



**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, 11th February, 2026** 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 - 18)**

To consider the Minutes of the previous meeting(s)

**4 MAYOR'S ANNOUNCEMENTS**

**5 REVENUE AND CAPITAL STRATEGIES 2026/27**

**(Pages 19 - 124)**

**6 PAY POLICY STATEMENT**

**(Pages 125 - 134)**

**7 QUESTIONS TO THE MAYOR, CABINET MEMBERS AND COMMITTEE CHAIRS**

**(To Follow)**

**8 RECEIPT OF PETITIONS**

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

**9 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.

**10 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

A handwritten signature in black ink, appearing to read 'G. L. M.', with a horizontal line extending from the end.

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.

This page is intentionally left blank



## COUNCIL

Wednesday, 21st January, 2026  
Time of Commencement: 7.00 pm

[View the agenda here](#)

[Watch the meeting here](#)

**Present:** Mayor - Councillor Robert Bettley-Smith (Chair)

Councillors:	Adcock	Grocott	J Tagg
	Allport	Heesom	S Tagg (Leader)
	Beeston	Holland	Turnock
	Berrisford	Fox-Hewitt	J Waring
	Brown	Hutchison	P Waring
	Burnett-Faulkner	Johnson	Whieldon
	Casey-Hulme	D Jones	Whitmore
	Crisp	Northcott	Wilkes
	Dean	Parker	G Williams
	Dymond	Reece	J Williams
	Edgington-Plunkett	Richards	Wright
	Fear	Stubbs	
	Gorton	Sweeney	

**Apologies:** Councillor(s) Barker MBE, S Jones, Lewis and Skelding

Officers:	Gordon Mole	Chief Executive
	Simon McEneny	Deputy Chief Executive
	Anthony Harold	Service Director - Legal & Governance / Monitoring Officer
	Nesta Barker	Service Director - Regulatory Services
	Georgina Evans-Stadward	Service Director - Strategy, People and Performance
	Geoff Durham	Civic & Member Support Officer
	Craig Turner	Service Director - Finance / S151 Officer

Also in attendance:

### 1. **DECLARATIONS OF INTEREST**

There were no declarations of interest stated.

### 2. **FORMER MAYOR AND ALDERMAN ELIZABETH (BETTY) CADDY**

A minute's silence was held for former Mayor and Alderman, Elizabeth (Betty) Caddy who had recently passed away.

The Leader of the Council led the tributes stating that Betty had been a long standing and very respected public servant. She had served as Mayor between 1994 and 1995 and had been appointed as an Honorary Alderman in 2015. Betty had served

as a Councillor until 2004 with a strong voice and fierce sense of loyalty. She had also been a dedicated JP too. On behalf of his group, the leader sent condolences to the family and expressed his gratitude for her service over many years.

Councillor Gill Williams stated that Betty had served as a Councillor between 1986 and 2004 and had led a very busy life. She had served as mayor between 1994 and 1995 and had been appointed as an Honorary Alderman in 2015. After her retirement, she had continued with voluntary work in the Chesterton community. Condolences were sent to the family.

Councillor Grocott, who had known Betty for most of his life stated that she always did her best for the Chesterton community even when her health had started to fail.

[Watch the tributes here](#)

### 3. **MINUTES OF A PREVIOUS MEETING**

**Resolved:** That, subject to the insertion of the comment below, under paragraph 4 – Local Government Reorganisation, the minutes of the meetings held on 19 November, 2025 be agreed as a correct record:

‘Councillor Crisp stated that the people of Audley were constantly worried about houses being built in the green spaces and he had heard rumours that people had commented about the many brownfield sites in Stoke on Trent but Councillor Crisp felt that the opposite would be the truth – with more housing developments appearing in Audley and similar areas.’

### 4. **MAYOR'S ANNOUNCEMENTS**

The Mayor made the following announcements:

The Mayor thanked his Chaplain and the Parochial Church Council of St Margaret's, Betley for donating the collection from the Mayor's Carol Service, to the Mayor's Charity. The Salvation Army who donated the collection from their Carol Service to the Mayor's Charity fund were also thanked.

A list of fund raising events for the remainder of the Mayor's term of office had been circulated with the Christmas Card. Members were also advised of an event in February and mention was made of the Mayor's Ball.

The next Mayoral fund raising event, would be a concert by the Rock Choir which would be held at the Madeley Centre on Saturday 14th February (at 7pm). Tickets, could be obtained direct from the Madeley Centre, costing £15 each. Jamie Stephenson was thanked for dealing with the arrangements and the Madeley Centre, for sponsoring the event.

Tickets were now available for the Mayor's Ball, which will be held in the Chancellor's Building at Keele on Saturday 21st March at 7pm. Tickets cost

£75, for three courses with a cheese board on the side. Audley Brass Band would be playing during the evening and there would be a photobooth provided. A disco, auction and tombola would follow the meal. Further details and tickets could be obtained from Geoff Durham.

A further announcement would be made at February Council, about a fund raising event, to be held on at 7pm on Saturday 14<sup>th</sup> March, at St Giles.

**5. UPDATES TO THE COUNCIL CONSTITUTION**

The Leader introduced a report and moved the recommendations informing Council of legislative updates that would impact upon the Council's Constitution including and relating to the Procurement Act 2023.

At the Council meeting held last September there had been an update to the Constitution and the Monitoring Officer had been asked to carry out a review of what legislative changes had occurred. The Council had been asked to endorse the national changes that were detailed in the report – specifically the Finance and Contract Procedure Rules within Section F5. Transitional arrangements were also outlined where the old regulations continued to apply in addition to the new duties and digital requirements coming into force this year. The report set out updates that were required in order to remain compliant with new legislation.

Officers were working alongside the Constitution Working Group on a full review of the Constitution which would be taken to the Annual Council meeting in May.

In seconding the motion, Councillor Holland stated that the technical changes to Part F of the Constitution had been made in order to bring it into line with national legislation.

- Resolved:**
- (i) That the changes introduced as part of the Procurement Act 2023 and its impacts on the delivery of future procurement exercises delivered throughout the authority, be acknowledged.
  - (ii) That the required changes to the Council's current constitution particularly under section(s):  
F5 Finance and Contract Procedural Rules – Section F5F – Contract Procedure Rules and F5 Finance and Contract Procedural Rules – Section F5H – Glossary; be acknowledged.
  - (iii) That the ongoing work for the Constitution Working Group by officers for a full constitution review to be brought to Annual Council, be noted.

[Watch the debate here](#)

**6. STATEMENT OF THE LEADER OF THE COUNCIL**

*Councillor Parker arrived at 7.45pm*

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.

On paragraph 2 – Walleys Quarry Odour Issues

Councillor Adcock welcomed the progress on Walleys Quarry and stated that attention now turned to the future of the site. The Leader was asked if he had received a response from Government or the local MP regarding who would be responsible for paying for the restoration of the site.

The Leader echoed Councillor Adcock's comments regarding the site not causing the problems seen in previous years.

Councillor Fox-Hewitt stated that Adam Jogee MP was on record as supporting a public inquiry and pushing for Government support. He had made the same contributions at this Council's Committee of Inquiry. The MP had stated that there were more immediate priorities in closing the site and developing a full and final remediation plan. He had worked with the relevant Authorities to finally deliver the closure notice.

The Leader took on board Councillor Fox-Hewitt's comments and stated that the case being raised here concerned the letter that had been written in response to the letter that had been received from the Minister who had stated that there was no need for a public inquiry. A further letter had then been written to the MP which had not been responded to and the Economy and Place Scrutiny Committee had then requested that a further letter be written, jointly between the Chair of that Committee and the Leader and as of yet, no response had been received.

Councillor Whieldon stated that residents had benefited from a more stable winter period this year. The Leader was asked what further assurances could he give that the improved performance would be maintained long term. In addition, the lack of communication from the local MP was important to residents. Meetings that the MP had with Ministers was of no significance unless it was communicated to the people.

The Leader echoed Councillor Whieldon's comments and in response to her question, stated that the Council did not own or run the site. The Council's role was any statutory nuisance coming off the site which had now abated. Long term, the Council was working with its partners in order to get a plan in place for full term restoration and capping.

Councillor John Williams asked the Leader if it was right to call for a public inquiry as a criminal investigation was going on. Should that not be concluded before a public inquiry took place?

The Leader stated that a public inquiry should take place at the right time but there should be an announcement that one would be held. The MP had stated, on Radio Stoke, that he did want a public inquiry but that the restoration should take place first. The Leader stated that restoration would take 25 to 30 years to complete.

On paragraph 3 – UK Shared Prosperity Fund (UKSPF)

Councillor Holland stated that he had regretted the winding down of the UKSPF. The Fund was real money which had a real impact as outlined in the report. The winding down of the Fund had coincided with new funding which would not be beneficial to this Borough. The Leader was asked if he agreed that the withdrawal and winding down of this Fund was regrettable.

The Leader agreed with Councillor Holland stating that the Borough had really benefited from that Fund with £4m coming from the previous Government and over £1m during the first year of the new Government. The Town Deal Funding had benefited the two towns within the Borough.

The projects that had benefited from the UKSPF were making a real difference to people in many areas. The Leader referred to the new funding that was being funnelled to Strategic Authorities. The Local Government Reorganisation was denying Staffordshire of being a Strategic Authority which would have allowed devolution. The local MP had been written to but no satisfactory answer had been received.

On paragraph 4 – Local Government Reorganisation Update

Councillor Gorton referred to the paragraph regarding the elections being held in May and stated that someone from his group ought to express disappointment that the Secretary of State, Steve Reid had referred to authorities that may be abolished as 'zombie councils'. This was an insult to officers and elected members serving at those authorities and Councillor Gorton felt that the Secretary of State should apologise. In addition, it was wrong of Ministers to use a clause in the Local Government Act 2000 to allow councils to opt out of elections in May, 2026. The Leader was asked if he agreed that the uncertainty over the local elections in May was another example of how badly the reorganisation of councils had been handled.

The Leader, referring to the comment about 'zombie councils', stated that this Council had plenty of work to do, including the huge regeneration of the town centre and all of the work being undertaken to ensure that services continue for residents. The Leader suggested that Councillor Gordon should write to the Local MP regarding the Secretary of State's comment.

Councillor Crisp stated that the Council's stance on a Newcastle Unitary sends a powerful message to Ministers. The Leader was asked how confident he was that this Council's evidence based submission would go out to consultation as part of the Government's Statutory Consultation on Local Government Reorganisation proposals in Staffordshire.

The Leader stated that this Council had put in a really good bid that had been agreed by Full Council last Autumn. The Leader and Chief Executive had been on a call with other Leaders, Civil Servants and the Minister and it was clear that, as the Council met the criteria, it would be going forward to the consultation.

On paragraph 5 – Draft Housing and Homelessness Strategy 2026-30

Councillor Edgington-Plunkett asked the Leader what 'affordable housing' meant and also, how many people were currently homeless across the Borough.

The Leader stated that the term 'affordable housing' could have multiple meanings, for example social housing or affordable to first time buyers. However, each

planning application that is submitted for a housing development needed to have the affordable element and a social element also.

The Leader did not have the number of homeless people to hand but this would be provided to Councillor Edgington-Plunkett.

The Portfolio Holder was asked if she had the information. Councillor Heesom did not have the number of homeless but confirmed that there were currently seven rough sleepers in the town.

The Leader made to the Council's temporary accommodation for people who were about to be made homeless.

Councillor Whieldon stated that when she was first elected there were a significant number of rough sleepers. The Portfolio Holder for Community Safety and Wellbeing and officers were thanked for their hard work in bringing those numbers down.

#### On paragraph 6 – Newcastle Town Deal Update

Councillor Beeston asked the Leader for an update, following the presentation in Parliament on the exciting development of the regeneration of the Midway car park by the Council's delivery partner – Capital and Centric.

The Leader stated that it was exciting to have this Council's proposals for regeneration talked about in the House of Commons. The Plans for the former car park were the first in Europe to be converted into apartments.

Councillor John Williams was pleased to see the developments around the town and Knutton and Chesterton. Referring to the previous question on affordable housing, Councillor Williams stated that there were flats in the town centre for single younger people and possibly hospital workers. The former Zanzibar would be social housing and therefore affordable rent. There were two sites being developed in Knutton but it was not clear what those would be. Aspire Housing had been written to but no answer had been received. Councillor Williams stated that it was important for the Borough to have sufficient affordable rented properties and asked how many of the properties on the Knutton developments would be affordable rented properties.

The Leader stated that the proposal was to have a mix of people with young professionals; there would be a social housing element on the Ryecroft site delivered by Aspire Housing and an elderly persons element on the other part of the site through other partners.

At a meeting with the Business Improvement District the Leader had made the point that historically, those sites had back to back terraced houses on them which were cleared in the 1960's.

Councillor Grocott stated that there was a lot of development happening in Chesterton at present. Councillors had been working together trying to get a committee together for the community hall in Knutton but despite many attempts it was proving hard to set up. The Leader, Portfolio Holder and Deputy Chief Executive were asked if they could provide an update on the type of changes that would take place because of that.

The Leader stated that the plans had always had provision for a Knutton community hall – a commitment made during the Town Deal process to replace the former

building. The new building would be managed by people in the community but no-one had come forward but attempts would still be made. Officers were being worked with, along with the Town Deal Board, to try and find a way to have a community centre with enterprise units inside who could then run and manage the building with rooms to be hired by the community.

On paragraph 7 – Kidsgrove Train Station Update

Councillor Paul Waring stated that this had been a difficult and protracted process. Consequently, the finalised plans under the Town Deal were welcome and encouraging. The Leader was asked if he agreed that Kidsgrove had an exciting future ahead.

Councillor Allport agreed with Councillor Waring and thanked him and the Town Deal Board for their hard work. John Honeyset MBE was also thanked for doing the groundwork and feasibility study for the project.

The Leader endorsed both comments and stated that there had been a set back when promised funding had not been available for the bigger station rebuild due to the land conditions on the old car park. However, proposals had been put forward for the £2.7m refurbishment which would help the gateway into Kidsgrove.

The public realm improvements and enterprise units would also enhance and compliment the town, bringing people into the centre of Kidsgrove.

On paragraph 8 – Civic Pride in Our Borough

Councillor Hutchison stated that Civic Pride had 22 days of action in 2025. An event in June in Clayton and Westlands had launched the £22,000 Civic Pride Investment Fund - £500 for each Councillor allowing them by application to support community priorities. Twenty four days of action were planned for 2026.

The Leader thanked Councillor Hutchison for the work covered by his Portfolio and advised that the funding scheme would start again after the elections in May.

Councillor Gorton welcomed the Town and Culture bid which would draw on and highlight a substantial record of achievement. He stated that now was the time to encourage the re-creation of a new Civic Society and he felt that having it in place would strengthen the Council's bid. The Leader was asked to ensure that Members of Parliament for the Borough were briefed on the bid with a view to encouraging them to lobby on behalf of the application.

Councillor Parker had been successful over the past year with buy-in from the police and Aspire Housing and asked which other partners were the Council including to strengthen the submission.

The Leader acknowledged the work of Basford Allotments who had helped the community and outreached to schools as part of the scheme.

The Leader advised that the Town of Culture bid was important as it would bring in £3m which would make a huge difference to the work that could be done in the town in the future. There were also runner-up awards with less amounts of money but it would still help to put on cultural projects throughout the year.

Newcastle had a real strength of culture with the New Victoria Theatre, colleges and the University. There was also the Newcastle-under-Lyme Business Improvement District and events markets.

The Leader advised that letters had already been exchanged with the MP and he was keen to be involved.

Putting the bid in and working with partners would bring in a lot of things that were happening but, as yet unknown to the Council.

Councillor Whieldon stated that the launch of the Civic Pride last year was a precursor to the Council's Town of Culture bid. The Portfolio Holder was asked to include Thistleberry in the list because it was launched in that ward with Aspire Housing, the police and lots of local people carrying out litter picking and there was also a visit to the refurbished Thistleberry allotments.

The Leader thanked Councillor Whieldon for her comments and referring back to Councillor Gorton's question regarding the Civic Society, an attempt was made to resurrect it as part of the Council's 850<sup>th</sup> anniversary celebrations but were unsuccessful. Another attempt would be made on the back of the Town of Culture bid but it was difficult to get a new generation of people to come forward to protect the civic heritage of the town.

Councillor John Williams stated that Civic Pride was a great project which had been happening for years in Britain in Bloom with residents gardens and allotments and was therefore a major part of Civic Pride.

Councillor Williams stated that at litter picking events it seemed to be officers, people from Aspire Housing and Councillors and they appeared to take place in parks/Borough owned land. The Leader was asked how could the public be encouraged to be more involved.

The Leader agreed, stating that Newcastle were the national champions in 2023 which would be key to the bid.

Councillor Dave Jones stated that he did work for the Royal College of Veterinary Surgeons and advised that within their building in London was a plaque with the inscription 'In recognition of the work of Thomas Mayer and son of Newcastle-under-Lyme'. Thomas had his practice at what was now Charter Vets which was one of the oldest running veterinary practices in the UK and which led to the creation of the veterinary charter. Without Thomas and his son there would be no regulated veterinary practice in the UK today. The Leader was asked if he could ensure that the bid contained a strong reflection of Newcastle's role in the creation of the modern veterinary profession.

The Leader stated that Thomas Mayer was one of the famous 'Newcastlians' in the 850<sup>th</sup> Anniversary celebrations so all of that would be captured in the bid.

Councillor Fear stated that litter picking had taken place in his ward this week and was very heartened. People came down from Clayton Academy as did members of the public. The scheme was gaining traction but could still be pushed harder – especially on social media.

The Leader stated that the report back from Clayton and Northwood was encouraging and heartening to see that there was public involvement and Councillor Fear was correct in saying about promoting it on social media.



On paragraph 9 – Progress of the Council's Sustainable Environment Strategy

Councillor Adcock stated that he was pleased to hear about the scale of tree planning that had taken place over the last 5 years and with more to come. The Lyme Countryside Park proposal would become a valuable community asset and the Leader was asked how the Council would ensure that local groups would become involved in the shaping of its development.

The Leader stated that getting people and groups such as the Parish Councils and other community groups involved with the proposed country park development was key. A consultation would be carried out in the near future to see what people would like to see there. Council officers would also be going out onto the former golf course and speaking to people who were currently using it to see what they wanted to see and any improvements that could be made.

Councillor Whitmore asked how the recycling and waste teams had managed over the past two weeks during the recent bad weather.

The Portfolio Holder for Sustainable Environment stated that no collections had taken place on 5<sup>th</sup> and 6<sup>th</sup> January due to the snow. Residents were advised to put their bins out on their usual day and the refuse would be collected as soon as practically possible.

As at close of business today flats, schools and trade waste collections were up to date as was food waste. Recycling would be up to date tomorrow and it was hoped that, by Saturday, residual waste would be up to date. The teams were thanked for doing voluntary overtime throughout the weekends.

On paragraph 10 – Future Delivery of Financial Wellbeing and Debt Advice Service

Councillor Berrisford stated that extending the debt advice service provided crucial continuity for resident who were under pressure. With fuel poverty rising, the service was more important than ever. The Leader was asked if additional preventative measures were being considered to support struggling households.

The Leader stated that it was really important to advise people on who they can go further than simply debt advice, such as advice on reducing energy bills and any grants available to help with that. The scheme was run by the County Council and millions of pounds had been given over the last few years to households that were suffering fuel poverty.

Councillor Burnett-Faulkner asked the Leader and Portfolio Holder if they agreed that this service was even more vital now, given the Government's failure to tackle the cost of living crisis, rising inflation and unemployment. The Portfolio Holder for Community Safety and Wellbeing was asked who would be providing the service for the six month's contract extension.

The Portfolio Holder stated that the Citizens Advice Bureau currently had the contract and would continue to run it for the next six months.

Councillor Whieldon congratulated those involved in this initiative which was a key service for helping residents.

Councillor John Williams stated that this was a really good service for residents.

The Leader stated that it was important to ensure that residents received the right advice.

On paragraph 11 – The APSE Award for Best Performance in Streetscene

Councillor Stubbs advised the Portfolio Holder for Sustainable Environment that, due to the period of bad weather did not have their recycling collected for 28 days. No blame was laid on the collectors but there had been five communications from this building advising residents to put bins out then take them back in which had led to recycling materials being on the streets. The Portfolio Holder was asked for assurance that communications on those type of events would be better in future.

The Leader stated that the non-collection for 28 days would need to be investigated. However, he acknowledged that the weather had been bad across the County. The snow had fallen on the day when Talke and Butt Lane's collections would usually have taken place which would have impacted.

Councillor Turnock stated that winning a national award demonstrated the hard work of the Streetscene teams and the use of new technology and external funding was all welcome. The Portfolio Holder for Sustainable Environment was asked what further innovations were being explored to enhance the Council's Streetscene services.

The Portfolio Holder advised that a cold weather review meeting was taking place on Friday and he would investigate the issue raised by Councillor Stubbs.

The Portfolio Holder was pleased that Streetscene had won the APSE award. Newcastle was a top performer in Streetscene in relation to costs, performance and environmental quality standards. In addition to the new technology and external funding, the Council was now introducing mandatory 18 month leadership apprenticeships for level 3 qualifications for new supervisors. Seasonal employment opportunities would be offered to encourage wider Council employment opportunities. New system would also be introduced to manage the playgrounds.

Councillor Berrisford extended her thanks to Streetscene for making a quick decision to add an extra sweeping to the schedule to deal with fallen leaves on the road by Betley Hall Gardens.

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

[Watch the debate here](#)

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

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

**Resolved:** That the reports be received.

[Watch the debate here](#)

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

Reports for the Audit and Standards Committee, Planning Committee and the Licensing and Public Protection Committee were attached to the agenda.

Members were advised that the Audit and Standards Committee had not met since the last meeting of the Full Council.

**Resolved:** That the reports be received.

[Watch the debate here](#)

## 9. **MOTIONS OF MEMBERS**

A Motion, concerning supporting our Borough's Town Centre's, High Streets and villages was submitted by the Conservative Group, proposed by Councillor Simon Tagg and seconded by Councillor Holland.

Councillor Tagg introduced the Motion which resolved to do what could be done to ensure the long term viability of town centre's and high streets; work with the police to tackle antisocial behaviour and to engage with the three Members of Parliament seeking their support. In addition, for the Leader and Chief Executive to write to the Chancellor, Rachel Reeves asking that the relief to public houses, as set out in the budget, to be extended to all hospitality and high street businesses and to carry out a further review of business rates for retail, hospitality and leisure sector businesses.

Councillor Holland seconded the Motion stated that the principle of the Motion was for whatever public houses were getting, so too should the whole of the high street. However, at the present time there was still no movement on that concession for pubs.

Following a debate, the Leader in summing up addressed some of the points raised. He agreed that 'shop local' should be tied into Civic Pride. Referring to the monitoring of MP's, a record of their votes was available which would show the support given by them on various matters.

Regarding the number of vape shops, barbers and nail bars being opened in the town. The Leader stated that it was a good point although the businesses were well used by the public. Reference had been made regarding the regeneration of the town and the Leader advised that since 2017, the Council had been working hard to kick-start the regeneration of the Borough's two town centres which was now coming into fruition. The issue of buses bringing people into the town was not a borough or county matter but if investment was made by central government, operators could extend or introduce routes. However, through the Town Deal funding, the Council had instigated the 'K' route that went from Keele University, around the employment sites – into Chesterton and then into the town centre.

The Motion was about standing up for local people, the businesses, town centres, high streets and villages in the Borough.

A vote was taken and the Motion was carried.

[Watch the debate here](#)

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

Question from Councillor Jacqueline Brown to the Portfolio Holder for Sustainable Environment:

“Residents tell me there is no longer a facility to renew their brown garden waste subscription by phone and they must have an email address/account to do this. Residents say that the staff, although trying to be helpful, have asked such residents whether they can get help from someone to do it online. One resident in this position was a woman in her 80`s who has never had children. Although her neighbours have been helpful in the past, she feels like `she does not want everyone to know her business`. With so much in the media concerning elderly and other vulnerable people being victim to scams, I could sympathise with her view. I have heard of other cases where non digital customers get a neighbour/relative to set this up for them and then they give them the cash. Could I ask the portfolio holder:

Is there no facility for residents to pay for this service other than online?

If this is so, are staff advising residents to get members of the public to help them?”

The Portfolio Holder stated that It was quicker and easier for customers to renew their garden waste subscription on line, and this was the Council’s preferred route for such transactions.

This negated the need for customers to provide bank details over the phone and protected their privacy, and reduced the risk to the Council’s staff. However, if a customer genuinely could not complete this by themselves, or with the help of a relative or friend, or by using the self-serve terminals in the reception at Castle House, the Customer Hub team could assist them to set it up.

Upon receipt of the question yesterday, the Portfolio Holder had met with Customer Services Supervisors and asked them to speak with every member of the Customer Hub team to ensure that they were all aware of the correct procedure in dealing with telephone requests, whereby the recording would be stopped whilst personal details were being given.

Councillor Brown was asked for the contact details of the resident in question so that their details could be passed to the Customer Hub team in order for them to be contacted, apologised to and the transaction carried out.

Councillor Brown asked a supplementary question:

“Did the Portfolio Holder have any further reasonable adjustments that could be made for vulnerable residents so that they could set it up from scratch in terms of the subscription.”

The Portfolio Holder stated that if someone was taking out a garden waste subscription from scratch they would follow the same procedure by telephoning the Council advising that they wished to subscribe and the procedure would be gone through as above. It was hoped that next year, automatic renewals would be in place.

Question from Councillor Richard Gorton to the Portfolio Holder for Strategic Planning:

“The consultation on the main modifications stage of the Borough’s Draft Local Plan ended on 17th December 2025. How many responses were received during the main modification stage and have these responses been forwarded to the planning inspector?”

The Portfolio Holder stated that a total of 197 representations were received from 71 respondents during the consultation on the schedule of main modifications. All duly made representations had been forward to the Inspector. The Inspector had confirmed receipt of the responses received and would provide an update to the Council in due course.

Councillor Gorton asked a supplementary question:

“Could Members look forward to receiving and considering the final version of the draft local plan before the elections in May”

The Portfolio Holder stated that unfortunately he could not guarantee that because it was not known when the Inspector would respond to us. It was his understanding that the Inspector would consult other colleagues on legal matters during the process prior to contacting the Council and therefore the timescale was unknown.

Question from Councillor Andrew Parker to the Portfolio Holder for Finance, Town Centres and Growth:

“The Cabinet sent a letter to Chancellor Rachel Reeves on August 1<sup>st</sup> 2025 outlining pressures on local authority finance, including business rate deficits, cost-of-living impacts on council income, unexpected cost of local government reorganisation and the rising cost of providing temporary accommodation for individuals and families made homeless.

Has the Portfolio Holder received a response from the Chancellor?”

The Portfolio Holder stated that a letter had been received on 8 January, 2026 from the Chancellor’s Secretary.

Councillor Parker asked a supplementary question:

“What was actually in the response from the Chancellor’s Secretary”

The Portfolio Holder stated that the letter was split into four paragraphs, the first stating that local authorities would be getting an extra £3.3b over the next three years. Newcastle would not be benefiting from that money and were actually losing £1,051,000 over the three years.

The second paragraph did not contain anything significant

**Council - 21/01/26**

The third paragraph stated that £3b was being provided to help homeless support. Newcastle would receive £200,000 over three years which would keep the service level.

The final paragraph referred to the benefits of Local Government Reorganisation which the Portfolio Holder disputed.

[Watch the debate here](#)

**11. RECEIPT OF PETITIONS**

No petitions were received.

**12. URGENT BUSINESS**

There was no urgent business.

**13. DISCLOSURE OF EXEMPT INFORMATION**

There were no confidential items.

**Mayor - Councillor Robert Bettley-Smith  
Chair**

Meeting concluded at 9.30 pm

## NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

### CORPORATE LEADERSHIP TEAM'S REPORT TO COUNCIL

11 February 2026

**Report Title:** Revenue and Capital Budgets and Strategies 2026/27

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

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

**Ward(s) affected:** All

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u></b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<p>This report sets out the recommendations of Cabinet for the 2026/27 General Fund Revenue Budget and the 2026/27 Capital Programme and sets out the recommendations for setting the 2026/27 Council Tax.</p> <p>It also recommends for approval the Medium Term Financial Strategy for 2026/27 to 2030/31, the Capital Strategy for 2026/36, the Treasury Management Strategy for 2026/27, the Investment Strategy for 2026/27 and the Commercial Strategy for 2026/27.</p>			
<p><b><u>Recommendation</u></b></p> <p><b>That Council:</b></p> <p><b>1. Approves the schedule of recommendations set out in Appendix 1 to this report.</b></p>			
<p><b><u>Reasons</u></b></p> <p>A robust, affordable and balanced budget is required to be set for the financial year 2026/27.</p> <p>The Council needs to have an approved Medium Term Financial Strategy for 2026/27 to 2030/31, an approved Capital Strategy for 2026/27, an approved Treasury Management Strategy for 2026/27, an approved Investment Strategy for 2026/27 and an approved Commercial Strategy for 2026/27 in place before the start of the 2026/27 financial year.</p>			

## **1. Background**

- 1.1** This report is the culmination of the 2026/27 budget process. The Cabinet and the Finance, Assets and Performance Scrutiny Committee (FAPSC) have considered the content of the 2026/27 budget and the resultant Council Tax which is recommended. Cabinet met on 3 February 2026 and recommend a Council Tax for this Council in 2026/27 of £227.48 (based on Band D), as set out in Appendix 1 and Appendix 2. This is an increase of 1.99% (£4.44) a year

from the 2025/26 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 2026/27 budget is based on the assumptions set out in the MTFS which was reported to the Cabinet at its meeting on 13 January 2026, scrutinised by the Finance, Assets and Performance Scrutiny Committee at its meeting on 15 January 2026 and subsequently approved by Cabinet on 3 February 2026 for recommendation to Full Council.
- 1.6** The Capital Strategy 2026/36 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, 2026/27.
- 1.8** The Investment Strategy 2026/27 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 2026/27 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 2025/26 – Provisional Outturn Forecast**

#### **Revenue**

- 2.1 The Council approved a General Fund Revenue Budget of £19.730m on 12 February 2025 for 2025/26. 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 quarter three a positive variance of £0.003m has been achieved. The projected outturn on the General Fund Revenue Account for the year is £19.726m. This represents a positive outturn of £0.004m for the year.
- 2.3 The positive variances that have occurred at the close of period 9 of 2025/26 include:
  - a. Income from planning applications at the close of quarter three amounts to £0.582m more than budgeted, it is anticipated that income for the remainder of the financial year will remain in line with that budgeted and that the variance for the financial year will stay at £0.582m.
  - b. Interest receivable on cash that the Council holds in terms of Town Deal funding totals £0.186m at the close of quarter three. It is forecast that interest receivable will amount to £0.207m for the financial year.
  - c. Interest payable on borrowing has been vastly reduced due to the cash that the Council holds in terms of Town Deal and funding, this has saved £0.436m. It is anticipated that borrowing will commence during the final quarter, as such is it estimated that this saving may amount to £0.484m for the financial year.
- 2.4 These positive variances have been offset by the following adverse variances:
  - a. Income shortfalls at the close of quarter three from car parking (£0.137m), trade waste (£0.075m), land charges (£0.044m) and bereavement services (£0.176m). It is forecast that these will total £0.504m for the financial year.
  - b. Income shortfalls at the close of quarter three relating to the closure of the main pool for maintenance and repairs at Jubilee 2 and the associated freeze in memberships amounts (£0.079m). It is forecast that this will total £0.254m for the financial year.
  - c. Use of overtime, casual and agency staff within the Household Waste and Food Waste Services along with increased contractor disposal payments has resulted in an overspend of £0.206m at the close of quarter three. It is forecast that this will amount to an overspend of £0.275m for the financial year.
  - d. A contribution to the budget support fund of £0.140m has been assumed,

dependent upon the outturn regarding interest payable and receivable.

- 2.5** 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**

- 2.6** A mid-year review of the Capital Programme for 2025/26 has been undertaken in order to identify any projects that may need to be re-profiled from 2025/26 into future years. The revised Capital Programme for 2025/26 totalling £35.635m was approved by Cabinet on 2 December 2025.

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

<b>Priority</b>	<b>Budget at Period 9 £'000</b>	<b>Actual at Period 9 £'000</b>	<b>Variance at Period 9 £'000</b>
One Council Delivering for Local People	386	386	-
A Successful and Sustainable Growing Borough	5,514	5,522	8
Healthy, Active and Safe Communities	3,845	3,872	27
Town Centres for All	3,843	3,843	-
<b>Total</b>	<b>13,588</b>	<b>13,623</b>	<b>35</b>

### **Medium Term Financial Strategy**

- 2.8** The MTFS indicates a budget shortfall of £1.599m for 2026/27, further years funding gaps are shown on the table below and in further detail at Appendix 5.

- 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 and funding strategies identified for the period of the MTFS have enabled a balanced financial position to be proposed for 2026/27.

<b>Detail</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>	<b>2029/30 £'000</b>	<b>2030/31 £'000</b>
<b>Income</b>	87	119	50	50	50
<b>Staffing Related</b>	781	-	-	-	-
<b>Good Housekeeping</b>	66	275	50	50	50
<b>Tax Base</b>	212	264	348	317	267
<b>Council Tax Increase</b>	179	182	186	190	193
<b>Other Financing</b>	274	-	-	-	-
<b>TOTAL SAVINGS</b>	<b>1,599</b>	<b>840</b>	<b>634</b>	<b>607</b>	<b>560</b>
<b>UPDATED MTFS GAPS</b>	<b>1,599</b>	<b>883</b>	<b>692</b>	<b>550</b>	<b>925</b>
<b>REMAINING GAP/(SURPLUS)</b>	<b>-</b>	<b>43</b>	<b>58</b>	<b>(57)</b>	<b>365</b>

## Revenue Budget 2026/27

**2.10** The MTFS provides for a gap in 2026/27 of £1.599m and a gap over the 5 year period of the MTFS of £4.649m. The table below shows the factors which give rise to the £1.599m gap for 2026/27:

	£'000
<b>Additional Income</b>	
Fees and Charges	(364)
<b>Total Additional Income</b>	<b>(364)</b>
<b>Loss of Income</b>	
Settlement Funding Assessment	126
Reduction in income from under achieved budgets	100
National Insurance – not fully reimbursed as previously assumed	233
<b>Total Loss of Income</b>	<b>459</b>
<b>Additional Expenditure</b>	
Employees (pay awards, increments, national insurance, pension)	649
Premises (business rates and utilities)	65
Transport (fuel)	21
Borrowing	90
Temporary Accommodation	194
Other (inc. software licences, Local Government Re-Organisation, restructuring)	485
<b>Total Additional Expenditure</b>	<b>1,504</b>
<b>Net Increase in Base Budget</b>	<b>1,599</b>

**2.11** The savings identified for 2026/27 are summarised at 2.9, with further detail in Appendix 4. These savings and strategies enable a balanced position for 2026/27.

**2.12** 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 4 December 2025. The Committee also scrutinised the recommendations of the Cabinet report of 13 January 2026 at its meeting on 15 January 2026.

### Civic Growth Fund

**2.13** 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.

**2.14** 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	887	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	183	Tree planting/carbon reduction
Walleys Quarry	175	Addressing community concerns regarding landfill site odour omissions.
Town Centre Support	211	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.

**2.15** 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, through the generation of additional income or through the provision of wider economic and health benefits. 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.

**2.16** The 2026/27 Civic Growth Fund investment will be used in the following areas:

<b>Investment Area</b>	<b>£'000</b>
Environmental Sustainability	75
Digital Delivery	50
Place Development	125
<b>Total</b>	<b>250</b>

**2.17** £0.125m will be used within place development on initiatives and events for boosting footfall within the town centres and the promotion of outdoor physical activity and teamwork.

**2.18** An extension of the freeze, already announced to £1 after 1pm car parking, to all hourly car parking charges was approved by Cabinet on 3 February 2026 in support of the motion agreed by Full Council on 21 January 2026 to support the Borough's Town Centres, High Streets and Villages. The creation of free 'nipper' parking at the South High Street was also noted as an initiative to boost footfall within the town centre.

**2.19** In order to promote the benefits of outdoor sports it is was also approved by Cabinet on 3 February 2026 that a freeze in fees relating to tennis, bowls, football and rugby fees and charges be implemented for 2026/27.

- 2.20** The costs of providing a freeze in these fees and charges will be met from the Place Development element of the Civic Growth fund for 2026/27 (£0.043m), a further £0.082m will be used on further initiatives.
- 2.21** In order to boost environmental sustainability within the Borough, £0.075m 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.
- 2.22** £0.050m of the 2026/27 Civic Growth Fund will continue to be allocated to the digital programme which will transform public access to Council services and drive efficiency savings.

### ***Council Tax and Collection Fund***

- 2.23** A 1.99% per Band D equivalent property Council Tax increase, producing £0.179m of additional income is proposed giving a Borough Council Tax requirement of £9,157,890. This increase in Council Tax would equate to the following monetary increases for residents:

<b>Property Band</b>	<b>Annual Increase £ p</b>	<b>Weekly Increase £ p</b>
A	2.95	0.06
B	3.46	0.07
C	3.94	0.08
D	4.44	0.09
E	5.42	0.10
F	6.42	0.12
G	7.39	0.14
H	8.88	0.17

- 2.24** 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.
- 2.25** 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 451 band D equivalent properties from 39,807 in 2025/26 to 40,258 in 2026/27.
- 2.26** 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 2025/26. This surplus or deficit is then shared between the relevant preceptors in 2026/27 (a surplus if paid out to preceptors, including the Council, and a deficit is repaid to the collection fund from preceptors, including the Council).
- 2.27** The Council Tax Collection Fund is estimated to be in a deficit position as the close of 2025/26. This deficit is estimated to amount to £0.625m, of which the Council's share is £0.068m.

- 2.28** The Business Rates Collection Fund is estimated to be in a deficit position at the close of 2025/26. The deficit is estimated to amount to £2.982m, of which the Council's share is £1.193m.
- 2.29** The deficit primarily relates to successful appeals in the period January to March 2025 which resulted in an actual outturn position of a surplus of £1.823m for 2024/25 compared to the forecast declared surplus position as at December 2024 of £4.114m.
- 2.30** The Council's share of the deficit for both Business Rates and Council Tax will be provided for via Business Rates Reserve which was established to ensure the Council's resilience against Business Rates volatility.

### ***Budget Consultation***

- 2.31** Public consultation has been undertaken on the budget (Appendix 13), the consultation ran between 25 November 2025 and 1 January 2026. The consultation clearly determined that residents felt that the following services were the most important to them:

- Town centre regeneration
- Street cleaning
- Refuse collection
- Parks, playgrounds and open spaces

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 2026/27 to 2028/29 and Capital Strategy 2026/36**

- 2.32** The Capital Programme for 2026/27 to 2028/29 (Appendix 4) 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 £110.010m including major investment into the Borough via external funding in terms of the Town Deals Fund for both Newcastle and Kidsgrove and Homes England.
- 2.33** 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 £31.279m by 2028/29 based on the 3 year Capital Programme for 2026/27 to 2028/29, the Capital Financing Requirement at 31 March 2025 (£19.893m) and the Capital Financing Requirement for capital expenditure during the current financial year and the financial years 2026/27 to 2028/29 (£11.386m).
- 2.34** The Capital Programme for 2026/27 to 2028/29 includes an estimate for the development of York Place, which has been updated to reflect an adjusted cashflow and receipt of Homes England funding (£5.076m), this assumes spend of £13.451m plus capitalised interest over the period 2026/27 to 2027/28 and a



subsequent capital receipt including capitalised interest during 2028/29 (estimated spend for 2024/25 and 2025/26 amounts to £5.282m).

- 2.35** The Capital Programme for this period also includes an estimate for the redevelopment of the Midway Carpark which has been updated to reflect an adjusted cashflow and receipt of Homes England funding (£5.689m), this assumes spend of £32.237m plus capitalised interest over the period 2026/27 to 2027/28 and a subsequent capital receipt plus capitalised interest during 2029/30 (estimated spend for 2024/25 and 2025/26 amounts to £5.282m).
- 2.36** In addition, the Capital Programme also includes an estimate for the redevelopment of the Ryecroft site which has been updated to reflect an adjusted cashflow and receipt of Homes England funding (£8.179m), this assumes spend of £29.078m plus capitalised interest over the period 2026/27 to 2027/28 and a subsequent capital receipt including capitalised interest in 2030/31 (estimated spend for 2024/25 and 2025/26 amounts to £5.366m).
- 2.37** The Capital Strategy for 2026/36 (Appendix 5) 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.
- 2.38** The Capital Programme is produced in line with the Capital Strategy for 2026/36. 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.
- 2.39** Delivering the capital programme for 2026/27 will require prudential borrowing to be undertaken, primarily for the purposes of the regeneration projects outlined above for which interest will be capitalised and for which capital receipts are expected, but also to reflect the Council's underlying capital financing requirement. The impact of borrowing is included in the MTFS pressures for 2026/27 and future years.
- 2.40** 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 2026/27, Investment Strategy 2026/27 and Commercial Strategy 2026/27***

- 2.41** The Treasury Management Strategy for 2026/27 is attached at Appendix 9. The Minimum Revenue Provision Policy for 2026/27 is contained in Annex C to the strategy.
- 2.42** The Treasury Management Strategy for 2026/27 allows for borrowing and for the capitalisation of interest costs in relation to development schemes. 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 look to

borrow short term (up to 4 years) from other local authorities where possible alongside longer term Public Works Loan Board borrowing where suitable.

- 2.43** The Investment Strategy for 2026/27 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.
- 2.44** The Commercial Strategy for 2026/27 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***

- 2.45** 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.
- 2.46** It is recommended that a minimum level of unallocated reserves and contingencies (i.e. the Council's Balance and Reserve Strategy for 2026/27) of £2.225m be held in 2026/27 to reflect the levels of revenue risk shown in the budget for 2026/27.
- 2.47** The increase in the minimum level will be financed from the Recovery Grant to be received in 2026/27, the balance of which will be paid into the Budget and Borrowing Support Fund to increase the Council's financial resilience, ahead of its use in 2027/28 and 2028/29 to smooth the impact of the Fair Funding Review 2.0.

### ***Localised Council Tax Support Scheme 2026/27***

- 2.48** 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.
- 2.49** Any scheme needs to be approved by the 11 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 2026/27 (Appendix 12), is intended to remain as per the 2025/26 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 2026/27 by 11 March 2026, per Section 30(6) of the Local Government Finance Act 1992. It is planned to approve the final budget and Council Tax rates on 11 February 2026.

#### **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 £2.225m to reflect the levels of revenue risk shown in the draft budget for 2026/27. 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 Sustainable Council ☒

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

**11.1** The establishment of a viable revenue and capital budget and strategies supports delivery of these programmes of work.

## **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 2026/27 to 2030/31 (Cabinet 2 September 2025).
- 13.2** Revenue and Capital Budgets 2026/27 – First Draft Savings Plans (Cabinet 2 December 2025).
- 13.3** Draft Revenue and Capital Budgets and Strategies 2026/27 (Cabinet 13 January 2026).
- 13.4** Draft Revenue and Capital Budgets and Strategies 2026/27 (Finance, Assets and Performance Scrutiny Committee 15 January 2026).
- 13.5** Revenue and Capital Budgets and Strategies 2026/27 (Cabinet 3 February 2026).

#### **14. List of Appendices**

- 14.1** Appendix 1 – Schedule of Detailed Recommendations
- 14.2** Appendix 2 – Revenue Budget 2026/27
- 14.3** Appendix 3 – Medium Term Financial Strategy 2026/27 to 2030/31
- 14.4** Appendix 4 – 2026/27 MTFS Funding Strategy
- 14.5** Appendix 5 – 2026/27 to 2029/30 MTFS ‘Gaps’
- 14.6** Appendix 6 – Risk Assessment on Required Balances/Contingency Reserve
- 14.7** Appendix 7 – 2026/27 to 2028/29 Capital Programme and 2025/26 Mid-Year Estimate
- 14.8** Appendix 8 – Capital Strategy 2026 to 2036
- 14.9** Appendix 9 – Treasury Management Strategy 2026/27
- 14.10** Appendix 10 – Investment Strategy 2026/27
- 14.11** Appendix 11 – Commercial Strategy 2026/27
- 14.12** Appendix 12 – Local Council Tax Reduction Scheme for 2026/27
- 14.13** Appendix 13 – 2026/27 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 2026/27 in addition to the Medium Term Financial Strategy for 2026/27 to 2030/31, the Capital Strategy for 2026/2036, the Treasury Management Strategy for 2026/27, the Investment Strategy for 2026/27 and the Commercial Strategy for 2026/27.

### **Recommendations**

- (a) That the Revenue Budget for 2026/27 be approved (Appendix 2).
- (b) That the updated Medium Term Financial Strategy for 2026/27 to 2030/31 be approved (Appendix 3).
- (c) That the Band D Council Tax for 2026/27 be set at £227.48 (a 1.99% increase).
- (d) That the Capital Programme to 2026/27 to 2028/29 be approved (Appendix 7).
- (e) That the Capital Strategy for 2026-36 be approved (Appendix 8).
- (f) That the Treasury Management Strategy for 2026/27 be approved (Appendix 9).
- (g) That the Investment Strategy for 2026/27 be approved (Appendix 10).
- (h) That the Commercial Strategy for 2026/27 be approved (Appendix 11).
- (i) That the Local Council Tax Reduction Scheme for 2026/27 be approved (unchanged from 2025/26) (Appendix 12).
- (j) That the un-earmarked minimum balances requirement be confirmed as £2,225,000.
- (k) 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 2026/27:
  - (i) 40,258 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:

<b>Parish/Town Council</b>	<b>Base</b>
Audley	2,622
Betley, Balterley & Wrinehill	649
Chapel & Hill Chorlton	206
Keele	515
Kidsgrove	7,015
Loggerheads	2,242
Madeley	1,602
Maer	281
Silverdale	1,584
Whitmore	1,045

- (l) That the Council Tax requirement for the Council's own purposes for 2026/27 (excluding Parish precepts) is £9,157,890.
- (m) That the following amounts be calculated for 2026/27 per Sections 31 to 36 of the Act:
- (i) £65,796,320 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 by Parish Councils.
  - (ii) £55,792,800 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
  - (iii) £10,003,520 being the amount by which the aggregate at (m)(i) above exceeds the aggregate at (m)(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) £248.49 being the amount at (m)(iii) above (Item R), all divided by Item T (k)(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) £845,630 being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act.
  - (vi) £227.48 being the amount at (m)(iv) above less the result given by dividing the amount at (m)(v) above by item T (k)(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) **Part of the Council's Area**

Parish/Town Council	£
Audley	314.18
Betley, Balterley & Wrinehill	263.61
Chapel & Hill Chorlton	260.20
Keele	279.95
Kidsgrove	261.53
Loggerheads	291.57
Madeley	287.50
Maer	254.79
Silverdale	247.82
Whitmore	268.17

Being the amounts given by adding to the amount at (m)(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 (k)(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	209.45	244.35	279.27	314.18	384.00	453.80	523.63	628.36
Betley, Balterley & Wrinehill	175.74	205.02	234.32	263.61	322.19	380.76	439.35	527.23
Chapel & Hill Chorlton	173.46	202.37	231.28	260.20	318.02	375.83	433.66	520.40
Keele	186.63	217.73	248.84	279.95	342.16	404.36	466.58	559.90
Kidsgrove	174.35	203.40	232.47	261.53	319.65	377.75	435.88	523.06
Loggerheads	194.38	226.77	259.17	291.57	356.36	421.14	485.95	583.14
Madeley	191.66	223.60	255.55	287.50	351.39	415.27	479.16	575.00
Maer	169.86	198.16	226.48	254.79	311.41	368.02	424.65	509.58
Silverdale	165.21	192.74	220.28	247.82	302.89	357.95	413.03	495.64
Whitmore	178.78	208.57	238.37	268.17	327.76	387.34	446.95	536.34
Other Parts of Borough	151.65	176.92	202.20	227.48	278.03	328.57	379.13	454.96

Being the amounts given by multiplying the amounts at (m)(vi) and (m)(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.

- (n) That it be noted that for 2026/27 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:

Preceptor	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Staffordshire County Council	1,124.28	1,311.66	1,499.04	1,686.42	2,061.18	2,435.94	2,810.70	3,372.84
Staffordshire Commissioner Fire & Rescue Authority	64.51	75.27	86.02	96.77	118.27	139.78	161.28	193.54
Staffordshire Police & Crime Commissioner	201.71	235.33	268.95	302.57	369.81	437.05	504.28	605.14

- (o) That having calculated the aggregate in each case of the amounts at (m)(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 2026/27 for each of the categories of dwelling shown below:

Parish/Town Council	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Audley	1,599.95	1,866.61	2,133.28	2,399.94	2,933.26	3,466.57	3,999.89	4,799.88
Betley, Balterley & Wrinehill	1,566.24	1,827.28	2,088.33	2,349.37	2,871.45	3,393.53	3,915.61	4,698.75
Chapel & Hill Chorlton	1,563.96	1,824.63	2,085.29	2,345.96	2,867.28	3,388.60	3,909.92	4,691.92
Keele	1,577.13	1,839.99	2,102.85	2,365.71	2,891.42	3,417.13	3,942.84	4,731.42
Kidsgrove	1,564.85	1,825.66	2,086.48	2,347.29	2,868.91	3,390.52	3,912.14	4,694.58
Loggerheads	1,584.88	1,849.03	2,113.18	2,377.33	2,905.62	3,433.91	3,962.21	4,754.66
Madeley	1,582.16	1,845.86	2,109.56	2,373.26	2,900.65	3,428.04	3,955.42	4,746.52
Maer	1,560.36	1,820.42	2,080.49	2,340.55	2,860.67	3,380.79	3,900.91	4,681.10
Silverdale	1,555.71	1,815.00	2,074.29	2,333.58	2,852.15	3,370.72	3,889.29	4,667.16
Whitmore	1,569.28	1,830.83	2,092.38	2,353.93	2,877.02	3,400.11	3,923.21	4,707.86
Other Parts of Borough	1,542.15	1,799.18	2,056.21	2,313.24	2,827.29	3,341.34	3,855.39	4,626.48



## Appendix 2 – Revenue Budget 2026/27

Area	2025/26 General Fund		2026/27 General Fund	
	Estimate £	Band D Council Tax £	Estimate £	Band D Council Tax £
Central Services	2,449,120	61.52	2,791,910	69.35
Cultural Services	3,513,630	88.27	3,425,820	85.10
Environmental Services	8,701,440	218.59	8,735,200	216.98
Planning	1,673,670	42.04	1,733,680	43.06
Transport	(238,330)	(5.99)	(179,750)	(3.40)
Housing	2,326,630	58.45	2,406,170	59.77
<b>Net Cost of Services</b>	<b>18,426,160</b>	<b>462.88</b>	<b>18,956,030</b>	<b>469.80</b>
Pensions Liabilities Account	400,000	10.05	400,000	9.94
Investment Properties	(101,270)	(2.54)	(66,060)	(1.64)
Interest	588,000	14.77	711,000	17.66
<b>Net Operating Expenditure</b>	<b>19,312,890</b>	<b>485.16</b>	<b>20,000,970</b>	<b>496.82</b>
Contribution to/(from) Revenue Reserves	2,683,000	67.40	225,880	5.61
Contribution to/(from) Capital Reserves	(2,266,000)	(56.92)	(2,585,300)	(64.22)
<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>19,729,890</b>	<b>495.64</b>	<b>17,641,550</b>	<b>438.21</b>
Revenue Support Grant	(255,000)	(6.41)	(5,534,660)	(137.48)
Other Non-Specific Grants	(1,087,000)	(27.31)	(398,000)	(9.88)
Business Rates Retention Funding	(7,831,340)	(196.73)	(3,812,000)	(94.69)
Collection Fund Deficit/(Surplus)	(1,678,000)	(42.15)	1,261,000	31.32
<b>Borough Council Tax Requirement</b>	<b>8,878,550</b>	<b>223.04</b>	<b>9,157,890</b>	<b>227.48</b>
Staffordshire County Council Precept		1,621.71		1,682.42
Fire Authority Precept		91.77		96.77
Police Authority Precept		287.57		302.57
<b>Total Council Tax Requirement</b>		<b>2,224.09</b>		<b>2,313.24</b>

The Council Tax Base used for 2026/27 in the above table is 40,258.

### 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 – 2026/27 MTFS Funding Strategy

Ref	Service Area	Description	£000's	Detail
<b>Income</b>				
I1	Regulatory Services	Navigation House Rent	8	Rent contribution from contractor
I2	Commercial Delivery	Pet Cremations	10	Initial net income from the introduction of pet cremations
I3	Commercial Delivery	Museum Rent	10	Rental income from the Museum café
I4	Commercial Delivery	Electrical Works	12	Recharging of time spent by Electrician at non Council managed buildings
I5	Planning	Fees	15	Introduction of new fees and cost recovery for pre-planning application advice
I6	Neighbourhood Delivery	Digital Screen Advertising	8	Net income from advertising on Town Centre digital screen
I7	Sustainable Environment	Food Waste Transfer Station	19	Operating charge to users of the Waste Transfer Station
I8	Legal and Governance	Legal Costs	5	Recharging of legal costs relating to deed variations and Section 106 agreements
			<b>87</b>	
<b>Staffing Related Efficiencies</b>				
S1	Finance	Pension Contributions	744	Reduction in contributions to reflect improved funding levels
S2	Neighbourhood Delivery	Markets	37	Restructure of Markets and Events team to reflect the Markets operating model
			<b>781</b>	
<b>Good Housekeeping/More Efficient Processes</b>				
G1	Corporate	Printing and Postage	14	Reduction in printing and postage across the Council
G2	Legal and Governance	Contract Register Review	32	Savings from review of contracts including janitorial supplies, software, cash collections and licences
G3	Sustainable Environment	Sustainable Bedding Plants	20	Saving in bedding contract costs following the introduction of sustainable bedding plants
			<b>66</b>	
<b>Alternative Sources of Finance/Other</b>				
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	112	Assumed increase in tax base of 3%
A3	Corporate	Council Tax increase	179	Assumed increase of 1.99% per Band D property
A4	Sustainable Environment	Extended Producer Responsibility	274	Additional funding to be received during 2026/27, this enables a continued contribution of £200k to the Waste Reserve
			<b>665</b>	
<b>Grand Total</b>			<b>1,599</b>	



## Appendix 5 – 2026/27 to 2030/31 MTFS ‘Gaps’

Detail	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	Description
<b>Employees:</b>						
Increments	68	45	17	4	-	Employees due an increment
Pay awards	396	465	479	494	509	3% pay award assumed for all years (2026/27 includes 2025/26 difference)
Members pay awards	8	9	9	9	10	3% pay award assumed for all years
Superannuation increases	99	97	94	95	97	19% of salary increases
Superannuation lump sum increases	-	33	35	37	39	Net increase of lump sum pension payment
National Insurance	78	77	74	75	76	15% of salary increases
<b>Premises:</b>						
Business Rates	28	23	24	25	25	Inflationary increase in business rates payable (per CPI)
Utilities	37	30	31	32	33	Inflationary increase in gas and electric (per CPI)
<b>Transport:</b>						
Fuel	21	17	17	18	18	Inflationary increase in fuel/HVO (per CPI)
<b>Financing:</b>						
Borrowing costs	90	175	38	(4)	363	Borrowing costs regarding the financing of capital expenditure
<b>New Pressures:</b>						
ICT software	10	10	10	10	10	Inflationary costs re. systems maintenance and software licences
Restructuring	25	-	-	-	-	Additional resource requirement
Inflationary pressures (contracts)	50	50	50	50	50	Inflationary uplifts allowance
Local Government Re-organisation	400	(200)	(200)	-	-	One off costs re. re-organisation (£400k in 2026/27, spend reduced to £200k in 2027/28 and nil in 2028/29)
Temporary Accommodation	194	-	-	-	-	Contribution towards costs of temporary accommodation
Recycling	-	195	250	-	-	Potential loss of recycling credits and income if contractor disposal undertaken by the County Council
<b>Income:</b>						
Fees and charges	(364)	(299)	(308)	(317)	(326)	Inflationary increase in fees and charges (per CPI)
Settlement Funding Assessment baseline funding level	126	454	472	(78)	(79)	Settlement Funding Assessment reductions per provisional settlement
Recovery Grant/Allowance for funding impact	-	(398)	(500)	-	-	Use of Recovery Grant to offset the reduction in the settlement in 2027/28. £0.5m included in the base budget for 2025/26 to allow for a reduction in the settlement, will be applied in 2028/29
National Insurance reimbursement	233	-	-	-	-	Shortfall in grant re. National Insurance rises in 2025/26
Income pressures	100	100	100	100	100	General income shortfalls
<b>TOTAL GAPS</b>	<b>1,599</b>	<b>883</b>	<b>692</b>	<b>550</b>	<b>925</b>	



## **Appendix 6 – (i) Risk Assessment on Required Balances/Contingency Reserve (£2.225m) and (ii) Actual/Forecast Reserve Balances at 31 March 2024 to 2026**

### **Risk Assessment on Required Reserves Balances (£2.225m)**

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	3 x 3	High	Regular monitoring of income levels	275,000
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	High	Regular monitoring of income levels	285,000
3	Bad debts reduce the Council's income	Shortfall in income leading to overspends and need to top up provision	3 x 4	High	A contribution to the bad debts provision is budgeted for	3 x 3	High	Increase monitoring of collection rates	205,000
4	Employee budgets – the 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 3.5%, this is realistic compared with previous years	2 x 3	Moderate	Regular monitoring of vacancy levels	50,000
5	Employee budgets - the 2024/25 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	100,000
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 sickness/suspensions resulting in the needs	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 £
	to use agency/interim staff								
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	100,000
10	Existing commitment(s) missed out of budget	Additional unbudgeted costs	3 x 3	High	Budgets subject to checking at several levels. Preparation of standstill budget for comparison	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	220,000
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	20,000
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	40,000
14	Unforeseen major repairs needed to Council properties	Additional unbudgeted costs	2 x 3	Moderate	Planned maintenance programme in place and stock condition survey.	2 x 3	Moderate	None	50,000
	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

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 £
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 during 2026/27	Additional unbudgeted costs	2 x 3	Moderate	Included in calculation of minimum balances. Increased rate built into budget	2 x 3	Moderate	None	65,000
18	Savings built into Budget are not realised	Additional unbudgeted costs	3 x 3	High	Regular Budget Monitoring	3 x 2	Moderate	None	80,000
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	60,000
22	Municipal Mutual Insurance (MMI) Clawback	Additional unbudgeted costs	3 x 3	High	MMI Provision	2 x 1	Low	Consider increasing amount of provision if necessary	15,000
23	Data Protection breach resulting in fine	Additional unbudgeted costs	3 x 3	High	Data Protection Policy Reminders to staff. All staff complete mandatory 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

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

Reserve	Actual Balance at 31/3/25 (£000's)	Forecast Change in 2025/26 (£000's)	Forecast Balance at 31/3/26 (£000's)	Forecast Change in 2026/27 (£000's)	Forecast Balance at 31/3/27 (£000's)	Purpose
General Fund Balance	2,007	-	2,007	218	2,225	Working balance to cover unforeseen adverse events affecting the budget. Recommended minimum balance of £2.225m for 2026/27
Walley's Quarry Reserve	591	(150)	441	(41)	400	To assist with the Council's actions regarding air quality issues at Walley's Quarry
Budget and Borrowing Support Fund	503	(63)	440	80	520	To support the General Fund revenue budget or to meet costs approved by Council
Budget Support Fund (Local Plan)	185	(185)	-	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)	324	(172)	152	(50)	102	To hold homelessness grants to be used in future periods. This fund is fully committed
Civic Growth Fund	19	(19)	-	-	-	To fund investment in corporate priorities. This fund is fully committed
Conservation & Heritage Fund	31	(11)	20	-	20	To provide repair grants to owners of historic buildings
Mayor's Charity Reserve	7	(7)	-	-	-	To hold funds on behalf of the Mayor's Charity
Museum Purchases Fund	34	21	55	10	65	To purchase, conserve and enhance exhibits
Business Rates Reserve	1,363	1,312	2,675	(761)	1,914	To equalise any surplus or deficit on the collection fund and to provide contingency for appeals and future funding reviews
Elections Reserve	129	50	179	(179)	-	To provide budget on a 4 year cycle for Borough Elections
Small Repairs Reserve	28	(28)	-	-	-	To provide small repairs to Council maintained highways and footpaths
Maintenance Fund	283	(83)	200	-	200	To provide revenue fund maintenance per Section 106 agreements
Planning Appeals Reserve	-	100	100	-	100	To provide for costs associated with planning appeals
Waste and Recycling Reserve	-	329	329	(79)	250	To provide for service changes including route optimisation
Coyton Community Centre	13	(5)	8	-	8	Sinking fund held on behalf of Committee (contributions made by Committee)
<b>Totals</b>	<b>5,517</b>	<b>1,089</b>	<b>6,606</b>	<b>(702)</b>	<b>5,904</b>	

# Appendix 7 2026/27 to 2028/29 Capital Programme and 2025/26 Mid-Year Estimate



CAPITAL PROGRAMME	2025/26 MID YEAR	2026/27	2027/28	2028/29	TOTAL 2026/27 to 2028/29
	£	£	£	£	£
<b>PRIORITY – One Council Delivering for Local People</b>					
Service Area – Council Modernisation	922,120	705,000	80,000	351,000	1,136,000
<b>Total</b>	<b>922,120</b>	<b>705,000</b>	<b>80,000</b>	<b>351,000</b>	<b>1,136,000</b>
<b>PRIORITY – A Successful and Sustainable Growing Borough</b>					
Service Area – Housing Improvements	3,474,641	3,096,363	1,770,000	1,770,000	6,636,363
Service Area – Managing Property & Assets	14,183,389	54,763,532	23,595,235	466,053	78,824,820
<b>Total</b>	<b>17,658,030</b>	<b>57,859,895</b>	<b>25,365,235</b>	<b>2,236,053</b>	<b>85,461,183</b>
<b>PRIORITY – Healthy, Active and Safe Communities</b>					
Service Area – Streetscene	536,760	542,419	130,000	130,000	802,419
Service Area – Bereavement Services	164,200	141,950	5,000	5,000	151,950
Service Area – Recycling and Fleet	3,717,650	3,049,661	6,279,419	2,323,428	11,652,508
Service Area – Leisure and Cultural	475,763	1,604,998	1,373,936	-	2,978,934
Service Area – Engineering	310,600	200,000	-	-	200,000
<b>Total</b>	<b>5,204,973</b>	<b>5,539,028</b>	<b>7,788,355</b>	<b>2,458,428</b>	<b>15,785,811</b>
<b>PRIORITY – Town Centres for All</b>					
Public Realm	10,000	-	-	-	-
Town Deals – Newcastle	8,040,484	3,432,755	-	-	3,432,755
Town Deals – Kidsgrove	3,318,343	1,955,030	1,239,313	-	3,194,343
<b>Total</b>	<b>11,368,827</b>	<b>5,387,785</b>	<b>1,239,313</b>	<b>-</b>	<b>6,627,098</b>
<b>CONTINGENCY (assumes unspent contingency is carried forward from 2026/27)</b>	<b>480,954</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>
<b>TOTAL</b>	<b>35,634,904</b>	<b>70,491,708</b>	<b>34,472,903</b>	<b>5,045,481</b>	<b>110,010,092</b>
<b>FUNDING</b>					
Capital Receipts	1,530,000	5,050,000	4,350,000	4,350,000	13,750,000
Regeneration Receipts	-	-	-	13,367,039	13,367,039
External Contributions	26,590,251	16,582,528	3,871,155	1,675,000	22,128,683
Borrowing	7,514,653	1,633,832	3,216,988	(979,519)	3,871,301
Regeneration Borrowing	-	47,225,348	23,034,760	(13,367,039)	56,893,069
<b>TOTAL</b>	<b>35,634,904</b>	<b>70,491,708</b>	<b>34,472,903</b>	<b>5,045,481</b>	<b>110,010,092</b>

## Appendix 12 – Local Council Tax Reduction Scheme for 2026/27

<b>Claim Type</b>	<b>Council Tax Support Scheme</b>
<b>Pensioner Claimants</b>	
No scope for changes within LCTS	Up to 100% of Council Tax Bill
<b>Working Age Claimants</b>	
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
<b>Claimants who are eligible to Severe Disability Premium (SDP)</b>	
May allow up to 100% LCTS as protected group	Up to 100% of Council Tax Bill
<b>Claimants who are eligible to receive War Disablement Pensions, War Widow's Pensions and Armed Forces Compensation Scheme Payments</b>	
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.



## **2026/27 Budget Consultation report**

### **Headline findings**

- 25 responses – a significant decrease from 82 responses last year
- Parks, playgrounds and open spaces, followed by street cleaning, were seen as the two most important council services
- Town centre regeneration was the most important service that the Council did not have to provide
- 52 per cent of respondents chose to protect services, even if this means we will need to increase Council Tax and charges to service users because of central funding reductions
- A small majority said the Council should seek to generate additional revenue from arts development, leisure facilities or open spaces
- 52 per cent of respondents were aged between 41 and 60.

### **Background**

This survey was available online from 26 November 2025 to 1 January 2026 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 25 responses – a significant decrease on the 82 received last year.



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

84 per cent of respondents said that they were a resident of the borough, with the remaining 16 per cent saying they were not.

**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. 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 5 services from a list of 17 services. As respondents could choose up to 5 options, totals will add up to considerably more than 100 per cent.

Two services were by far more popular than the other options:

- Parks, playgrounds and open spaces 68 per cent of respondents
- Street cleaning 60 per cent

More than one quarter of respondents chose the following options:

- Town centre regeneration 44 per cent
- Refuse collection 40 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 5 options out of a list of 10 services.

Four were chosen by more than 40 per cent of respondents:

- Town centre regeneration 65 per cent
- CCTV 52 per cent
- Outdoor leisure facilities 48 per cent
- Outdoor markets 44 per cent

- *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 more than half (52 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 12 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 36 per cent of respondents.



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



31-40	16%	15%
41-50	24%	15%
51-60	28%	17%
61-70	16%	14%
71+	4%	18%

## Location of respondents

20 respondents did provide their postcodes, with 3 others providing the first part of theirs, enabling the following matching to take place. There were four responses from each of May Bank and Westlands, but none from the north-east of the borough. Three responses were received from residents of Stoke-on-Trent.

**Table 2: Respondents by ward or other area - 23 respondents**

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

# Medium Term Financial Strategy

2026/27 – 2030/31



## Contents

Corporate Plan	Page 3
Finance Strategy	Page 3
Economic Context	Page 5
Borough Profile	Page 6
Refresh of Financial Assumptions	Page 8
Response to Financial Pressures	Page 11
Approach	Page 11
Reserves	Page 15
Capital Strategy	Page 15
Treasury Strategy	Page 16
Budget Timetable	Page 16
Appendix A – MTFS Summary	Page 18



## **Medium Term Financial Strategy 2026/27 to 2030/31**

### **1. Corporate Plan**

- 1.1 The Council Plan for 2022-2026 sets out the Council's priorities 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 Plan 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 Kids Grove.
- 1.5 The Council has worked hard to secure significant grant income 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 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 £102.912m for 2025/26) 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 the 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 can be used to 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 strategy for 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.

### **Fair Funding Review**

- 2.14 The Fair Funding Review 2.0 will be implemented ahead of the 2026/27 financial year. The review refreshes the methodology for distributing a fixed pot of funding between local authorities covered by the local government finance settlement.
- 2.15 The last time the underlying distribution methodology was refreshed through changes to formulae and data was in 2013, at the time of the establishment of the business rates retention system. The major share of the settlement funding assessment was split 60/40 between Revenue Support Grant and the 50% value of locally raised business rates (Baseline Funding Level).
- 2.16 Subsequently, the Revenue Support Grant was reduced to deliver reductions to Council funding while the Baseline Funding Level grew in line with the change in the business rates multiplier (where multiplier changes were capped, Councils received a compensation grant for funding which would otherwise have been delivered through this baseline increase).
- 2.17 Since 2013/14 the Council has increased its locally raise business rates significantly when compared to the Baseline Funding Level determined by Central Government. This, coupled with the benefits generated from pooling has resulted in £3.174m of funding above the baseline being retained by the Council.
- 2.18 Funding received and retained by the Council in 2025/26 that is subject to redistribution under the Fair Funding Review amounts to £9.360m, including the benefits referred to at 2.17, for 2026/27 this will amount to £9.234m – a reduction in funding of £0.126m. With further reductions of £0.454m in 2027/28 and £0.472m in 2028/29. As part of the 2025/26 budget setting £0.500m was set aside to contribute to this anticipated reduction, it is anticipated that this will be utilised in 2027/28 and 2028/29.
- 2.19 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 completed or 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 2025)**

- 3.1 UK inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August. This is well above the Bank of England's 2% target. Core inflation for general goods rose from 3.4% to 3.8% between March and July, before falling back to 3.6% in August. Services inflation decreased from 5% in July to 4.7% in August.
- 3.2 Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.
- 3.3 The Bank of England's Monetary Policy Committee reduced interest rates from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 0.25% cut, with the minority wanting no change. In September, seven MPC members voted to hold rates, while two preferred a 0.25% cut. The Committee's views still differ on whether the upside risks from inflation

expectations and wage setting outweigh downside risks from weaker demand and growth.

- 3.4 The August BoE Monetary Policy Report highlighted that after peaking in Q3 of 2025, inflation is projected to fall back to target by mid-2027. GDP is expected to remain weak in the near term, while over the medium-term outlook will be influenced by domestic and global developments.
- 3.5 Arlingclose, the Council's treasury adviser, maintained its central view that interest rates would be cut further as the Bank of England focused on weak growth more than higher inflation. One more cut is currently expected during 2025/26, taking interest rates down to 3.75%. The risks to the forecast are balanced in the near-term, but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the Autumn Budget and the impact this will have on the outlook.
- 3.6 Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve held interest rates steady for most of the period, before cutting rates to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to 0.5% lower rate by the end of 2025 and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3% and an unemployment rate of 4.5%.
- 3.7 After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise.
- 3.8 Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.7%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39%, with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30<sup>th</sup> September.

#### **4. Borough Profile**

- 4.1 Newcastle-under-Lyme has a population of 127,700 (2024 mid year estimate), an increase of 4,700, or 3.8%, since the 2021 mid year estimate. This is a larger increase than for Staffordshire as a whole (3.3%) and similar to England (3.7%) and the West Midlands region (3.9%).
- 4.2 In the ten years from 2014-2024, the percentage of the borough's population aged 70+ increased from 14% to 16%, keeping this rate higher than across the West Midlands region (14%) and England (14%), though slightly lower than Staffordshire's rate of 17%.
- 4.3 The overall population has increased by 3.4% over the past decade (2014-2024), but with the number of residents over 65s increasing by 12%, lower than the Staffordshire increase of 17%, the England increase of 16% and the West Midlands increase of 13%.
- 4.4 The 2024 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 156<sup>th</sup> in 2015. In terms of Health Deprivation and Disability the borough is the 80<sup>th</sup> most deprived local authority but 197<sup>th</sup> 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 2024, the annual mean gross weekly pay for full-time workers was £675. This was lower than for the West Midlands (£690) and Great Britain £730).

*(Gross weekly pay for full-time workers)*

	<b>Newcastle-under-Lyme</b>	<b>West Midlands</b>	<b>Great Britain</b>
Females	£665	£635	£673
Males	£695	£727	£778
Overall	£675	£690	£730

- 4.9 In the year up to December 2024, an estimated 75% of residents aged 16-64 were classed as 'in employment', slightly higher than the West Midlands (74%) and very similar to Great Britain (75.3%).
- 4.10 As of 2023, a little over two-thirds (68.2%) of residents' jobs were full-time, with the remaining 31.8% part-time. This is very similar to the rate for the West Midlands (68.5%) and Great Britain (68.8%).
- 4.11 According to official crime summary data, the number of recorded crimes for headline offences in Newcastle-under-Lyme between April 2024 and March 2025 was 8,002, down from 8,287 for the previous 12 month period.
- 4.12 The crime rate for headline offences from April 2024 to March 2025 was 64 per 1,000 residents, lower than the Staffordshire rate of 75 per 1,000 people and significantly lower than for the West Midlands (85) and England and Wales (87).
- 4.13 In Newcastle-under-Lyme the three most common types of recorded crime in 2024/25 were:
- Violence against the person (3,479)
  - Theft offences (2,120)
  - Stalking and harassment (1,422)
- 4.14 The latest available local estimates from the ONS (Life Expectancy at Birth 2023) suggest that life expectancy at birth for males born in Newcastle-under-Lyme is 79.2 years, which is broadly similar to the Staffordshire (79.7 years) and the England average (79.2 years). Female life expectancy is 82.1 years, slightly lower than that for Staffordshire (82.9 years) and England (83.0 years).

- 4.15 Across the borough, the age-standardised mortality rate (avoidable mortality) of 337 was higher than the Staffordshire rate of 313 and England's 331, but lower than the West Midlands rate of 347.
- 4.16 There are circa 58,500 homes in the borough (2024). At the 2021 Census housing tenure was as follows:
- Owned outright 38%
  - Owned with mortgage/loan 30%
  - Social rented 17%
  - Private rented 15%
- 4.17 Across 2024, the local housing affordability ratio i.e. median house price compared to median gross income was 6.1, lower than in all of the other Staffordshire districts except East Staffordshire. Across the West Midlands the ratio is 6.9, and across England it is 7.7.
- 4.18 In 2024, 86% of residents of working age had qualifications at level RQF1 or above, slightly lower than the 87% across the West Midlands and the Great Britain average of 89%. However, an estimated 47% of adults aged 16-64 were qualified to level RQF4 or above – higher than the West Midlands rate of 43% and the same as the Great Britain rate of 47%.
- 4.19 The unemployment claimant count for the borough of 3% as at July 2025 was slightly higher than Staffordshire's rate of 2.8%, but lower than Great Britain's 4%. 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 four 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 2025 covering the period 2025/26 to 2029/30. For 2025/26 Net Expenditure of £19.730m on services was budgeted for with a Council Tax Requirement of £8.879m. There is a Council Tax Base of 39,807 and a Band D Council Tax of £223.04. There was a balanced budget for 2025/26 but a forecast gap of £3.385m across the period 2026/27 to 2029/30.
- 5.2 The MTFS gaps have been rolled forward a year to cover 2030/31, this was reported to Cabinet on 2 September 2025 and on 2 December 2025 and the assumptions updated, further updates will be reported to Cabinet on 13 January 2026 and finally on 3 February 2026. The budget setting process cumulates in an updated gap being reported to Council on 11 February 2026.
- 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 £4.649m over the next five years. £1.599m of this is in 2026/27 and whilst the overall strategy is to have a balanced five year plan the focus of attention will be on this first year.

Detail	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	2030/31 (£000's)	Total (£000's)
Income	95	(143)	(236)	(295)	(305)	(884)
Expenditure	1,504	1,026	928	845	1,230	5,533
<b>Gap</b>	<b>1,599</b>	<b>883</b>	<b>692</b>	<b>550</b>	<b>925</b>	<b>4,649</b>

## Income

- 5.5 A provision for income losses of £0.100m has been built in for each year of the MTFS. An assumed annual increase in fees and charges has also been included of 3.8% for 2026/27 and 3% for each year thereafter.

Detail	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	2030/31 (£000's)	Total (£000's)
National Insurance	233	-	-	-	-	233
Settlement Funding Assessment	126	454	472	(78)	(79)	895
Recovery Grant/ Allowance for Funding Impact	-	(398)	(500)	-	-	(898)
Fees and Charges	(364)	(299)	(308)	(317)	(326)	(1,614)
Income Pressures	100	100	100	100	100	500
<b>Total</b>	<b>95</b>	<b>(143)</b>	<b>(236)</b>	<b>(295)</b>	<b>(305)</b>	<b>(884)</b>

## Government Grant

- 5.6 Funding received and retained by the Council in 2025/26 that is subject to redistribution under the Fair Funding Review amounts to £9.360m, including the benefits referred to at 2.17, for 2026/27 this will amount to £9.234m – a reduction in funding of £0.126m. With further reductions of £0.454m in 2027/28 and £0.472m in 2028/29. As part of the 2025/26 budget setting £0.500m was set aside to contribute to this anticipated reduction, it is anticipated that this will be utilised in 2027/28 and 2028/29.

## 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 3% of the Council's retained Business Rates in each year resulting from development within the Borough.

## Council Tax

- 5.9 The Council has a housing market supply requirement of 3,718 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 £1.599m have been identified for 2026/27 enabling a balanced position to be proposed. A further £2.641m has been identified to close the gap for the remainder of the MTFS.

Detail	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	2030/31 (£000's)	Total (£000's)
Income	87	119	50	50	50	356
Staffing Related	781	-	-	-	-	781
Good Housekeeping	66	275	50	50	50	491
Tax Base	212	264	348	317	267	1,408
Council Tax Increase	179	182	186	190	193	930
Other Financing	274	-	-	-	-	274
<b>Total</b>	<b>1,599</b>	<b>840</b>	<b>634</b>	<b>607</b>	<b>560</b>	<b>4,240</b>

## Expenditure

- 5.12 Employee pressures relate to assumed pay awards of 3%, pension contributions at a rate of 19% of salaries (reduced from 22%) and national insurance contributions at a rate of 15% of salaries for 2026/27 and for all years thereafter. For 2025/26 a pay award of 3.5% was assumed, the actual pay award has been confirmed as 3.2% resulting in a saving of £0.054m, this has been reflected in the MTFS.
- 5.13 Changes to Employers National Insurance Contribution rates and the associated thresholds for 2025/26 amounted 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, as such a pressure of £0.233m for 2026/27 has been recognised.
- 5.14 A small number of new pressures facing the Council in 2026/27 have also been provided for, these include an allowance for costs associated with Local Government Re-organisation amounting to £0.400m (decreasing to £0.200m in 2027/28 and nil in 2028/29) and temporary accommodation demands (£0.194m).

Detail	2026/27 (£000's)	2027/28 (£000's)	2028/29 (£000's)	2029/30 (£000's)	2030/31 (£000's)	Total (£000's)
Employees	649	726	708	714	731	3,528
Premises	65	53	55	56	58	288
Transport	21	17	17	18	18	91
Financing	90	175	38	(4)	363	662
Pressures	679	55	110	60	60	964
<b>Total</b>	<b>1,504</b>	<b>1,026</b>	<b>928</b>	<b>845</b>	<b>1,230</b>	<b>5,533</b>

## 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 2026/27 to 2028/29 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 £110.010m including major investment into the Borough via external funding in terms of 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 £31.279m by 2027/28 based on the 3 year Capital Programme for 2026/27 to 2028/29, the Capital Financing Requirement at 31 March 2025 (£19.893m) and the Capital Financing Requirement for capital expenditure during the current financial year and the financial years 2026/27 to 2028/29 (£11.386m).

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

- 6.1 There continues to be 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 2026/27 to 2030/31.

### **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 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.
- 7.4 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).
- 7.5 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.
- 7.6 The One Digital Council will focus on the delivery of the Digital Agenda and the continuous improvement of services via technology.
- 7.7 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**

- 7.8 The Council's Commercial Strategy was updated and approved by Full Council in February 2025. 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.
- 7.9 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.
- 7.10 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
- 7.11 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**

- 7.12 The Council's updated Asset Management Strategy for 2023-2028 was approved by Council in February 2025 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.

- 7.13 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 those that are operational and those that are commercial.
- 7.14 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 2026 and 31 March 2027 are as follows:

<b>Reserve/Fund</b>	<b>Balance 31.3.25 (£'000's)</b>	<b>Forecast Balance 31.3.26 (£'000's)</b>	<b>Forecast Balance 31.3.27 (£'000's)</b>
General Fund	2,007	2,007	2,225
Walleys Quarry Reserve	591	441	400
Budget and Borrowing Support Fund	503	440	520
Budget Support Fund (Local Plan)	185	-	100
Budget Support Fund (Homelessness)	324	152	102
Civic Growth Fund	19	-	-
Conservation & Heritage Fund	31	20	20
Mayor's Charity Fund	7	-	-
Museum Purchases Fund	34	55	65
Business Rates Reserve	1,363	2,675	1,914
Elections Reserve	129	179	-
Small Repairs Reserve	28	-	-
Maintenance Fund	283	200	200
Waste & Recycling Reserve	-	329	250
Planning Appeals Reserve	-	100	100
Clayton Community Centre Fund	13	8	8
<b>Totals</b>	<b>5,517</b>	<b>6,606</b>	<b>5,904</b>

- 8.2 A full reserves risk assessment is completed as part of the 2026/27 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 in the event that the Fair Funding Review varies significantly from the Council's estimates. A deficit relating to 2024/25 and 2025/26 will be repayable by the Council in 2026/27 – the reduced forecast balance at 31 March 2027 of the reserve reflects this repayment.

## 9. Capital Strategy

- 9.1 The Council agreed its Capital Strategy and ten year Capital Programme 2025/26 to 2034/35 in February 2025, this is refreshed on an annual basis as part of the 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 Council's 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 2026/27 to 2035/36 provides for investment into the Borough. This programme will be funded by capital receipts, significant external contributions (Town Deals) 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 2025/26 in February 2025, the strategy for 2026/27 will be updated alongside the proposed budget and capital programme as part of the 2026/27 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 £31.279m by 2028/29 based on the 3 year Capital Programme for 2026/27 to 2028/29, the Capital Financing Requirement at 31 March 2025 (£19.893m) and the Capital Financing Requirement for capital expenditure during the periods below (£11.386m).

<b>Funding Stream</b>	<b>Capital Receipts (£000's)</b>	<b>External Contributions (£000's)</b>	<b>Borrowing (£000's)</b>	<b>Regeneration Borrowing (£000's)</b>	<b>Total (£000's)</b>
2025/26	1,530	26,590	7,515	-	<b>35,635</b>
2026/27	5,050	16,583	1,634	47,225	<b>70,492</b>
2027/28	4,350	3,871	3,217	23,035	<b>34,473</b>
2028/29	17,717	1,675	(980)	(13,367)	<b>5,045</b>
<b>Total</b>	<b>28,647</b>	<b>48,719</b>	<b>11,386</b>	<b>56,893</b>	<b>145,645</b>

## 11. Budget Preparation Timetable

11.1 Work on the development of budget proposals for 2026/27 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 2026.

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.

## **Appendix A – Summary of Refreshed MTFS Assumptions**

<b>Detail</b>	<b>2026/27 (£000's)</b>	<b>2027/28 (£000's)</b>	<b>2028/29 (£000's)</b>	<b>2029/30 (£000's)</b>	<b>2030/31 (£000's)</b>	<b>Total (£000's)</b>
Employees	649	726	708	714	731	3,528
Premises	65	53	55	56	58	288
Transport	21	17	17	18	18	91
Financing	90	175	38	(4)	363	662
Pressures	679	55	110	60	60	964
Income	95	(143)	(236)	(295)	(305)	(884)
<b>Total</b>	<b>1,599</b>	<b>883</b>	<b>692</b>	<b>550</b>	<b>925</b>	<b>4,649</b>
<b>Savings</b>						
Income	87	119	50	50	50	356
Staffing Related	781	-	-	-	-	781
Good Housekeeping	66	275	50	50	50	491
Tax Base	212	264	348	317	267	1,408
Council Tax Increase	179	182	186	190	193	930
Other Financing	274	-	-	-	-	274
<b>Total</b>	<b>1,599</b>	<b>840</b>	<b>634</b>	<b>607</b>	<b>560</b>	<b>4,240</b>
<b>Gap/(Surplus)</b>	<b>-</b>	<b>43</b>	<b>58</b>	<b>(57)</b>	<b>365</b>	<b>409</b>

This page is intentionally left blank

# Capital Strategy

2026 to 2036



# Contents

Introduction	3
Key Objectives and Priorities	4
Factors Influencing the Capital Programme	5
Links with Other Strategies, Policies and Plans	5
External Influences, Partners and Consultation with Other Interested Parties	6
Resources Available to Finance Capital Investment	7
Revenue Implications	8
Appraisal and Prioritisation of Investment Proposals	9
Monitoring Arrangements and Project Management	9
Statutory Framework	10
Legal and Regulatory Requirements	10
Prudential Indicators	11
Procurement	12
Future Capital Programme	12
Annex A – Definition of Capital Expenditure included in the Code of Practice on Local Authority Accounting in the United Kingdom	14
Annex B – 2026/27 to 2035/36 Capital Programme	15
Annex C – Prudential Indicators	16

## 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 2025/26 has been undertaken to identify any projects that may need to be re-profiled from 2025/26 into future years. This was approved by Cabinet on 2 December 2025.

The revised 2025/26 Capital Programme totals £35.635m 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	0.922
A Successful and Sustainable Growing Borough	17.658
Healthy, Active and Safe Communities	5.205
Capital Contingency	0.481
Town Centres for all	11.369
<b>Total</b>	<b>35.635</b>

Full Council will consider a capital programme to continue investment beyond 2025/26 on 11 February 2026.

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%, every £100,000 of such capital receipts or reserve balances used will cost £4,000 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 £9,000/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

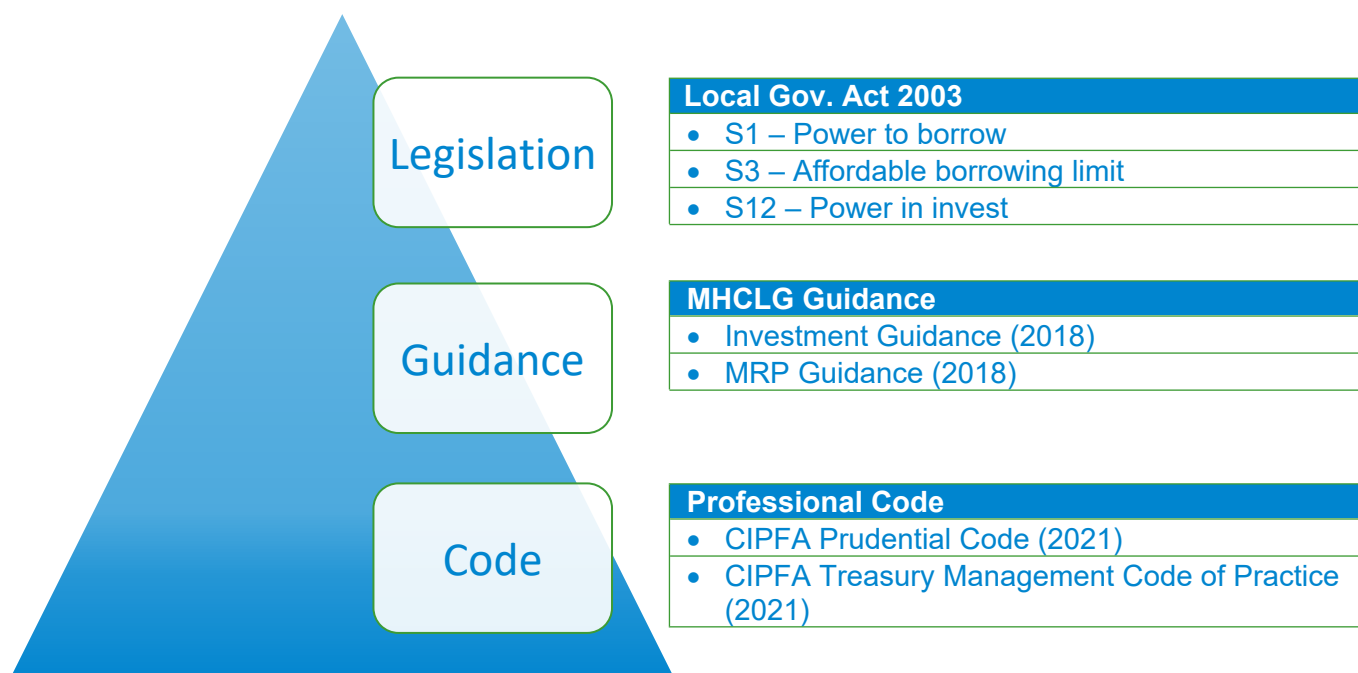
The Council's capital investment is carried out within the statutory framework laid down by the Local Government Act 2003 and regulations under that Act. Accordingly, only expenditure which fits the definition of capital expenditure contained in the Act or Regulations pursuant to it will be capitalised.

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



# 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 (2026/27 to 2035/36) 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 2026/27 to 2035/36 it is estimated that this expenditure will total £142.342m. 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 £31.279m by 2028/29 based on the 3-year Capital Programme for 2026/27 to 2028/29, the Capital Financing Requirement at 31 March 2025 (£19.893m) and the Capital Financing Requirement for capital expenditure during the current financial year and the financial years 2026/27 to 2028/29 (£11.386m).

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 costs to the revenue budget relating to minimum revenue provision and interest payable on borrowings will be around £16.163m over 10 years, with the costs in each year 2026/27 to 2035/36 being as shown below:

Year	Total £m	Year	Total £m
2026/27	1.037	2031/32	1.820
2027/28	1.211	2032/33	1.889
2028/29	1.249	2033/34	1.960
2029/30	1.245	2034/35	2.034
2030/31	1.608	2035/36	2.110
		<b>Total</b>	<b>16.163</b>

A capital programme for 2026/27 to 2028/29 totalling £110.010m will be recommended to Full Council on 11 February 2026, 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 2025/26 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 – 2026/27 to 2035/36 Capital Programme

CAPITAL PROGRAMME	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
<b>PRIORITY - One Council Delivering for Local People</b>											
Neighbourhood Delivery	5,000	5,000	5,000	25,000	5,000	5,000	5,000	5,000	5,000	5,000	70,000
ICT	700,000	75,000	346,000	431,000	121,000	31,000	31,000	31,000	31,000	31,000	1,828,000
<b>Total</b>	<b>705,000</b>	<b>80,000</b>	<b>351,000</b>	<b>456,000</b>	<b>126,000</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>1,898,000</b>
<b>PRIORITY - A Successful and Sustainable Growing Borough</b>											
Housing	3,096,363	1,770,000	1,770,000	2,095,000	2,095,000	2,095,000	2,095,000	2,095,000	2,095,000	2,095,000	21,301,363
Property	402,317	-	277,510	-	7,280	-	-	-	-	-	687,107
Facilities Management	534,904	560,475	188,543	310,000	724,742	172,500	172,500	150,000	150,000	150,000	3,113,664
Regeneration	53,826,311	23,034,760	-	-	-	-	-	-	-	-	76,861,071
<b>Total</b>	<b>57,859,895</b>	<b>25,365,235</b>	<b>2,236,053</b>	<b>2,405,000</b>	<b>2,827,022</b>	<b>2,267,500</b>	<b>2,267,500</b>	<b>2,245,000</b>	<b>2,245,000</b>	<b>2,245,000</b>	<b>101,963,205</b>
<b>PRIORITY - Healthy, Active and Safe Communities</b>											
Environmental Health	-	-	-	12,000	-	-	-	-	-	-	12,000
Streetscene	542,419	130,000	130,000	130,000	155,000	130,000	130,000	130,000	130,000	130,000	1,737,419
Bereavement Services	141,950	5,000	5,000	10,000	1,530,000	5,000	5,000	5,000	5,000	5,000	1,716,950
Recycling and Fleet Services	3,049,661	6,279,419	2,323,428	2,086,514	6,874,835	700,000	700,000	700,000	700,000	700,000	24,113,857
Leisure	1,604,998	1,373,936	-	-	-	-	-	-	-	-	2,978,934
Engineering Works	200,000	-	-	-	95,000	-	-	-	-	-	295,000
<b>Total</b>	<b>5,539,028</b>	<b>7,788,355</b>	<b>2,458,428</b>	<b>2,238,514</b>	<b>8,654,835</b>	<b>835,000</b>	<b>835,000</b>	<b>835,000</b>	<b>835,000</b>	<b>835,000</b>	<b>30,854,160</b>
<b>PRIORITY - Town Centres for All</b>											
Town Deal - Newcastle	3,432,755	-	-	-	-	-	-	-	-	-	3,432,755
Town Deal - Kidsgrove	1,955,030	1,239,313	-	-	-	-	-	-	-	-	3,194,343
<b>Total</b>	<b>5,387,785</b>	<b>1,239,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,627,098</b>
<b>CONTINGENCY</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>
<b>TOTAL</b>	<b>70,491,708</b>	<b>34,472,903</b>	<b>5,045,481</b>	<b>5,099,514</b>	<b>11,607,857</b>	<b>3,138,500</b>	<b>3,138,500</b>	<b>3,116,000</b>	<b>3,116,000</b>	<b>3,116,000</b>	<b>142,342,463</b>
<b>FUNDING</b>											
Capital Receipts	5,050,000	4,350,000	4,350,000	4,350,000	550,000	550,000	550,000	550,000	550,000	550,000	21,400,000
Regeneration Receipts	-	-	13,367,039	27,267,825	32,684,253	-	-	-	-	-	73,319,117
External Contributions	16,582,528	3,871,155	1,675,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	36,128,683
Borrowing	1,633,832	3,216,988	(979,519)	(1,250,486)	5,998,848	588,500	588,500	566,000	566,000	566,000	11,494,663
Regeneration Borrowing	47,225,348	23,034,760	(13,367,039)	(27,267,825)	(29,625,244)	-	-	-	-	-	-
<b>TOTAL</b>	<b>70,491,708</b>	<b>34,472,903</b>	<b>5,045,481</b>	<b>5,099,514</b>	<b>11,607,857</b>	<b>3,138,500</b>	<b>3,138,500</b>	<b>3,116,000</b>	<b>3,116,000</b>	<b>3,116,000</b>	<b>142,342,463</b>

## Annex C – Prudential Indicators

### Capital Prudential Indicators

#### *Actual and Estimate of Capital Expenditure*

31/03/25 Actual (£000's)	31/03/26 Estimate (£000's)	31/03/27 Estimate (£000's)	31/03/28 Estimate (£000's)	31/03/29 Estimate (£000's)
26,236	35,635	70,492	34,473	5,045

#### *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:

31/03/25 Actual (£000's)	31/03/26 Estimate (£000's)	31/03/27 Estimate (£000's)	31/03/28 Estimate (£000's)	31/03/29 Estimate (£000's)
19,893	27,408	29,041	32,258	31,279

The amounts shown above from 2025/26 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):

	2024/25 Actual (£000's)	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)	2027/28 Estimate (£000's)	2028/29 Estimate (£000's)
<b>Debt (non Regeneration)</b>	Nil	7,514	14,041	17,258	16,279
<b>Capital Financing Requirement</b>	19,893	27,408	29,041	32,258	31,279
<b>Debt Relating to Regeneration Projects</b>	Nil	Nil	47,225	70,260	56,893

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term whereby capital receipts are expected. As can be seen from the table above, the Council expects to comply with this in the medium term, for information purposes debt relating to regeneration projects, for which capital receipts are expected from 2028/29 onwards is shown separately.

## 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:

	2024/25 Actual (£000's)	2025/26 Budget (£000's)	2026/27 Estimate (£000's)	2027/28 Estimate (£000's)	2028/29 Estimate (£000's)
<b>Net Revenue Stream</b>	17,026	19,730	19,730	19,730	19,730
<b>Financing Costs</b>	(390)	947	1,037	1,211	1,249
<b>Ratio</b>	(2.29%)	4.80%	5.26%	6.14%	6.33%

## 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	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)	2027/28 Estimate (£000's)	2028/29 Estimate (£000's)
<b>Borrowing</b>	55,000	100,000	125,000	150,000
<b>Other long term liabilities</b>	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	2025/26 Estimate (£000's)	2026/27 Estimate (£000's)	2027/28 Estimate (£000's)	2028/29 Estimate (£000's)
<b>Debt</b>	75,000	120,000	145,000	170,000
<b>Other Long Term Liabilities</b>	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
<b>2025/26</b>	100%	0%	100%	0%
<b>2026/27</b>	100%	0%	100%	0%
<b>2027/28</b>	100%	0%	100%	0%
<b>2028/29</b>	100%	0%	100%	0%

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

	Borrowing		Investments	
	Upper	Lower	Upper	Lower
<b>2025/26</b>	100%	0%	100%	0%
<b>2026/27</b>	100%	0%	100%	0%
<b>2027/28</b>	100%	0%	100%	0%
<b>2028/29</b>	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.

This page is intentionally left blank



# Treasury Management Strategy

2026/27



## Contents

Introduction	3
Economic Situation	3
Borrowing Strategy	5
Treasury Investment Strategy	7
Treasury Management Prudential Indicators	10
Related Matters	12
Financial Implications	12
Other Options Considered	13
Annex A – Arlingclose Economic & Interest Rate Forecast November 2024	14
Annex B – Existing Investment & Debt Portfolio Position	16
Annex C – Minimum Revenue Provision Policy	17
Annex D – Treasury Management Glossary of Terms	19

## 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 impact on the UK from the government's Autumn Budget is likely to be one of the major influences on the Council's treasury management strategy for 2026/27. Other influences will include lower short-term interest rates alongside higher medium and longer-term rates, modest economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and ongoing geopolitical issues.

The Bank of England's Monetary Policy Committee (MPC) maintained Bank Rate at 4.00% in November 2025, following a 0.25% cut in August. At the November meeting, five members, including the Governor's deciding vote, supported holding rates steady, while four favoured a further reduction to 3.75%.

The accompanying Monetary Policy Report projected modest economic growth, with GDP expected to rise by 0.2% in the final calendar quarter of 2025. Annual growth is forecast to ease from 1.4% before improving again later, reflecting the delayed effects of lower interest rates, looser monetary conditions, stronger global activity, and higher consumer spending.

CPI inflation was 3.8% in September 2025, unchanged from the previous two months and below the 4.0% expected. Core CPI eased to 3.5% from 3.6%, contrary to forecasts of a rise to 3.7%. The Bank of England's November Monetary Policy Report projects inflation to fall from this level - expected to mark the peak - to 3.2% by March 2026, before steadily returning to the 2% target by late 2026 or early 2027.

The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to September 2025, the unemployment rate increased to 5.0%, while the employment rate slipped to 75.0% and the inactivity rate held at 21.0%. Pay growth for the same period eased modestly, with total earnings (including bonuses) rising by 4.8% and regular pay up 4.6%. Going forward, the Bank predicts the unemployment rate will increase modestly to around 5.0% by around the end of 2025 before trending downwards at a gradual pace.

The US Federal Reserve also continued to cut rates, most recently reducing the target range for the Federal Funds Rate by 0.25% at its October 2025 meeting, to 3.75%-4.00%, in line with expectations.

Financial markets anticipate a further 0.25% cut in December, although Chair Jerome Powell has cautioned that this is not guaranteed, signalling the Fed may pause before any additional easing. A factor influencing a potential pause is the ongoing government shutdown, which has delayed the publication of several important data releases used to inform monetary policy decisions.

The European Central Bank (ECB) kept its key interest rates unchanged in October for a third consecutive month, maintaining the deposit rate at 2.0% and the main refinancing rate at 2.15%. The ECB reiterated that future policy decisions will remain data-dependent, noting that inflation is close to its 2% target and that the euro area economy continues to expand despite a challenging global environment, including heightened geopolitical risks and trade tensions.

**Credit outlook:** Credit Default Swap (CDS) prices, which spiked in April 2025 following President Trump's 'Liberation Day' tariff announcements, have since trended lower, returning to levels broadly consistent with their 2024 averages. Although CDS prices rose modestly in October, the overall credit outlook remains stable, and credit conditions are expected to remain close to the range seen over the past two years.

While lower interest rates may weigh on banks' profitability, strong capital positions, easing inflation, steady economic growth, low unemployment, and reduced borrowing costs for households and businesses all support a favourable outlook for the creditworthiness of institutions on (the Council's treasury management advisor) Arlingclose's counterparty list. Arlingclose's advice on approved counterparties and recommended investment durations is kept under continuous review and will continue to reflect prevailing economic and credit conditions.

**Interest rate forecast (10<sup>th</sup> November 2025):** Arlingclose currently forecasts that the Bank of England's Monetary Policy Committee will continue to reduce Bank Rate through 2025 and 2026, reaching around 3.75%. This forecast was issued ahead of the Autumn Budget and is likely to be revised once the fiscal measures are announced on 26<sup>th</sup> November 2025 and their market implications are assessed.

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

## Local Context

On 14 January 2026, the Council held no borrowing and £8.93 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 (including borrowing relating to regeneration projects, for which capital receipts are expected from 2028/29 onwards) are shown in the balance sheet analysis in table below:

Balance Sheet Summary and Forecast	31/03/2025 Actual £m	31/03/2026 Forecast £m	31/03/2027 Forecast £m	31/03/2028 Forecast £m	31/03/2029 Forecast £m
General Fund CFR	19.9	27.4	29.0	32.3	31.3
Less: Existing external borrowing	0.0	0.0	(7.5)	(61.3)	(87.6)
Less: Usable reserves	(9.6)	(10.6)	(9.9)	(10.0)	(10.0)
Less: Working capital	(13.4)	(9.3)	42.2	65.3	52.0
<b>(New Investments or Cash)/ New external borrowing</b>	<b>(3.1)</b>	<b>7.5</b>	<b>53.8</b>	<b>26.3</b>	<b>(14.3)</b>

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 2026/27. Please note that this excludes borrowing in relation to regeneration projects for which it is anticipated that capital receipts will be received (hence no capital financing requirement).

**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 (note that this includes borrowing relating to regeneration projects, for which capital receipts are expected from 2028/29 onwards).

<b>Liability Benchmark</b>	<b>31/03/2025 Actual £m</b>	<b>31/03/2026 Forecast £m</b>	<b>31/03/2027 Forecast £m</b>	<b>31/03/2028 Forecast £m</b>	<b>31/03/2029 Forecast £m</b>
General Fund CFR	19.9	27.4	29.0	32.3	31.3
Less: Balance sheet resources	(23.0)	(19.9)	32.3	55.3	42.0
<b>Net loans requirement</b>	<b>(3.1)</b>	<b>7.5</b>	<b>61.3</b>	<b>87.6</b>	<b>73.3</b>
Plus: Liquidity Allowance	-	1.0	1.0	1.0	1.0
<b>Liquidity benchmark</b>	<b>(3.1)</b>	<b>8.5</b>	<b>62.3</b>	<b>88.6</b>	<b>74.3</b>

## 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 forecasts, in the table above, shows that the Council expects to borrow in 2026/27, in addition to undertaking 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 2026/27 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 £-0.1 million and £22.7 million. The highest figure of £22.7 million was invested in December 2024, when the Council received the yearly Disabled Facilities Grant in addition to holding 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 through 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**

	<b>Cash limit</b>
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.

<b>Credit risk indicator</b>	<b>Target</b>
------------------------------	---------------

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	(£184,690)
Upper limit on one-year revenue impact of a 1% fall in interest rates	£184,690

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	2025/26	2026/27	2027/28	2028/29	No Fixed Date
Limit on principal invested beyond year end	£25m	£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):** As the Council did not consistently hold the minimum requirement of £10m to retain professional client status, it returned to its previously held retail client status with its providers of financial services, including advisers and banks, allowing it access to a smaller range of services but with 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. The Council may upgrade their client status to professional if the requirements to do so are met during the year. This will allow a greater range of services but without the same level of regulatory protections provided by retail client status.

## Financial Implications

The budget for investment income in 2026/27 is nil. The revenue budget for debt interest paid in 2026/27 is £738,780. 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 2025

### *Underlying assumptions:*

- The economic data, monetary and fiscal commentary have heightened the downside risks to our Bank Rate forecast, making rate cuts beyond 3.75% increasingly likely. As noted in the September forecast, however, we expect the Budget on 26th November 2025 to be the deciding factor for the path for interest rates. We will therefore review our interest rate forecast after this event.
- The MPC maintained Bank Rate at 4.0% in a dovish 5-4 vote, but a cut to 3.75% looks increasingly likely as the Governor teeters precariously on the divide between the hold and cut camps. While denying the Budget was an influence on his decision, it surely played into his desire to have more information before easing policy.
- Inflation surprised by holding at 3.8% in September and is forecast to fall to 3.5% by year end. However, household inflation expectations have picked up, likely largely the result of the noticeable rise in food prices, feeding caution among some policymakers.
- While services inflation remains somewhat elevated, spare capacity has opened up in the labour market and wage growth is moderating, which should place further downward pressure on inflation. Continuation of the rapid growth in administered prices is also unlikely to occur to the same extent.
- Underlying GDP growth remains subdued. While H1 2025 has been relatively strong, Q3 GDP growth has slowed, with July/August's figures suggesting a lack of momentum. Business investment is lacklustre and private sector output constrained by weaker domestic demand and spending. Ongoing uncertainty over the global outlook is still discouraging capital investment, particularly in the manufacturing sector. Downside risks persist, most notably the high probability of a tighter fiscal environment after the Budget, which may place downward pressure on consumption and growth.
- A more hawkish fiscal stance and easing inflation expectations have delivered lower gilt yields for the government. Given the outlook for growth and inflation, the key risk for yields appears to be Labour getting its own party on side with broad-based tax rises. Failure to do so could once again undermine credibility and lift gilt yields. Other factors continue to influence yields, the persistence of which is difficult to estimate.

### Forecast:

- Bank Rate was retained at 4.0% in November. We continue to forecast a 0.25% rate cut in December to 3.75%.

- The UK Budget is an inflection point that may materially change the interest rate outlook. We will further review our interest rate forecast after this event; if in line with our expectations, our central forecast for Bank Rate will likely decrease below 3.75%.
- Short yields have declined to reflect a lower path for Bank Rate.
- Medium and long-term gilt yields have also declined but remain elevated for various reasons, both domestic and international. These issues may not be resolved quickly, but the UK Budget will be a key market driver.

	Current	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
<b>Official Bank Rate</b>													
<i>Upside risk</i>	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
<i>Downside risk</i>	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>3-mth money market rate</b>													
<i>Upside risk</i>	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	3.90	3.80	3.75	3.80	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
<i>Downside risk</i>	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>5-yr gilt yield</b>													
<i>Upside risk</i>	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	1.00
Arlingclose Central Case	3.94	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
<i>Downside risk</i>	0.00	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-1.00	-1.05	-1.10	-1.10	-1.10	-1.10
<b>10-yr gilt yield</b>													
<i>Upside risk</i>	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Arlingclose Central Case	4.47	4.45	4.45	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40
<i>Downside risk</i>	0.00	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-1.00	-1.05	-1.10	-1.10	-1.10	-1.10
<b>20-yr gilt yield</b>													
<i>Upside risk</i>	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Arlingclose Central Case	5.13	5.10	5.10	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
<i>Downside risk</i>	0.00	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95
<b>50-yr gilt yield</b>													
<i>Upside risk</i>	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Arlingclose Central Case	4.73	4.70	4.75	4.65	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70
<i>Downside risk</i>	0.00	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95

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

	14/1/2026 Actual Portfolio £m	14/1/2026 Average Rate %
<i>Treasury investments:</i>		
Banks & building societies (unsecured)	0.68	2.31
Government (incl. local authorities)	6.25	3.71
Money Market Funds	2.0	3.79
Total treasury investments	8.93	
Total external borrowing	0.0	
<b>Net investments</b>	<b>8.93</b>	



# 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.

This page is intentionally left blank

# Investment Strategy

2026/27



## Contents

Introduction	3
Treasury Management Investments	3
Service Investments: Loans	4
Service Investments: Shares	5
Commercial Investments: Property	6
Loan Commitments and Financial Guarantees	7
Proportionality	7
Borrowing in Advance of Need	8
Capacity, Skills and Culture	8
Investment Indicators	9



# 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 2026/27 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 2026/27 for treasury management investments are covered in a separate document, the Treasury Management Strategy.

## Service Investments: Loans

**Contribution:** During 2024/25 and 2025/26 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	31/03/2025 Actual			2026/27
	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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,000</b>

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	31/03/2025 actual			2026/27
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Suppliers	0	0	0	250
Local businesses	0	0	0	250
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>

**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 2025 is £15.349m.

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 a return from investment property activity in terms of rentals 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*

	2022/23 Actual (£000's)	2023/24 Actual (£000's)	2024/25 Actual (£000's)	2025/26 Estimate (£000's)
<b>Commercial Properties</b>				
Gross Income	1,018	1,011	1,024	982
Gross Expenditure - Excluding Capital Charges	(1,054)	(1,153)	(1,117)	(860)
<b>Net Income / (Expenditure)</b>	<b>(36)</b>	<b>(142)</b>	<b>(93)</b>	<b>122</b>
Net Service Expenditure (Whole Council)	(15,261)	(16,850)	(17,026)	(19,780)
<b>Ratio of Net Income to Net Service Expenditure</b>	<b>(0.24%)</b>	<b>(0.84%)</b>	<b>(0.55%)</b>	<b>0.62%</b>

### *Gross and Net Income - Over Period of Approved Medium Term Financial Strategy 2026/27 to 2030/31 (Based on 3% increase on 2025/26)*

	2026/27 Estimate (£000's)	2027/28 Estimate (£000's)	2028/29 Estimate (£000's)	2029/30 Estimate (£000's)	2030/31 Estimate (£000's)
Gross Income	1,011	1,042	1,073	1,105	1,138
Gross Expenditure	(886)	(912)	(940)	(968)	(997)
<b>Net Income</b>	<b>125</b>	<b>130</b>	<b>133</b>	<b>137</b>	<b>141</b>

### *Vacancy Levels*

2022/23 Actual (%)	2023/24 Actual (%)	2024/25 Actual (%)	2025/26 Actual at Q2 (%)
9.4	8.8	9.4	9.4

This page is intentionally left blank



# Commercial Strategy 2026 to 2031



# Contents

Introduction	3
Key objectives and priorities	3
Vision	3
Strategy outcomes	4
What 'commercial' means to us?	4
Benefits	5
Objectives	6
Culture	6
Developing the programme and our priorities	6
How will we realise our strategic outcomes?	7
How will we make this happen?	8
How does the strategy support our organisational goals?	8
What is the governance structure?	9
How will risks be measured?	9
What are the tools and structures we will use?	9
How will we fund and resource the journey?	9



## 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



## NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

### CORPORATE LEADERSHIP TEAM'S REPORT TO COUNCIL

11<sup>th</sup> February 2026

**Report Title:** Publication of a Pay Policy Statement for 2025/26

**Submitted by:** Chief Executive

**Portfolios:** One Council, People and Partnerships; Finance, Town Centres and Growth

**Ward(s) affected:** All wards

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u></b> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
To invite Council to approve the Pay Policy Statement for 2026/27	
<b><u>Recommendation</u></b>  That Council:  <b>1. Approves the content of the Pay Policy Statement for 2026/27, as set out at Appendix A, with a view to this being published on the Council's website by 31<sup>st</sup> March 2026.</b>	
<b><u>Reasons</u></b>  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 remuneration 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 2026/27, as set out at Appendix A with a view to this being published on the council's website by 1<sup>st</sup> April 2026.

#### **Reasons**

- 3.2 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.

### 4. **Options Considered**

- 4.1 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.

### 5. **Legal and Statutory Implications**

- 5.1 Preparation of a Pay Policy Statement for 2026/7 is a requirement under section 38(1) of the Localism Act 2011.
- 5.2 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.
- 5.3 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 2026.
- 5.4 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).
- 5.5 An authority may amend its Pay Policy Statement in-year and this also requires a resolution of full council.

### 6. **Equality Impact Assessment**

- 6.1 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 policies and processes.

### 7. **Financial and Resource Implications**

- 7.1 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

## 8. **Major Risks & Mitigation**

8.1 N/A

## 9. **UN Sustainable Development Goals (UNSDG)**



### 1. **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.*

- 11.1 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.

## 10. **Key Decision Information**

10.1 N/A

## 11. **Earlier Cabinet/Committee Resolutions**

11.1 N/A

## 1. **List of Appendices**

11.2 Appendix A – Proposed Pay Policy Statement

## 12. **Background Papers**

- 12.1** Ministry of Housing, Communities & Local Government – Openness and Accountability in local pay: Draft guidance under Section 40 of the Localism Act.
- 12.2** Local Government Association (LGA) and Association of Local Authority Chief Executives & Senior Managers (ALACE) – Localism Act Pay Policy Statements Guidance for Local Authority Chief Executives.

## **Newcastle-under-Lyme Borough Council** **Pay Policy Statement – 2026/27**

### **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 31<sup>st</sup> 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 1<sup>st</sup> April 2026 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 3.2% on all points and allowances (pro rata for part-time and term time only employees) effective from 1<sup>st</sup> April 2025.

Chief Officers (statutory and non statutory) and Chief Executive Officers were also awarded an uplift of 3.2% effective from 1<sup>st</sup> April 2025

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.

4 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 £123,266.10. There is no incremental point range. This does not include payments the Chief Executive may receive as the Council's Returning Officer/Acting Returning Officer for elections.
- 2) Deputy Chief Executive. The salary of this post falls within a range of 4 incremental points between £99,672.69 and £106,182.50
- 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 £72,258.32 and £78,827.26. 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 Head of Service scale which has a range of 3 incremental points between £63,510.68 and £70,346.75 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) Should the Government enact Local Government Reorganisation, a further senior post focused on activity is likely to be needed on a temporary basis following any announcement by Ministers. This will be funded from the Council's reserves set aside for LGR in 2026/2027 and reviewed as any programme progresses.

### **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 £12.71 (for those age 21 and over from April 2026)

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 1:5.04
- the median (average) full time equivalent earnings and average chief officer as 1:2.7

**Date of Statement: 20<sup>th</sup> January 2026**



**Figure 1****NJC SALARY SCALES****Salary Scales as at 01/04/2025**

	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
<b>1 month notice</b>	Grade 2				24 (177.6 hours)	4 (29.6 hours)	28 (207.2 hours)	Main section 50/50
		2	24,413	12.65				5.8% 2.90%
	Grade 3	3	24,796	12.85				5.8% 2.90%
		4	25,185	13.05				5.8% 2.90%
	Grade 4	5	25,583	13.26				5.8% 2.90%
		6	25,989	13.47				5.8% 2.90%
	Grade 5	7	26,403	13.69				5.8% 2.90%
		8	26,824	13.90				5.8% 2.90%
		9	27,254	14.13				5.8% 2.90%
		10	27,694	14.35				5.8% 2.90%
		11	28,142	14.59				5.8% 2.90%
	Grade 6	12	28,598	14.82	24 (177.6 hours)	5 (37 hours)	29 (214.6 hours)	6.5% 3.25%
		13	29,540	15.31				6.5% 3.25%
		14	30,024	15.56				6.5% 3.25%
		15	30,518	15.82				6.5% 3.25%
		16	31,022	16.08				6.5% 3.25%
	Grade 7	17	31,537	16.35				6.5% 3.25%
		18	32,061	16.62				6.5% 3.25%
		19	32,597	16.90				6.5% 3.25%
		20	33,143	17.18				6.5% 3.25%
		21	33,699	17.47				6.5% 3.25%
	Grade 8	22	34,434	17.85	26 (192.4 hours)	5 (37 hours)	31 (229.4 hours)	6.5% 3.25%
		23	35,412	18.35				6.5% 3.25%
		24	36,363	18.85				6.5% 3.25%
		25	37,280	19.32				6.5% 3.25%
	Grade 9	26	38,220	19.81				6.5% 3.25%
		27	39,152	20.29				6.5% 3.25%
		28	39,862	20.66				6.5% 3.25%
	Grade 10	29	40,777	21.14				6.5% 3.25%
		30	41,771	21.65				6.5% 3.25%
		31	42,839	22.20				6.5% 3.25%
<b>2 month's notice</b>	Grade 11	32	44,075	22.85	28 (207.2 hours)	5 (37 hours)	33 (244.2 hours)	6.5% 3.25%
		33	45,091	23.37				6.5% 3.25%
		34	46,142	23.92				6.8% 3.40%
	Grade 12	35	47,181	24.46				6.8% 3.40%
		36	48,226	25.00				6.8% 3.40%
		37	49,282	25.54				6.8% 3.40%
		38	50,269	26.06				6.8% 3.40%
	Grade 13	39	51,356	26.62				6.8% 3.40%
<b>3 month's notice</b>		40	52,413	27.17				6.8% 3.40%
		41	53,460	27.71				6.8% 3.40%
		42	54,495	28.25				6.8% 3.40%
		43	55,601.44	28.82				6.8% 3.40%
	Grade 14	44	56,742.03	29.41				6.8% 3.40%
		45	57,907.90	30.02				6.8% 3.40%

**Figure 2**  
**Chief Officer Pay**

<b>JNC Salary Scales - April 2025</b>			
<b>SCP</b>	<b>£ per annum</b>	<b>£ per hour</b>	
Point 1	63,510.68	32.92	Heads of Service
Point 2	66,928.72	34.69	
Point 3	70,346.75	36.46	
Point 1	72,258.32	37.45	Service Directors
Point 2	76,090.20	39.44	
Point 3	78,827.26	40.86	
EXD-1	99,672.69	51.66	Executive Directors
EXD-2	101,843.72	52.79	
EXD-3	104,012.57	53.91	
EXD-4	106,182.50	55.04	
CEO	123,266.13	63.89	Chief Executive