

# Cabinet



Date of meeting: 12 January 2026  
 Title of Report: **Draft Budget Report 2026/27**  
 Lead Member: Councillor Mark Lowry (Cabinet Member for Finance)  
 Lead Strategic Director: David Northey (Interim Service Director for Finance)  
 Author: David Northey, Interim Service Director for Finance (Section 151 Officer)  
 Helen Slater, Assistant Head of Finance  
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 Your Reference: Budget202627/Jan2026  
 Key Decision: No  
 Confidentiality: Part I - Official

## Purpose of Report

Under the Council's Constitution, Cabinet is required to recommend an annual Budget Report and Council Tax Resolution to Full Council. This report sets out the latest information available to enable Cabinet to consider recommendations in respect of the Draft Budget to be presented to the Budget Scrutiny Committee.

At the time of writing, we have included the information contained in the Provisional Local Government Settlement announced in December 2025. Full details of the Final Settlement will be included in subsequent reports

## Recommendations and Reasons

That Cabinet:

1. Notes this report and acknowledges that it is subject to change in line with any Final Settlement adjustments and further changes required as proposals are developed.
2. Endorses the recommended 5-year Capital Programme £319.725m.
3. Agrees to present the draft budget report to the Budget Scrutiny Select Committee for consideration when full savings proposals highlighted in this report have been further developed.

*Reason: To ensure Cabinet support for the budget proposals prior to further development of the final Revenue and Capital Budget for 2026/27.*

**Alternative options considered and rejected**

- I. Not to bring forward proposals in respect of the 2026/27 Budget – rejected on the basis that there is a legal requirement for the Council to agree a balanced budget, and seeking support for further development of the recommended proposals will enable this to happen.

This report builds on the Council's Medium-Term Financial Strategy (MTFS) presented to Council in November 2025. In accordance with our Financial Regulations, we are required to produce regular reports on our financial resources.

**Relevance to the Corporate Plan and/or the Plymouth Plan**

This report is fundamentally linked to delivering the priorities set out in the Council's Corporate Plan. Allocating limited resources to key priorities will help maximise benefits for the residents of Plymouth.

**Implications for the Medium-Term Financial Plan and Resource Implications:**

The resource implications are set out in the body of the report.

**Financial Risks**

The Council is a complex service organisation with a gross revenue expenditure budget exceeding £670m and faces financial risks due to the ongoing demand pressures in adult social care and children's social care, homelessness accommodation, providing home-to-school transport for our most vulnerable children, and the cost of financing the Dedicated School Grant deficit.

The Council is under a legal obligation to set a balanced budget for each municipal year, and the Council's Section 151 Officer is required to produce a statement as part of the budget documentation giving their view on the robustness of the proposed budget. This statement will be included in the final budget report to Full Council.

The Provisional Settlement reflects the sector's request for more certainty over future funding envelopes. For the first time in over a decade we have visibility and certainty of our core resources for the coming year 2026/27 plus a further two years. It brings additional funding however given the scale of the future demand the modelling for future years shows it will still be a challenge for the Council. It is imperative that the Council increases its already strong focus on prevention, intervention, transformation and long-term financial sustainability. This needs to include reducing the base running costs and adopting a policy to grow the reserves year on year.

The Draft Budget 2026/27 assumes an increase in both the base Council Tax and the Adult Social Care precept, in line with the policy set out in the Autumn Statement 2025 and the Local Government Settlement in December 2025. No decision has yet been made on any changes to the Council Tax charge for 2026/27; this decision is reserved for Full Council.

**Legal Implications**

The Council has a legal obligation under Section 31A of the Local Government Finance Act 1992, as amended by the Localism Act 2011, to set a balanced budget for the forthcoming financial year. Cabinet must ensure that the proposed budget enables the Council to meet its statutory functions and that the estimates included are both reasonable and based on sound assumptions. Failure to set a lawful budget by the statutory deadline may expose the authority to legal challenge and intervention by the Secretary of State.

Under Section 151 of the Local Government Act 1972, the Council's Chief Finance Officer must provide assurance that the budget is deliverable and that adequate reserves are maintained. Cabinet is required to have due regard to the Section 151 Officer's advice, including on the adequacy of reserves and the robustness of estimates. Disregarding such professional advice without reasonable justification may increase the risk of a successful legal challenge.

In formulating their budget proposals, Cabinet must give due regard to the Public Sector Equality Duty to ensure that any budget savings measures do not unduly impact on those with protected characteristics and must also ensure that any budget savings proposals which result in changes to services are subject to statutory and where relevant non-statutory consultation. Any consultation must be undertaken in a timely manner to enable due regard to be given the results of the consultation prior to any final decisions being taken.

### **Carbon Footprint (Environmental) Implications:**

There are no direct impacts arising from this report. As the recommendations relate to the Council's revenue and capital budget in its entirety, the scope of the decision covers all Council activities. There will be carbon footprint implications associated with the activities financed by the budget, both positive and negative, but these can only be effectively assessed on a case-by-case basis. The Council's commitments to the net zero agenda, as with any other strategic priority, will always operate within the financial context in which the Council is working.

### **Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:**

The increasing costs of demand-led services outpacing the growth in revenue resources across the public sector has been identified as a key risk within our Strategic Risk Register. As proposals are developed, officers will produce, where relevant, a risk register specific to each proposal to inform decision-making. This register will include identified risks and proposed mitigations and will be reported as part of the decision-making process.

In addition, as proposals are further developed, officers will assess and report on equalities impacts and associated mitigations as part of the process.

An Equalities Impact Assessment will accompany the final Budget Report.

## **Appendices**

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
1	Relative Needs Formulae and Fair Funding Assessment Calculation (per MHCLG)							
2	Additional Costs/Budget Adjustments							
3	Management and Cabinet Savings							
4	Draft 2026/27 Directorate Budgets							
5	Revised Capital Programme							

### **Background papers:**

*\*Add rows as required to box below*

*Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.*

Title of any background paper(s)	Exemption Paragraph Number (if applicable)						
	If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.						
	1	2	3	4	5	6	7

Sign off:

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Originating Senior Leadership Team member: David Northey, Interim S151 Officer											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 09/01/2026											
Cabinet Member approval: Agreed verbally Cllr Lowry (Cabinet Member for Finance) & David Northey Date approved: 09/01/2026											