

North Yorkshire Council

13 February 2026

Revenue Budget for 2026/27 and Medium-Term Financial Strategy to 2028/29

Joint Report of the Chief Executive and the Corporate Director – Strategic Resources

1.0 PURPOSE OF REPORT

1.1 To enable Council to consider the appended suite of Budget reports, that were referred by the Executive at their meeting of 20 January 2026, including:

- Revenue Budget 2026/27 and Medium-Term Financial Strategy to 2028/29,
- Capital Five Year Spending Plan
- Treasury Management and Capital Strategy
- Housing Revenue Account Budget 2026/27 and Medium-Term Financial Plan
- Empty Homes and Second Homes Premium Policy
- Council Tax Reduction Scheme 2026/27.

2.0 BACKGROUND

2.1 On 20 January 2026, the Executive considered the appended Budget reports and recommended them to Council at their meeting on 13 February 2026.

2.2 This is the fourth Budget for North Yorkshire Council and the report sets out the financial issues and risks for the new North Yorkshire Council and makes recommendations to the Council regarding the:

- Revenue Budget 2026/27 and Medium-Term Financial Strategy to 2028/29,
- Capital Five Year Spending Plan
- Treasury Management and Capital Strategy
- Housing Revenue Account Budget 2026/27 and Medium-Term Financial Plan
- Empty Homes and Second Homes Premium Policy
- Council Tax Reduction Scheme 2026/27
- Council Tax Resolution.

2.3 This Budget is in the context of a new funding arrangement for local government with a three year settlement. The reforms have seen significant funding moved away from rural councils towards those with higher deprivation levels. The funding from government, on a like-for-like basis, has seen a reduction of just under £20m in 2026/27 and the increases projected in spending power are entirely attributable to increases in local council tax. In addition, there are a number of significant areas of national reform that are impending and will impact upon this Council and its finances.

2.4 The minutes of the meeting of the Executive on 20 January 2026 are available here - [Printed minutes Tuesday 20-Jan-2026 11.00 Executive.pdf](#)

2.5 Since the Executive meeting, a small number of amendments have been made to the report to reflect updated information or corrections:

- a) As referenced in the Executive report **Para. 4.4.4** of the 'Revenue Budget 2026/27 and Medium-Term Financial Strategy to 2028/29' section, confirmation of collection fund tax surplus/deficits have now been received. For Council Tax there is an estimated in-year surplus of £4,836k and a final 24-25 outturn surplus of £1,099k. After transfers to the York and North Yorkshire Combined Authority for police and the fire and rescue authority this leaves a net surplus of £4,885k for North Yorkshire Council. On Business Rates for the Council there is a 24-25 net deficit of £663k and an in-year surplus of £339k.
- b) Amendment to £ column heading in table in **para. 3.6** of the 'Capital Five Year Spending Plan' section of the report.

2.6 Regarding the Council Tax Empty Property and Second Home Policy 2026-2027, the Government issued guidance for councils setting out the circumstances where a premium can be charged, the discretion available to councils in doing this, the administration of premiums and the application of the exceptions. The guidance also explained that councils should make their decisions based on the legislation and their specific local circumstances. The guidance also encouraged councils to assess the impact of any premium they introduce. An impact assessment has been completed and this is now appended to this report at Appendix A.

3.0 FINANCIAL IMPLICATIONS

3.1 These are covered in the appended report that went to the Executive on 20 January 2026.

4.0 LEGAL IMPLICATIONS

4.1 These are covered in the appended report that went to the Executive on 20 January 2026.

5.0 CLIMATE CHANGE IMPLICATIONS

5.1 These are covered in the appended report that went to the Executive on 20 January 2026.

6.0 EQUALITIES IMPLICATIONS

- 6.1 These are covered in the appended report that went to the Executive on 20 January 2026. Section Appendix I of the appended report summarises the findings of over 40 Impact Assessments (EIAs) carried out for specific proposals. It provides background information about the county's profile and identifies other factors that may affect specific community sections. It then highlights any anticipated adverse or mixed impact for each group, along with the measures taken to mitigate these impacts. For proposals not explicitly mentioned, it is anticipated that their effects will be positive or neutral.
- 6.2 Specific details regarding how individual proposals have been adjusted to minimise impact and promote equality are available in the EIAs for those proposals, which can be found on the website, at [Equalities assessment and consultation | North Yorkshire Council](#) (Budget Report for 2026 to 2027). These EIAs have also been appended to this report, at Appendices B to L.
- 6.3 Members are required to read the individual EIAs to inform their decision-making and ensure legal compliance with the public sector equality duty under the Equality Act 2010.

7.0 RECOMMENDATIONS

7.1 That Council consider the appended suite of Budget reports as recommended to Council by the Executive at their meeting on 20 January 2026:

1)

a) That the Section 25 assurance statement provided by the Corporate Director Resources regarding the robustness of the estimates and the adequacy of the reserves (**paragraph 8.14**) and the risk assessment of the MTFs detailed in **Section 9** are noted.

b) An increase in Council Tax of 4.99% (basic 2.99% and Adult Social Care 2%) resulting in a Band D charge of £2,036.32 – an increase of £96.78 (**paragraph 4.4.6** and **Appendix D**).

c) That, in accordance with Section 31A of the Local Government Finance Act 1992 (as amended by Section 74 of The Localism Act 2011), a Council Tax requirement for 2026/27 of £524,458,818.08 is approved (**paragraph 4.4.9**).

d) That a Net Revenue Budget for 2026/27 of £650,023k (**Appendix G**) is approved.

e) That in the event that the level of overall external funding (including from the final Local Government Settlement) results in a variance of less than £7.5m in 2026/27 then the difference to be addressed by a transfer to / from the Strategic Capacity Unallocated Reserve in line with **paragraph 4.3.2** with such changes being made to **Appendix E** as appropriate.

f) That the Corporate Director – Children and Young People's Service is authorised, in consultation with the Corporate Director, Resources and the Executive Members for Schools and Finance, to take the final decision on the allocation of the Schools Budget including High Needs, Early Years and the Central Schools Services Block (**paragraph 3.1.19**).

g) That the Medium Term Financial Strategy for 2027/28 to 2028/29, and its caveats, as laid out in **Section 3.0** and **Appendix G** is approved in line with the proposed Council Tax option.

h) That the Corporate Director – Environment is authorised, in consultation with the Executive Members for Highways & Transportation, Managing our Environment and Open to Business, to carry out all necessary actions, including consultation where considered appropriate, to implement the range of savings as set out in **Appendix B1 (ENV 01 - New to 19 - New)**.

i) That the Corporate Director – Community Development is authorised, in consultation with the Executive Members for Open to Business and Culture, Arts and Housing, to carry out all necessary actions, including consultation where considered appropriate, to implement the range of savings as set out in **Appendix B1 (CD 01 - New to 15 - New)**.

j) That the Corporate Director – Health and Adult Services is authorised, in consultation with the Executive Members for HAS, to carry out all necessary actions, including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix B1 (HAS 01 - New to 07 - New)**.

k) That the Corporate Director – Children and Young People's Services is authorised, in consultation with the Executive Members for CYPS, to carry out all necessary actions,

including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix B1 (CYPS 01 - New to 05 - New)**.

l) That the Corporate Director – Resources, in consultation with the Executive Members for Finance & Resources and Corporate Services, to carry out all the necessary actions, including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix B1 (RD 01 - New to 05 - New, CM 01 - New and LGR 01 - New)**.

m) That the Chief Executive is authorised, in consultation with the Executive Members for Central Services, to carry out all necessary actions, including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix B1 (CS 01 – New to CS 08 - New)**.

n) That any outcomes requiring changes following **Recommendations h), i), j), k), l), and m)** above be brought back to the Executive to consider and, where changes are recommended to the existing major policy framework, then such matters to be considered by Full Council.

o) That £5,000k be added to the Corporate Property Maintenance budget in 2026/27 on a one-off basis as set out in **paragraph 4.9.1** to address urgent needs and that a scheme is produced to aid decision making on allocation of this sum with the design of the scheme being delegated to the Corporate Director Resources in consultation with the Executive Member for Finance and Property.

p) That the proposed policy target for the minimum level of the General Working Balance is £33m in line with **Appendix F** and **paragraph 4.6.3**.

q) That the Empty Homes and Second Homes Premium policy (**Appendix L**) is approved.

r) That the Council Tax Reduction Scheme for 2026/27 (**Appendix M**) is approved.

2) that Council notes and agrees the delegation arrangements referred to in **Section 11** that authorise the Corporate Directors to implement the Budget proposals contained in this report for their respective service areas and for the Chief Executive in those areas where there are cross-Council proposals.

3) that Council has regard to the Public Sector Equality Duty (identified in **Section 7** and **Appendix I**) in approving the Budget proposals contained in this report.

4) That Council:

a) Approve the refreshed Capital Plan summarised at **paragraph 3.3**; and

b) Approve the allocation of £1.1m of Strategic Capacity Unallocated Reserve to support the investment in the Filey Brigg Caravan and Camping Site as outlined at **paragraph 4.8.4**.

c) The Treasury Management Strategy Statement Annex 1, consisting of the Annual Treasury Management Strategy (**Section 1**), Capital Prudential Indicators (**Section 2**), Borrowing Strategy (**Section 3**) and Annual Investment Strategy 2026/27 (**Section 4**), including in particular:

- (i) an authorised limit for external debt of £609.2m in 2026/27;
- (ii) an operational boundary for external debt of £589.2m in 2026/27;

- (iii) the Prudential and Treasury Indicators based on the Council's current and indicative spending plans for 2026/27 to 2028/29;
 - (iv) a limit of £60m of the total cash sums available for investment (both in house and externally managed) to be invested in Non-Specified Investments over 365 days;
 - (v) a Minimum Revenue Provision (MRP) policy for debt repayment to be charged to Revenue in 2026/27;
 - (vi) the Corporate Director Resources to report to the Council if and when necessary during the year on any changes to this Strategy arising from the use of operational leasing, PFI or other innovative methods of funding not previously approved by the Council;
- d) The Capital Strategy as attached as **Annex 2**;
- e) That the Audit Committee be invited to review **Annex 1 and 2** and submit any proposals to the Executive for consideration at the earliest opportunity;
- f) the approval of the HRA budget for 2026/27 as set out in **paragraph 6.3**, being a net deficit of £0.890m which will be drawn from the HRA working balance;
- g) the approval of the HRA Medium term financial plan for 2027/28 and 2028/29 and the 30-year HRA Business Plan, as set out in **paragraph 6.3** and **Appendix B** respectively;
- h) Agrees rent convergence is implemented at the maximum allowable for all properties on Social (Formula) rent as soon as practically feasible;
- i) Agrees an increase of 4.8% be applied to social, affordable and hostel rents from 1 April 2026;
- j) Agrees an increase of 2% be applied to shared ownership rents from 1 April 2026.

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5 February 2026

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