

Cabinet



Date of meeting:	09 February 2026
Title of Report:	Proposed Revenue and Capital Budget 2026/27
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey (Interim Service Director for Finance)
Author:	David Northey, Section 151 Officer Helen Slater, Assistant Head of Finance Wendy Eldridge, Lead Accountancy Manager Capital and Treasury
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Your Reference:	BUD2026/27CAB
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

Under the Council's Constitution, the Council is required to set a balanced Revenue and Capital Budget and set the Council Tax for each financial year. This report:

- Provides the context for budget setting, both in terms of the Council's strategic objectives for the city and the local government landscape nationally
- Sets out the Service Director for Finance's (Section 151 Officer) budget robustness statement as required by law
- Summarises financial risks and associated mitigations
- Sets out revenue budget planning assumptions in respect of income, approved savings plans, resource requirements
- Sets out the Capital budget, Capital Financing Strategy and the Treasury Management Strategy for 2026/27
- Sets out the Medium-Term Financial Plan for the period 2026/27 – 2030/31
- Sets out indicative Council Tax levels for 2026/27, prior to approval of Fire Precept
- Sets out proposed Fees and Charges for 2026/27 for Cabinet Approval
- Sets out the Tamar Bridge & Torpoint Ferry Joint Committee 2026/27 Revenue Budget and Capital Programme and the 2026/27 draft Business Plan
- Sets out Cabinet Savings Proposals for approval

Recommendations and Reasons

It is recommended that Cabinet:

1. Note the Financial Risks as set out in Appendix 3.
2. Note the section from the Council's Section 151 Officer (Chief Finance Officer) on the robustness of the budget estimates and the adequacy of the level of reserves.
3. Note that the Fire Precept will not be confirmed until after the Cabinet meeting and delegate to the Section 151 Officer to make final amendments to Council Tax Resolution prior to Full Council.
4. Recommends the following to Full Council, subject to amendments by the Section 151 Officer in consultation with the Leader reflecting any final technical adjustments and changes upon receipt of the Final Local Government Finance Settlement.
 - i) The Revenue Budget 2026/27: £329.275m
 - ii) The drawdown of a maximum of £3.618m of flexible capital receipts, as set out in the report
 - iii) The Capital Budget 2026/27 £113.938m and five-year programme £319.725m
 - iv) The Capital Financing Strategy 2026/27
 - v) The Treasury Management Strategy 2026/27 (incorporating the Non-Treasury Management Strategy and the Minimum Revenue Provision Statement)
 - vi) The Medium-Term Financial Plan for the period 2026/27 to 2030/31
 - vii) The Tamar Bridge & Torpoint Ferry Joint Committee 2026/27 Revenue Budget and Capital Programme and the 2026/27 draft Business Plan, as referenced in Appendix 16, and the longer-term forecast to 2029/30 is noted.
5. Approve the partial reversal of up to £31m of the council's Interest Rate Swap to provide a net £9.7m one-off benefit to the council's revenue budget position in 2026/27, noting the overall financial impact and alternative options set out in Section 20 of the report.
6. Approve Fees and Charges Setting 2026/27 (Appendix 15)
7. Approve the Cabinet Savings Proposals 2026/27 (Appendix 5)

Reason: *Setting a balanced budget is a statutory requirement. The obligation to make a lawful budget each year is shared equally by each individual Member, discharged through Council. Options for achieving a balanced budget have been considered in the preparation of the proposed budget set out in this report. Using part of the value created through the council's beneficial Rate Swap arrangement will enable the council to set a budget in 2026/27, whilst driving forward its transformation plans to achieve a more sustainable financial position in 2027/28 and beyond.*

Alternative options considered and rejected

- 1) 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.*
- 2) Funding demand pressures at a lower level or increasing savings – *despite extensive work to reduce and contain demand, independent review of forecasts for key pressure areas (SEND, Adults and Children's Social Care, and Homelessness), and the development of £17.2m in recommended savings with further transformation savings planned for later years, the S151 Officer cannot recommend this option because it would fail to deliver a robust, balanced budget position.*
- 3) Exceptional Financial Support via Capitalisation Direction or Council Tax referendum limits – *rejected because a capitalisation direction is anticipated to create higher financing costs than current proposals, while raising Council Tax to the average rate would still fail to close the budget gap and would place an additional burden on residents.*

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 implications of the 2026/27 budget have been incorporated in the revised Medium Term Financial Plan presented as part of this 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 is set out in Section 2 of this report.

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 proposed 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. Council Tax decisions are 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 to 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.

Officers will assess and report on equalities impacts and associated mitigations as part of the process.

An Equalities Impact Assessment accompanies this 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	Council Tax Resolution 2026/27 – Indicative							
2	Equalities Impact Assessment							
3	Financial Risks							
4	Additional Costs/Budget Adjustments							
5	Management and Cabinet Savings Proposals							
6	Indicative Directorate Budgets after Savings Proposals							
7	Flexible Use of Capital Receipts Strategy							
8	Budget Engagement 2026/27 Report							
9	Capital Finance Strategy 2026/27							
10	Treasury Management Strategy 2026/27							
11	MTFP 2026/27 to 2030/31							
12	Fee and Charges Annual Uplift							
13	Tamar Bridge & Torpoint Ferry Budget							

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:

Fin	OW. 25.26. 128	Leg	LS/00 0031 97/41 /LB/0 6/02/ 26	Mon Off	N/A	HR	N/A	Asset s	N/A	Strat Proc	N/A
Originating Senior Leadership Team member: David Northey											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 06/02/2026											
Cabinet Member approval: Councillor Mark Lowry (Cabinet Member for Finance) Verbal agreement at 1:1 Date approved: 05/02/2026											