CABINET

Newcastle City Council

Date of Cabinet:	16 November 2026
Title of report:	**Our medium term financial plan for 2027 - 2028 to 2029 - 2030: Revenue and Capital Plan**
Name of Cabinet Member:	**Councillor Mark Mitchell, Deputy Leader and Cabinet Member for Finance and Resources**
Responsible Director:	**Mark Nicholson, Chief Finance Officer**
Report Author:	**Tim Gorman, Service Manager Financial Strategy**

Confidential / Not for Publication No	**Key Decision**

Introduction and link to Council Priorities:

This report sets out our draft budget for 2027-28 and a draft medium term financial plan for the period from 2027-28 to 2029-30. The report will provide the latest assessment of the council's overall financial position, taking into account external economic and other factors, and proposals to set a balanced budget for 2027-28 and an assessment of the financial position for the following two years. Cabinet will be asked to approve the draft plan for consultation.

The budget and medium term financial plan is set within the context of the Council Plan and covers all areas of council activity. It therefore contributes towards the delivery of all of the council priorities.

Recommendations:

Cabinet is recommended to agree the medium term financial plan for 2027-28 to 2029-30 and its appendices as the basis for consultation with residents, partners and other stakeholders until 29 December 2026. The consultation will focus on the service proposals for 2027-28 and proposals for Council Tax and the adult social care precept.

1 Proposal(s)

Rationale for the recommended decision(s)

1.1 Our medium term financial plan for 2027-28 to 2029-30 sets out the latest assessment of the financial challenges we face. It also sets out draft plans for the savings we will need to make, in co-operation and collaboration with communities and partners, to deal with these challenges for 2027- 28 and how we'll continue to approach detailed planning for 2028-29 and 2029-30.

1.2 Cabinet is recommended to agree our medium term financial plan for 2027-28 to 2029-30 and its appendices as the basis for consultation with residents, partners and other stakeholders until 29 December 2026. The consultation will focus on the service proposals for 2027-28 and proposals for Council Tax and the adult social care precept.

1.3 Our proposals for delivering a balanced budget in 2027-28 are set out in:

- Medium Term Financial Plan for 2027-28 to 2029-30
- Appendix 1 – Change and Innovation Programme update

These proposals include increasing core Council Tax by 2.99% and applying the 2% adult social care precept to Council Tax as assumed by government.

Impact of the proposals

1.4 We have a legal duty to set a balanced budget each year and to consult on any service or policy changes required to do so as well as any proposed increase in Council Tax before formal agreement by City Council. Our approach to addressing the budget gap for 2027-28 is therefore set out within the attached report and its appendices.

1.5 One of the proposals to set a balanced budget is to increase core Council Tax by 2.99%, in line with government expectations. The additional income generated through this will avoid the need to make further reductions to service provision beyond those set out in the accompanying report. We also propose to apply the government's 2% precept for adult social care to help address the rising costs of adult social care. This will result in an overall Council Tax increase of 4.99%.

1.6 We are publishing our proposals for 2027-28 and approach for 2028-29 and 2029-30 now to allow residents, businesses, community organisations and partners to understand and comment on what is being proposed. Assuming Cabinet agree, the proposals will be subject to a consultation until 29 December 2026.

1.7 People will be encouraged to have their say through engagement across a range of channels. A high-level summary of our communications and consultation plan is published on our website. Consultation materials can be made available in accessible formats, with targeted engagement where needed to enable seldom heard communities are able to participate. All

feedback will be considered along with any announcements that may impact upon our financial position. An updated version of our medium term plan for 2027-28 to 2029-30 will be presented to Cabinet in January 2027 who will be asked to recommend it to the meeting of City Council on 24 February 2027 for debate and voting.

1.8 To meet our commitment to a ‘fairness test’ for key decisions and our legal obligations (see section 1 below), we carry out integrated impact assessments (IIAs) for proposals that will result in a change to a service and / or policy in the next financial year. We have drafted integrated impact assessments (IIAs) for proposals that will result in a change to a service and or policy in the next financial year, and these will be kept under review and amended as appropriate throughout the consultation phase of the process. They are published as a background paper to this report. They will outline in detail how we propose to change a service or policy, evidence that has informed the development of the proposals and our assessment of potential impacts. We will further develop the IIA's to reflect feedback received through consultation. An updated version will be published alongside the report to Cabinet in January 2027 and City Council in February 2027.

1.9 The council recognises that financial pressures are not experienced equally across communities and will consider socio-economic disadvantage alongside protected characteristics when assessing cumulative impacts. Therefore, we will go beyond our equality legal duties and also carry out a cumulative impact assessment which will consider impacts from several perspectives to ensure that the decisions we make are informed by the fullest understanding of potential impacts. We will draw on information and evidence set out in the IIA alongside potential impacts of government policies and decisions. This will form part of the updated report to Cabinet in January 2027 and City Council in February 2027.

What are the resource implications

1.10 The representative of the Chief Finance Officer has reviewed this report and has confirmed that the resource implications are as set out in this report and its appendices.

Timescales

1.11 Our draft proposals will be subject to consultation until 29 December 2026. An updated version of this document, appendices and supporting background papers will be presented to Cabinet on 25 January. This will reflect any changes made in response to feedback received and further announcements that may impact on our financial position, including the provisional local government finance settlement. Cabinet will be asked to recommend the updated document to City Council for the meeting on 24 February 2027.

Alternative options

1.12 We have a legal requirement to set a balanced budget and this is the responsibility of all Councillors. Our approach will be informed by our consultation process and government announcements but it is ultimately the responsibility of Cabinet to recommend a budget to City Council.

How success will be measured

1.13 Success will be measured by setting a balanced budget for April 2027 to March 2028 and having a clear plan for our services. Officers will monitor the budget monthly to ensure all savings proposals agreed by City Council are achieved. Progress against our priorities and our revenue and capital position will be reported to Cabinet regularly, including as part of our Council performance reports.

Key Risks

1.14 Section 25 of the Local Government Act 2003 (the 2003 Act) requires that when the council is considering its budget and setting its Council Tax for the forthcoming financial year, the Chief Finance Officer should report to elected members on:

- The robustness of the estimates made for the purposes of the Council Tax requirement calculations; and
- The adequacy of the proposed financial reserves allowed for in the budget proposals.

1.15 Section 25 of the 2003 Act also requires elected members to have regard to that report when making their decisions in relation to the budget and the setting of Council Tax.

1.16 The Chief Finance Officer's assessment of the above matters will be set out in the Section 25 Statement which will accompany the revised budget and medium term financial plan to be presented to Cabinet in January 2027.

2 Implications and Assurance

Type	Implications / Assurance
Legal	We are required by the Local Government Finance Act 1992 to set our Council Tax for each year on or before 11 March in the preceding financial year. To do this we must calculate our Council Tax taking requirement by taking account of our estimated future spending requirements and ensuring there are adequate reserves to draw on if the estimates turn out to be insufficient. We must take account of the report of the designated

Type	Implications / Assurance
	Chief Financial Officer on the robustness of these estimates and the adequacy of proposed reserves. We are required to consult on our financial plans and proposals and give due regard to any responses received before finalising the proposals. To do this we must take account of our relevant statutory duties. This includes our public-sector equality duties under section 149 of the Equality Act 2010, which requires us to have due regard to the need to: a) Eliminate unlawful discrimination. b) Advance equality of opportunity between people who share a protected characteristic and people who do not. c) Foster good relations between people who share a protected characteristic and those who do not. As well as these statutory duties, we have an underlying fiduciary duty to our business rate and taxpayers to conduct our financial administration in a business-like manner with reasonable care, skill and caution, and have due regard to their responses.
Finance	The accompanying report and its appendices set out the resources that will be available to us in 2027-28 and our approach to investing these resources. It also sets out our approach to financial planning for 2028-29 and 2029-30. Detailed resource implications are set out in the medium term financial plan for 2027-28 to 2029-30 and Appendix 1 – Change and Innovation Programme update. Detailed implications of changes to services and policies in 2027-28 are set out in individual integrated impact assessments.
Procurement	A number of proposals set out in the accompanying report and appendices will have procurement implications and

Type	Implications / Assurance
	will be dealt with in accordance with our procurement and financial procedures.
Equality, Diversity & Inclusion	The Council recognises that proposals within the medium term financial plan may affect communities differently. Individual Integrated Impact Assessments have been completed for proposals involving service or policy change and will continue to be refined through consultation. A cumulative impact assessment will also be undertaken to assess the combined impact of proposals across protected characteristic groups, carers, care experienced people and residents experiencing socio-economic disadvantage. Findings will be used to inform final decision-making.
Climate	The climate implications of the various budget proposals have been reviewed and at this stage do not present any immediate concerns; progress will be monitored to ensure opportunities are captured or challenge are tackled at the right stage in service delivery.
Health and Wellbeing	Public Health colleagues have reviewed the Integrated Impact Assessments (IIA's) and have provided feedback where appropriate. Financial and service changes can influence health outcomes and these factors will be considered through the cumulative impact assessment process.

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Appendices

- Our Medium Term Financial Plan for 2027-28 to 2029-30
- Appendix 1 – Change and Innovation Programme update
- Appendix 2 – Breakdown of cost pressures
- Appendix 3 – Net expenditure budgets by directorate
- Appendix 4 – Net expenditure budgets by service
- Appendix 5 – Fees and Charges Policy
- Appendix 6 – Summary of directorate budgets
- Appendix 7 – Housing Revenue Account budget
- Appendix 8 – General Fund net revenue budget risk assessment
- Appendix 9 – Projected trend in earmarked reserves
- Appendix 10 – Consultation and engagement plan
- Appendix 11 - 2027-28 Capital and Investment Strategy
- Appendix 12 - 2027-28 Treasury Management Strategy
- Appendix 13 - 2027-28 Minimum Revenue Provision Policy Statement
- Appendix 14 – Peoples budget engagement report
- Appendix 15 – Integrated Impact Assessments (IIA’s) (to follow on a supplemental agenda)

Background Paper

None.