



**NEWCASTLE
UNDER LYME**
BOROUGH COUNCIL

Medium Term Financial Strategy

2025/26 – 2029/30



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Medium Term Financial Strategy 2025/26 to 2029/30

1. Corporate Plan

- 1.1 The Council Plan for 2022-2026 sets out the Council's priorities for the next four years and serves to focus the work of everyone at the Council.
- 1.2 The Council Plan is shaped around our four key priorities:
 - One Council Delivering for Local People
 - A Successful and Sustainable Growing Borough
 - Healthy, Active and Safe Communities
 - Town Centres for All
- 1.3 The Council 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 Kidsgrove.
- 1.5 The Council has worked hard to secure more than £50m from government programmes aimed at boosting the economic fortunes of areas such as ours. This plan includes a transformational portfolio of major projects but also reflects our ambition to attract yet more funding and take this work even further.

2. Financial Strategy

- 2.1. A sound financial strategy is key to the delivery of the Corporate Plan and financial resilience.
- 2.2. There are five key strands to the strategy:
 - A financially self-sustaining Council
 - Value for Money
 - Everyone's responsibility culture
 - Underpinned by robust financial position
 - Ensuring a fair financial settlement for Newcastle-under-Lyme

Financially Sustainable Council

- 2.3. The change in the balance of funding to local authorities has shifted over the last ten years. The reduced Revenue Support Grant awarded by Government has been replaced by income from retained Business Rates and Council Tax. This has led to a need for local authorities to increase self-financing with a need to promote and grow the local economy and Council Tax bases to provide prosperity and reduce need alongside delivering efficiencies and generating more income.
- 2.4 Newcastle-under-Lyme has a growing population, but in recent decades it has seen low levels of house building which have not kept up with housing demand. The resulting affordability gap for residents influenced by the cost of living puts pressure on our homelessness and temporary accommodations services but also has the risk of dampening council tax income.

- 2.5 Newcastle-under-Lyme's industrial and retail sectors have remained healthy in recent times and the business rates base has grown significantly (rateable value of £101.912m for 2024/25) since the borough joined the Staffordshire business rates pool in 2013/14 (rateable value of £83.842m).
- 2.6 Alongside the growth in the tax base the rates need to keep base with the Council's inflationary and demand pressures, whilst also reflecting the financial pressures facing our residents. Accordingly the MTFs assumes annual inflationary increases in the tax base.

Value for Money

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

Culture

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

Robust Financial Position

- 2.9 There needs to be clear, transparent and integrated service and budget planning to ensure the Council's finite resources are directed to where they are most needed. It is essential that the finances are understood by members, senior officers, managers and the community. The finances need to be sustainable. A single year budget is not enough, the finances need to be planned over the medium term and good practice is for this term to be five years.
- 2.10 The budgets need to be robust with realistic savings plans to avoid in year volatility. The five year plan needs to recognise all future pressures and income flows. Local Government is a dynamic environment with many demand led services and the growth in demand for services needs to be accurately modelled. The same applies on the income side with a clear understanding required of changes to the Council Tax and Business Rates tax bases and the level of Government support.
- 2.11 There is inevitably a gap between the two or the need to invest in priority areas which will need to be met by changing the way in which the Council operates. This will be through delivery of efficiencies, reducing services or generating more income. All of these measures need to be realistic with appropriate processes in place to ensure their delivery.
- 2.12 Finally, the Council needs to hold an appropriate level of reserves to ensure that it can continue to deliver its objectives in times of financial uncertainty. These reserves will cover the smoothing of spend areas that are known to move from year to year, for specific and general risks and a general provision for unknown risks.
- 2.13 Much work has been done to put the Council's finances on a robust sustainable footing. Undeliverable savings and historical overspends have been built back into the base budget, there is a more focussed view of the medium term and there is a far more realistic assessment of future demographic pressures and investment needs. In addition, a 'Ten Year Capital Strategy' has ensured that decision making considers

this wider, long term context. This Strategy will set out how this approach can be taken further forward.

A Fair Financial Settlement for Newcastle-under-Lyme

- 2.14 The Government introduced its Business Rates Retention model for funding local government in 2013/14. It however relied on the historical needs data and damping arrangements from the previous model. At the time government committed to address both of these issues and also set out plans to reset the business rates growth on a regular basis.
- 2.15 Government has been developing Fair Funding proposals to remedy the position, this is now overdue and local authorities have been disadvantaged by both the lack of an update of the underlying data and the damping arrangements. Implementation was held up due to the Covid-19 pandemic and it is currently unclear when the new Government will press ahead with plans for a business rates reset which would see the accumulated growth built up since 2013/14 being redistributed across the system.
- 2.16 As a member of the Staffordshire Business Rates Pool the Council currently saves £0.814m per annum in levy payments which would be payable to the Treasury if the Council ceased to be part of a pooling arrangement. In addition to this, growth within the Borough has enabled a further £2.705m of business rates income to be retained by the Council (this has been recognised in previous savings) over and above the funding baseline set by Central Government. In the event that a business rates reset goes ahead strong lobbying will be required to ensure that appropriate transitional arrangements are in place to cushion the impact locally.
- 2.17 The MTFs assumes that a business rates reset will occur during the medium term with a strong likelihood of this taking place during the 3 year period 2025/26 to 2027/28. Initial forecasts assume that this reset will eliminate around half of the benefit that the Council current incurs from the scheme. The MTFs phases the loss over a 3 year period and assumes utilisation of the Business Rates reserve to assist with the transition if the reset occurs in 2025/26 or 2026/27. The Business Rates reserve was established to be utilised in this way.
- 2.18 Finally the Council has been successful in ensuring that significant resources required to regenerate the borough have been secured via Town Deals and Future High Street Fund (a number of projects are well underway). The Council will continue to work to secure inward investment in the borough to drive growth and employment opportunities for local people.

3. Economic Context (at October 2024)

- 3.1 UK inflation fell to around the Bank of England's target, dropping from 3.2% in March to 2.0% in May, then rising slightly to 2.2% in July and August. Core inflation remained higher at 3.6% for general goods and 5.6% for services. The UK economy grew more slowly, expanding by 0.5% in the second quarter, down from 0.7% in the first, and showed no growth in July. The job market is easing, with unemployment dropping to 4.1% and employment rising to 74.8%. Average regular earnings increased by 5.1%, leading to real pay rises when adjusted for inflation.
- 3.2 In response to lower inflation, the Bank of England reduced interest rates from 5.25% to 5.00% in August, maintaining this rate in September, though concerns about persistent inflation remain. They expect the economy to grow through 2024 but predict inflation will rise again before falling below 2% by 2025.

- 3.3 The US Federal Reserve cut interest rates to a range of 4.75% to 5.00% in September, with plans for further cuts in the coming years. Meanwhile, the European Central Bank reduced its main interest rates to 3.65% in September, but hasn't provided a clear future path for rates, anticipating inflation to stay above 2% until 2026.
- 3.4 Sentiment in financial markets mostly improved, but bond yields remained quite unpredictable. While yields generally increased early on, they later settled close to where they began. This meant bond investors faced a lot of ups and downs due to various economic and global events.
- 3.5 For example, the yield on the 10-year UK government bond started at 3.94% and ended at 4.00%, peaking at 4.41% in May and dropping to 3.76% in mid-September. Similarly, the 20-year bond yield rose from 4.40% to 4.51%, reaching a high of 4.82% in May and a low of 4.27% in mid-September. Throughout this period, the average overnight interest rate was 5.12%.

4. Borough Profile

- 4.1 Newcastle-under-Lyme has a population of 128,100 (2023 mid year estimate), an increase of 5000, or 4.1%, since the 2021 mid year estimate. This is a far larger increase than for the national, regional or county – England's population increased by 2.0%, the West Midlands region by 2.2% and Staffordshire's by 2.4%.
- 4.2 In the ten years from 2013-2023, the percentage of the borough's population aged 70+ increased from 13.3% to 15.8%, keeping this rate higher than across the West Midlands region (13.9%) and England (13.7%), though slightly lower than Staffordshire's rate of 16.6%.
- 4.3 The general population has increased by 3.4% over the past decade (2013-2023), but with the number of residents over 65s increasing by 12.8%, lower than the Staffordshire increase of 17.8%, the England increase of 16.1% and the West Midlands increase of 14.3%.
- 4.4 The 2023 median age for the borough is 42 years, higher than for the West Midlands (40) and England and Wales (41) but lower than Staffordshire (43). The borough's median is the same as it was in 2010.
- 4.5 It is estimated that the number of households in the Borough will increase to 59,200 by 2029, and to 62,100 by 2039.
- 4.6 Measured through the average rank for IMD 2019, Newcastle-under-Lyme is the 150th most deprived local authority in England, out of 317 overall. Newcastle's ranking compared with other local authorities in England has improved slightly from 156th in 2015. In terms of Health Deprivation and Disability the borough is the 80th most deprived local authority but 197th most deprived in terms of Barriers to Housing and Services.
- 4.7 Parts of the borough including Cross Heath and Knutton are in the 10% most deprived areas in England. Further parts of Holditch and Chesterton, Kidsgrove and Ravenscliffe, Crackley and Red Street, Town and Westlands are also in the 20% most deprived. However, parts of Loggerheads, Westbury Park and Northwood, Madeley and Betley and Westlands are in the top 10% least deprived parts of England, with parts of Clayton, Crackley and Red Street, Thistleberry, Westlands, Bradwell, Madeley and Betley, Newchapel and Mow Cop in the top 20% least deprived.

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

(Gross weekly pay for full-time workers)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Refresh of Financial Assumptions

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

5.2 The MTFS gaps have been rolled forward a year to cover 2029/30, this was reported to Cabinet on 10 September 2024 and the assumptions updated, further updates will be reported to Cabinet on 3 December 2024 and again on 7 January 2025. There will continue to be further review of the gaps throughout the budget setting process, cumulating in an updated gap being reported to Cabinet on 4 February 2025.

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

5.4 Overall, rolling forward a year the Council is forecast to have a funding gap of £4.033m over the next five years. £1.453m of this is in 2025/26 and whilst the overall strategy is to have a balanced five year plan the focus of attention will be on this first year.

| Detail | 2025/26 (£000's) | 2026/27 (£000's) | 2027/28 (£000's) | 2028/29 (£000's) | 2029/30 (£000's) | Total (£000's) |
|---------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| Income | (284) | (8) | (27) | (545) | (566) | (1,430) |
| Expenditure | 1,737 | 967 | 810 | 835 | 1,104 | 5,463 |
| Gap | 1,453 | 959 | 783 | 290 | 548 | 4,033 |

Income

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

| Detail | 2025/26 (£000's) | 2026/27 (£000's) | 2027/28 (£000's) | 2028/29 (£000's) | 2029/30 (£000's) | Total (£000's) |
|---------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| National Insurance | (403) | - | - | - | - | (403) |
| Business Rates Baseline Funding | (73) | (109) | (112) | (114) | (117) | (525) |
| Business Rates Reset | 500 | 500 | 500 | - | - | 1,500 |
| Fees and Charges | (408) | (399) | (415) | (431) | (449) | (2,102) |
| Income Pressures | 100 | - | - | - | - | 100 |
| Total | (284) | (8) | (27) | (545) | (566) | (1,430) |

Government Grant

- 5.6 Local Government has been through an unprecedented period of austerity. The assumption is for legacy New Homes Bonus grant funding to reduce to nil, any loss from the 2025/26 New Homes Bonus award being offset by the Funding Guarantee, with continued one year settlements until further notice. It is also assumed that the changes to Employers National Insurance will be fully reimbursed to Local Government.

Business Rates

- 5.7 There have been significant impacts to Business Rates as a result of the Covid-19 crisis. Firstly, there have been a wide range of interventions from Government with extensive discounts and also provision of grant to small businesses. These discounts have been matched with Section 31 grant and have therefore not impacted the Council's bottom line.
- 5.8 The MTFS currently assumes an inflationary increase of 2.5% in each year in terms of collectable Business Rates, this is in addition to an inflationary increase in the base level funding set for the Business Rates Retention scheme by Central Government (1.7% for 2025/26).

Council Tax

- 5.9 The Council has a market housing supply of 2,815 properties over the 5 year period of the MTFS. The MTFS assumes that the requirement will be met per the trajectory in the draft Local Plan, thus increasing the tax base accordingly. The MTFS assumes a Council Tax increase of 1.99% per Band D property for all years.
- 5.10 The Council operates a Council Tax Support scheme, introduced following the localisation of support by Government at the start of austerity. Increased levels of Council Tax Support were awarded during 2020/21 in the midst of the Covid-19

pandemic. The MTFs forecast assumes that the levels of support have now returned to pre-pandemic levels, however this will continually be reviewed.

Savings/Income Generation

- 5.11 To date savings of £1.503m have been identified for 2025/26 enabling a balanced position and a contribution to reserves to be proposed. £2.211m has been identified to largely close the gap for the remainder of the MTFs (total shortfall of £0.319m).

| Detail | 2025/26 (£000's) | 2026/27 (£000's) | 2027/28 (£000's) | 2028/29 (£000's) | 2029/30 (£000's) | Total (£000's) |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Income | 235 | - | - | - | - | 235 |
| Staffing Related | 189 | - | - | - | - | 189 |
| Good Housekeeping | 179 | - | - | - | - | 179 |
| Tax Base | 425 | 306 | 345 | 430 | 401 | 1,907 |
| Council Tax Increase | 175 | 177 | 180 | 184 | 188 | 904 |
| Government Grants | 300 | - | - | - | - | 300 |
| Total | 1,503 | 483 | 525 | 614 | 589 | 3,714 |

Expenditure

- 5.12 Employee pressures relate to assumed pay awards of 3.5% for 2025/26 (£0.501m) and 3% for all years thereafter, 2025/26 also provides for the 2024/25 pay award (£1,290 per full time employee regardless of grade) that was over and above amount assumed, this amounts to a further pressure of £0.093m excluding the associated increases to National Insurance and pension contributions.
- 5.13 National Insurance contributions related to assumed pay awards and the 2024/25 pay award amount to an additional £0.090m for 2025/26, whilst associated pension contributions result in a pressure of £0.184m. Changes to Employers National Insurance Contribution rates and the associated thresholds amount to a pressure of £0.403m, it is assumed that the changes to Employers National Insurance will be fully reimbursed to Local Government.
- 5.14 A number of new pressures facing the Council in 2025/26 have also been provided for, these include increased costs relating a restructure of the Legal service and the introduction of a Commercial post to identify new income streams.

| Detail | 2025/26 (£000's) | 2026/27 (£000's) | 2027/28 (£000's) | 2028/29 (£000's) | 2029/30 (£000's) | Total (£000's) |
|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Employees | 1,340 | 743 | 767 | 788 | 811 | 4,449 |
| Premises | 153 | 58 | 61 | 63 | 65 | 400 |
| Transport | 19 | 20 | 20 | 21 | 22 | 102 |
| Financing | 45 | 136 | (48) | (47) | 206 | 292 |
| Pressures | 180 | 10 | 10 | 10 | 10 | 220 |
| Total | 1,737 | 967 | 810 | 835 | 1,114 | 5,463 |

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 Borough Growth Fund of £0.250m to fund investment in key Council priorities. At the present time the assumption is that this level of investment will continue over the life of the MTFS.

Capital financing

- 5.17 The proposed Capital Programme for 2025/26 to 2027/28 is based on new schemes which are vital to ensure continued service delivery and in assisting the Council to achieve its corporate and service objectives as set out in the Council Plan 2022-26. These schemes total £94.604m including major investment into the Borough via external funding in terms of the Future High Streets Fund and the Town Deals Fund for both Newcastle and Kidsgrove and associated projects.
- 5.18 The Capital Programme will require to be financed by borrowing, primarily for cash flow purposes, whilst assets are procured and constructed, after which time significant capital receipts are expected. The associated borrowing costs have been factored into the MTFS. The Capital Financing Requirement is set to increase to £23.585m by 2027/28 based on the 3 year Capital Programme for 2025/26 to 2027/28, the Capital Financing Requirement at 31 March 2024 (£10.262m) and the Capital Financing Requirement for capital expenditure during the current financial year and the financial years 2025/26 to 2027/28 (£13.323m).

Other financing adjustments

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

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

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

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

7. Approach

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

Foundation analysis

- 7.2 Over the summer and early autumn the groundwork for the MTFS has been undertaken which is primarily the review of the Borough Profile, assessment of the

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

One Council

- 7.3 The One Council Programme was launched in February 2021 following Full Council approval of the budget in order to meet the changing needs of our residents by increasing our ability to provide flexible, efficient and customer driven services. The programme was designed to respond to the key lessons from the Covid-19 pandemic, how this impacted on how customers accessed Council services, and how services flexed in order to remain resilient. The programme focussed on reviewing customer need alongside modernising internal processes whilst developing our internal cultural transformation and ensuring we address financial demands.
- 7.4 The One Council programme facilitated a fundamental change in Newcastle-under-Lyme Borough Council's operating model and how the Council addresses its challenges. Significantly, it set out to enable the Council to make better use of the resources available to it, ensuring both efficient and effective service delivery.
- 7.5 One Council was a "spend to save" programme with an agreed investment of £1.2m. Recurrent benefits of £1.173m have been achieved (£0.196m achieved in 2021/22, £0.601m achieved in 2022/23 with a further £0.376m in 2023/24).
- 7.6 In order to build the programme and consider the areas for change and focus, the broad concepts of purpose were considered alongside a benchmarking exercise which placed the customer and delivery of services at centre stage. This analysis supported the development of certain big ideas which have formulated the overall Future Operating Model design and gave a structure to the design of service change through the development of the "Big Operating Model Building Blocks" of:
- Leadership and Management
 - Information Advice and Guidance and Website
 - One Front Door
 - Internal Support
 - Mobile Multifunction Team
 - Strategy and Performance Team

Leadership and Management

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

Information, Advice and Guidance / website

- 7.8 A core aim of the overall programme was to enable residents and local business to self-serve wherever possible, thereby freeing up expertise and staff time to support delivery of complex tasks and innovative services in a more efficient model.
- 7.9 The Digital work stream engaged with services to consider changes needed to enable this transition for users of our website and contracted with Jadu to develop the new website which was launched on 27 October 2021.
- 7.10 The site is cleaner and more modern than the previous site and has been developed with a focus on functionality and ease of use to support the customer. The website developments integrate directly with the established One Front Door (or Customer Hub) and drive traffic away from resource heavy phone lines enabling a deeper and broader remit and function to develop within the customer facing team.

One Front Door

- 7.11 The One Front Door, now known as the Customer Hub, is the customer facing function designed to offer end to end service, advice and transactional support to customers of the Council. A strong feature of this service is providing the team with training and development across a range of services, as well as giving them access to in service technology to allow them to have up to date information and ability to transact specific elements of queries easily and efficiently.
- 7.12 Work initially focussed on the previous teams for Customer Services and Revenues and Benefits and the two areas were consolidated. Pulling the teams together, with focussed work on processes alongside the website development has enabled the team to be resourced more efficiently and for knowledge to be spread amongst a larger number of employees.

Internal Support

- 7.13 Efficiencies have been developed within our internal services. These continue to provide services with streamlined support and guidance whilst releasing those with technical expertise to focus on value added delivery.
- 7.14 Much like the One Front Door, efficiencies of scale have been identified here as well as process and technology developments which have enabled a reduction in Full Time Equivalents (FTE) assigned to the teams.

Mobile Multi-Function Team

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

Strategy and Performance Team

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

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

Future of One Council

- 7.18 The One Council Programme has completed the initial 3 year programme of works. The programme has been successful in realising £1.173m of reoccurring savings, has implemented process improvements, and had a positive impact on the culture of the Council through seeking continuous improvement to services. This approach of improvement and change is now embedded within service provision.
- 7.19 Due to the success of the One Council Programme, three further workstreams have commenced. These workstreams will focus on the sustainable agenda (One Green Council) the digital agenda (One Digital Council) and the commercial strategy (One Commercial Council).
- 7.20 The One Green Council will focus on the Sustainable Environment Strategy in order to achieve the Council's Net Zero target in 2030 and the Borough's Net Zero target in 2050.
- 7.21 The One Digital Council will focus on the delivery of the Digital Agenda and the continuous improvement of services via technology.
- 7.22 The One Commercial Council will concentrate its activity on the Commercial Strategy, reviewing commercial options in order to generate additional income for the Council whilst improving service delivering and organisational efficiency.

Commercial

- 7.23 The Council's Commercial Strategy was updated and approved by Full Council in February 2024. The vision is for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's Medium Term Financial Strategy.
- 7.24 As a Council which adopts a commercial mind-set across the organisation, we expect staff to think innovatively and deliver services differently. We will use commercial principles to maximise the impact of our assets (whether physical or intangible) to benefit our communities and deliver financial sustainability.
- 7.25 The primary objective is to use the Council's resources as effectively and efficiently as possible when delivering the Council Plan. Achievement of the primary objective will come in part through the following:
- Developing a commercial culture
 - Putting sound governance in place – being clear about responsibilities, authorities, processes, templates and funding
 - Ensuring there is appropriate performance management in place for commercial initiatives
- 7.26 The overarching aim of this strategy is to deliver a financial return, which contributes to the Council's efficiencies and additional income targets. This will help to safeguard, and develop, frontline services that the Council currently provides and enhance the Council's ability to invest in its place shaping agenda.

Property

- 7.27 The Council's Asset Management Strategy for 2023-2028 was approved by Cabinet in September 2023. The Asset Management Strategy provides a clear framework for understanding the value and condition of property owned by the Council so that, in turn, investment decisions can be taken to optimise the use of the said land/property to meet the needs of the Borough's residents, businesses and visitors.
- 7.28 The Asset Management Strategy directs the Council's disposal of surplus land and property assets, it also sets out the approach to managing the Council's assets, both those that are operational and those that are commercial.
- 7.29 A key element of this is ensuring that all buildings and land holdings continue to meet the needs of our users and are effective to manage. The Council needs to ensure that assets maximise income where they are commercial assets to ensure that the Council generates income to support operational costs and investment plans.

8. Reserves

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

| Reserve/Fund | Balance 31.3.24 (£'000's) | Forecast Balance 31.3.25 (£'000's) |
|------------------------------------|------------------------------|--|
| General Fund | 2,157 | 2,007 |
| Walleys Quarry Reserve | 200 | 500 |
| Equipment Replacement | 54 | - |
| Budget Support Fund | 484 | 125 |
| Budget Support Fund (Local Plan) | 211 | - |
| Budget Support Fund (Homelessness) | 184 | - |
| Borough Growth Fund | 79 | - |
| Conservation & Heritage Fund | 30 | 20 |
| Mayor's Charity Fund | 30 | - |
| Museum Purchases Fund | 46 | 30 |
| Business Rates Reserve | 1,654 | 1,302 |
| Elections Reserve | 50 | 123 |
| Clayton Community Centre Fund | 24 | 17 |
| Totals | 5,203 | 4,124 |

- 8.2 A full reserves risk assessment is completed as part of the 2025/26 budget preparation. Based on a preliminary assessment it is considered that the current balance of the general fund reserve provides sufficient cover for foreseeable risks.
- 8.3 It should be noted that the balance of the Business Rates reserve is to be held to mitigate against future collection fund losses and as a contingency for the Fair Funding Review.

9. Capital Strategy

- 9.1 The Council agreed its Capital Strategy and ten year Capital Programme 2024/25 to 2033/34 in February 2024, this will be refreshed as part of the 2025/26 budget setting process. The Capital Strategy explains how the Council invests its capital funds and the various sources of funding and how this facilitates the delivery of its objectives.
- 9.2 The main governance of the Capital Strategy is through the Capital, Assets and Commercial Investment Review Group which:

- Reviews and recommends to Cabinet all new General Fund Capital projects
- Ensures capital resources are viewed corporately with a clear link to corporate objectives
- Ensures any revenue costs are identified and considered in the Treasury Management Strategy and the Council's MTFS
- Develops a Capital Strategy which supports the 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 2025/26 to 2034/35 provides for investment into the Borough. This programme will be funded by capital receipts, significant external contributions (Town Deals and Future High Streets Funding) and borrowing. The revenue impact of borrowings has been included within the MTFS.

10. Treasury Management Strategy

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

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

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

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

11. Budget Preparation Timetable

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

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

11.3 The decision making timetable was as follows:

| Event | Committee | Date |
|--|------------------------------|------------------|
| Budget consultation | Mid November to mid December | |
| Scrutiny of first draft savings proposals | FAPSC | 5 December 2024 |
| Approval of final MTFs & consideration of draft budget proposals | Cabinet | 7 January 2025 |
| Scrutiny of draft budget proposals | FAPSC | 16 January 2025 |
| Final budget proposals recommended for approval by Full Council | Cabinet | 4 February 2025 |
| Full Council to approve budget | Full Council | 12 February 2025 |

Appendix A – Summary of Refreshed MTFs Assumptions

| Detail | 2025/26 (£000's) | 2026/27 (£000's) | 2027/28 (£000's) | 2028/29 (£000's) | 2029/30 (£000's) | Total (£000's) |
|---------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| Employees | 1,340 | 743 | 767 | 788 | 811 | 4,449 |
| Premises | 153 | 58 | 61 | 63 | 65 | 400 |
| Transport | 19 | 20 | 20 | 21 | 22 | 102 |
| Financing | 45 | 185 | (20) | 38 | 228 | 476 |
| Pressures | 180 | 10 | 10 | 10 | 10 | 220 |
| Income | (284) | (8) | (27) | (545) | (566) | (1,430) |
| Total | 1,453 | 1,008 | 811 | 375 | 570 | 4,217 |
| | | | | | | |
| Contribution to Reserves | 50 | | | | | |
| | | | | | | |
| Savings | | | | | | |
| Income | 235 | - | - | - | - | 235 |
| Staffing Related | 189 | - | - | - | - | 189 |
| Good Housekeeping | 179 | - | - | - | - | 179 |
| Tax Base | 425 | 306 | 345 | 430 | 401 | 1,907 |
| Council Tax Increase | 175 | 177 | 180 | 184 | 188 | 904 |
| Government Grants | 300 | - | - | - | - | 300 |
| Total | 1,503 | 483 | 525 | 614 | 589 | 3,714 |
| Gap | - | 525 | 286 | (239) | (19) | 553 |