

CORPORATE LEADERSHIP TEAM'S
REPORT TO CABINET

04 February 2025

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

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

Portfolios: Finance, Town Centres and Growth

Ward(s) affected: All

<u>Purpose of the Report</u>	<u>Key Decision</u>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<p>To enable the Cabinet to recommend the 2025/26 General Fund Revenue Budget and the 2025/26 Capital Programme for approval to Full Council, at the meeting on 12 February 2025 following consideration by the Finance, Assets and Performance Scrutiny Committee on 16 January 2025.</p> <p>To recommend the Capital Strategy for 2025/35, the Treasury Management Strategy for 2025/26, the Investment Strategy for 2025/26 and the Commercial Strategy for 2025/26 for approval to Full Council, meeting on 12 February 2025.</p>			
<u>Recommendation</u>			
That Cabinet:			
<ol style="list-style-type: none">1. Recommend to Full Council for approval, the Revenue and Capital Budgets as detailed in this report and in the report to Cabinet dated 9 January 2025.2. Recommend to Full Council for approval, the updated Medium Term Financial Strategy 2025/26 to 2029/30 (Appendix 2).3. Approve the strategy for ensuring a balanced revenue outturn position for 2024/25.4. Recommend to Full Council for approval, the calculation of the Council Tax base and a proposed Council Tax increase for 2025/26 of 1.99% per Band D equivalent property.5. Recommend to Full Council for approval, the risk assessment at Appendix 3 and the Section 151 Officer's recommendation on the level of reserves and contingencies provisionally required to be maintained in 2025/26.6. Approve the Civic Growth Fund priorities for 2025/26.7. Recommend to Full Council for approval, the Capital Strategy (Appendix 5) for 2025/35.			

8. **Recommend to Full Council for approval, the Treasury Management Strategy (Appendix 6) for 2025/26.**
9. **Recommend to Full Council for approval, the Investment Strategy (Appendix 7) for 2025/26.**
10. **Recommend to Full Council for approval, the Commercial Strategy (Appendix 8) for 2025/26.**
10. **Recommend to Full Council for approval, the updated Asset Management Strategy (Appendix 9) for 2023/28.**
11. **Recommend to Full Council for approval, the Local Council Tax Reduction Scheme (Appendix 10) for 2025/26.**

Reasons

To enable the Cabinet to recommend a robust and affordable budget for 2025/26 to the Full Council at its meeting on 12 February 2025.

The Council needs to have an approved Capital Strategy for 2025/26, an approved Treasury Management Strategy for 2025/26, an approved Investment Strategy for 2025/26 and an approved Commercial Strategy for 2025/26 in place before the start of the 2025/26 financial year.

1. Background

- 1.1 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.
- 1.2 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.
- 1.3 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>)
- 1.4 The 2025/26 budget is based on the assumptions set out in the MTFS which was reported to the Cabinet at its meeting on 9 January 2025 and scrutinised by the Finance, Assets and Performance Scrutiny Committee at its meeting on 16 January 2025.
- 1.5 The proposals included in this report will inform the Revenue and Capital Budgets and Council Tax 2025/26 report to Full Council on 12 February 2025.

- 1.6** The Capital Strategy 2025/35 sets out how the Council proposes to deploy its capital resources in order to achieve its corporate and service objectives. It takes into account other relevant Council strategies, policies and plans and the views of partners and interested parties with whom the Council is involved. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.
- 1.7** The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice. This requires approval by Full Council concerning the Treasury Management Strategy to be followed in carrying out its treasury management activities in the forthcoming financial year, 2025/26.
- 1.8** The Investment Strategy 2025/26 is compiled according to Central Government's Guidance on Local Government Investments ('the Guidance') and the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ('the CIPFA TM Code'). It sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 1.9** The Commercial Strategy 2025/26 is aligned with the Council's vision for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's Medium-Term Financial Strategy.

2. Issues

Budget 2024/25 – Provisional Outturn Forecast

Revenue

- 2.1** The Council approved a General Fund Revenue Budget of £17.046m on 14 February 2024 for 2024/25. The actual and forecast position compared to this budget is continuously monitored by Budget Holders, the Corporate Leadership Team and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget.
- 2.2** At the close of period 9 a positive variance of £0.049m has been achieved. The projected outturn on the General Fund Revenue Account for the year is £17.037m. This represents a positive outturn of £0.009m for the year.
- 2.3** The adverse variances that have occurred at the close of period 9 of 2024/25 include:
- a. Income shortfalls from sales, fees and charges which amount to £0.232m (forecast to be £0.353m for the financial year).
 - b. Holding costs for York Place (e.g. utilities and business rates) are expected to amount to £0.104m for the financial year, £0.096m had been incurred at the close of period 9.

- c. A pay award of £1,290 per employee has been awarded that is in excess of the amount provided for in the budget (3.5%), it amounts to a pressure of £0.120m (£0.090m at the close of period 9).
- d. Expenditure on repairs and renewals is expected to amount to £0.101m greater than the amount budgeted for the financial year (£0.084m at the close of period 9).
- e. Temporary accommodation for the homeless is expected to amount to £0.111m greater than the amount budgeted for the financial year after the application of grant monies (£0.083m at the close of period 9).
- f. Contributions to reserves of £0.350m have been made as a result of the favourable variance shown below in respect of interest receivable of cash that the Council holds in terms of Town Deal and Future High Street funding. £0.200m of this has been set aside to fund the inspection stage of the Local Plan. The remaining £0.150m has been contributed to the Walley's Quarry Reserve.

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

- a. Interest receivable on cash that the Council holds in terms of Town Deal and Future High Street funding totals £0.690m at the close of period 9 (it is forecast that this will grow to £0.750m of income by the close of the financial year).
- b. Interest payable on borrowing has yet to be incurred due to the cash that the Council holds in terms of Town Deal and Future High Street funding. It is forecast that borrowing may be required in the final quarter of the financial year dependent upon cash flow and that interest payable will be £0.482m lower than budgeted for (£0.395m at the close of period 9).

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

Capital

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

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

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

Medium Term Financial Strategy

2.7 The updated MTFs was reported to Cabinet on 9 January 2025 this reflects the adverse impact of the Local Government Finance Settlement. Confirmation of the amount of National Insurance reimbursed to the Council by Central Government will be received prior to 31 March 2025, indications are that this may not cover the entirety of pressures placed upon the Public Sector by the changes to National Insurance, any shortfall will be taken from the Business Rates Reserve in 2025/26 and will be reflected as a pressure in the MTFs in 2026/27 when the MTFs is refreshed in September 2025.

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

Detail	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Income	235	-	-	-	-
Staffing Related	156	-	-	-	-
Good Housekeeping	167	-	-	-	-
Tax Base	425	306	345	430	401
Council Tax Increase	175	177	180	184	188
Government Grants	732	-	-	-	-
TOTAL SAVINGS	1,890	483	525	614	589
UPDATED MTFs GAPS	1,890	1,588	764	271	529
REMAINING GAP	-	1,105	239	(343)	(60)

Revenue Budget 2025/26

2.9 The MTFs provides for a gap in 2025/26 of £1.890m and a gap over the 5 year period of the MTFs of £5.042m.

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

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

2.11 The savings identified for 2025/26 are summarised at 2.8, with further detail in Appendix 1.

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 5 December 2024. The Committee also scrutinised the recommendations of the Cabinet report of 9 January 2025 at its meeting on 16 January 2025.

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

Civic Growth Fund

2.14 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.

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

Investment Area	£'000	Details
Council Modernisation	605	Embedding digitalisation across services and developing the skills of staff.

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

2.16 The savings and funding strategies identified in the table in paragraph 2.8 and in Appendix 1 will enable continued investment of £0.250m in the Council's priorities as per the Council Plan 2022-2026 via the Civic Growth Fund. The Civic Growth Fund will continue to be used to provide investment in initiatives, including Digital Delivery, that are forecast to generate on-going revenue savings through reducing the costs of service delivery or through the generation of additional income. The Council's Section 151 Officer will determine whether any proposed use of the fund complies with this guidance on a case by case basis.

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

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

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

2.19 £0.100m of the 2025/26 Civic Growth Fund will continue to be allocated to the digital programme which will transform public access to Council services and drive efficiency savings.

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

Council Tax and Collection Fund

2.21 The savings and funding strategy assumes a 1.99% per Band D equivalent property Council Tax increase, producing £0.175m of additional income. This increase in Council Tax would equate to the following monetary increases for residents:

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

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

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

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

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

2.26 The Council's share of the surplus will be contributed to the Business Rates Reserve to increase the Council's resilience against Business Rates volatility and future budget pressures in respect of growth within the borough. As per paragraph 2.7, an amount may be required to be transferred from the Business Rates Reserve in 2025/26 to reflect any shortfall in the amount of National Insurance pressure reimbursed by Central Government. In addition £375k will be transferred to the Budget and Borrowing Support Fund.

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

Budget Consultation

2.28 Public consultation has been undertaken on the budget (Appendix 11), the consultation ran between 18 November 2024 and 16 December 2024. The consultation clearly determined that residents felt that the following services were the most important to them:

- Town Centre regeneration

- Street Cleaning
- Refuse Collection

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

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

- 2.29** The Capital Programme for 2025/26 to 2027/28 (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 £94.604m including major investment into the Borough via external funding in terms of the Future High Streets Fund and the Town Deals Fund for both Newcastle and Kidsgrove.
- 2.30** The Capital Programme will require to be financed by borrowing, primarily for cash flow purposes, whilst assets are procured and constructed, after which time significant capital receipts are expected. The associated borrowing costs have been factored into the MTFS. The Capital Financing Requirement is set to increase to £23.585m by 2027/28 based on the 3 year Capital Programme for 2025/26 to 2027/28, the Capital Financing Requirement at 31 March 2024 (£10.262m) and the Capital Financing Requirement for capital expenditure during the current financial year and the financial years 2025/26 to 2027/28 (£13.323m).
- 2.31** The Capital Programme for 2025/26 to 2027/28 includes an estimate for the development of York Place, this assumes spend of £16.8m over the period 2025/26 to 2026/27 and a subsequent capital receipt of the same value during 2026/27. This is subject to the business case that is currently being developed.
- 2.32** The Capital Programme for this period also includes an estimate for the redevelopment of the Midway Carpark and assumes spend of £28.6m over the period 2025/26 to 2026/27 and a subsequent capital receipt of the same value during 2027/28. This is subject to the business case that is currently being developed.
- 2.33** In addition, the Capital Programme also includes an estimate for the Aparthotel on the Ryecroft site of £30.0m over the period 2026/27 to 2027/28 together with a subsequent capital receipt of the same value in 2027/28. Again, this is subject to the business case that is currently being developed.
- 2.34** The Capital Strategy for 2025/35 (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.
- 2.35** The Capital Programme is produced in line with the Capital Strategy for 2025/35. In addition to the Council's corporate and service objectives, as set out in the Council Plan 2022-26, the Capital Programme is also influenced by a number of external parties and factors.

- 2.36** Delivering the capital programme for 2025/26 will require prudential borrowing to be undertaken. The impact of borrowing is included in the MTFS pressures for 2025/26 and future years.
- 2.37** Advice will be sought from the Council's Treasury Management advisors, Arlingclose, as to the most beneficial timing of prudential borrowing. Their current advice to reduce interest rate risk is to borrow on a short term basis (up to 4 years) from other local authorities where possible alongside longer term Public Works Loan Board borrowing where suitable.

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

- 2.38** The Treasury Management Strategy for 2025/26 is attached at Appendix 6. The Minimum Revenue Provision Policy for 2025/26 is contained in Annex C to the strategy.
- 2.39** The Treasury Management Strategy for 2025/26 allows for borrowing. Although not utilised in recent years, the Council has previously considered the option of long-term borrowing from the Public Works Loans Board (PWLB). After the utilisation of capital receipts and internal borrowing, the Council will also look to borrow short term from other local authorities and will also review any other sources of funding if required.
- 2.40** The Investment Strategy for 2025/26 is attached at Appendix 7. 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.
- 2.41** The Commercial Strategy for 2025/26 is attached at Appendix 8. 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

- 2.42** 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 3.
- 2.43** It is recommended that a minimum level of unallocated reserves and contingencies (i.e. the Council's Balance and Reserve Strategy for 2025/26) of £2.010m be held in 2025/26 to reflect the levels of revenue risk shown in the budget for 2025/26. The remainder of the current balance is to be allocated to the Walley's Quarry Reserve during 2024/25.

3. Recommendation

That Cabinet:

- 3.1 Recommend to Full Council for approval, the Revenue and Capital Budgets as detailed in this report and in the report to Cabinet dated 9 January 2025.
- 3.2 Recommend to Full Council for approval, the updated Medium Term Financial Strategy 2025/26 to 2029/30 (Appendix 2).
- 3.3 Approve the strategy for ensuring a balanced revenue outturn position for 2024/25.
- 3.4 Recommend to Full Council for approval, the calculation of the Council Tax base and a proposed Council Tax increase for 2025/26 of 1.99% per Band D equivalent property.
- 3.5 Recommend to Full Council for approval, the risk assessment at Appendix 3 and the Section 151 Officer's recommendation on the level of reserves and contingencies provisionally required to be maintained in 2025/26.
- 3.6 Approve the Civic Growth Fund priorities for 2025/26.
- 3.7 Recommend to Full Council for approval, the Capital Strategy (Appendix 5) for 2025/35.
- 3.8 Recommend to Full Council for approval, the Treasury Management Strategy (Appendix 6) for 2025/26.
- 3.9 Recommend to Full Council for approval, the Investment Strategy (Appendix 7) for 2025/26.
- 3.10 Recommend to Full Council for approval, the Commercial Strategy (Appendix 8) for 2025/26.
- 3.11 Recommend to Full Council for approval, the updated Asset Management Strategy (Appendix 9) for 2023/28.
- 3.12 Recommend to Full Council for approval, the Local Council Tax Reduction Scheme (Appendix 10) for 2025/26.

4. **Reasons**

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

5. **Options Considered**

- 5.1 None.

6. Legal and Statutory Implications

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

7. Equality Impact Assessment

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

8. Financial and Resource Implications

- 8.1** These are addressed in the body of the report.

9. Major Risks & Mitigation

- 9.1** Section 25 of the Local Government Acts 2003 places a duty on the Section 151 Officer to report on the robustness of the budget. The main risks to the budget include spending in excess of budget; income falling short of the budget (including capital receipts from disposal of assets); and unforeseen elements such as changes to Government funding. In the context of uncertainty regarding Government funding reforms there are significant budget risks that will need to be managed. It will be essential the Council has sufficient reserves to call on if required.
- 9.2** Such risks require regular and robust monitoring and it is essential that the Council has sufficient useable reserves to call on if required. The review and risk assessment indicates that overall unallocated reserves and contingencies are required to be held at a minimum level of £2.010m to reflect the levels of revenue risk shown in the draft budget for 2025/26. In addition a contingency of £1m is required to provide flexibility to manage risks relating to delivery of the capital programme.
- 9.3** The assessment of the Section 151 Officer is that the proposals included in this report are robust and will ensure an adequate level of reserves.
- 9.4** Treasury management is a major area of risk for the Council in that large amounts of money are dealt with on a daily basis and there are a number of limits and indicators, which must be complied with.
- 9.5** The overriding consideration in determining where to place the Council's surplus funds is to safeguard the Council's capital. Within this constraint the aim is to maximise the return on capital. Operational procedures, coupled with monitoring arrangements, are in place to minimise the risk of departures from the approved strategy.

10. UN Sustainable Development Goals (UNSDG)

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



11. One Council

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

One Commercial Council

We will make investment to diversify our income and think entrepreneurially.

The recommended Capital Strategy sets out the Council's proposed approach to commercial delivery for 2025/2026.

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.

The Council's investment and modernisation programmes have allowed continued development of a digitalised offer for residents and customers.

One Green Council

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

The recommended Investment Strategy continues a commitment to invest in measures which enhance the Council's and borough's sustainability.

12. Key Decision Information

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

13. Earlier Cabinet/Committee Resolutions

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

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

- 13.3 Revenue and Capital Budgets 2025/26 – First Draft Savings Plans (Finance Assets and Performance Scrutiny Committee 5 December 2024).
- 13.4 Draft Revenue and Capital Budgets and Strategies 2025/26 (Cabinet 9 January 2025).
- 13.5 Draft Revenue and Capital Budgets and Strategies 2025/26 (Finance, Assets and Performance Scrutiny Committee 16 January 2025).

14. **List of Appendices**

- 14.1 Appendix 1 – 2025/26 MTFS Funding Strategy
- 14.2 Appendix 2 – 2025/26 to 2028/29 MTFS ‘Gaps’
- 14.3 Appendix 3 – Risk Assessment on Required Balances/Contingency Reserve
- 14.4 Appendix 4 – 2025/26 to 2027/28 Capital Programme and 2024/25 Mid-Year Estimate
- 14.5 Appendix 5 – Capital Strategy 2025 to 2035
- 14.6 Appendix 6 – Treasury Management Strategy 2025/26
- 14.7 Appendix 7 – Investment Strategy 2025/26
- 14.8 Appendix 8 – Commercial Strategy 2025/26
- 14.9 Appendix 9 – Asset Management Strategy 2023/2028
- 14.10 Appendix 10 – Local Council Tax Reduction Scheme for 2025/26
- 14.11 Appendix 11 – 2025/26 Budget Consultation Summary

15. **Background Papers**

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

Appendix 1 – 2025/26 MTFS Funding Strategy

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



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

Appendix 2 – 2025/26 to 2029/30 MTFS ‘Gaps’



Detail	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Description
Employees:						
Increments	60	60	60	60	60	Employees due an increment
Pay awards	594	446	461	477	493	3.5% pay award assumed for 2025/26 plus £1,290 per FTE re. 2024/25, 3% thereafter
Members pay awards	8	7	8	8	8	3.5% pay award assumed for 2025/26, 3% thereafter
Superannuation increases	144	111	115	118	122	22% of increase in salaries
Superannuation lump sum	41	43	45	45	45	Net increase of lump sum pension payment
National insurance rate	120	-	-	-	-	Increase of employer rate from 13.8% to 15%
National insurance threshold	283	-	-	-	-	Change in employer threshold from £9,100 to £5,000
National Insurance	90	76	78	80	83	National insurance on increase in salaries
Premises:						
Business Rates	26	27	28	29	30	Inflationary increase in business rates (per CPI)
Utilities	127	31	33	34	35	Inflationary increase in gas and electric (per CPI), additional pressure in 2025/26 to reflect current costs
Transport:						
Fuel	11	12	12	12	13	Inflationary increase in fuel (per CPI)
Hydrotreated Vegetable Oil	8	8	8	9	9	Inflationary increase in HVO (per CPI)
Financing:						
Borrowing costs	45	136	(48)	(47)	206	Borrowing costs regarding the financing of capital
New Pressures:						
ICT software	16	10	10	10	10	ICT costs re. systems maintenance and licences
Restructuring	205	-	-	-	-	Potential additional resource requirements
Commercialisation	52	-	-	-	-	Introduction of Commercialisation post
Income:						
Fees and charges	(408)	(399)	(415)	(431)	(449)	4% increase to enable continued cost recovery
National insurance	(403)	-	-	-	-	Re. National Insurance contribution changes
Local Government Finance Settlement	380	649	-	-	-	Impact of minimum funding guarantee reduction (3% to 0%) and one off grants
Business Rates Retention reset	500	500	500	-	-	To allow for a reset of the scheme in 2027/28
Business Rates baseline funding	(109)	(129)	(131)	(133)	(136)	Inflationary increase in baseline funding level (per CPI)
Income Pressures	100	-	-	-	-	To correct income shortfalls from budget
TOTAL GAPS	1,890	1,588	764	271	529	

Appendix 3 – (i) Risk Assessment on Required Balances/Contingency Reserve (£2.010m) and (ii) Actual/Forecast Reserve Balances at 31 March 2024 to 2026

(i) Risk Assessment on Required Reserves Balances (£2.010m)

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Balance Needed £
1	Increase in fees and charges does not result in higher income levels	Shortfall in income leading to overspends	3 x 4	High	Included in calculation of minimum balances	2 x 3	Moderate	Regular monitoring of income levels	205,000
2	Reduced Income due to non-availability of service (e.g. COVID-19 related or similar)	Shortfall in income leading to overspends	3 x 3	High	Included in calculation of minimum balances	3 x 3	Moderate	Regular monitoring of income levels	140,000
3	Bad debts reduce the Council's income	Shortfall in income leading to overspends and top up of provision	3 x 4	High	A contribution to the bad debts provision is budgeted for	3 x 3	High	Increase monitoring of collection rates	275,000
4	Employee budget is discounted on the assumption there will be vacancies	Vacancies do not occur leading to additional costs	3 x 3	High	The budget assumes a vacancy factor of 4%, this is realistic	3 x 3	High	Regular monitoring of vacancy levels	70,000
5	Employee budgets - the employee pay settlement results in an increase higher than included in the budget	Additional unbudgeted costs	2 x 3	Moderate	Balances sufficient to deal with any additional costs, plus reduced job security in economy	2 x 3	Moderate	None	95,000
6	Problems with staff recruitment/retention resulting in the payment of market supplements at extra cost	Additional unbudgeted costs	3 x 3	High	Subject to ongoing review	3 x 3	High	None	75,000
7	Problems with staff absence resulting in	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 £
	agency/interim staff at extra cost								
8	Council becomes liable to pay compensation or legal fees or another unforeseen commitment arises	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances	3 x 2	Moderate	None	125,000
9	Inflation relating to supplies and services exceeds the allowance in the budget	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances. Regular review of inflation levels	3 x 3	High	None	70,000
10	Existing commitment(s) missed out of budget	Additional unbudgeted costs	3 x 3	High	Budgets subject to checking at several levels	3 x 3	High	None	75,000
11	Additional interest costs incurred resulting from loss of income and additional expenditure	Additional unbudgeted borrowing costs	3 x 3	High	Capital Budgets and receipt expectations have been realistically set. Allowance provided for in calculation of minimum balances	3 x 3	High	None	160,000
12	Fuel costs increase by more than allowed for in budget	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget	3 x 3	High	None	45,000
13	Energy costs increase by more than allowed for in budget	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget	3 x 3	High	None	70,000
14	Unforeseen major repairs needed to Council properties	Additional unbudgeted costs	2 x 3	Moderate	Planned maintenance /stock condition survey in place	2 x 3	Moderate	None	50,000
15	Insurances – unexpected increases in premiums	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances	2 x 3	Moderate	None	15,000
16	Insurances - high level of excesses to be met by Council or uninsured losses	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances. Insurance Provision established	2 x 3	Moderate	Monitor level of Insurance Provision	40,000



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

(ii) **Actual/Forecast Reserve Balances at 31 March 2024 to 2026**

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

Appendix 4 2025/26 to 2027/28 Capital Programme and 2024/25 Mid-Year Estimate

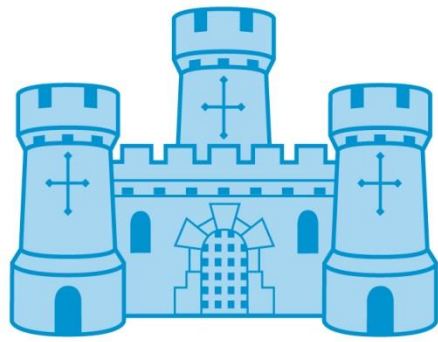
CAPITAL PROGRAMME	2024/25 MID YEAR	2025/26	2026/27	2027/28	TOTAL 2025/26 to 2027/28
	£	£	£	£	£
PRIORITY – One Council Delivering for Local People					
Service Area - Council Modernisation	1,967,318	434,000	336,000	80,000	850,000
Total	1,967,318	434,000	336,000	80,000	850,000
PRIORITY – A Successful and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

Appendix 10 – Local Council Tax Reduction Scheme for 2025/26

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

Discretionary Payments

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



**NEWCASTLE
UNDER LYME
BOROUGH COUNCIL**

2025/26 Budget Consultation report

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 12 services. As respondents could choose up to 5 options, totals will add up to considerably more than 100 per cent.

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

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

Slightly fewer than half picked two others:

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

The remainder were far less popular:

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

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

Respondents were asked to choose up to 5 options out of a list of 11 services.

One service was clearly the most popular:

- Town centre regeneration 77 per cent

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

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

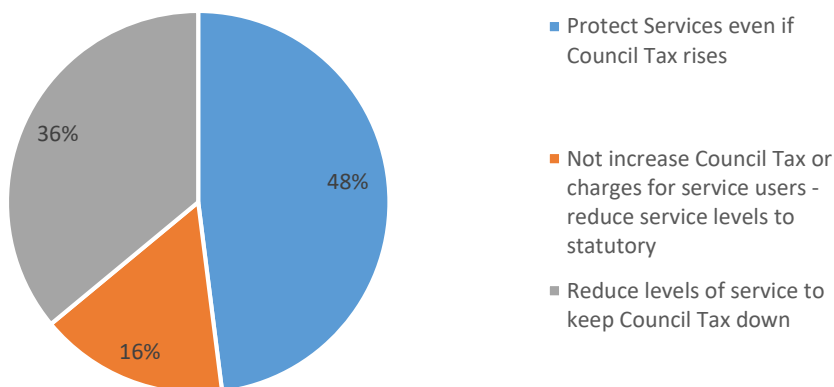
The rest were less popular:

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

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

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

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



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

The following word cloud shows the key themes,



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

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

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

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

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

Location of respondents

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

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

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