, leased/rented to other parties, and generating income which include:

- Town Centre Retail Premises
- Industrial Units
- Offices
- Ground Leases
- Market
- Town Centre Car Parks (fee paying)

7. Key Objectives and Priorities

a. Asset Management Priorities

- Lease Renewals / Rent Reviews Backlog. As with most local authorities across the country, there is a percentage of the non-operational portfolio where leases are holding over and need to be reviewed and renewed and there are also a number of lease renewals outstanding. Many lease renewals will have been purposely left alone, to avoid tenants requesting re-gears where the rent is inevitably reduced. It is in a landlord's best interest therefore to get the timing right on when to press the tenant on rent reviews (subject to lease terms).
- There is an aspiration (subject to funding) to introduce regular building condition surveys on operational buildings on a rolling basis. The condition, sufficiency and suitability of the estate, and the associated performance measures are essential in enabling strategic decision making. This is a continual assessment process, and will inform budget setting facilitating improved service delivery, energy efficiency, and compliance with statutory requirements.
- Greater emphasis will be placed on rationalisation, refurbishment and re-use of the portfolio to deliver efficiency savings.

b. Regular Performance Analysis and Management

- The Council should re-assess processes to maximise revenue opportunities, particularly in relation to asset management.
- There is a requirement to review all non-operational assets and the processes involved in managing investment assets and maintaining operational assets.

- Disposal of none or low income generating properties could deliver capital receipts for reinvestment in the Capital programme.
- Consideration must be given to under-utilised and unsuitable operational assets to determine opportunities for re-use, investment, regeneration or disposal. For example, the Council currently owns a number of small and outdated unused buildings such as public conveniences across the borough and consideration needs to be given on what should happen to these assets.

8. Consultation & Engagement

8.1 The Council constantly consults residents and key stakeholders on a wide range of issues. The aim being to become more accountable to our customers and to make our decision making processes more transparent. Communication on the challenges both in terms of policy and service delivery and finance is something that the Council is striving to deliver.

Consultation Arrangements on Future Disposals

8.3 The primary purpose of the consultation on potential freehold land disposals is to identify any physical, technical or other constraints that might affect the scope/opportunity for alternative use or development being pursued. The outcome of such consultation exercises, taken together with desktop technical assessments, allows the Council as a landowner to consider the latter approach. Importantly it is considered that the Town Planning processes (Local Plan and Planning Applications) should consider the appropriateness of land or property being developed or used for alternative purposes rather than the Council as landowner making potentially subjective judgements.

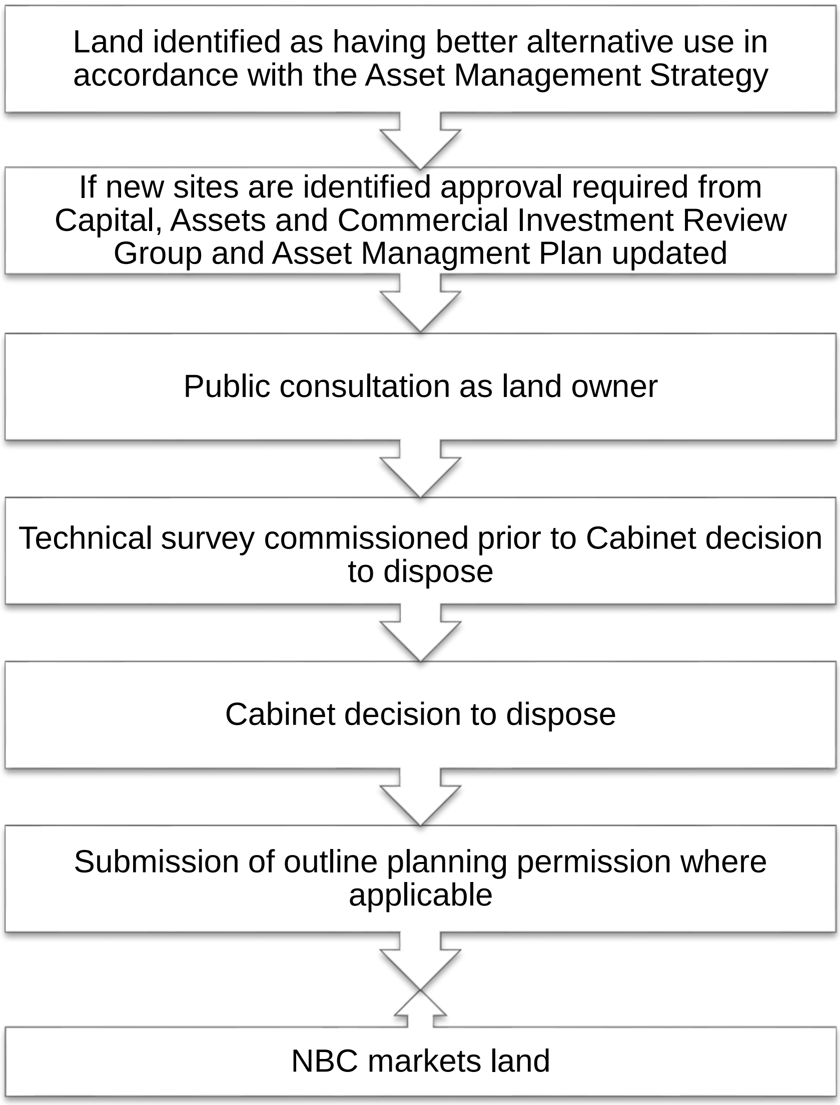
8.4 The consultation process approach involves Ward councillors being notified prior to the start of the process; notices being placed on site and; the adjacent property owners being notified, along with the Parish/Town Council, where relevant. The consultation timetable is set out below. This arrangement is considered to be generally proportionate and appropriate to the majority of sales of both land and property.

8.5 Property DescriptionConsultation Approach

Property Description	Local members (prior to general public)	General public
Publicly accessible open space >0.5 ha.	3 weeks	6 weeks
Publicly accessible open space <0.5 ha.	3 weeks	3 weeks
Grazing / agricultural land >1 ha.	3 weeks	3 weeks
Grazing / agricultural land <1 ha.	2 weeks	2 weeks
Operational estate with active community use	2 weeks	4 weeks
Commercial, retail and industrial premises and land designated for a particular purpose i.e industrial	No consultation required	No consultation required
Incidental areas <0.1 ha of land adjacent to neighbouring property	No consultation required	No consultation required

8.6 There will however be some circumstances in respect of certain disposals, such as the disposal of disused public toilets, where a public consultation process will not be necessary or may be scaled to a more proportionate level. Other examples could include land or property where the future use is consistent with the present use (e.g. a shop premises in a shopping parade) where there is unlikely to be any public interest at stake. The approach to consultation in each case will seek to ensure that any public/stakeholder consultation is proportionate to the particular disposal.

Typical freehold land disposal process in respect of sites that require consultation above in 8.5



NB. Attention is drawn to the council's proposed approach to consultation as both land owner and as local planning authority.

9. Operational and Non-Operational Portfolio Strategy Vision

9.1 Our vision is for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's medium-term financial strategy.

9.2 This will be achieved through:

- Generation of service efficiencies [Operational Estate (O)]
- Generation of new income streams [Non-Operational Estate (N/O)]
- Maximising existing revenue streams [N/O]
- Effective procurement and contract management [O&N/O]
- Prudent investment in income generating assets [N/O]
- Strategic asset development [O&N/O]

9.3 Generating income through commercial activity that can be re-invested in local priorities, services, and improvements for our residents.

9.4 Building strong working relationships with public, private and third sector partners to maximise collaboration and generate efficiencies.

9.5 Embedding a commercial culture within the council and ensure that our staff are equipped with the skills they need to operate in a more commercial environment.

9.6 Supporting the council in delivering the council plan and growth agenda as a key pillar of the medium-term financial strategy and our goal of financial self-sufficiency.

9.7 Optimising the council's use of technology and support our digital agenda to enable new, more efficient and flexible ways of working and interacting with customers and residents.

10. Arrears / Tenant Debt Policy

10.1 As the Covid pandemic has hit small to medium sized businesses hard, this has had a knock-on effect to the Council's tenant debt / arrears levels. Adding the cost-of-living crisis and heightened inflation to this has increased current tenant debt levels above average.

10.2 That said, if the Council was to take an aggressive stance on arrears at this stage, that could lead to increased business closures and that will not benefit the Council in the medium to long term.

10.3 Therefore the approach to this increased level of debt must be well balanced, so as to provide an appropriate level of support, whilst remaining reasonably assertive and finding positive solutions for all stakeholders.

10.4 In July 2023, Cabinet approved a new Debt Recovery Policy.

11 Acquisition and Disposal Policy

11.1 The objectives to be achieved from any asset acquisition are that it should provide one or more of the following benefits and that the benefits are more valued than the cost of acquisition:

- a demonstrable contribution towards the delivery of the Council's priorities and the provision of its services;
- a strategic acquisition for redevelopment or tactical purposes;
- to facilitate economic development; or
- to generate revenue income.

11.2 Where surplus capacity in property or land is identified, its future use or disposal will be considered in accordance with the Council's priorities and within the planning framework. The opportunity to share with partner organisations will also be explored as part of the options appraisal process.

11.3 Where property is proposed for disposal, consideration will also be given to the consequences of the piece of land or property not being subject to the Council's control in terms of standard of care, maintenance etc., by the inclusion, where appropriate, of covenants in the contract to maintain the required standards of care.

11.4 Options appraisals for capital investment or disposal will include whole life costings. These are the systematic consideration of all relevant costs, revenues and performance associated with the acquisition and ownership of an asset over its physical, economic, functional, service or design life.

11.5 The strategic approach to asset management planning will assist in the development of a more comprehensive and co-ordinated medium to long term capital budget strategy and is an important aspect in the planning of the Council's resources in delivering its ambitions and priorities.

12. Planned Capital Works and Projects

(The current position in respect of following planned capital works and projects, asset disposals and other projects, which build on the previous Strategy, are set out in the Asset Plan Table at Appendix A)

12.1 Land Adjacent to Keele Cemetery

There are plans to install a solar energy installation on Council owned land that is adjacent to Keele Cemetery, this project is currently in the planning stage.

12.2 Ryecroft

Ryecroft is the site of former Civic Offices and the former Sainsburys supermarket and car park. The Council is to redevelop this site and the proposals are set out below:

12.3.1 A new multi-storey car park (Castle car park) on the western third of the site will be open in early January 2025 as the first element of the wider Ryecroft redevelopment plans. This is being partially funded by the Future High Street's fund

12.3.2 A planning application has been submitted for the development of new residential. Aparthotel and commercial units for the middle section of the wider site, through our development partner Capital&Centric, who will own and operate the development upon completion. The land / structure will be sold to the developer.

12.3.3 McCarthy Stone have purchased the last remaining section of the wider site (at its easter corner) for an over 55 yr old residential development and a planning application has been submitted for this.

12.3 York Place Shopping Centre (Astley Place)

The Council acquired the York Place shopping centre in early 2022 to facilitate the delivery of the Future High Street fund regeneration proposals and improvements to the town centre. The centre was emptied of tenants by March 2024 and a partial demolition leaving the main structural elements (columns and floors) exposed for developing upon – saving costs, programme and reducing the carbon footprint of the new development. Our development partner, Capital&Centric, have submitted a planning application for a residential development with a commercial square on the ground floor, and will own and operate the development. The land / structure will be sold to the developer.

12.4 Midway Car Park

Upon completion of the Castle car park on the Ryecroft site in early January 2025, our development partners, Capital&Centric, will develop the existing structure into residential units, again by retaining the structural frame (as with York Place above. A planning application has been submitted for this and the developer will own and operate this development upon completion. The land / structure will be sold to the developer.

12.5 **Carbon Capture Areas**

As part of the Council's Sustainable Environmental Strategy, approved by the Council in December 2020, there is a desire to create Carbon Capture Areas within the Borough. These will consist of 60 Council owned green spaces saved for tree planting which is taking place as part of the wider Urban Tree Planting Strategy. To date four phases have been completed and a further phase is planned for Winter 2023.

13. Asset Disposals

13.1 Knutton

One of the major Newcastle Town Deal projects is to master plan parts of Knutton, The former clinic was acquired and subsequently demolished along with the adjacent community Centre. It is proposed that this along with the site of the former Knutton Recreation Centre be redeveloped for both residential and industrial purposes. This involves disposing of land to Staffordshire County Council to extend its enterprise centre, the building of a new village hall which will remain in the Borough Council's ownership and the disposal of the remainder of the land for residential development. These land transactions will be completed early January 2025.

As part of this masterplan a new football changing facility is being built at the Wammy. The Council will retain ownership of this asset is leasing the new facility to a community group.

13.2 Parkhouse West

This site was approved in the last Asset Management Strategy for disposal for industrial development purposes and has been sold to a local company who have submitted a planning application for a sustainable industrial park. Works are due to commence in mid-2025.

13.3 Town Centre Car Parks

Once Castle car park has been completed, the car parks listed below will potentially become surplus to requirements and therefore alternative uses for these brownfield sites may need to be considered. These will be consulted on in accordance with the consultation process as set out in Section 8 above. Additionally these sites have been put forward to the Planning Authority for consideration as potential bonus/windfall sites within the new local Plan and will be subject to review as to their merits under the planning framework, prior to their reclassification and potential disposal.

Consultation as part of the draft local plan has prompted petitions to be raised particularly regarding the significance of the Hassell Street car park for local businesses. Reflecting this, Officers will be required to bring forward proposals for development which include the provision of some public parking spaces at Hassell Street and others as appropriate.

Blackfriars car park, Newcastle	0.32 acres
Blackfriars car park, Newcastle	0.21 acres
Hassell Street, Newcastle ST5 1AY	0.32 acres
Cherry Orchard Newcastle ST5 2UB	0.30 acres
Goose Street Newcastle ST5 2EA	0.84 acres
King Street Newcastle ST5 1HX	1.39 acres
Bankside/ Well Street Newcastle ST5 1BP	0.10 acres

13.4 Former Keele Golf Course (Lyme Park)

As per the previous Asset Management Strategy, the former Keele Golf Course site is again listed for possible disposal. The site is currently classified as Green Belt land. Prior to any Council build out and/or sale to third party developers this classification will need to be changed to allow for any residential development. As noted within the Strategy in previous sections, the Local Plan has been submitted for examination and it is expected to be adopted following an Inquiry towards the end of 2025. The proposal is for 900 homes and a new country park be created, but until the Green Belt classification is amended or not, no such development or sale can be considered.

13.5 Land at Glenwood Close, Silverdale

This 0.69 acre site is designated as low quality and low value in the latest Open Space and Green Infrastructure Strategy therefore given it has little value as open space alternative uses need to be considered.

14. Other Projects

14.1 Kidsgrove

14.1.1 There are plans for the creation of a shared service hub in Kidsgrove. This is on land partly owned by the Council that is currently used as a car park (Meadows Road Car Park) and an adjacent piece of privately owned land which the Council is looking to acquire (with town deal monies). NBC will own the building, but Kidsgrove Town Council will lease it from the Council.

14.1.2 It is proposed that Kidsgrove Town Hall be refurbished to create modern lettable office space. This is to be funded through shared prosperity.

14.2 Creation of a Circus Heritage Centre.

A unit on Merrial Street in the Council's ownership has been refurbished and the Philip Astley CIC occupy the unit. Plans for a relocation are under review.

15. Government Funding

The Council is in receipt of government funds which include Town Deal, Future High Street and the Shared Prosperity Funds. Some of these funding streams directly impact Council assets, the major schemes are set out in section 12-14 of this Strategy. The remainder of these projects are set out below

15.1 Kidsgrove Town Deal

15.1A Construction of an access road has been completed at Chatterley Valley, on privately owned land.

15.1B Refurbishment of Kidsgrove Railway Station and creation of a transport hub is also planned. The land areas involved in this project are owned by Network Rail / operated by East Midlands Railway.

15.1C There are a number of planned improvements that will be made to the Canal towpath on land that is owned by Canal & River Trust. (Some shared prosperity fund is also to be used for this).

15.1D There will be a series of interventions for community based facilities – at The Kings School, on the Meadows, one way traffic and associated landscaping on the Meadows, and highway improvements on King Street.

15.2 Newcastle Town Deal

15.2A **Digital Infrastructure Project** – This project has been tendered and work will commence in early 2025 to provide super-fast broadband and community digital hubs.

15.2B **Sustainable Transport Solutions** - A mix of measures are being introduced in regards to public transport. A new bus entrance will be completed in early 2025 at Keele University (on land owned by the University), installation of real time passenger information at Newcastle Bus station have been completed and plans to improve bus service reliability with Keele University.

15.2C **Electric Vehicle charging points** are now installed at the new Castle Car Park at Ryecroft .

15.2D **Transformation of Key Gateway Sites** – The partial demolition and redevelopment of the Midway multi storey car park is planned as set out above. The former Zanzibar nightclub site (that is in the ownership of Aspire Housing) has been demolished and it is intended to be replaced with residential development, along with approximately 5 small enterprise units which the Council will own and manage. Works on the enterprise units will commence in mid 2025.

15.2E **Digital Society** – The Town Deal will fund the conversion of a town centre building for use by Keele University for a learning / enterprise space, and will open in January 2025. The building is owned by Keele University.

15.2F **Cross Street Chesterton** – The plan for this project is that the Town Deal will fund the re-development of the current housing land that is owned by Aspire housing in this area.

15.3 Future High Street Fund

15.3A A public realm and market improvement project has been underway during Autumn 2024 with the completion of the overall scheme with a large digital screen and seating to be installed in March 2025.

15.4 Shared Prosperity Fund

15.4A Improvements are planned to Clough Hall Park, in line with the existing masterplan

15.4B The creation of a Homeless Hub is underway having purchased a suitable property which will be refurbished for the specific use in early 2025.

16. Completed Projects

16.1 The refurbishment of Kidsgrove Sports Centre was completed using monies provided by Kidsgrove Town Deal. It was opened in Summer 2022 and is managed by Kidsgrove Sports Centre Community Group.

17. Completed Significant Land Disposals

Address	Disposal Date
Freehold sale – Eccleshall Road, Loggerheads	Mar-21
Freehold sale- 20 Sidmouth Ave, Newcastle	Nov -21
Freehold sale – Apedale, Chesterton	Nov -21
Covenant release – Midway, Newcastle	Dec-21
Freehold sale – Market Drayton Road Newcastle	Apr-22
Freehold sale – Knype Way, Bradwell	Jan-23
Freehold sale - Park House West	Oct-24
Freehold sale – Ryecroft Site (Western edge)	Oct-24

The total value of the above disposals from March 2021 is circa £7.3m

18. The Market

18.1 In respect of the objective of being a town centre for all, diversification of the type of market is key. As such we currently host General Markets each week, Antiques Markets each week, Artisan market each month, up to 3 Vegan Festivals, up to 3 Bring your dog to town Markets, 6 vinyl collectors fairs and one-off events such as Young Traders Market and Charity Fairs.

18.2 The Council works in partnership with Newcastle-under-Lyme BID to deliver its portfolio of events such as the Castle Classics retro car show, outdoor music and food and drink festivals. As a licensed premises we are able to host licensable events.

18.3 The market is cashless for collection of stall rents and pitches will soon be able to be booked and paid for online. This will make resource savings and embraces the digital payment and banking trend.

18.4 The market provides a platform for fledgling businesses to test and grow their business model with a view to potentially taking on a Newcastle-under-Lyme town centre "bricks and mortar" business premises.

18.5 Our footfall figures and performance indicators show that we have made a significant difference to visitor numbers on our new event and trader-run markets. We have rationalised and improved our fixed stall provision, and created more flexibility by purchasing a stock of temporary stalls. This, alongside improvements to the public realm to create a flexible events space, continues to rejuvenate the general market and market infrastructure to ensure we retain a contemporary market offer.

19. Community Centres

19.1 The Council is continuing to explore options for the long-term sustainability and management of the Community Centres in partnership with the community and voluntary sector and to review the management arrangements linked to these options and implement the proposals. The digital infrastructure project through the Town Deal (see above) and the placement of community digital hubs within these buildings should assist in the long term viability of some centres.

19.2 To date four community centres have been leased on 25 year leases to community groups, whereby over a 5 year period the maintenance and running costs are transferred to the community organisation thereby reducing the Council's liabilities. In addition it allows the management committees greater freedoms to pursue external funding. Negotiations are ongoing in relation to two other community centres.

20. Further Reading & Associated Publications

- The Corporate Strategy
- The Commercial Strategy
- The Capital Strategy
- The Financial Strategy
- The Digital Agenda
- The Carbon Plan
- The Council's Constitution
- The Local Plan (including Open Space and Green Infrastructure Strategy)
- The Playing Pitch Strategy
- The Debt Recovery Policy

- The Cushman Report

Further Information

For further information on the Asset Strategy, please contact:

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Property Manager

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E: Louise.Beeby@newcastle-staffs.gov.uk

APPENDIX A ASSET PLAN

SITE LOCATION	SITE AREA (Acres)	CURRENT POSITION
Land Adjacent to Keele Cemetery	35.59	Proposal to install a solar array on this land. This project is in the planning stage.
Lowlands Road, Ravensdale	7.70(developable)	Industrial development land, under offer and subject to an option to purchase
Plot E Apedale Road, Chesterton	4.42	Industrial development land approved in the last Asset Management Strategy for approval. This site has been on the market for a number of years. There have been a number of offers but none have progressed through to completion. The site is being marketed
Site of former Recreation Centre, Knutton	5.31	Masterplan approved by Cabinet. It is proposed that this site be developed for residential and industrial purposes
Site of former community centre and clinic, Knutton Lane, Knutton	1.72	Masterplan approved by Cabinet. It is proposed that this site be developed for residential purposes
Former Keele Golf Course	150	Plans are being considered for the potential development of the former Keele Golf Course site that currently sits in the Green Belt, which could involve Council build our and / or sale to third party developers. The Local

		Plan is currently out for consultation of which this site forms part. The proposal is for 900 homes.
Ryecroft	4.18	Planning permission has been approved to develop a new multi-storey car park (Castle car park) on the western third of the site.
York Place Shopping Centre	0.72	Cabinet approved the demolition of York Place in June 2023. A further report in respect of the redevelopment will be considered by Cabinet in Autumn 2023
Midway Car Park	n/a	An option report will be considered by Cabinet in Autumn 2023.
Blackfriar's Car Park	0.53	The site is partially vacant and partially used as a public car park. Once Castle Car Park is completed this brownfield site will potentially become surplus to requirements and alternative uses may need to be considered
Part of King Street carpark	1.39	Once Castle Car Park is completed this brownfield site will potentially become surplus to requirements and alternative uses may need to be considered for part of this car park
Cherry Orchard car park	0.30	Once Castle Car Park is completed this brownfield site will potentially become surplus to requirements and alternative uses may need to be considered for this car park
Part of Goose Street car park	0.84	Once Castle Car Park is completed this brownfield site will potentially become surplus to requirements and alternative uses may need to be considered for part of this car park
Hassell Street car park	0.32	Once Castle Car Park is completed this brownfield site will potentially become surplus to requirements and alternative uses may need to be considered for this car park
Garden Street/ Bankside car park	0.10	Once Castle Car Park is completed this brownfield site will potentially become surplus to requirements and alternative uses may need to be considered for this car park
Land at Glenwood Close, Silverdale	0.69	This site is designated as low quality and low value in the latest Open Space and Green Infrastructure Strategy therefore given it has little value as open space alternative uses need to be considered.
Land site of former mortuary, Newcastle Cemetery	0.23	Mortuary demolished June 2020. Public consultation complete. Options for residential development to be considered
Sites approved in previous Asset Management Strategy (Low vale or little or no interest)		
Cotswold Avenue, Knutton	0.44	Grassland area not included in latest Open Space and Green Infrastructure Strategy for review. Site offered to Housing Associations, but no interest.
Kinnersley Street, Kidsgrove	1.60	Site not included in latest Open Space and Green Infrastructure Strategy for review. Grass and tree covered area on very steep slope. Topography to be analyzed to assess which parts maybe developable only likely to be a small part
	0.36	Surplus brownfield land at the rear of Kidsgrove Town Hall. Poor access to the site

Rear of Kidsgrove Town Hall, Liverpool Road. Kidsgrove		
Victoria Street, Chesterton	0.04	Developability of site to be explored
Silverdale Road, Newcastle	1.38	Brownfield site, former plant nursery which is located on the flood plain
Brick Kiln Lane, Chesterton	11.76	Grassland area not included in latest Open Space and Green Infrastructure Strategy for review. Third party access to the site is required
Former Public Conveniences, Merrial Street, Newcastle	n/a	Closed in 2015, alternative uses being considered once development of Ryecroft is underway
Pepper Street Public Conveniences, Newcastle	n/a	Closed alternative uses to be considered

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S REPORT TO COUNCIL

12th February 2025

Report Title: **Publication of a Pay Policy Statement for 2025/26**

Submitted by: **CHIEF EXECUTIVE**

Portfolios: **ALL**

Ward(s) affected: **ALL**

Purpose of the Report	**Key Decision** Yes ☐ No ☒
To invite Council to approve the Pay Policy Statement for 2025/26	
Recommendation	
That Council approves the content of the Pay Policy Statement for 2025/26, as set out at Appendix A with a view to this being published on the Council's website by 31st March 2025.	
Reasons	
To ensure the Council complies with the requirements of the Localism Act 2011 and the guidance issued by the Department for Communities and Local Government 'Openness and Accountability in Local Pay'.	

1. Background

1.1 The Localism Act 2011 (the Act) requires local authorities to prepare and publish a pay policy statement for each financial year. The statement should set out the authority's policies relating to the remuneration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration levels of those two groups.

2. Issues

2.1 The statement sets out the policies relating to the renumeration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration levels of these two groups

2.2 The Government recommends the publication of an organisation's pay multiple, the ratio between the highest paid employee and the median average earnings across the organisation as a means of illustrating that relationship.

2.3 The Council's approach to performance related pay must also be included in the pay policy statement.

3. Recommendation

3.1 That Council approves the content of the Pay Policy Statement for 2025/26, as set out at Appendix A with a view to this being published on the council's website by 1st April 2025.

4. Reasons

4.1 To ensure that the appropriate information will continue to be made available to the public in accordance with the requirements of the Localism Act 2011.

5. Options Considered

5.1 The precise format and contents of pay policy statements is a matter for each council to determine so long as the basic requirements as to their content are met. In 2012, West Midlands Councils produced a Model Pay Policy Statement which drew together drafts from several authorities in the region with a view to a common approach being adopted to facilitate benchmarking of pay data. This format has been adopted each year subsequently up to and including the current pay policy statement.

6. Legal and Statutory Implications

6.1 Preparation of a Pay Policy Statement for 2025/6 is a requirement under section 38(1) of the Localism Act 2011.

6.2 Under Section 40(1) of the Act, Authorities must have regard to the guidance issued by the Department for Communities and Local Government in preparing and approving pay policy statements.

6.3 Before it takes effect, the Pay Policy Statement must be approved by a resolution of full council. This must be done no later than 31 March 2025.

6.4 Following approval, the statement must be published as soon as possible on the authority's website (and in any other manner the authority thinks fit).

6.5 An authority may amend its Pay Policy Statement in-year and this also requires a resolution of full council.

7. Equality Impact Assessment

7.1 The council's pay policy statement is simply an annual summary of the content of other policies and the processes through which pay rates are set. Equality considerations are taken into account when devising and applying those other polices and processes.

8. Financial and Resource Implications

8.1 There are no unbudgeted revenue costs or resource implications associated with the approval of the pay policy statement. Changes to pay policy are determined through other processes where all relevant implications are taken into account. The pay policy statement is simply an annual summary statement of the content of those other policies

9. Major Risks & Mitigation

9.1 N/A

10. UN Sustainable Development Goals (UNSDG

11. One Council

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council ☒
We will make investment to diversify our income and think entrepreneurially.

One Digital Council ☒
We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.

One Green Council ☒
We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.

Changes to pay policy are determined through other processes where all relevant implications are taken into account. The pay policy statement is simply an annual summary statement of the content of those other policies. Therefore this paper in itself does not impact on the One Council programmes.

12. Key Decision Information

12.1 N/A

13. Earlier Cabinet/Committee Resolutions

13.1 N/A

14. List of Appendices

14.1 Appendix A – Proposed Pay Policy Statement

15. Background Papers

15.1 Department of Communities and Local Government – Openness and Accountability in local pay: Draft guidance under Section 40 of the Localism Act.

15.2 Local Government Association and Association of Local Authority Chief Executives – Localism Act Pay Policy Statements Guidance for Local Authority Chief Executives.

Newcastle-under-Lyme Borough Council
Pay Policy Statement – 2025/26

Introduction and Purpose

Section 38 of the Localism Act 2011 requires the council to publish a Pay Policy Statement (the "Statement"). The purpose of the Statement is to set out the council's approach to how its employees are paid.

The Statement must be reviewed at least annually, so that full Council can approve, prior to the 31st of March each year, the Statement that will apply in the following financial year. Any in-year amendments to the Statement must also be approved by Full Council.

The Statement is published on 1st April 2025 and comes into immediate effect.

Legislative Framework

In deciding how its employees are paid, the council complies with all relevant employment legislation. This includes the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Workers Regulations 2010 and the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Pay Structure

The posts of the majority of employees have been assessed using a National Joint Council for Local Government Services (NJC) job evaluation scheme which is supported by both the national trade unions and the Council. That scheme evaluates the requirements, demands and responsibilities of each role and then directly ascribes evaluated roles to a nationally negotiated pay scale. This ensures that there is no pay discrimination and that all pay differentials can be objectively justified.

The NJC payscale was increased by a fixed sum of £1,290 (pro rata for part-time and term time only employees) effective from 1st April 2024.

Chief Officers (statutory and non statutory) and Chief Executive Officers were awarded an uplift of 2.5% effective from 1st April 2024

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by council policy.

In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and the times those services are required.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate.

From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for a market supplement is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector. Any market supplements awarded are kept under review.

Where the Council has been unable to recruit to critical roles under a contract of employment, or there is a short term need it may engage individuals under ‘contracts for service’. These will be sourced through the relevant procurement process ensuring the council is able to demonstrate the maximum value for money in securing the relevant service.

3 officers are employed on apprenticeship contracts with salaries and terms in line with national scheme.

Senior Management Pay

For the purposes of this Statement, the council has had regard to the definitions of “Chief Officers” (statutory and non-statutory) set out in Section 2 of the Local Government and Housing Act 1989.

The definition of Chief Officers (statutory and non-statutory) covers the Council’s:-

- Chief Executive
- Deputy Chief Executive
- Section 151 Officer
- Monitoring Officer
- Service Director for Strategy, People and Performance
- Service Director for Information and Technology
- Service Director for Regulatory Services
- Service Director for Sustainable Environment
- Service Director for Neighbourhood Delivery
- Service Director for Planning
- Service Director for Commercial Delivery

In reaching this decision, we have had regard to the guidance issued about Pay Policy Statements, which draws on the Accounts and Audit Regulations 2015 salary publication threshold of £50,000 to identify “senior employees”. We also note the content of Government’s Transparency Code 2015 on this issue.

Chief Officers

1) The Chief Executive (Head of the Paid Service). The salary of the post is a spot salary of £119, 443.92. There is no incremental point range. This does not include payments the Chief Executive may receive as the Council’s Returning Officer for elections.

2) Deputy Chief Executive. The salary of this posts fall within a range of 4 incremental points between £96, 582.06 and £102.890.02

3) Monitoring Officer. The Council’s Service Director for Legal & Governance Services is designated as the Council’s Monitoring Officer. The Service Director for Legal & Governance Services is remunerated on the SD scale which has a range of 3 incremental points between £70, 017.75 and £76, 383.00. The post also receives a Statutory Officer Allowance of £10,000.

4) Section 151 Officer. The Council’s Service Director for Finance is designated as the Council’s Section 151 Officer. The Council’s Section 151 Officer is remunerated on the SD scale which has a range of 3 incremental points between £70, 017.75 and £76, 383.00 The post also receives a Statutory Officer Allowance of £10,000.

5) The Council operates a career grade scale at Service Director level, which allows controlled progression from Head of Service to Service Director Level following skills and experience

assessment. There are 7 service areas of responsibility whose lead officers fall within this category which are identified below.

i. Strategy, People and Performance
ii. Information and Technology
iii. Regulatory Services
iv. Sustainable Environment
v. Neighbourhood Delivery
vi. Planning
vii. Commercial Delivery

6) Service Directors / Head of Service will usually start at the minimum point in the initial half of the salary scale (Head of Service) and progress until the gateway point after which they may progress to the additional pay points as Service Director on assessment of appropriate skills acquisition (see figure 1)

7) For transparency it must be noted that the Service Director for Regulatory Services has been seconded to work aligned to continued issues around Environmental Protection at their substantive salary; an internal member of staff is acting up to backfill the Service Director for Regulatory Services role.

Payments on Termination

The Council's approach to payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006. That policy statement is available on the Council's website.

Any other payments falling outside the policy statement relating to termination payments prior to reaching normal retirement age or outside of contractual notice periods shall, where those payments exceed £100,000, be authorised by a resolution of full Council. This is without prejudice to the urgency provisions which are set out in the Council's constitution.

Flexible Retirement

The Council's policy on Flexible Retirement for members of the Local Government Pension Scheme is available on the Council's website

Other Remuneration

The Council does not apply any target related bonuses or performance related pay to its senior managers. Progression through the pay increments in a pay scale (where relevant) are subject to satisfactory performance which is assessed on an annual basis.

Publication

Upon approval by the Full Council, this statement will be published on the Council's Website, alongside data required under the Transparency Code 2015.

In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of:

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;

- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above

Lowest Paid Employees

The lowest paid persons employed under a contract of employment with the council are employed on full time (37 hours) equivalent salaries in accordance with the National Living Wage. No employee is paid under the National Living Wage hourly rate of £12.21 (for those age 21 and over from April 2025)

The Council employs apprentices who are not included within the definition of 'lowest paid employees' as they are employed under the National Apprenticeship Scheme.

Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

The current basic pay levels within the council give a multiple between the lowest paid (full time equivalent basic salary) employee and:-

- the Chief Executive as 1:5.05
- the median (average) full time equivalent earnings and average chief officer as 1:2.45

Date of Statement: 27th January 2025

Figure 1
NJC SALARY SCALES

Salary Scales as at 01/04/2024

	GRADE	SPINAL COLUMN POINT	SALARY £	Hourly Rates	BASIC LEAVE ENTITLEMENT (DAYS)	ADDITIONAL LEAVE AFTER 5 YEARS SERVICE (DAYS)	TOTAL LEAVE AFTER 5 YEARS SERVICE (DAYS)	PENSION CONTRIBUTION eff April 2023	
	Grade 2				24 (177.6 hours)	4 (29.6 hours)	28 (207.2 hours)	Main section	50/50
		2	23,656	12.26				5.8%	2.90%
	Grade 3	3	24,027	12.45				5.8%	2.90%
		4	24,404	12.65				5.8%	2.90%
	Grade 4	5	24,790	12.85				5.8%	2.90%
		6	25,183	13.05				5.8%	2.90%
	Grade 5	7	25,584	13.26				5.8%	2.90%
		8	25,992	13.47				5.8%	2.90%
		9	26,409	13.69				5.8%	2.90%
		10	26,835	13.91				5.8%	2.90%
		11	27,269	14.13				5.8%	2.90%
	Grade 6	12	27,711	14.36	24 (177.6 hours)	5 (37 hours)	29 (214.6 hours)	6.5%	3.25%
		13	28,624	14.84				6.5%	3.25%
		14	29,093	15.08				6.5%	3.25%
		15	29,572	15.33				6.5%	3.25%
		16	30,060	15.58				6.5%	3.25%
	Grade 7	17	30,559	15.84				6.5%	3.25%
		18	31,067	16.10				6.5%	3.25%
		19	31,586	16.37				6.5%	3.25%
		20	32,115	16.65				6.5%	3.25%
		21	32,654	16.93				6.5%	3.25%
	Grade 8	22	33,366	17.29	26 (192.4 hours)	5 (37 hours)	31 (229.4 hours)	6.5%	3.25%
		23	34,314	17.79				6.5%	3.25%
		24	35,235	18.26				6.5%	3.25%
		25	36,124	18.72				6.5%	3.25%
	Grade 9	26	37,035	19.20				6.5%	3.25%
		27	37,938	19.66				6.5%	3.25%
1 month notice		28	38,626	20.02				6.5%	3.25%
	Grade 10	29	39,513	20.48				6.5%	3.25%
		30	40,476	20.98				6.5%	3.25%
		31	41,511	21.52				6.5%	3.25%
	Grade 11	32	42,708	22.14	28 (207.2 hours)	5 (37 hours)	33 (244.2 hours)	6.5%	3.25%
		33	43,693	22.65				6.5%	3.25%
		34	44,711	23.17				6.5%	3.25%
	Grade 12	35	45,718	23.70				6.8%	3.40%
		36	46,731	24.22				6.8%	3.40%
		37	47,754	24.75				6.8%	3.40%
2 month's notice		38	48,710	25.25				6.8%	3.40%
	Grade 13	39	49,764	25.79				6.8%	3.40%
		40	50,788	26.32				6.8%	3.40%
		41	51,802	26.85				6.8%	3.40%
		42	52,805	27.37				6.8%	3.40%
		43	53,877.36	27.93				6.8%	3.40%
	Grade 14	44	54,982.59	28.50				6.8%	3.40%
3 month's notice		45	56,112.31	29.08				6.8%	3.40%

Chief Officer Pay

JNC Salary Scales - eff April 2024

SCP	£ per annum	£ per hour	
Point 1	61,541.36	31.90	Heads of Service
Point 2	64,853.41	33.62	
Point 3	68,165.46	35.33	
Point 1	70,017.75	36.29	Service Directors
Point 2	73,730.81	38.22	
Point 3	76,383.00	39.59	
EXD-1	96,582.06	50.06	Executive Directors
EXD-2	98,685.78	51.15	
EXD-3	100,787.37	52.24	
EXD-4	102,890.02	53.33	
CEO	119,443.92	61.91	Chief Executive

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S REPORT TO

Council
12th February 2025

Report Title: **Changes to Committee Membership**

Submitted by: **Chief Executive**

Portfolios: **One Council, People & Partnerships**

Ward(s) affected: **All Wards**

Purpose of the Report

To note a change in political proportionality of the Council.

Recommendation:

That Council:

1. **Notes that following a by-election in Town Ward, the political balance of the Council has changed following the election of Cllr. Casey-Hulme to Council on 23rd January 2025.**

2. **Notes that as a result of this change, the seats allocated to the Conservative Party on the Finance, Assets and Performance Scrutiny Committee be decreased by one seat, with a corresponding increase of one seat for the Labour Party.**

3. **Approves the nomination of a member of the Labour Party to the Finance, Assets and Performance Scrutiny Committee.**

4. **Notes the change to Economy & Place Scrutiny Committee for the Labour Party.**

Reasons

Following a by-election on 23rd January 2025 in Town ward, this report seeks to comply with the political proportionality requirements in the Local Government and Housing Act 1989, following a change in political balance.

1. Background

1.1 The Local Government and Housing Act 1989 ("the 1989 Act") imposes political proportionality requirements in respect of the allocation of seats on ordinary committees to the political groups.

1.2 Specifically, section 15 of the Act requires that four principles be followed in allocating committee seats:-

a) All seats on a committee cannot be allocated to the same political group;

b) The majority of the seats on each committee should be allocated to the political group holding the majority of seats on the council;

c) Subject to (a) and (b) above, the number of seats on the total of all the ordinary committees of the council allocated to each political group should bear the same proportion to the proportion of their seats on the council;

d) Subject to (a), (b) and (c) above, the number of seats on each ordinary committee of the council allocated to each political group should bear the same proportion to the proportion of their seats on the council.

2. Issues

2.1 On account of the result of a change in membership in the Labour Group, there one seat on the Finance, Assets and Performance Scrutiny Committee will move from the Conservative Group to the Labour Group.

2.2 The Labour Group will advise the Chief Executive of its nominee to the Finance, Assets and Performance Scrutiny Committee, replacing Cllr. Crisp.

2.3 Additionally, the Labour Group has indicated that it wishes to make changes to Economy & Place Scrutiny Committee, with Cllr. Casey-Hulme joining the committee to replace Cllr. Moss.

3. Proposal

3.1 That the changes referred to above be made.

4. Reasons for Proposed Solution

4.1 To comply with the political proportionality requirements of the Local Government and Housing Act 1989.

5. Options Considered

5.1 In order to be compliant with the terms of Section B1, paragraph 5.2 (i) of the Council's Constitution and the political proportionality requirements of the Local Government and Housing Act, no alternate options can be considered.

6. Legal and Statutory Implications

6.1 There are no additional legal or statutory implications associated with this decision.

7. **Equality Impact Assessment**

7.1 There is no direct equality impact and therefore an assessment is not required.

8. **Financial and Resource Implications**

8.1 Not applicable

9. **Major Risks**

9.1 There is a risk of inadequate representation at meetings of a Scrutiny Committee and an outside body if these positions are not filled.

10. **Sustainability and Climate Change Implications**

10.1 There are no direct implications arising from this report.

11. **Key Decision Information**

11.1 This is not a Key Decision.

12. **UN Sustainable Development Goals**

13. **One Council**

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council ☒
We will make investment to diversify our income and think entrepreneurially.

One Digital Council ☒
We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.

One Green Council ☐
We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.

13.1 This report seeks a change of seat for the Finance, Assets and Performance Scrutiny Committee which is responsible for scrutinising how the Council plans for and uses its finances (including income generation) and other assets including staffing and assets related to digital delivery, together with the Council's role in the local economy and shaping place through the Economy & Place Scrutiny Committee.

14. **Earlier Cabinet/Committee Resolutions**

14.1 Not Applicable.

15. **List of Appendices**

15.1 Not Applicable.

16. **Background Papers**

16.1 Not Applicable

Labour Group Motion to Full Council, 12 February 2025

Changes to the state pension triple lock and protecting pensioners from poverty

This Council Notes:

• The recent comments on 16th January 2025 by the Leader of the Conservative Party and Leader of His Majesty's Opposition, the Rt.Hon. Kemi Badenoch MP saying her party wants to explore greater means-testing of government support.

• Ms Badenoch also stated that the United Kingdom, like other Western nations, faced a "structural problem" because people were living longer while having fewer children. Ms Badenoch added that "serious thinking" was required to address the financial impact of more government spending "on later life".

• Asked whether this included the triple lock policy - under which state pension payments go up every year by the highest of inflation, average earnings or 2.5% - she replied: "That's exactly the sort of thing that the policy work we are going to be doing will look at".

• To means test pensioners in receipt of the State Pension Credit could cut support from thousands of pensioners in the Ancient and Loyal Borough of Newcastle-under-Lyme.

• The significant role that the State Pension plays in helping older residents of our Loyal and Ancient Borough and across the United Kingdom afford quality of life during retirement or when many are no longer able to find employment.

• That the State Pension is not a benefit – it is a vital lifeline and is funded from personal contributions made by citizens right across the United Kingdom through National Insurance.

• The compelling widespread concern these comments have caused pensioners, including the social injustice and potential health risks that would be caused by this for policy change.

• The additional strain these comments will place on vulnerable pensioners, many of whom do not claim Pension Credit despite being eligible.

This Council Believes:

• That the State Pension is not a benefit and should not be means tested. Further that the state pension has been a lifeline for many older people across the UK and that restricting its availability risks leaving many pensioners in financial hardship.

This Council Resolves:

• To ask the Leader of the Council and the Chief Executive to write jointly to the Chancellor of the Exchequer, Rt. Jon. Rachel Reeves MP requesting a commitment to the Pension Triple Lock.

• To ask the Leader and Chief Executive to jointly write to Hon. Adam Jogee MP and the other Members of Parliament representing the Borough of Newcastle-under-Lyme in Parliament, calling on them to support the Triple Lock commitment and denounce the comments from the Leader of the Opposition.

Proposed Cllr Mike Stubbs

Seconded Cllr Rebekah Lewis

Conservative Group amendment to the motion received regarding changes to the state pension triple lock and protecting pensioners from poverty

12th February 2025

<u>This Council Believes:</u>

- That the State Pension is not a benefit and should not be means tested. Further that the state pension has been a lifeline for many older people across the UK and that restricting its availability risks leaving many pensioners in financial hardship.

<u>This Council Resolves:</u>

- To ask the Leader of the Council and the Chief Executive to write jointly to the Chancellor of the Exchequer, Rt. Hon. Rachel Reeves MP requesting a commitment to the Pension Triple Lock.

- To ask the Leader and Chief Executive to jointly write to Hon. Adam Jogee MP and the other Members of Parliament representing the Borough of Newcastle-under-Lyme in Parliament, calling on them to support the Triple Lock commitment.

Proposed: Mark Holland
Seconded: Simon Tagg

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QUESTIONS TO THE MAYOR, CABINET MEMBERS AND COMMITTEE CHAIRS

To the Leader of the Council:

1. The petition www.saveourborough.uk has reached over 2,100 signatures in a little over a week. Can the Leader update the Council on the Labour's forced local government reorganisation plans that could mean a takeover of Newcastle Borough by the City of Stoke-on-Trent?

Cllr. Rupert Adcock

…………………………………………………………………………………………..

To the Leader of the Council:

2. Would the Leader share my delight and satisfaction that Walleys Quarry Ltd were not successful in their injunction against the Environment Agency's Closure Notice and that residents have been saved from further waste being deposited, pending Walleys Quarry Ltd's appeal against the Closure Notice.

Councillor Robert Bettley-Smith

…………………………………………………………………………………………..

To the Portfolio Holder for Finance, Town Centres and Growth:

3. Following the opening of the new car park can the Portfolio Holder update the Council if there has been any technical issues since the opening and what measures were put into place to ensure the car park is disability friendly?

Councillor Joel Edgington-Plunkett

…………………………………………………………………………………………..

To the Portfolio Holder for Leisure, Culture and Heritage:

4. Can the Portfolio Holder provide the Council with a general update on how Jubilee 2 is performing and if the membership numbers and bookings are still strong?

Councillor Joel Edgington-Plunkett

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