

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S REPORT TO CABINET

03 February 2026

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

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

Portfolios: Finance, Town Centres and Growth

Ward(s) affected: All

<u>Purpose of the Report</u>	<u>Key Decision</u>	Yes ☒	No ☐
To enable the Cabinet to recommend the 2026/27 General Fund Revenue Budget and the 2026/27 Capital Programme for approval to Full Council, at the meeting on 11 February 2026 following consideration by the Finance, Assets and Performance Scrutiny Committee on 15 January 2026. To recommend the Capital Strategy for 2026/36, the Treasury Management Strategy for 2026/27, the Investment Strategy for 2026/27 and the Commercial Strategy for 2026/27 for approval to Full Council, meeting on 11 February 2026.			
<u>Recommendation</u> That Cabinet: 1. Recommend to Full Council for approval, the Revenue and Capital Budgets as detailed in this report and in the report to Cabinet dated 13 January 2026. 2. Recommend to Full Council for approval, the updated Medium Term Financial Strategy 2026/27 to 2030/31 (Appendix 2). 3. Approve the strategy for ensuring a balanced revenue outturn position for 2025/26. 4. Recommend to Full Council for approval, the calculation of the Council Tax base and a proposed Council Tax increase for 2026/27 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 2026/27. 6. Approve the Civic Growth Fund priorities for 2026/27.			

7. **Recommend an extension of the freeze, already announced to £1 after 1pm car parking, to all hourly car parking charges in support of the motion agreed by Full Council on 21 January 2026 to support the Borough's Town Centres, High Streets and Villages. And, that the creation of free 'nipper' parking at the South High Street is noted.**
8. **Recommend a freeze in fees relating to tennis, bowls, football and rugby fees and charges for 2026/27.**
9. **Recommend to Full Council for approval, the Capital Strategy (Appendix 5) for 2026/36.**
10. **Recommend to Full Council for approval, the Treasury Management Strategy (Appendix 6) for 2026/27.**
11. **Recommend to Full Council for approval, the Investment Strategy (Appendix 7) for 2026/27.**
12. **Recommend to Full Council for approval, the Commercial Strategy (Appendix 8) for 2026/27.**
11. **Recommend to Full Council for approval, the Local Council Tax Reduction Scheme (Appendix 9) for 2026/27.**

Reasons

To enable the Cabinet to recommend a robust and affordable budget for 2026/27 to the Full Council at its meeting on 11 February 2026.

The Council needs to have an approved Capital Strategy for 2026/27, an approved Treasury Management Strategy for 2026/27, an approved Investment Strategy for 2026/27 and an approved Commercial Strategy for 2026/27 in place before the start of the 2026/27 financial year.

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 2026/27 budget is based on the assumptions set out in the MTFS which was reported to the Cabinet at its meeting on 13 January 2026 and scrutinised by the Finance, Assets and Performance Scrutiny Committee at its meeting on 15 January 2026.
- 1.5 The proposals included in this report will inform the Revenue and Capital Budgets and Council Tax 2026/27 report to Full Council on 11 February 2026.
- 1.6 The Capital Strategy 2026/36 sets out how the Council proposes to deploy its capital resources in order to achieve its corporate and service objectives. It takes into account other relevant Council strategies, policies and plans and the views of partners and interested parties with whom the Council is involved. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.
- 1.7 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice. This requires approval by Full Council concerning the Treasury Management Strategy to be followed in carrying out its treasury management activities in the forthcoming financial year, 2026/27.
- 1.8 The Investment Strategy 2026/27 is compiled according to Central Government's Guidance on Local Government Investments ('the Guidance') and the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ('the CIPFA TM Code'). It sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 1.9 The Commercial Strategy 2026/27 is aligned with the Council's vision for Newcastle-under-Lyme to be a sustainable and business-oriented Council that maximises commercial opportunities in order to deliver long-term benefits for residents of the borough and support the Council's Medium-Term Financial Strategy.

2. Issues

Budget 2025/26 – Provisional Outturn Forecast

Revenue

- 2.1 The Council approved a General Fund Revenue Budget of £19.730m on 12 February 2025 for 2025/26. The actual and forecast position compared to this budget is continuously monitored by Budget Holders, the Corporate Leadership Team and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget.
- 2.2 At the close of quarter three a positive variance of £0.003m has been achieved. The projected outturn on the General Fund Revenue Account for the year is £19.726m. This represents a positive outturn of £0.004m for the year.
- 2.3 The positive variances that have occurred at the close of period 9 of 2025/26 include:

- a. Income from planning applications at the close of quarter three amounts to £0.582m more than budgeted, it is anticipated that income for the remainder of the financial year will remain in line with that budgeted and that the variance for the financial year will stay at £0.582m.
- b. Interest receivable on cash that the Council holds in terms of Town Deal funding totals £0.186m at the close of quarter three. It is forecast that interest receivable will amount to £0.207m for the financial year.
- c. Interest payable on borrowing has been vastly reduced due to the cash that the Council holds in terms of Town Deal and funding, this has saved £0.436m. It is anticipated that borrowing will commence during the final quarter, as such is it estimated that this saving may amount to £0.484m for the financial year.

2.4 These positive variances have been offset by the following adverse variances:

- a. Income shortfalls at the close of quarter three from car parking (£0.137m), trade waste (£0.075m), land charges (£0.044m) and bereavement services (£0.176m). It is forecast that these will total £0.504m for the financial year.
- b. Income shortfalls at the close of quarter three relating to the closure of the main pool for maintenance and repairs at Jubilee 2 and the associated freeze in memberships amounts (£0.079m). It is forecast that this will total £0.254m for the financial year.
- c. Use of overtime, casual and agency staff within the Household Waste and Food Waste Services along with increased contractor disposal payments has resulted in an overspend of £0.206m at the close of quarter three. It is forecast that this will amount to an overspend of £0.275m for the financial year.
- d. A contribution to the budget support fund of £0.140m has been assumed, dependent upon the outturn regarding interest payable and receivable.

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

Capital

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

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

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

Medium Term Financial Strategy

2.8 The updated MTFS was reported to Cabinet on 13 January 2026 this reflects the impact of the Local Government Finance Settlement.

2.9 A number of savings and funding strategies have been identified as being both feasible and sustainable, via a vigorous Financial Efficiency Board process including challenge sessions for each of the Cabinet Portfolios involving Cabinet Members, the Corporate Leadership Team, Service Directors and the Finance Manager. The proposed savings and funding strategies identified to date for the period of the MTFS have enabled a balanced financial position to be proposed for 2026/27.

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

Revenue Budget 2026/27

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

	£'000
Additional Income	
Fees and Charges	(364)
Total Additional Income	(364)
Loss of Income	
Settlement Funding Assessment	126
Reduction in income from under achieved budgets	100
National Insurance – not fully reimbursed as previously assumed	233
Total Loss of Income	459
Additional Expenditure	
Employees (pay awards, increments, national insurance, pension)	649
Premises (business rates and utilities)	65

Transport (fuel)	21
Borrowing	90
Temporary Accommodation	194
Other (inc. software licences, Local Government Re-Organisation, restructuring)	485
Total Additional Expenditure	1,504
Net Increase in Base Budget	1,599

2.11 The savings identified for 2026/27 are summarised at 2.9, 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 4 December 2025. The Committee also scrutinised the recommendations of the Cabinet report of 13 January 2026 at its meeting on 15 January 2026.

Civic Growth Fund

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

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

Investment Area	£'000	Details
Council Modernisation	887	Embedding digitalisation across services and developing the skills of staff.
One Council Programme	100	Contribution to drive the digital programme which will transform public access to council services and drive efficiency savings.
Environmental Sustainability	183	Tree planting/carbon reduction
Walley's Quarry	175	Addressing community concerns regarding the quarry's unpleasant odour omissions.
Town Centre Support	211	Used to support the Town Deal bids for Newcastle and Kidsgrove and the rejuvenation of the Markets.
Car Parking Machines	30	Purchase of car parking machines with cashless payment options.
Commercial Property Review	20	Review to develop income generation ideas as part of the Commercial Strategy.

2.15 The savings and funding strategies identified in the table in paragraph 2.9 and in Appendix 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, through the generation of additional income or through the provision of wider economic and health benefits. The Council's Section 151 Officer will determine whether any proposed use of the fund complies with this guidance on a case by case basis.

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

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

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

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

2.19 In order to promote the benefits of outdoor sports it is also recommended that a freeze in fees relating to tennis, bowls, football and rugby fees and charges be implemented for 2026/27.

2.20 The costs of providing a freeze in these fees and charges will be met from the Place Development element of the Civic Growth fund for 2026/27 (£0.043m), a further £0.082m will be used on further initiatives.

2.21 In order to boost environmental sustainability within the Borough, £0.075m per annum over the life of the MTFS continues to be ring-fenced from the Civic Growth Fund to enable such projects to be fully funded.

2.22 £0.050m of the 2026/27 Civic Growth Fund will continue to be allocated to the digital programme which will transform public access to Council services and drive efficiency savings.

Council Tax and Collection Fund

2.23 The savings and funding strategy assumes a 1.99% per Band D equivalent property Council Tax increase, producing £0.179m 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	2.95	0.06
B	3.46	0.07
C	3.94	0.08
D	4.44	0.09
E	5.42	0.10
F	6.42	0.12
G	7.39	0.14
H	8.88	0.17

- 2.24** Taking into account changes to the Council Tax base (i.e. new properties, empty homes premium, second home premium, single persons discount review), the Council Tax base has increased by 451 band D equivalent properties from 39,807 in 2025/26 to 40,258 in 2026/27.
- 2.25** The Council is required to declare its estimated surplus or deficit on the Collection Fund (for both Business Rates and Council Tax) to preceptors ahead of the financial year end for 2025/26. This surplus or deficit is then shared between the relevant preceptors in 2026/27 (a surplus if paid out to preceptors, including the Council, and a deficit is repaid to the collection fund from preceptors, including the Council).
- 2.26** The Council Tax Collection Fund is estimated to be in a deficit position as the close of 2025/26. This deficit is estimated to amount to £0.625m, of which the Council's share is £0.068m.
- 2.27** The Business Rates Collection Fund is estimated to be in a deficit position at the close of 2025/26. The deficit is estimated to amount to £2.982m, of which the Council's share is £1.193m.
- 2.28** The deficit primarily relates to successful appeals in the period January to March 2025 which resulted in an actual outturn position of a surplus of £1.823m for 2024/25 compared to the forecast declared surplus position as at December 2024 of £4.114m.
- 2.29** The Council's share of the deficit for both Business Rates and Council Tax will be provided for via Business Rates Reserve which was established to ensure the Council's resilience against Business Rates volatility.

Budget Consultation

- 2.30** Public consultation has been undertaken on the budget (Appendix 10), the consultation ran between 25 November 2025 and 1 January 2026. The consultation clearly determined that residents felt that the following services were the most important to them:
- Town centre regeneration
 - Street cleaning
 - Refuse collection
 - Parks, playgrounds and open spaces

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

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

- 2.31** The Capital Programme for 2026/27 to 2028/29 (Appendix 4) is based on new schemes which are vital to ensure continued service delivery and in assisting the Council to achieve its corporate and service objectives as set out in the Council Plan 2022-26. These schemes total £110.012m including major investment into the Borough via external funding in terms of the Town Deals Fund for both Newcastle and Kidsgrove.
- 2.32** The Capital Programme will require to be financed by borrowing, primarily for cash flow purposes, whilst assets are procured and constructed, after which time significant capital receipts are expected. The associated borrowing costs have been factored into the MTFS. The Capital Financing Requirement is set to increase to £31.278m by 2028/29 based on the 3 year Capital Programme for 2026/27 to 2028/29, the Capital Financing Requirement at 31 March 2025 (£19.893m) and the Capital Financing Requirement for capital expenditure during the current financial year and the financial years 2026/27 to 2028/29 (£11.385m).
- 2.33** The Capital Programme for 2026/27 to 2028/29 includes an estimate for the development of York Place which has been updated to reflect an adjusted cashflow and receipt of Homes England funding (£5.076m), this assumes spend of £16.112m plus capitalised interest (£0.612m) over the period 2025/26 to 2027/28 and a subsequent capital receipt including capitalised interest during 2028/29.
- 2.34** The Capital Programme for this period also includes an estimate for the redevelopment of the Midway Carpark which has been updated to reflect an adjusted cashflow and receipt of Homes England funding (£5.689m), this assumes spend of £35.955m plus capitalised interest (£1.372m) over the period 2025/26 to 2027/28 and a subsequent capital receipt plus capitalised interest during 2029/30.
- 2.35** In addition, the Capital Programme also includes an estimate for the redevelopment of the Ryecroft site which has been updated to reflect an adjusted cashflow and receipt of Homes England funding (£8.179m), this assumes spend of £33.132m plus capitalised interest (£1.049m) over the period 2025/26 to 2027/28 and a subsequent capital receipt including capitalised interest in 2030/31.
- 2.36** The Capital Strategy for 2026/36 (Appendix 5) meets the requirements of statutory guidance issued by the Government in January 2018. The Council's capital investment is carried out within the statutory framework laid down by the Local Government Act 2003 and regulations under that Act. Accordingly, only expenditure which fits the definition of capital expenditure contained in the Act or Regulations pursuant to it will be capitalised.
- 2.37** The Capital Programme is produced in line with the Capital Strategy for 2026/36. In addition to the Council's corporate and service objectives, as set out

in the Council Plan 2022-26, the Capital Programme is also influenced by a number of external parties and factors.

- 2.38** Delivering the capital programme for 2026/27 will require prudential borrowing to be undertaken, primarily for the purposes of the regeneration projects outlined above for which interest will be capitalised and for which capital receipts are expected, but also to reflect the Council's underlying capital financing requirement. The impact of borrowing is included in the MTFS pressures for 2026/27 and future years.
- 2.39** Advice will continue to be sought from the Council's Treasury Management advisors, Arlingclose, as to the most beneficial timing of prudential borrowing. Their current advice to reduce interest rate risk is to borrow on a short term basis (up to 4 years) from other local authorities where possible alongside longer term Public Works Loan Board borrowing where suitable.

Treasury Management Strategy 2026/27, Investment Strategy 2026/27 and Commercial Strategy 2026/27

- 2.40** The Treasury Management Strategy for 2026/27 is attached at Appendix 6. The Minimum Revenue Provision Policy for 2026/27 is contained in Annex C to the strategy.
- 2.41** The Treasury Management Strategy for 2026/27 allows for borrowing and for the capitalisation of interest costs in relation to development schemes. Although not utilised in recent years, the Council has previously considered the option of long-term borrowing from the Public Works Loans Board (PWLb). After the utilisation of capital receipts and internal borrowing, the Council will look to borrow short term (up to 4 years) from other local authorities where possible alongside longer term Public Works Loan Board borrowing where suitable.
- 2.42** The Investment Strategy for 2026/27 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.
- 2.43** The Commercial Strategy for 2026/27 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

- 2.44** A review of the Council's Balances and Reserves together with a financial resilience risk assessment informing the levels of these has been undertaken by the Council's Section 151 Officer. Details of the risk factors considered and the weightings applied to each are set out at Appendix 3.
- 2.45** It is recommended that a minimum level of unallocated reserves and contingencies (i.e. the Council's Balance and Reserve Strategy for 2026/27) of

£2.225m be held in 2026/27 to reflect the levels of revenue risk shown in the draft budget for 2026/27.

- 2.46** The increase in the minimum level will be financed from the Recovery Grant to be received in 2026/27, the balance of which will be paid into the Budget and Borrowing Support Fund to increase the Council's financial resilience, ahead of its use in 2027/28 and 2028/29 to smooth the impact of the Fair Funding Review 2.0.

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 13 January 2026.
- 3.2** Recommend to Full Council for approval, the updated Medium Term Financial Strategy 2026/27 to 2030/31 (Appendix 2).
- 3.3** Approve the strategy for ensuring a balanced revenue outturn position for 2025/26.
- 3.4** Recommend to Full Council for approval, the calculation of the Council Tax base and a proposed Council Tax increase for 2026/27 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 2026/27.
- 3.6** Approve the Civic Growth Fund priorities for 2026/27.
- 3.7** Recommend an extension of the freeze, already announced to £1 after 1pm car parking, to all hourly car parking charges in support of the motion agreed by Full Council on 21 January 2026 to support the Borough's Town Centres, High Streets and Villages. And, that the creation of free 'nipper' parking at the South High Street is noted.
- 3.8** Recommend a freeze in fees relating to tennis, bowls, football and rugby fees and charges for 2026/27.
- 3.9** Recommend to Full Council for approval, the Capital Strategy (Appendix 5) for 2026/36.
- 3.10** Recommend to Full Council for approval, the Treasury Management Strategy (Appendix 6) for 2026/27.
- 3.11** Recommend to Full Council for approval, the Investment Strategy (Appendix 7) for 2026/27.
- 3.12** Recommend to Full Council for approval, the Commercial Strategy (Appendix 8) for 2026/27.

3.13 Recommend to Full Council for approval, the Local Council Tax Reduction Scheme (Appendix 9) for 2026/27.

4. Reasons

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

5. Options Considered

5.1 None.

6. Legal and Statutory Implications

6.1 The Council is required to set its Council Tax for 2026/27 by 11 March 2026, per Section 30(6) of the Local Government Finance Act 1992. It is planned to approve the final budget and Council Tax rates on 11 February 2026.

7. Equality Impact Assessment

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

8. Financial and Resource Implications

8.1 These are addressed in the body of the report.

9. Major Risks & Mitigation

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

9.2 Such risks require regular and robust monitoring and it is essential that the Council has sufficient useable reserves to call on if required. The review and risk assessment indicates that overall unallocated reserves and contingencies are required to be held at a minimum level of £2.225m to reflect the levels of revenue risk shown in the draft budget for 2026/27. In addition a contingency of £1m is required to provide flexibility to manage risks relating to delivery of the capital programme.

- 9.3** The assessment of the Section 151 Officer is that the proposals included in this report are robust and will ensure an adequate level of reserves.
- 9.4** Treasury management is a major area of risk for the Council in that large amounts of money are dealt with on a daily basis and there are a number of limits and indicators, which must be complied with.
- 9.5** The overriding consideration in determining where to place the Council's surplus funds is to safeguard the Council's capital. Within this constraint the aim is to maximise the return on capital. Operational procedures, coupled with monitoring arrangements, are in place to minimise the risk of departures from the approved strategy.

10. UN Sustainable Development Goals (UNSDG)

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



11. One Council

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

One Commercial Council ☒

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

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 2026/27 to 2030/31 (Cabinet 2 September 2025).

13.2 Revenue and Capital Budgets 2026/27 – First Draft Savings Plans (Cabinet 2 December 2025).

13.3 Revenue and Capital Budgets 2026/27 – First Draft Savings Plans (Finance, Assets and Performance Scrutiny Committee 4 December 2025).

13.4 Draft Revenue and Capital Budgets and Strategies 2026/27 (Cabinet 13 January 2026).

13.5 Draft Revenue and Capital Budgets and Strategies 2026/27 (Finance, Assets and Performance Scrutiny Committee 15 January 2026).

14. List of Appendices

14.1 Appendix 1 – 2026/27 MTFS Funding Strategy

14.2 Appendix 2 – 2026/27 to 2029/30 MTFS 'Gaps'

14.3 Appendix 3 – Risk Assessment on Required Balances/Contingency Reserve

14.4 Appendix 4 – 2026/27 to 2028/29 Capital Programme and 2025/26 Mid-Year Estimate

14.5 Appendix 5 – Capital Strategy 2026 to 2036

14.6 Appendix 6 – Treasury Management Strategy 2026/27

14.7 Appendix 7 – Investment Strategy 2026/27

14.8 Appendix 8 – Commercial Strategy 2026/27

14.9 Appendix 9 – Local Council Tax Reduction Scheme for 2026/27

14.10 Appendix 10 – 2026/27 Budget Consultation Summary

15. Background Papers

CIPFA Treasury Management Code of Practice (revised December 2017)

Council's Treasury Management Policy Statement

Local Government Act

Local Authorities (Capital Finance and Accounting) (England) Regulations

Appendix 1 – 2026/27 MTFS Funding Strategy

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

Appendix 2 – 2026/27 to 2030/31 MTFS ‘Gaps’

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

Appendix 3 – (i) Risk Assessment on Required Balances/Contingency Reserve (£2.225m) and (ii) Actual/Forecast Reserve Balances at 31 March 2025 to 2027

(i) Risk Assessment on Required Reserves Balances (£2.225m)

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Balance Needed £
1	Increase in fees and charges does not result in higher income levels	Shortfall in income leading to overspends	3 x 4	High	Included in calculation of minimum balances	3 x 3	High	Regular monitoring of income levels	275,000
2	Reduced Income due to non-availability of service (e.g. COVID-19 related or similar)	Shortfall in income leading to overspends	3 x 3	High	Included in calculation of minimum balances	3 x 3	High	Regular monitoring of income levels	285,000
3	Bad debts reduce the Council's income	Shortfall in income leading to overspends and need to top up provision	3 x 4	High	A contribution to the bad debts provision is budgeted for	3 x 3	High	Increase monitoring of collection rates	205,000
4	Employee budgets – the budget is discounted on the assumption there will be vacancies	Vacancies do not occur leading to additional costs	3 x 3	High	The budget assumes a vacancy factor of 3.5%, this is realistic compared with previous years	2 x 3	Moderate	Regular monitoring of vacancy levels	50,000
5	Employee budgets - the 2024/25 employee pay settlement results in an increase higher than included in the budget	Additional unbudgeted costs	2 x 3	Moderate	Balances sufficient to deal with any additional costs, plus reduced job security in economy	2 x 3	Moderate	None	100,000
6	Problems with staff recruitment/retention resulting in the payment of market supplements at extra cost	Additional unbudgeted costs	3 x 3	High	Subject to ongoing review	3 x 3	High	None	75,000
7	Problems with staff sickness/suspensions resulting in the needs	Additional unbudgeted costs	3 x 3	High	Absence management procedures in place	3 x 3	High	Monitoring of sickness levels	150,000



Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Balance Needed £
	to use agency/interim staff								
8	Council becomes liable to pay compensation or legal fees or another unforeseen commitment arises	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances	3 x 2	Moderate	None	125,000
9	Inflation relating to supplies and services exceeds the allowance in the budget	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances. Regular review of inflation levels	3 x 3	High	None	100,000
10	Existing commitment(s) missed out of budget	Additional unbudgeted costs	3 x 3	High	Budgets subject to checking at several levels. Preparation of standstill budget for comparison	3 x 3	High	None	75,000
11	Additional interest costs incurred resulting from loss of income and additional expenditure	Additional unbudgeted borrowing costs	3 x 3	High	Capital Budgets and receipt expectations have been realistically set. Allowance provided for in calculation of minimum balances	3 x 3	High	None	220,000
12	Fuel costs increase by more than allowed for in budget	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget	3 x 3	High	None	20,000
13	Energy costs increase by more than allowed for in budget	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget	3 x 3	High	None	40,000
14	Unforeseen major repairs needed to Council properties	Additional unbudgeted costs	2 x 3	Moderate	Planned maintenance programme in place and stock condition survey.	2 x 3	Moderate	None	50,000
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



Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Balance Needed £
16	Insurances - high level of excesses to be met by Council or uninsured losses	Additional unbudgeted costs	3 x 3	High	Included in calculation of minimum balances. Insurance Provision established	2 x 3	Moderate	Monitor level of Insurance Provision	40,000
17	Government further increase NI rates during 2026/27	Additional unbudgeted costs	2 x 3	Moderate	Included in calculation of minimum balances. Increased rate built into budget	2 x 3	Moderate	None	65,000
18	Savings built into Budget are not realised	Additional unbudgeted costs	3 x 3	High	Regular Budget Monitoring	3 x 2	Moderate	None	80,000
19	New Legislation imposes extra costs but provides insufficient resources	Additional unbudgeted costs	3 x 3	High	Contingency Reserve available. Included in calculation of minimum balances	3 x 2	Moderate	None	25,000
20	Partnerships - expenses falling on Council as accountable body	Additional unbudgeted costs	2 x 3	Moderate	Monitor partnership activities and ensure carried out according to agreements	2 x 1	Low	None	5,000
21	Civil Emergency	Additional unbudgeted costs	5 x 2	High	Bellwin Scheme will meet 100% of eligible expenditure within 1 month of an emergency	4 x 2	Moderate	None	60,000
22	Municipal Mutual Insurance (MMI) Clawback	Additional unbudgeted costs	3 x 3	High	MMI Provision	2 x 1	Low	Consider increasing amount of provision if necessary	15,000
23	Data Protection breach resulting in fine	Additional unbudgeted costs	3 x 3	High	Data Protection Policy Reminders to staff. All staff complete mandatory e-learning module	3 x 3	High	None	75,000
24	Members act against officer advice resulting in cost to the Council	Additional unbudgeted costs	3 x 3	High	Agenda pre-meetings. Liaison with members. Monitoring Officer	3 x 3	High	None	75,000

(ii) **Actual/Forecast Reserve Balances at 31 March 2025 to 2027**

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

Appendix 4 2026/27 to 2028/29 Capital Programme and 2025/26 Mid-Year Estimate



CAPITAL PROGRAMME	2025/26 MID YEAR	2026/27	2027/28	2028/29	TOTAL 2026/27 to 2028/29
	£	£	£	£	£
PRIORITY – One Council Delivering for Local People					
Service Area – Council Modernisation	922,120	705,000	80,000	351,000	1,136,000
Total	922,120	705,000	80,000	351,000	1,136,000
PRIORITY – A Successful and Sustainable Growing Borough					
Service Area – Housing Improvements	3,474,641	3,421,363	2,095,000	2,095,000	7,611,363
Service Area – Managing Property & Assets	14,183,389	49,099,572	28,286,479	466,053	77,852,104
Total	17,658,030	52,520,935	30,381,479	2,561,053	85,463,467
PRIORITY – Healthy, Active and Safe Communities					
Service Area – Streetscene	536,760	542,419	130,000	130,000	802,419
Service Area – Bereavement Services	164,200	141,950	5,000	5,000	151,950
Service Area – Recycling and Fleet	3,717,650	3,049,661	6,279,419	2,323,428	11,652,508
Service Area – Leisure and Cultural	475,763	1,604,998	1,373,936	-	2,978,934
Service Area – Engineering	310,600	200,000	-	-	200,000
Total	5,204,973	5,539,028	7,788,355	2,458,428	15,785,811
PRIORITY – Town Centres for All					
Public Realm	10,000	-	-	-	-
Town Deals – Newcastle	8,040,484	3,432,755	-	-	3,432,755
Town Deals – Kidsgrove	3,318,343	1,955,030	1,239,313	-	3,194,343
Total	11,368,827	5,387,785	1,239,313	-	6,627,098
CONTINGENCY (assumes unspent contingency is carried forward from 2026/27)	480,954	1,000,000	-	-	1,000,000
TOTAL	35,634,904	65,152,748	39,489,147	5,370,481	110,012,376
FUNDING					
Capital Receipts	1,530,000	5,050,000	4,350,000	4,350,000	13,750,000
Regeneration Receipts	-	-	-	13,750,072	13,750,072
External Contributions	26,590,251	16,907,528	4,196,155	2,000,000	23,103,683
Borrowing	7,514,653	1,633,832	3,216,988	(979,519)	3,871,301
Regeneration Borrowing	-	41,561,388	27,726,004	(13,750,072)	55,537,320
TOTAL	35,634,904	65,152,748	39,489,147	5,370,481	110,012,376

Appendix 9 – Local Council Tax Reduction Scheme for 2026/27

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.



2026/27 Budget Consultation report

Headline findings

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

Background

This survey was available online from 26 November 2025 to 1 January 2026 via an online form on the Council's 'Have Your Say' web page, and was publicised by the Communications Team via social media. There were 25 responses – a significant decrease on the 82 received last year.

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

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

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

This was a purely open question – an open text box was provided for respondents to answer, unprompted, with no suggested answers to choose from. Note in particular the prominence of the words ‘town’ and ‘centre’.



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

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

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

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

More than one quarter of respondents chose the following options:

- Town centre regeneration 44 per cent
- Refuse collection 40 per cent

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

Respondents were asked to choose up to 5 options out of a list of 10 services.

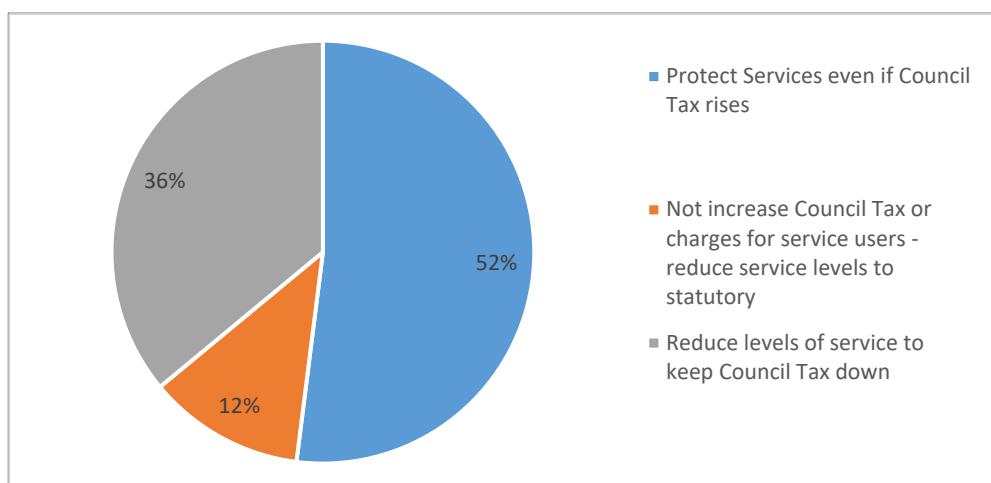
Four were chosen by more than 40 per cent of respondents:

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

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 more than half (52 per cent) and was the most popular choice.
- *To not increase Council Tax or charges for service users, but instead look to reduce service levels towards a core statutory offer - that is, excluding those listed in question 3.* This was the least popular choice, picked by only 12 per cent of respondents.
- *Reduce levels of service to make sure that Council Tax rises and fee increases for service users are kept to a minimum.* This was selected by 36 per cent of respondents.



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.

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

Location of respondents

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

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

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