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|--------------------------------|------------------------------|
| <b>Classification:</b><br>Open | <b>Decision Type:</b><br>Key |
|--------------------------------|------------------------------|

|                   |   |   |
|-------------------|---|---|
| <b>Report to:</b> | Overview & Scrutiny Committee<br>Cabinet<br>Council   | <b>Date:</b><br>6 February 2025<br>12 February 2025<br>19 February 2025 |
| <b>Subject:</b>   | The Council's 2025/26 Revenue Budget and Medium-Term Financial Strategy (MTFS) for 2026/27 through to 2027/28 |   |
| <b>Report of</b>  | Cabinet Member for Finance and Transformation   |   |

## Summary

1. This report sets out the key elements of the 2025/26 budget proposals and the framework for the longer-term Medium Term Financial Strategy (MTFS) 2026/27 to 2027/28. It makes available the latest financial information that will underpin the 2025/26 budget and the MTFS. The report also sets out the process that will lead to the agreement of the budget and the setting of the 2025/26 Council Tax at Full Council on the 19 February 2025.
2. This report reflects the Government's Provisional 2025/26 Local Government Finance Settlement published in December 2024. The financial tables within the report focus on a three-year period.
3. The Housing Revenue Account is a separate report on this agenda, this report is part of the suite of financial reports including: -
  - Council Tax Setting
  - Treasury Management Strategy 2025/26
  - Capital Strategy 2025/26 to 2027/28
  - The Dedicated Schools Grant and the schools' budget 2025/26
4. To present to members the 2025/26 budget and the updated budget position over the three years to 2027/28, comprising:
  - Refreshed budget assumptions and funding movements.
  - Revenue budget proposals.
5. To inform members of the updated budget gap of £28.822m for the three years 2025/26 to 2027/28 before applying any of the offsetting revenue budget proposals, comprising:
  - 2025/26 £14.118m
  - 2026/27 £9.603m
  - 2027/28 £5.101m

6. To present a draft set of budget proposals totalling £17.251m, which are in line with the Council's strategy to close the budget gap over the medium-term.
7. To inform members of the remaining budget gap of £11.571m, comprising:
  - 2025/26 £5.858m
  - 2026/27 £3.754m
  - 2027/28 £1.959m
8. To inform members of the forecast reserves position over the three years 2025/26 to 2027/28.

### **Role of Overview and Scrutiny Committee in the budget process**

9. Under the Council's Constitution, the Overview and Scrutiny Committee is required to advise and consider the Cabinet's budget Council Tax proposals and report to Cabinet on the outcome of its deliberations before the matter is referred to Council.
10. In considering the budget proposals, the Committee can challenge how the budget has been constructed. It may wish to probe the assumptions that lie behind the budget strategy, what are the main savings proposals, how will any growth be funded, and has an appropriate level of reserves been set.
11. The Committee will also need to maintain a 'big picture' three-year view of the financial pressures affecting the Council and understand how these might impact on existing budget and budget setting in subsequent years. These issues are set out in the Financial Context and Background section below.

### **Recommendation(s)**

Overview and Scrutiny Committee is asked to:

- Note the report
- Consider whether they wish to make any comments and recommendations to Cabinet on the content of this report.

The Cabinet is asked to approve the recommendations and commend to Council the following:

12. Approve the Medium-Term Financial Strategy to 2027/28 and the assumptions regarding resources and spending requirements.
13. Approve the Council Tax base for Bury Council for 2025/26 of 58,697.86 Band D equivalent dwellings, this is the basis on which the Council Tax funding has been calculated (Appendix 1).
14. Approve the net revenue budget of £238.256m for 2025/26.

15. Approve the Council Tax requirement of £118.296m and the increase in Council Tax in 2025/26 of 2.99% in terms of General Council Tax and a further 2% for the Adult Social Care precept for 2025/26 (Appendix 1).
16. Approve the budget assumptions of £23.210m in 2025/26.
17. Approve the new revenue budget proposal relating to residents parking permits pricing structure for consultation and referred to Council for their consideration.
18. Note the remaining budget gap of £11.571m over the medium-term to 2027/28.
19. Approve the use of £5.858m of reserves from the budget stabilisation reserve for 2025/26.
20. Note the forecast position on reserves over the medium-term to 2027/28.
21. Approve the recommendations set out in the Treasury Management Strategy (Appendix 2):
  - To approve the Treasury Management Strategy including the associated Prudential Indicators and Annual Investment Strategy.
  - To approve the Treasury Management Policy Statement.
  - To approve the Minimum Revenue Provision (MRP) Policy Statement.
22. Approve the Capital Strategy and the Programme for 2025/26 – 2027/28 (Appendix 3).
23. Approve the Dedicated Schools Grant budget for 2025/26 at £253.097m and approve the allocations between the four funding blocks as set out in Appendix 4 of this report.
  - The Schools and Academies 20205/26 funding unit values as recommended by Schools Forum and detailed at Annex 1 to appendix 4.
  - Approve the 2025/26 hourly rates for all early year's providers as follows:
    - i. £5.48 per hour for 3- and 4-year-olds.
    - ii. £7.88 per hour for 2-year olds.
    - iii. £10.50 per hour for under 2's.
24. Note the Equality Impact Assessment for the budget report (Appendix 5).
25. Note the Chief Finance Officer (Director of Finance) statement on the robustness of estimates and adequacy of financial reserves in setting the budget (Appendix 6).

### **Reasons for recommendation(s)**

26. The Council has a legal requirement annually to set a balanced budget and Council Tax and where necessary undertake consultation with the public, businesses, stakeholders and internally with staff and through Overview & Scrutiny Committee.

## **Alternative options considered and rejected**

27. The current assumption within the 2025/26 budget and medium term is for an ongoing 4.99% annual Council Tax increase (2.99% general precept and 2% adult social care precept).
28. An alternative option could be made to increase its 'relevant basic amount of council tax' above the levels set out in the Provisional 2025/26 Local Government Finance Settlement published in December 2024 of 4.99%, but this would require holding a local referendum and a majority vote.
29. A 1% increase or decrease in Council Tax is the equivalent to c.£1.1m

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### **Report Author and Contact Details:**

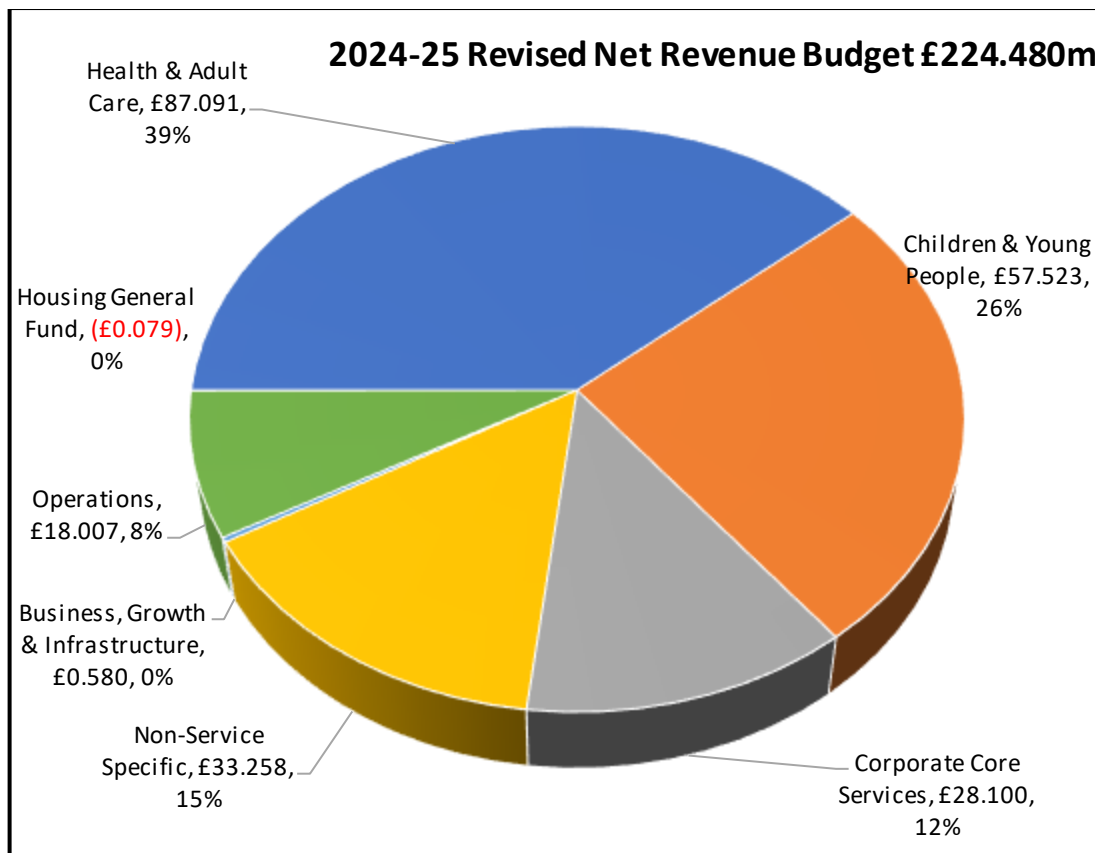
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## Background

### 2024/25 Base Budget

30. The budget report presented to Budget Council on 21 February 2024 set out the Council's budget requirement for the 2024/25 financial year and provided details on the Council's reserves position. This process is in accordance with statutory requirements and proper accounting practices.
31. Council approved a net revenue budget of £209.608m for 2024/25, which included an approved use of reserves of £15.131m held within the Non-Service Specific Directorate, to address the structural funding deficit and balance the revenue budget.
32. Following updates to the 2024/25 Local Government Finance Settlement, a further review of fees & charges and a representation of the budget, Council on 17 July 2024 approved an updated net revenue budget of £224.480m and a £1.982m reduction in the use of reserves from £15.131m to £13.149m
33. The graph below shows the representation of the net revenue budget of £224.480m by Directorate.



34. A further analysis of the net revenue budget by type of expenditure & income shows the main areas of budget spend being staffing, demand & contracts and sales fees & charges, as shown in the table below:

| Budget Group                                      | Inc/Exp | Budget Control Group               | Revised Budget<br>£m |
|---|---------|------------------------------------|----------------------|
| Net Budget  | Exp     | Staff & Related Expenses           | £114.066             |
| Net Budget  | Exp     | Demand & Contractual               | £155.620             |
| Net Budget  | Exp     | Other Expenditure                  | £11.226              |
| <b>SERVICE EXPENDITURE TOTAL</b>                  |         |                                    | <b>£280.912</b>      |
| Net Budget  | Inc     | Government Grants                  | (£6.785)             |
| Net Budget  | Inc     | Other Grants & Contributions       | (£23.968)            |
| Net Budget  | Inc     | Sales, Fees & Charges              | (£38.153)            |
| Net Budget  | Inc     | Other Income                       | (£3.537)             |
| <b>SERVICE INCOME TOTAL</b>                       |         |                                    | <b>(£72.443)</b>     |
| <b>SERVICE RECHARGES TOTAL</b>                    |         |                                    | <b>(£20.294)</b>     |
| <b>SERVICE RESERVES TOTAL</b>                     |         |                                    | <b>(£0.180)</b>      |
| Net Budget  |         | Housing Benefit                    | (£0.136)             |
| Net Budget  |         | Precepts & Levies                  | £27.934              |
| Net Budget  |         | Treasury & Capital Financing Costs | £5.830               |
| Net Budget  |         | Provisions & Contingency           | £2.857               |
| <b>OTHER EXPENDITURE &amp; INCOME ITEMS TOTAL</b> |         |                                    | <b>£36.485</b>       |
| <b>NET REVENUE BUDGET TOTAL</b>                   |         |                                    | <b>£224.480</b>      |
| Funding   |         | Council Tax                        | (£110.199)           |
| Funding   |         | NDR                                | (£71.282)            |
| Funding   |         | Funding Grants                     | (£29.850)            |
| <b>FUNDING TOTAL</b>                              |         |                                    | <b>(£211.331)</b>    |
| <b>CORPORATE RESERVES TOTAL</b>                   |         |                                    | <b>(£13.149)</b>     |
|   |         |                                    |                      |
| <b>GENERAL FUND TOTAL</b>                         |         |                                    | <b>£0.000</b>        |

#### 2024/25 Q2 Forecast Outturn Position

35. Delivery of the 2024/25 budget is critical to maintaining the Council's future MTFS position and budget proposals, as emerging and recurrent additional demand and cost pressures will increase the budget gap position.
36. The 2024/25 quarter 2 position presented to 4 December 2024 Cabinet showed projected forecast £3.011m overspend (1.34%) against the net revenue budget of £224.480m, as shown in the table below.
37. The three main areas contributing to the £3.011m overspend are:
- Adults: the Care in the Community budget is forecast to overspend by £1.722m (3.50%).
  - Children's: Home-to-School Transport is forecast to overspend by £0.654m (20.34%) and the Children Looked After (CLA) external placements budget is forecast to overspend by £4.070m (27.96%).
  - Corporate Core Services: Homelessness overnight accommodation is forecast to overspend by £1.043m (195.32%).

38. However, two main areas are contributing towards reducing the overall overspend:
- Treasury Management: is forecast to underspend by £1.568m (64.62%) due to higher rates of interest on investments and through re-profiling the capital programme an underspend on borrowing costs.
  - Operations: Facilities Management is forecast to underspend by £0.573m (20.97%) and due to a mix of reduced energy process and LED lighting efficiencies Street Lighting is forecast to underspend by £0.316m (5.99%).
39. The overspending service areas make-up a significant and increasing proportion of the revenue budget reflecting the additional demand for, and cost of, the services being commissioned, which are national issues and not unique to Bury.

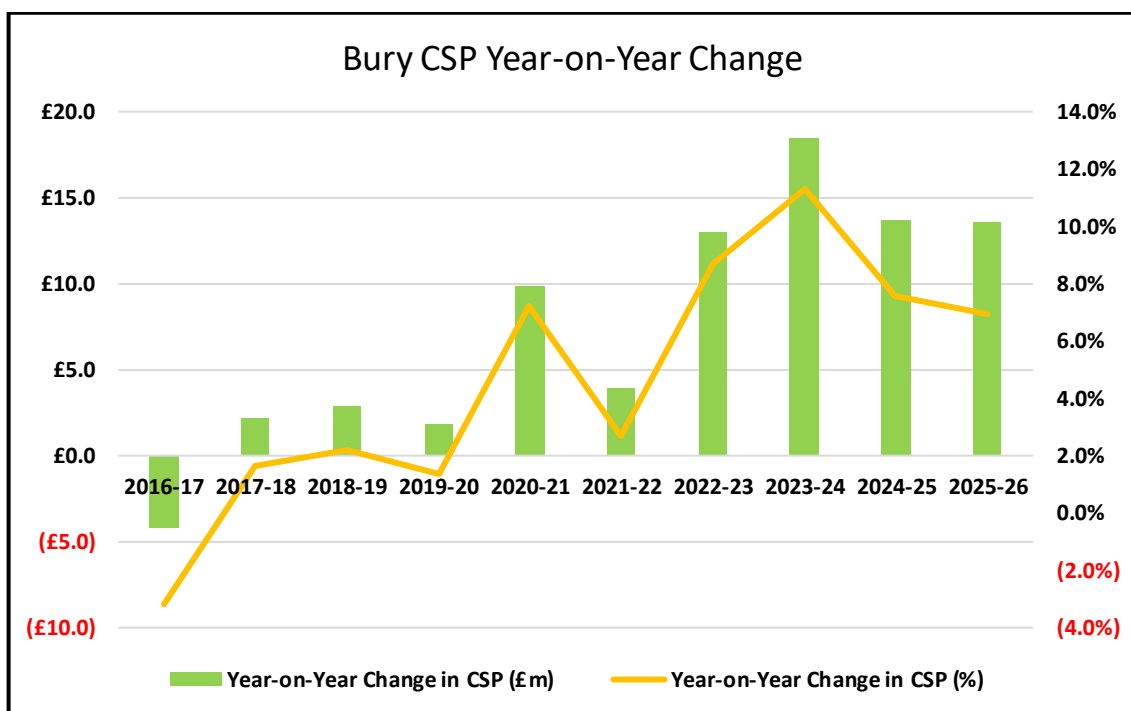
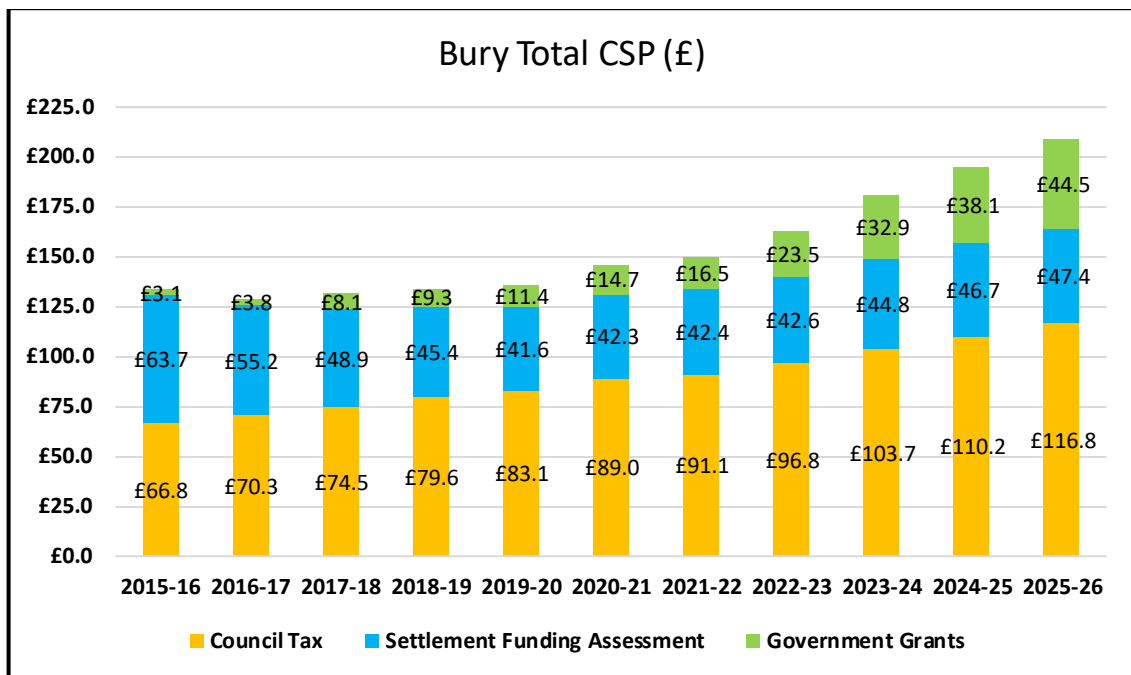
| 2024/25 Q2 Forecast Outturn       | Revised Budget<br>£m | Forecast Outturn<br>£m | Forecast Variance<br>£m | Forecast Variance<br>% |
|-----------------------------------|----------------------|------------------------|-------------------------|------------------------|
| <b>Directorate:</b>               |                      |                        |                         |                        |
| Health & Adult Care               | £86.518              | £87.455                | £0.937                  | 1.08%                  |
| Children & Young People           | £56.761              | £59.686                | £2.925                  | 5.15%                  |
| Corporate Core Services           | £26.864              | £28.324                | £1.460                  | 5.43%                  |
| Non-Service Specific              | £36.948              | £35.413                | (£1.535)                | (4.15%)                |
| Business, Growth & Infrastructure | £0.492               | £0.555                 | £0.063                  | 12.80%                 |
| Operations                        | £16.976              | £16.137                | (£0.839)                | (4.94%)                |
| Housing General Fund              | (£0.079)             | (£0.079)               | £0.000                  | 0.00%                  |
| <b>NET REVENUE BUDGET</b>         | <b>£224.480</b>      | <b>£227.491</b>        | <b>£3.011</b>           | <b>1.34%</b>           |
| <b>Funding:</b>                   |                      |                        |                         |                        |
| Council Tax                       | (£110.198)           | (£110.198)             | £0.000                  | 0.00%                  |
| Business Rates                    | (£71.282)            | (£71.282)              | £0.000                  | 0.00%                  |
| Government Funding Grants         | (£29.851)            | (£29.851)              | £0.000                  | 0.00%                  |
| <b>FUNDING</b>                    | <b>(£211.331)</b>    | <b>(£211.331)</b>      | <b>£0.000</b>           | <b>0.00%</b>           |
| <b>Use of Reserves:</b>           |                      |                        |                         |                        |
| Budget Stabilisation Reserve      | (£13.149)            | (£13.149)              | £0.000                  | 0.00%                  |
| <b>USE OF RESERVES</b>            | <b>(£13.149)</b>     | <b>(£13.149)</b>       | <b>£0.000</b>           | <b>0.00%</b>           |
| <b>BUDGET POSITION</b>            | <b>£0.000</b>        | <b>£3.011</b>          | <b>£3.011</b>           | <b>1.34%</b>           |

## Financial Overview

### Local Government Finance Settlement (LGFS)

40. To provide funding certainty and allow councils to plan ahead, in December 2015 the Government offered councils a four-year funding settlement for the period 2016/17 to 2019/20. Over the six years since of 2020/21 to 2025/26 the Government has limited this to one-year only settlements, that makes it extremely difficult for councils to forecast future funding levels with any certainty and strategically forward plan.
41. Core Spending Power (CSP) is a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities through the LGFS.

42. The graph below sets out the figures for local authority Core Spending Power (CSP) from 2015/16 through to 2025/26. [Note figures for 2015/16 have been adjusted to ensure a consistent measure of local authority income over time].



## Statistics

43. The tables below provide a geographical analysis of both Council Tax & Core Spending Power (CSP) by population & number of dwellings over Greater Manchester authorities.



| Council Tax Requirement 2024-25 |   |      |   |      |  |      |
|---------------------------------|---|------|---|------|--|------|
| GM Districts                    | Council Tax Requirement (CTR) (excl. local precepts) £m | Rank | Council Tax Base (CTB) for Council Tax Setting Purposes | Rank | Ave Band D (2 Adult equivalent) Council Tax (excl. local precepts) | Rank |
| Bolton                          | £141.750  | 5    | 80,001  | 4    | £1,771.84  | 7    |
| Bury                            | £110.199  | 10   | 57,409  | 10   | £1,919.55  | 5    |
| Manchester                      | £229.259  | 1    | 134,938   | 1    | £1,699.00  | 8    |
| Oldham                          | £116.155  | 8    | 59,380  | 8    | £1,956.13  | 3    |
| Rochdale                        | £114.718  | 9    | 58,500  | 9    | £1,960.99  | 2    |
| Salford                         | £150.008  | 4    | 76,722  | 6    | £1,955.21  | 4    |
| Stockport                       | £194.568  | 2    | 98,397  | 2    | £1,977.39  | 1    |
| Tameside                        | £117.867  | 7    | 64,723  | 7    | £1,821.12  | 6    |
| Trafford                        | £127.109  | 6    | 79,362  | 5    | £1,601.63  | 9    |
| Wigan                           | £152.077  | 3    | 97,900  | 3    | £1,553.39  | 10   |

| LGFS 2025-26 |                                      |      |                     |      |                           |      |
|--------------|--------------------------------------|------|---------------------|------|---------------------------|------|
| GM Districts | 2025-26 Core Spending Power (CSP) £m | Rank | Population Mid 2023 | Rank | Dwellings as at Sept 2024 | Rank |
| Bolton       | £335.767                             | 4    | 302,383             | 3    | 125,437                   | 5    |
| Bury         | £208.685                             | 10   | 195,476             | 10   | 83,428                    | 10   |
| Manchester   | £718.186                             | 1    | 579,917             | 1    | 237,488                   | 1    |
| Oldham       | £291.682                             | 6    | 246,130             | 6    | 96,505                    | 8    |
| Rochdale     | £285.122                             | 7    | 229,756             | 9    | 95,789                    | 9    |
| Salford      | £358.394                             | 3    | 284,106             | 5    | 130,012                   | 4    |
| Stockport    | £321.631                             | 5    | 299,545             | 4    | 130,901                   | 3    |
| Tameside     | £277.787                             | 8    | 234,666             | 8    | 103,248                   | 6    |
| Trafford     | £227.736                             | 9    | 237,480             | 7    | 102,091                   | 7    |
| Wigan        | £359.393                             | 2    | 339,174             | 2    | 150,288                   | 2    |

| Analysis of CTR & CSP by Population & Dwelling |                          |      |                              |      |                          |      |                              |      |
|--|--------------------------|------|------------------------------|------|--------------------------|------|------------------------------|------|
| GM Districts                                   | 2024-25 CTR (per head) £ | Rank | 2024-25 CTR (per dwelling) £ | Rank | 2025-26 CSP (per head) £ | Rank | 2025-26 CSP (per dwelling) £ | Rank |
| Bolton   | £468.78                  | 8    | £1,130.05                    | 8    | £1,110.40                | 6    | £2,676.78                    | 6    |
| Bury   | £563.75                  | 2    | £1,320.89                    | 2    | £1,067.58                | 8    | £2,501.38                    | 7    |
| Manchester                                     | £395.33                  | 10   | £965.35                      | 10   | £1,238.43                | 3    | £3,024.09                    | 1    |
| Oldham   | £471.93                  | 7    | £1,203.62                    | 4    | £1,185.07                | 4    | £3,022.46                    | 2    |
| Rochdale                                       | £499.30                  | 6    | £1,197.61                    | 5    | £1,240.98                | 2    | £2,976.57                    | 3    |
| Salford  | £528.00                  | 4    | £1,153.80                    | 6    | £1,261.48                | 1    | £2,756.62                    | 4    |
| Stockport                                      | £649.55                  | 1    | £1,486.38                    | 1    | £1,073.73                | 7    | £2,457.06                    | 8    |
| Tameside                                       | £502.28                  | 5    | £1,141.60                    | 7    | £1,183.75                | 5    | £2,690.48                    | 5    |
| Trafford                                       | £535.24                  | 3    | £1,245.05                    | 3    | £958.97                  | 10   | £2,230.72                    | 10   |
| Wigan  | £448.37                  | 9    | £1,011.90                    | 9    | £1,059.61                | 9    | £2,391.36                    | 9    |

|         |         |  |           |  |           |  |           |  |
|---------|---------|--|-----------|--|-----------|--|-----------|--|
| Average | £506.25 |  | £1,185.62 |  | £1,138.00 |  | £2,672.75 |  |
|---------|---------|--|-----------|--|-----------|--|-----------|--|

44. Core Spending Power (CSP): Bury receives the 8th lowest funding per head of population across the Greater Manchester authorities based on Core Spending Power (CSP) at a rate of £1,067.58 for 2025/26 compared to a GM Average of £1,138.00.
45. If Bury received the average funding per head as its GM neighbours, it would benefit from an additional £13.766m per annum.

### 2025/26 LGFS

46. Whilst the new Government is committed to returning to multi-year settlements, on 18 December 2024 Government published a one-year Provisional 2025/26 Local Government Finance Settlement, with a longer-term (probably 3 year) settlement due to be in place from 2026/27 which is likely to be accompanied by changes to the funding system for local government including the long delayed new fair funding formula.
47. The Provisional 2025/26 Local Government Finance Settlement included additional funding for Bury which has assisted in closing the budget gap by £5.929m in 2025/26, the improvement over the three years 2025/26 to 2027/28 is assumed to be £4.458m.
48. The key headlines are as follows:
  - Core Spending power will increase by an average of 6% nationally including council tax increases in 2025-26, for Bury the provisional increase is 6.97%
  - Council Tax general 'relevant basic amount' limit set at 2.99%
  - Council Tax Adult Social Care Precept set at 2%
  - A new one-off Recovery Grant of £600m nationally has been allocated using the Index of Multiple Deprivation (IMD), 2023 population and share of the council tax taxbase, Bury's allocation in 2025/26 is £2.488m
  - The Social Care Grant has increased by £880m nationally, £200m higher than indicated in the Policy Statement issued in November 2024. This has led to an increase in funding over previous assumptions of £1.331m for Bury in 2025/26.
  - A new Children's Social Care Prevention grant was announced and distributed using an interim children's relative needs-based formula, Bury's allocation in 2025/26 is £0.783m.
  - The Extended Producer Responsibility Grant was announced with the funding guaranteed by government for the 2025/26 financial year at £1.548m for Bury. For 2026/27 and future years, the funding will be provided via DEFRA based on actual income collected net of allowable costs.
49. The government is committed to the long-awaited local authority funding reform which aims to realign funding nationally in line with the recognised need for services whilst giving due consideration to a council's ability to raise revenue via council tax, business rates and fees and charges.

50. The tables below show an analysis across GM authorities & nationally of the Deprivation Indices which the government used as part of the formulae in determining the Recovery Grant allocations.

| Indices of Multiple Deprivation & Recovery Grant Analysis |  |         |                        |                                    |         |                        |
|---|--|---------|------------------------|------------------------------------|---------|------------------------|
| GM Districts  | 2019 Index Multiple Deprivation: Average Score | GM Rank | National Rank (of 317) | 2025/26 Recovery Grant Allocations | GM Rank | National Rank (of 317) |
| Bolton  | 30.691   | 6       | 34                     | £9.196                             | 3       | 23                     |
| Bury  | 23.682   | 8       | 95                     | £2.488                             | 8       | 66                     |
| Manchester  | 40.005   | 1       | 6                      | £19.658                            | 1       | 4                      |
| Oldham  | 33.155   | 4       | 19                     | £8.010                             | 4       | 28                     |
| Rochdale  | 34.415   | 2       | 15                     | £7.815                             | 5       | 30                     |
| Salford   | 34.210   | 3       | 18                     | £9.725                             | 2       | 18                     |
| Stockport   | 20.826   | 9       | 130                    | £0.000                             | 9       | 161                    |
| Tameside  | 31.374   | 5       | 28                     | £7.602                             | 6       | 31                     |
| Trafford  | 16.088   | 10      | 191                    | £0.000                             | 9       | 161                    |
| Wigan   | 25.713   | 7       | 75                     | £7.045                             | 7       | 33                     |
| <b>Average</b>  | <b>29.016</b>                                  |         |                        | <b>£7.154</b>                      |         |                        |

51. This may give an indication on how future funding settlements will be awarded, highlighting Bury would unlikely benefit significantly from the local authority funding reform. However, the formula underpinning the reform is likely to be much more complex and include additional data, and as such the funding for 2026/27 and future years remains very uncertain in terms of both quantum and its distribution.
52. The core assumption for the years 2026/27 to 2027/28 is broadly a 'rollover' settlement with funding levels broadly in line with the current position.

## Budget Process

### 2025/26 Budget Approach

53. The vision for Bury 2030 is built upon conversations with communities and with a simple goal for Bury to:

***Stand out as a place that is achieving faster economic growth than the national average, with lower than national average levels of deprivation.***

Our ambition is that by 2030, the borough of Bury will have made the fastest improvement in reducing levels of deprivation than any other post-industrial northern locality.

Progress to achieving the ambition for Bury 2030 will be measured by tracking seven core outcome measures of:

- 1) Improved quality of life.
- 2) Improved early years development.
- 3) Improved educational attainment.
- 4) Increased adult skill levels and employability.
- 5) Inclusive economic growth.
- 6) Carbon neutrality by 2038.
- 7) Improved digital connectivity.

54. The Let's Do It! strategy of:

***Let's ... All work together with a common approach.  
Do it! ... Deliver on our plans for community and economic development  
where we all play a part.***

Sets out four clear principles that will drive everything the Council does of

- 1) **Local** neighbourhoods.
- 2) An **Enterprising** spirit.
- 3) Delivering **Together**.
- 4) A **Strengths-based** approach.

55. Rolling two-year delivery plans will be produced with a clear set of priorities to create the conditions for change. The current 2024/25 Corporate Plan sets out the vision for a council that is financially sound, delivers its statutory responsibilities and contributes to the Borough's LET'S Do It! outcomes.

56. Three core strategic priorities for 2024/25 were proposed, delivery of which will also secure financial stability. The priorities overlay the "business as usual" departmental functions which are described separately in service planning documents.

The three core strategic priorities for 2024/25 are defined as follows:

- 1) **Sustainable Inclusive Growth** – Further delivery of sustainable housing, the levelling up programmes, strategic regeneration along with the Local Plan, Northern Gateway Masterplan and our continued commitment to carbon neutrality.
- 2) **Improving Children's Lives** – This priority details Educational Improvement including the three A's (Attainment, Attendance and Academisation) and the continued delivery of the SEND and Social Care improvement plans.
- 3) **Tackling Inequalities** – Since the pandemic our inequalities have widened and therefore this continues to be a key priority in 2024/25 including a review of the wider determinants of health: work, housing anti-poverty, tackling behaviours that lead to poor outcomes, system wide prevention and targeted interventions within our neighbourhoods.

57. The connection between these priorities of the Corporate Plan and the MTFs have been illustrated through the increased demand data for Children's Social Care, SEND, Adult Social Care and Housing, all of which have placed in year pressures on the budget as reflected in the current in-year forecast outturn position outlined earlier in the report. Work will continue to look at how these areas continue to be re-focused to reduce and support the budget strategy.

## Budget Movements: Assumptions & Funding

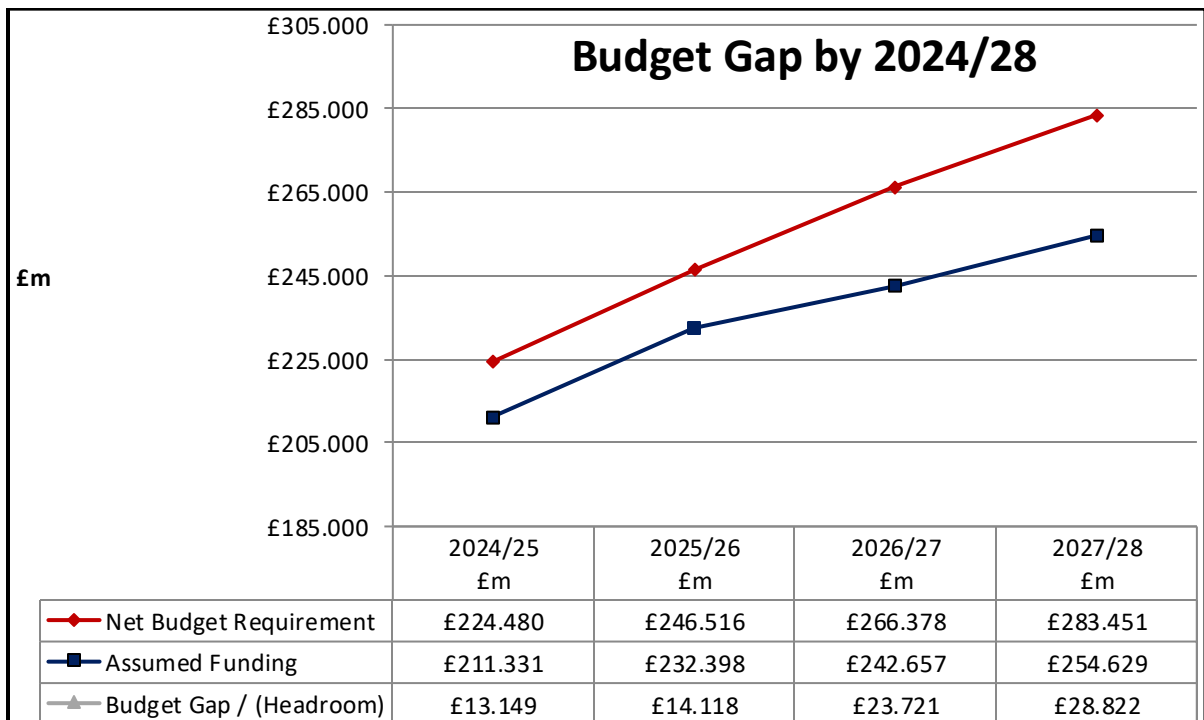
58. The MTFs position reported to Cabinet on 6 November 2024 showed an overall budget gap of £23.443m in 2025/26, rising to £34.918m by 2027/28. Since November, a review of the MTFs budget assumptions and assumed funding has been undertaken in light of the Provisional Local Government Finance Settlement.
59. The table below summarises the budget movements since November 2024, to show the budget gap position for the three-years 2025/26 to 2027/28 of £28.822m, a net decrease of £6.096m before savings proposals are included.

| Table 1.<br>2025/26 - 2027/28 Budget Movements Summary               | Feb-25         |               |                |
|--|----------------|---------------|----------------|
|  | 2025/26<br>£m  | 2026/27<br>£m | 2027/28<br>£m  |
| <b>BUDGET GAP [JULY 2024]</b>  | <b>£23.591</b> | <b>£4.327</b> | <b>£0.000</b>  |
| <b><u>Budget Assumptions Movements:</u></b>                          |                |               |                |
| Revision of Pay Award (inc vacancies) Assumptions                    | (£6.600)       | (£1.100)      | £2.100         |
| Revision of the Capital Financing Assumptions                        | (£1.750)       | £0.750        | £0.250         |
| Update Adults Inflation (incl. RLW) & Demand Assumptions             | £1.417         | £1.459        | £7.428         |
| Update Children's Staffing Establishment                             | £1.616         | (£0.577)      | £0.000         |
| Update Children's Inflation (incl. RLW) & Demand Assumptions         | £4.961         | £0.436        | £4.911         |
| Update Other Inflation & Demand Assumptions                          | £1.888         | (£0.051)      | £0.750         |
| Update Sales, Fees & Charges Assumptions                             | £0.727         | £0.100        | £0.000         |
| NIC contractual inflation  | £2.065         | £0.034        | £0.034         |
| NIC Compensation Grant Expenditure                                   | £1.625         | £0.000        | £0.000         |
| Update of Children's grant income budgets                            | (£0.521)       | £0.000        | £0.000         |
| Insertion of Homelessness Demand Assumptions                         | £1.100         | £0.100        | £0.100         |
| Update Waste Levy precept  | (£0.282)       | £0.000        | £0.000         |
| Waste Levy Returns - one off   | (£1.300)       | £1.300        | £0.000         |
| Pensions   | £0.000         | (£1.600)      | £0.000         |
| Flexible use of Capital Receipts                                     | (£2.000)       | £2.000        | £0.000         |
| Corporate budgets  | £1.402         | £1.622        | £1.500         |
| Extended Producer Responsibility for packaging - GMCA share for Bury | (£1.482)       | £1.482        | £0.000         |
| <b>NET BUDGET</b>  | <b>£2.866</b>  | <b>£5.955</b> | <b>£17.073</b> |
| <b><u>Funding Movements:</u></b>                                     |                |               |                |
| Insertion of 2027/28 Taxbase   | £0.000         | £0.000        | (£0.924)       |
| Insertion of 2027/28 Council Tax                                     | £0.000         | £0.000        | (£6.200)       |
| Update Collection Fund Collection Rate & Arrears                     | (£3.822)       | (£2.161)      | £0.000         |
| Insertion of 2027/28 Funding Grants                                  | £0.000         | £0.000        | (£1.688)       |
| Extended Producer Responsibility Grant including GMCA Share          | (£1.548)       | £0.387        | £0.387         |

|  |                  |                 |                  |
|--|------------------|-----------------|------------------|
| Provisional Settlement Grant update                            | (£1.630)         | (£0.477)        | (£1.283)         |
| Provisional Settlement Recovery Grant                          | (£2.489)         | £2.489          | £0.000           |
| Provisional Settlement Children's Social Care Prevention Grant | (£0.783)         | (£0.016)        | (£0.016)         |
| NIC's Compensation grant                                       | (£1.625)         | £0.000          | £0.000           |
| Council Tax Base update  | £0.769           | £0.515          | (£0.882)         |
| Business Rates update  | (£1.747)         | (£1.816)        | (£1.418)         |
| Update of Collection Fund Prior-Year Estimated Surplus/Deficit | £0.536           | £0.400          | £0.052           |
| <b>ASSUMED FUNDING</b>   | <b>(£12.339)</b> | <b>(£0.679)</b> | <b>(£11.972)</b> |
| <b>BUDGET GAP</b>  | <b>£14.118</b>   | <b>£9.603</b>   | <b>£5.101</b>    |
| <b>CUMULATIVE BUDGET GAP</b>                                   | <b>£14.118</b>   | <b>£23.721</b>  | <b>£28.822</b>   |

60. The chart below shows the budget gap of £28.882m over the three years 2025/26 to 2027/28, whilst Council on 21 February 2024 approved a budget, updated on 17 July 2024, this is supported by £13.149m use of reserves.

61. The chart below excludes the use of reserves, to demonstrate that the net revenue budget and future cost & demand pressures to deliver services exceeds the current level of funding provided by Government to the Council.



### Budget Assumptions

62. Budget assumptions increase by £62.959m over the three years 2025/26 to 2027/28, significant items include:

- **Pay Award:** has been reduced from 4% for 2025/26 and 2% for 2026/27 to 3% for 2025/26 and 2% for both 2026/27 & 2027/28, to reflect both the downward movement in inflation & revised inflation forecasts, since the last MTFS update.

- **National Insurance Contributions:** £2.065m contractual inflation increase for Adult & Childrens' Social Care providers in relation to the government announced changes in both the threshold at which National insurance contributions become payable and employer contribution rates.
- **Capital Financing:** the re-phasing of the capital programme, agreed at the September Cabinet meeting, has been factored into a revised borrowing profile and impact on forecast revenue capital financing costs.
- **Real Living Wage:** 5% uplift for 2025/26 as confirmed by the Living Wage Foundation, and 5% for both 2026/27 & 2027/28.
- **Adults Community Care Budget:** inflation increase of 2% for all three years and demand growth of £0.8m (1.07%) for 2025/26, £1.3m (1.70%) for 2026/27 & £1.8m (2.31%) for 2027/28.
- **Adults Transition Budget:** demand growth of £1.5m (238.00%) for 2025/26, £2.4m (111.00%) for 2026/27 & £0.8m (19%) for 2027/28.
- **Children Looked After Budgets:** inflation (8%), demand growth (8%) and catchup of £7.1m for 2025/26, £2.1m for 2026/27 & £4.9m for 2027/28.
- **Flexible Use of Capital Receipts:** Traditionally, the use of capital receipts (income derived from the sale of long-term assets) has been restricted to funding capital expenditure or the repayment of debt. However, from 1 April 2016 the Government introduced the flexibility for capital receipts to be used to fund revenue expenditure which meets certain criteria, primarily to generate ongoing revenue savings or improvements in the quality of service provision. This flexibility continues in 2025/26, and the medium-term financial strategy includes £2m of capital receipts to support the revenue budget in 2025/26 and another £1m to support further investment to be identified during the year which will support additional activity focused on addressing the remaining structural deficit and which will be reported through to Cabinet through the quarterly finance reporting. The £2m of capital receipts in 2025/26 will be applied to Children's Social Care (£1.2m) Health and Adult Care (£0.4m) and enabling services across the Corporate Core (£0.4m).

The £3m does not cover all the costs of identified transformation activity but makes a contribution to those costs. These receipts could be applied to the capital programme and therefore the impact is to effectively reduce flexibility within the capital programme.

- **Sales Fees and Charges:** Discretionary fees and charges have been uplifted by the appropriate inflationary factor.

## Funding

63. Assumed funding increases by £43.298m over the three years 2025/26 to 2027/28, significant items include:

- **Council Tax Base:** 0.75% increase for growth in all three years and increases in the collection rate of 1.5% 2025/26 and 0.5% for 2026/27. The collection rate increase represents an ambitious improvement target for the service with every additional 1% collected equating to an additional c.£1m of income and will therefore be closely monitored.
- **Council Tax Relevant Basic Amount:** on-going assumption that government will keep the referendum limit at the current 2.99% over the three years.
- **Council Tax Social Care Precept:** on-going assumption that government will continue with the social care precept of 2% over the three years.
- **Collection Fund (Surplus)/Deficit:** assumed increase in the collection of arrears and reduction in the arrears provision.
- **Government Funding Grants:** on-going assumption the existing quota & level of grants provided by government continue over the three years, with inflation uplift applied to specific grants.

## Summary

64. A subjective breakdown of the updated £28.822m budget gap is shown in the table below:

| Table 2.<br>2025/26 - 2027/28 Budget Estimates | Feb-25          |                 |                 |
|--|-----------------|-----------------|-----------------|
|  | 2025/26<br>£m   | 2026/27<br>£m   | 2027/28<br>£m   |
| <b>Net Budget b/fwd</b>                        | <b>£224.480</b> | <b>£246.516</b> | <b>£266.378</b> |
| Prior Year Budget Assumptions: Pay Award       | (£1.900)        | £0.000          | £0.000          |
| <b>Net Budget b/fwd</b>                        | <b>£222.580</b> | <b>£246.516</b> | <b>£266.378</b> |
| <b><u>Budget Assumptions:</u></b>              |                 |                 |                 |
| Pay Award                                      | £2.960          | £2.164          | £2.100          |
| Pay Base Movements                             | £3.314          | (£1.612)        | £0.000          |
| Employee Vacancy/Scale Factor                  | (£1.500)        | £0.000          | £0.000          |
| Agency Staff                                   | £0.000          | (£0.530)        | £0.000          |
| Contractual Inflation                          | £7.362          | £5.110          | £4.481          |
| Real Living Wage                               | £3.351          | £3.519          | £3.695          |
| General Inflation                              | £0.174          | £0.191          | £0.200          |
| Demand/Volume/Activity Base Movements          | £10.448         | £3.933          | £4.847          |
| Grants, Contributions & Income Recovery        | (£0.715)        | (£0.786)        | £0.000          |
| Sales, Fees & Charges Levels                   | (£0.035)        | £0.100          | £0.000          |
| Recharges HRA, School, Capital & Internal      | (£0.218)        | (£0.114)        | £0.000          |
| Service Reserve Movements                      | £0.000          | £0.000          | £0.000          |
|  |                 |                 |                 |
| Housing Benefit                                | £0.000          | £0.000          | £0.000          |
| Precepts & Levies                              | (£1.969)        | £3.868          | £0.000          |
| Treasury & Capital                             | (£1.086)        | £3.429          | £0.250          |
| Provisions & Contingency                       | £1.024          | £1.504          | £1.500          |



|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| Other  | £2.000            | £0.000            | £0.000            |
| <b>Total Budget Assumptions</b>              | <b>£25.110</b>    | <b>£20.776</b>    | <b>£17.073</b>    |
| <b>Approved Budget Proposals:</b>            |                   |                   |                   |
| Savings Proposals                            | (£3.074)          | (£0.914)          | £0.000            |
| Policy Proposals                             | £1.900            | £0.000            | £0.000            |
| <b>Total Approved Budget Proposals</b>       | <b>(£1.174)</b>   | <b>(£0.914)</b>   | <b>£0.000</b>     |
| <b>NET BUDGET</b>                            | <b>£246.516</b>   | <b>£266.378</b>   | <b>£283.451</b>   |
| <b>Assumed Funding:</b>                      |                   |                   |                   |
| Council Tax                                  | (£118.296)        | (£126.016)        | (£134.022)        |
| Business Rates                               | (£73.813)         | (£77.003)         | (£78.421)         |
| Prior Year Collection Fund (Surplus)/Deficit | (£0.786)          | (£1.047)          | (£0.995)          |
| Government Funding Grants                    | (£39.503)         | (£38.591)         | (£41.191)         |
| <b>ASSUMED FUNDING</b>                       | <b>(£232.398)</b> | <b>(£242.657)</b> | <b>(£254.629)</b> |
|  |                   |                   |                   |
| <b>ANNUAL INCREMENTAL BUDGET GAP</b>         | <b>£14.118</b>    | <b>£9.603</b>     | <b>£5.101</b>     |
| <b>CUMULATIVE BUDGET GAP</b>                 | <b>£14.118</b>    | <b>£23.721</b>    | <b>£28.822</b>    |

## Budget Proposals

### Budget Proposals

65. Since February 2024 Budget Council, the Council has undertaken the following activities to identify further budget proposals to close the budget gap:
- Further detailed analysis & review of existing budgets.
  - Held service budget review & challenge sessions.
  - Establishment of a Programme Management Office to support the production and delivery of budget savings.
  - Implementation of a new gateway process to performance monitor existing budget proposals and the development of new budget proposals.
  - Commencement of benchmarking & positioning exercise against Greater Manchester authorities and nearest neighbours.
66. The table below shows a summary of the budget proposals generated through the new gateway process and the impact of reducing the budget gap, a full listing of the draft budget proposals is provided in Appendix 1.

| Table 5.<br>2025/26 - 2027/28 Budget Proposals Summary        | Feb-25         |               |               |
|---|----------------|---------------|---------------|
|   | 2025/26<br>£m  | 2026/27<br>£m | 2027/28<br>£m |
| <b>BUDGET GAP [FEB 2025]</b>                                  | <b>£14.118</b> | <b>£9.603</b> | <b>£5.101</b> |
| <b>Draft Budget Proposals:</b>                                |                |               |               |
| Draft Budget Proposals (Operational Decision)                 | (£8.060)       | (£5.514)      | (£2.152)      |
| Draft Budget Proposals (Policy Decision) for consultation Nov | (£0.055)       | (£0.335)      | (£0.209)      |

|   |                 |                 |                 |
|---|-----------------|-----------------|-----------------|
| Draft Budget Proposals (Policy Decision) for consultation Feb | (£0.145)        | £0.000          | £0.000          |
| <b>Total Draft Budget Proposals</b>                           | <b>(£8.260)</b> | <b>(£5.849)</b> | <b>(£2.361)</b> |
| <b><u>Budget Proposals to be Developed:</u></b>               |                 |                 |                 |
| Budget Proposals to be Developed                              | £0.000          | £0.000          | (£0.781)        |
| <b>Total Budget Proposals to be Developed</b>                 | <b>£0.000</b>   | <b>£0.000</b>   | <b>(£0.781)</b> |
|   |                 |                 |                 |
| <b>ANNUAL INCREMENTAL BUDGET GAP</b>                          | <b>£5.858</b>   | <b>£3.754</b>   | <b>£1.959</b>   |
| <b>CUMULATIVE BUDGET GAP</b>                                  | <b>£5.858</b>   | <b>£9.612</b>   | <b>£11.571</b>  |

67. The above table shows that by taking forward the draft budget proposals of £16.470m and the £0.781m of reprofiled budget savings proposals, the budget gap will reduce by £17.251m, from £28.822m to £11.571.

### Budget & Staff Consultation

68. To identify additional savings that will support the delivery for a financially sustainable position, all services have been reviewed and this has initially resulted in the identification of savings totalling £16.470m. These are either for management action (£15.726m) that are within delegated powers for officer decisions and so can be immediately progressed and those that require Cabinet approval (£0.744m) and are subject to the overall budget consultation. Of this total, £0.599m were subject to consultation following the November 2024 MTFS update and £0.145m are new policy proposals requiring Cabinet approval and consultation in February.
69. Consultation took place from 11 November to 23 December 2024 in relation to budget setting principals and 2 policy proposals. 282 responses were received – 75% of these were residents, 12% staff members, 8% other public sector organisations, 4% Bury businesses and 1% other. The main headlines of the responses are:
- 86% of respondents strongly agreed or agreed that they were “aware of the need for the council to change the way it delivers it’s services”
  - 65% accepted that budget reductions have to be made by the council.
  - Over half of respondents agreed with the first five budget setting principles, however 49% disagreed about doing more to raise income from council tax.
  - There were a mixed range of responses to the car parking policy proposal with the majority not in favour of introducing charges for all off street car parking and would rather charges were introduced in those areas of greatest demand, with concerns raised around the potential impact on businesses and town centre trade.
  - The street lighting proposal responses raised some concerns around potential anti-social behaviour, particularly how this may impact on parks and pathways. Others supported the proposals pointing to positive benefits to wildlife and the environment and light outside homes being currently too bright. Only 27% of respondents said that they felt the council didn’t have the

right approach to identifying the appropriate streets for the scheme as asset out in the criteria.

Following consideration of the budget responses officers are not recommending any amendments to the budget proposals detailed in the November Cabinet report.

70. A number of previously agreed savings proposals totalling £0.781m have also been re-profiled for delivery in 2027/28 with detailed delivery plans in the process of being developed.

### Management Actions

71. A considerable proportion of savings have been identified as management actions rather than policy decisions and are not expected to have a negative impact on service delivery. These savings total £15.726m. The most significant element of this relates to adult social care at £6.505m with the continuation and extension of measures designed to enhance health and social care delivery by developing a more robust strengths-based, person-centred care model. This will continue to focus on empowering individuals and improving care quality to maximise independence wherever possible and use benchmarking information to focus on areas of relatively higher cost.
72. The next largest savings are £4.158m of savings linked to mitigating the increasing costs of children's social care through keeping families together wherever possible and appropriate and meeting care needs in the most cost-effective way possible with the creation of council-owned Residential Children's Homes covered in a separate Cabinet report.
73. There are savings of £1.303m over the MTFS period linked to the upgrade of the Unit 4 finance system expected to be implemented by April 2026. This represents a major transformation programme for both finance and the wider council and require upfront capital investment with a detailed separate Cabinet report to confirm the level of overall investment required and outlining the anticipated benefits. The timeframes for implementation are necessarily challenging and in advance of the detailed Cabinet report initial investment of c.£250k has been required from earmarked reserves to continue with phase 1 of the programme which will be dedicated to laying the groundwork for the successful migration to the Unit4 ERP system in the cloud. The focus will be on mobilisation, technical preparation, and initiating the key transformation projects that will drive the broader changes within the council's operations.
74. There are also savings of £1.300m planned in relation to a reduction in third party contract spend with efficiencies targeted at a 2% reduction over the 3 year period covered by the MTFS. This will involve improved alignment of strategic commissioning and procurement to ensure future contracts deliver the right outcomes in the most cost-effective way, along with a more consistent approach to contract management across the council.

75. Work has also been undertaken to take out vacant posts in the staffing establishment that are no longer required (£464k) and savings also identified through the Organisational Delivery Model Review (existing Voluntary Exits Policy) (£312k), relating to senior managers, in line with approved organisation design principles. There are several savings which will improve the cost-effectiveness of service delivery either through reducing cost without impacting negatively on service outcomes or through generating additional income.

### Policy Decisions

76. There are 2 savings proposals (Car Park Charges and Light Reduction – Trim and Dim) totalling £0.599m which Cabinet approved in November 2024, and for which consultation has been completed that require Council approval.
77. There is also 1 new savings proposal (Review of Residents Parking Permits pricing structure) which will be subject to a specific consultation process with the outcome of the consultation to be presented back to Cabinet in the new financial year. The detail of this proposal is set out in Appendix 7. Should the proposal not proceed following the outcome of the consultation the loss of forecast income would be offset by an additional contribution from reserves in 2025/26 and the MTFS updated accordingly for later years.
78. Further details on these 3 proposals are attached as appendices to the report and the figures presented within the revised MTFS are on the assumption that they will be agreed. The residents parking permits proposal will be subject to a specific consultation process with the outcome reported to Cabinet in the new financial year. Should the proposal then not be agreed the shortfall in income would be offset from an increased contribution to the budget from the budget stabilisation reserve.

### **2025/26 Budget & 2026-28 MTFS Position**

#### Budget Summary

79. A summary of all the movements to the November 2024 budget gap of £34.918m to the updated budget gap of £11.571m, is shown in the table below:

| Table 6.<br>2025/26 - 2027/28 Draft Budget Summary | Feb-25         |               |               |
|--|----------------|---------------|---------------|
|  | 2025/26<br>£m  | 2026/27<br>£m | 2027/28<br>£m |
| <b>BUDGET GAP [NOVEMBER 2024]</b>                  | <b>£22.343</b> | <b>£4.814</b> | <b>£6.661</b> |
| <b><u>Net Budget:</u></b>                          |                |               |               |
| Budget Assumption Movements                        | £0.292         | £3.307        | £1.600        |
| Draft Budget Proposals                             | (£8.260)       | (£5.849)      | (£2.361)      |
| Budget Proposals to be Developed                   | £0.000         | £0.000        | (£0.781)      |

|  |                 |                 |                 |
|--|-----------------|-----------------|-----------------|
| <b>TOTAL NET BUDGET MOVEMENTS</b>      | <b>(£7.968)</b> | <b>(£2.542)</b> | <b>(£1.542)</b> |
| <b>Assumed Funding:</b>                |                 |                 |                 |
| Funding Movements                      | (£8.517)        | £1.482          | (£3.160)        |
| <b>TOTAL ASSUMED FUNDING MOVEMENTS</b> | <b>(£8.517)</b> | <b>£1.482</b>   | <b>(£3.160)</b> |
|  |                 |                 |                 |
| <b>ANNUAL INCREMENTAL BUDGET GAP</b>   | <b>£5.858</b>   | <b>£3.754</b>   | <b>£1.959</b>   |
| <b>CUMULATIVE BUDGET GAP</b>           | <b>£5.858</b>   | <b>£9.612</b>   | <b>£11.571</b>  |

## Budget Table

80. Based on the current budget assumptions and proposals and assumed funding, the 2025/26 net revenue budget would increase by £13.776m (6.1%), from £224.480m to £238.256m, as shown in the table below:

| Table 7.<br>2025/26 - 2027/28 MTFS Summary   | Dec-25            |                   |                   |
|--|-------------------|-------------------|-------------------|
|  | 2025/26<br>£m     | 2026/27<br>£m     | 2027/28<br>£m     |
| <b>Directorate:</b>                          |                   |                   |                   |
| Health & Adult Care                          | £93.201           | £100.637          | £107.447          |
| Children & Young People                      | £64.830           | £64.330           | £69.717           |
| Corporate Core Services                      | £30.121           | £29.639           | £29.752           |
| Non-Service Specific                         | £30.361           | £37.225           | £38.518           |
| Business, Growth & Infrastructure            | £1.110            | £1.360            | £1.189            |
| Operations                                   | £18.712           | £19.157           | £19.656           |
| Housing General Fund                         | (£0.079)          | (£0.079)          | (£0.079)          |
| <b>NET BUDGET</b>                            | <b>£238.256</b>   | <b>£252.269</b>   | <b>£266.200</b>   |
| <b>Assumed Funding:</b>                      |                   |                   |                   |
| Council Tax                                  | (£118.296)        | (£126.016)        | (£134.022)        |
| Business Rates                               | (£73.813)         | (£77.003)         | (£78.421)         |
| Prior Year Collection Fund (Surplus)/Deficit | (£0.786)          | (£1.047)          | (£0.995)          |
| Government Funding Grants                    | (£39.503)         | (£38.591)         | (£41.191)         |
| <b>ASSUMED FUNDING</b>                       | <b>(£232.398)</b> | <b>(£242.657)</b> | <b>(£254.629)</b> |
|  |                   |                   |                   |
| <b>ANNUAL INCREMENTAL BUDGET GAP</b>         | <b>£5.858</b>     | <b>£3.754</b>     | <b>£1.959</b>     |
| <b>CUMULATIVE BUDGET GAP</b>                 | <b>£5.858</b>     | <b>£9.612</b>     | <b>£11.571</b>    |

## Sensitivities, Risks & Opportunities

### Sensitivity

81. A sensitivity of the significant budget assumptions & funding items is shown in the table below:

| Sensitivity Analysis                                      | Potential Full Year impact of 1% movement<br>£m |
|---|---|
| Council Tax (level, taxbase and collection rates)         | +/- £1.183                                      |
| Funding Grants  | +/- £0.374                                      |
| Pay Award   | +/- £0.740                                      |
| Real Living Wage  | +/- £0.588                                      |
| Adults Community Care: inflation and demand growth        | +/- £1.296                                      |
| Adults Transition Budget: demand growth                   | +/- £0.188                                      |
| Children Looked After Budget: inflation and demand growth | +/- £0.897                                      |
| Treasury & Capital Financing Costs                        | +/- £1.028                                      |

## Risks & Opportunities

82. Legislation requires that annually the Council sets a balanced and robust budget, which is sufficient to meet its legal obligations, and then its aspirations. This requires all plans to be costed, forecasts and estimates to be checked for reasonableness, and risks to be assessed across the many varied services the Council provides. This also includes an assessment for emergencies, severe weather and other service and strategic risks.
83. Robustness does not guarantee that all possible eventualities are identified, or that all budget estimates are precise. Actual income and expenditure will likely vary from the approved budget, but in the round, these will offset one another, and the approved budget will be sufficient to meet overall expenditure requirements.
84. In exercising their statutory duty the Director of Finance, in conjunction with the Executive Leadership Team, will take all matters and issues into consideration and will make a reasoned assessment of whether the budget is sufficient and robust. The Director of Finance will ensure that the minimum reserve level is maintained to ensure the Council can meet its legal obligations.
85. The Council faces various financial risks including:
- The ability to deliver savings at agreed values and within agreed timescales.
  - Potential legal challenges to decisions.
  - Fees & charges income differing to assumptions.
  - Variations to external funding and grant allocations.
  - Demographic pressures.
  - Inflation & interest rates differing to assumptions.
  - Business Rates: potential costs of backdated appeals.
  - Variations to external levies & contracts.
  - Future changes to legislation.
  - Failure of Project Safety Valve to comply with the management plan.
  - Schools academisations deficits.
  - The significant financial challenge currently being faced by the NHS locally.

86. In reviewing its medium-term financial plans, the Council is also guided by its financial advisers, Arlingclose. The following is a summary of their advice for the planning period that have been reflected in the MTF5.

- The Bank of England (BoE)'s Monetary Policy Committee (MPC) held Bank Rate at 4.75% in December 2024, although, with a 6-3 voting split and obvious concerns about economic growth, this represented a more dovish stance than had been expected given recent inflationary data.
- The National Budget measures remain a concern for policymakers, for both growth and inflation. Additional government spending will boost demand in a constrained supply environment, while pushing up direct costs for employers, including local authorities. The short to medium-term inflationary effects will promote caution amongst policymakers.
- UK GDP recovered well in the first half of 2024 from technical recession, but underlying growth petered out as the year has progressed. While government spending should boost GDP growth in 2025, private sector activity appears to be waning, partly due to these Budget measures.
- Private sector wage growth and services inflation remain elevated; wage growth picked up sharply in October 2024. The increase in employers' NICs, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.
- CPI inflation rates have risen due to higher energy prices and less favourable base effects. The current CPI rate of 2.5% could rise further in Q1 2025. The BoE estimates the CPI rate at 2.7% by year end 2025 and to remain over target in 2026.
- The MPC re-emphasised that monetary policy will be eased gradually. Despite recent inflation-related data moving upwards or surprising to the upside, the minutes suggested a significant minority of policymakers are at least as worried about the flatlining UK economy.
- US government bond yields have risen following strong US data and uncertainty about the effects of Donald Trump's policies on the US economy, particularly in terms of inflation and monetary policy. The Federal Reserve pared back its expectations for rate cuts in light of these issues. Higher US yields are also pushing up UK gilt yields, a relationship that will be maintained unless monetary policy in the UK and US diverges.

87. In addition, the following are forecast future fiscal events that might impact the Council's medium-term financial planning.

- It is anticipated that the MPC will reduce Bank Rate in a gradual manner with a rate cut in February 2025, followed by a cut alongside every Monetary Policy Report publication, to a low of 3.75%.
- Long-term gilt yields have already risen to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply.

Volatility will remain elevated as the market digests incoming data for clues around the impact of policy changes.

- This uncertainty may also necessitate more frequent changes to forecasts than has been the case recently.
- The risks around the forecasts lie to the upside over the next 12 months but are broadly balanced in the medium term.

## **Reserves & Balances**

### Reserve Forecast

88. In accordance with statutory regulations and CIPFA guidance, the levels of balances and reserves are reviewed during the budget process to ensure that they are currently sufficient, and that they will remain adequate over the medium term.
89. The Council's historic & medium-term approach involves using reserves to support the budget position while savings are being realised. The in-year assumption is that £13.149m of reserves will be required to enable the Council to achieve a balanced budget.
90. The table below shows a summary of the reserves following a strategic review with the creation of investment reserves to support the Council deliver future invest-to-save, regeneration & growth and transformation projects that will be required to deliver future budget proposals and close the budget gap of £11.571m.



| GENERAL FUND RESERVES SUMMARY       |                     |                   | Balance at<br>31 March<br>2024 | Actual<br>Transfers<br>(In) / Out<br>2024/25 | Forecast<br>Transfers<br>(In) / Out<br>2024/25 | Balance<br>at<br>31 March<br>2025 | Forecast<br>Transfers<br>(In) / Out<br>2025/26 | Balance at<br>31 March<br>2026 | Forecast<br>Transfers<br>(In) / Out<br>2026/27 | Balance at<br>31 March<br>2027 | Forecast<br>Transfers<br>(In) / Out<br>2027/28 | Balance at<br>31 March<br>2028 |
|-------------------------------------|---------------------|-------------------|--------------------------------|--|--|-----------------------------------|--|--------------------------------|--|--------------------------------|--|--------------------------------|
|                                     |                     |                   | £m                             | £m   | £m   | £m                                | £m   | £m                             | £m   | £m                             | £m   | £m                             |
| <b>General Fund</b>                 |                     |                   | <b>(£10.000)</b>               | <b>£0.000</b>                                | <b>£0.000</b>                                  | <b>(£10.000)</b>                  | <b>£0.000</b>                                  | <b>(£10.000)</b>               | <b>£0.000</b>                                  | <b>(£10.000)</b>               | <b>£0.000</b>                                  | <b>(£10.000)</b>               |
| Directorate Reserves                | HAC                 |                   | (£1.193)                       | £0.000                                       | £1.151   | (£0.042)                          | £0.034   | (£0.008)                       | £0.000   | (£0.008)                       | £0.000   | (£0.008)                       |
| Directorate Reserves                | CYP                 |                   | (£0.351)                       | £0.084                                       | (£0.344)                                       | (£0.611)                          | £0.610   | (£0.001)                       | £0.000   | (£0.001)                       | £0.000   | (£0.001)                       |
| Directorate Reserves                | CCS                 |                   | (£1.177)                       | (£0.211)                                     | £0.302   | (£1.086)                          | £0.299   | (£0.787)                       | £0.046   | (£0.741)                       | £0.000   | (£0.741)                       |
| Directorate Reserves                | BGI                 |                   | (£0.450)                       | (£0.274)                                     | £0.724   | £0.000                            | £0.000   | £0.000                         | £0.000   | £0.000                         | £0.000   | £0.000                         |
| Directorate Reserves                | OPS                 |                   | £0.000                         | (£0.020)                                     | (£0.014)                                       | (£0.034)                          | £0.000   | (£0.034)                       | £0.000   | (£0.034)                       | £0.000   | (£0.034)                       |
| Directorate Reserves                | HGF                 |                   | £0.000                         | £0.000                                       | (£0.002)                                       | (£0.002)                          | £0.000   | (£0.002)                       | £0.000   | (£0.002)                       | £0.000   | (£0.002)                       |
| Directorate Reserves                | Trading<br>Accounts |                   | (£0.054)                       | £0.000                                       | £0.000   | (£0.054)                          | £0.000   | (£0.054)                       | £0.000   | (£0.054)                       | £0.000   | (£0.054)                       |
| <b>Directorate Reserves</b>         |                     |                   | <b>(£3.225)</b>                | <b>(£0.421)</b>                              | <b>£1.817</b>                                  | <b>(£1.829)</b>                   | <b>£0.943</b>                                  | <b>(£0.886)</b>                | <b>£0.046</b>                                  | <b>(£0.840)</b>                | <b>£0.000</b>                                  | <b>(£0.840)</b>                |
| Corporate Reserves                  | Investment          | Invest to Save    | (£1.519)                       | (£0.369)                                     | £0.741   | (£1.147)                          | £0.147   | (£1.000)                       | £0.000   | (£1.000)                       | £0.000   | (£1.000)                       |
| Corporate Reserves                  | Investment          | Regeneration      | £0.000                         | £0.116                                       | (£1.116)                                       | (£1.000)                          | £0.000   | (£1.000)                       | £0.000   | (£1.000)                       | £0.000   | (£1.000)                       |
| Corporate Reserves                  | Investment          | Transformation    | (£0.838)                       | £0.000                                       | (£3.662)                                       | (£4.500)                          | £0.000   | (£4.500)                       | £0.000   | (£4.500)                       | £0.000   | (£4.500)                       |
| Corporate Reserves                  | Risk                | Volatility/Demand | £0.000                         | £0.000                                       | (£2.000)                                       | (£2.000)                          | £0.000   | (£2.000)                       | £0.000   | (£2.000)                       | £0.000   | (£2.000)                       |
| Corporate Reserves                  | Risk                | Insurance         | (£4.664)                       | £0.000                                       | £0.273   | (£4.391)                          | £0.000   | (£4.391)                       | £0.000   | (£4.391)                       | £0.000   | (£4.391)                       |
| Corporate Reserves                  | Risk                | DSG               | (£6.000)                       | £0.000                                       | £0.000   | (£6.000)                          | £0.000   | (£6.000)                       | £6.000   | £0.000                         | £0.000   | £0.000                         |
| Corporate Reserves                  | Stabilisation       | Net Budget        | (£48.111)                      | £0.854                                       | £19.845  | (£27.412)                         | £6.191   | (£21.221)                      | £0.020   | (£21.201)                      | £0.000   | (£21.201)                      |
| Corporate Reserves                  | Stabilisation       | Funding           | (£7.193)                       | £0.000                                       | £5.193   | (£2.000)                          | £0.000   | (£2.000)                       | £0.000   | (£2.000)                       | £0.000   | (£2.000)                       |
| <b>Corporate Reserves</b>           |                     |                   | <b>(£68.325)</b>               | <b>£0.601</b>                                | <b>£19.274</b>                                 | <b>(£48.450)</b>                  | <b>£6.338</b>                                  | <b>(£42.112)</b>               | <b>£6.020</b>                                  | <b>(£36.092)</b>               | <b>£0.000</b>                                  | <b>(£36.092)</b>               |
| <b>External Funding</b>             |                     |                   | <b>(£13.634)</b>               | <b>£0.000</b>                                | <b>£5.585</b>                                  | <b>(£8.049)</b>                   | <b>£3.997</b>                                  | <b>(£4.052)</b>                | <b>£2.486</b>                                  | <b>(£1.566)</b>                | <b>£0.000</b>                                  | <b>(£1.566)</b>                |
| <b>Earmarked Balances Sub-Total</b> |                     |                   | <b>(£85.184)</b>               | <b>£0.180</b>                                | <b>£26.676</b>                                 | <b>(£58.328)</b>                  | <b>£11.278</b>                                 | <b>(£47.050)</b>               | <b>£8.552</b>                                  | <b>(£38.498)</b>               | <b>£0.000</b>                                  | <b>(£38.498)</b>               |
| Schools Reserves                    |                     |                   | (£3.043)                       | £0.000                                       | £0.000   | (£3.043)                          | £0.000   | (£3.043)                       | £0.000   | (£3.043)                       | £0.000   | (£3.043)                       |
| S106 Commuted<br>Sums               |                     |                   | (£6.162)                       | (£0.154)                                     | £0.000   | (£6.316)                          | £0.000   | (£6.316)                       | £0.000   | (£6.316)                       | £0.000   | (£6.316)                       |
| <b>Earmarked Reserves Total</b>     |                     |                   | <b>(£94.389)</b>               | <b>£0.026</b>                                | <b>£26.676</b>                                 | <b>(£67.687)</b>                  | <b>£11.278</b>                                 | <b>(£56.409)</b>               | <b>£8.552</b>                                  | <b>(£47.857)</b>               | <b>£0.000</b>                                  | <b>(£47.857)</b>               |
| <b>GF RESERVES TOTAL</b>            |                     |                   | <b>(£104.389)</b>              | <b>£0.026</b>                                | <b>£26.676</b>                                 | <b>(£77.687)</b>                  | <b>£11.278</b>                                 | <b>(£66.409)</b>               | <b>£8.552</b>                                  | <b>(£57.857)</b>               | <b>£0.000</b>                                  | <b>(£57.857)</b>               |

91. The table below shows an illustration of utilising reserves to fund the remaining budget gap for each of the three years 2025/26 (£5.858m), 2026/27 (£9.612m) & 2027/28 (£11.571m). There are currently sufficient levels of reserves over the medium-term, however there remains a risk around any potential unforeseen future events including in-year overspends that would have an adverse impact on the level of reserve balances.

| Projected Balance of General Fund Reserves Balances | Balance at 31 March 2024 | Balance at 31 March 2025 | Balance at 31 March 2026 | Balance at 31 March 2027 | Balance at 31 March 2028 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   | £m                       | £m                       | £m                       | £m                       | £m                       |
| <b>Projected GF Reserves Balance</b>                | <b>(£104.389)</b>        | <b>(£77.687)</b>         | <b>(£66.409)</b>         | <b>(£48.245)</b>         | <b>(£36.674)</b>         |
| General Fund  | £10.000                  | £10.000                  | £10.000                  | £10.000                  | £10.000                  |
| Schools Reserves                                    | £3.043                   | £3.043                   | £3.043                   | £3.043                   | £3.043                   |
| S106 Commuted Sums                                  | £6.162                   | £6.316                   | £6.316                   | £6.316                   | £6.316                   |
| <b>GF Reserves excl. Statute &amp; Ring-Fenced</b>  | <b>(£85.184)</b>         | <b>(£58.328)</b>         | <b>(£47.050)</b>         | <b>(£28.886)</b>         | <b>(£17.315)</b>         |

92. To continue to reduce the dependence on reserves and address the structural funding shortfall, it is essential that further savings, efficiencies or income generation are identified over the three-year MTFs period 2025/26 to 2027/28 to stabilise the Council's finances over the medium-term.

### Chief Finance Officer – Assurance Statement

93. Under S25 of the Local Government Act 2003 the S151 officer is required to produce a report for Members that comments on the robustness of the estimates and the adequacy of the reserves that the Council holds:
94. The assurance statement is attached in full as Appendix 6
95. In summary the Chief Finance Officer can give members assurance that the estimates contained within the budget are sufficiently robust and that an adequate level of reserves exist to meet known challenges and commitments.
96. As with most upper tier councils in the country there is considerable uncertainty over future finances especially given the growing demand for its services in some key areas and this is an area that will require focussed attention over the next few years. The Council has set up a strategic finance board with the responsibility of monitoring delivery of the in-year revenue budget and development of the medium-term financial strategy.

## Budget Timeline & Workplan

### Timelines

97. The current timelines for 2025/26 budget setting is shown in the table below:

| Report                | Committee Meeting                    | Date             |
|-----------------------|--------------------------------------|------------------|
| 2025-26 Budget Report | Budget Overview & Scrutiny Committee | 6 February 2025  |
|                       | Budget Cabinet                       | 12 February 2025 |
|                       | Budget Council                       | 19 February 2025 |

### Future Workplan

98. The work which has taken place over the last few months have significantly reduced the 2025/26 budget gap from £19.458m in the November 2024 MTFS update to £5.858m currently. As part of the ongoing improved financial strategy, the S151 officer will chair a monthly strategic finance board with the responsibility for monitoring the in-year revenue budget and updating the medium-term financial strategy, including the development of budget proposals for the 2026/27 budget.

99. There will be a detailed budget timetable agreed setting out the approach, workstreams and timelines supporting production of proposals to address the structural funding gap to enable a balanced budget to be set without recourse to reserves over the current medium-term strategy which is framed over the four themes of:

#### **1) Income:**

This includes ensuring that the strategic development activity is fully reflected in increased funding levels, all sales, fees and charges are reviewed to ensure they cover the full cost of service delivery, review of all grants and the applications of capital receipts to support transformation expenditure within the revenue budget in line with permitted flexibilities.

#### **2) Non-Statutory Service Transformation:**

This includes looking at the scope for becoming more cost-effective and efficient in our service delivery models including opportunities for automation and process improvement with a good example being the transformation work linked to the upgrade of Unit 4 which will come to a future Cabinet meeting and has £1.653m of efficiency savings linked to it over the four-year period of 2025/26 to 2028/29. This will be supported by the identification of the current cost of all non-statutory services currently being provided and options for cost reductions.

### **3) Contain Growth / Demand Pressures:**

A significant proportion of the forecast funding gap is the result of ongoing increasing demand, and the cost of meeting that demand, particularly Children's and Adults Social Care. Whilst these are national issues and pressures not unique to Bury, focused activity is being undertaken to look at our current demand pressures and growth assumptions and develop proposals for how they can be further mitigated supported by a detailed analysis of our budgets and benchmarking information.

The largest area of spend within the council relates to our contractual expenditure which reflects some of the largest social care contracts but also contracts across all service areas. An approach is being developed which will be focused on the financial and service benefits of improving the alignment of strategic commissioning and procurement across the council along with embedding consistent and effective contract management arrangements.

### **4) Health and Care:**

Whilst a significant focus on containing growth and demand in theme 3 above will necessarily be focused on Adults and Children's Social Care, a growing proportion of the council's budget is covering these areas, and a focused programme of activity is underway to identify additional proposals designed to reduce the council's overall cost of care from the assumptions outlined currently within the MTFS. This will necessarily look at both the actual cost of services being commissioned and the approach required to accelerate a shift to lower cost models of support.

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### **Links with the Corporate Priorities:**

100. The links to the LET's Do It Strategy are included in the body of the report.

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### **Equality Impact and Considerations:**

101. In considering the budget for 2025/26 the Council must also consider its ongoing duties under the Equality Act 2010 to have due regard to the need to eliminate discrimination and advance equality of opportunity between all irrespective of whether they fall into a protected category such as race, gender, religion etc. Having due regard to these duties does not mean that the Council has an absolute obligation to eliminate discrimination but that it must consider how its decisions will contribute towards meeting the duties in light of all other relevant considerations such as economic and practical considerations.

102. Beyond the Council's legal obligations, the Authority has made a strategic commitment to inclusion as a key priority through both the LET'S Do It! Strategy and local Inclusion Strategy and defined Equality Objectives. The Council's commitment to inclusion extends beyond the nine legally protected characteristics and encompasses carers, Children Looked After and care leavers, military veterans and reservists and the socio-economically disadvantaged.

103. The policy savings proposal included in the 2025/26 budget has a specific Equality Impact Assessment included within the template.
104. An overarching Equality Impact Analysis considering the budget as a whole, including the impact of the proposed raise in Council Tax, has been developed and is included within the appendices to this Budget Report.
105. The Equality Impact Analysis has highlighted likely negative impacts for residents with specific characteristics and circumstances. These impacts have been reduced through several factors including a favourable economic outlook in some circumstances, current and ongoing support, additional actions around communication, evolution of support systems and a commitment to protect the most vulnerable as much as possible. No statutory service provision will be affected by the proposals within the budget.
106. Although there is likely to be negative impacts arising from the budget proposals these impacts are expected to be low given the mitigating factors to reduce the impacts.
107. EIA is to be kept under review as the budget proposals are progressed

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### **Environmental Impact and Considerations:**

108. The Council is working towards becoming a carbon neutral organisation by 2038. A number of the savings proposals will contribute to the reduction of the organisations carbon footprint including the reduction in the size of the estate and streetlight dimming.

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### **Assessment and Mitigation of Risk:**

109. The risks identified within this report are set out within the relevant sections above and included in the Chief Finance Officer statement.

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### **Legal Implications:**

1. In accordance with legislation (Local Government Finance Act 1992 as amended by Localism Act 2011) the Council must set annually a balanced budget, this must be completed by 1<sup>st</sup> March 2025. It must set Council tax for each category of dwellings in the Council Tax area.
2. The Council is required by to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation of the Council tax requirement and it must be sufficient to meet the Council's legal and financial commitments to ensure the proper discharge of its statutory duties and lead to a balanced budget. In setting

the budget the Council has a duty to ensure that it continues to meet its statutory duties.

3. The provisions of Section 25 of the Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Director of Finance (S.151 officer) as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

4. Under Local Government Act 1999: The Council needs to consider best value arrangements, to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Section 28 of the Local Government Act 2003 imposes a duty on the Council to monitor the financial position must be closely monitored and, members must satisfy themselves that sufficient mechanisms are in place to ensure the delivery of savings as well as to ensure that any new expenditure is contained within the available resources, where it appears to the Director that expenditure will exceed the resources available to it the Officer has a duty to report this to the Council.

5. Consultation has taken place regarding the budget proposals and outcomes are considered within the body of this report. An additional proposal has come forward in relation to Residents Parking Permits (as set out in Appendix 7) it is proposed that consultation will take place on this proposal in line with the Council's duties, the outcomes of the consultation will be considered at a later stage by Cabinet. Who will determine whether this proposal proceeds.

6. Where a service is provided pursuant to a statutory duty, it would not be lawful to fail to discharge it properly or abandon it, and where there is discretion as to how it is to be discharged, that discretion should be exercised reasonably. The report sets out the relevant considerations for Members to consider during their deliberations and Members are reminded of the need to ignore irrelevant considerations. Members have a duty to seek to ensure that the Council acts lawfully. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality, and level of services which they consider should be provided, against the costs of providing such services.

7. There is a particular requirement to take into consideration the Council's fiduciary duty and the public sector equality duty in coming to its decision. The public sector equality duty is that a public authority must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Equality Act 2010. An equality impact assessment is appended to this report. The duty applies both to Council when setting the budget and to Cabinet when considering particular decisions.

13. The Local Government Act 2003 establishes a system to regulate the capital expenditure and borrowing of the Council. The heart of the prudential borrowing system is the duty imposed upon authorities to determine and keep under review how much money they can afford to borrow. The Local Authorities (Capital Financing and Accounting) Regulations 2003 (as amended) specify the prudential code for capital

finance to which the Council must have regard in setting and reviewing their affordable borrowing limits (sections 3 and 5 of the 2003 Act).

14. The Localism Act 2011 provides for a Council tax referendum to be held if an authority increases its relevant basic amount of Council tax in excess of principles determined by the Secretary of State.

15. The Local Government & Housing Act 1989 Part VI sets a statutory regime for housing finance. The Council has a general duty to review the rents of its houses from time to time and in fixing rents the Council must have regard to the principle that the rents of dwellings of any class or description should bear broadly the same proportion to private sector market rents as the rents of dwellings of any other class or description.

16. The review of the rents is a Cabinet function and is undertaken with due regard to the provisions of Part VI of the 1989 Act which governs housing finance and housing subsidy. Rents for Council houses are a credit to the housing revenue account and outgoings a debit. The Council is under a duty to prevent a debit balance on the housing revenue account which is ring-fenced. There are restrictions in the way in which the account can be operated. Members are referred to the separate Housing Revenue Account report, this report must comply with these accounting requirements. All proposal should comply with its duty to prevent a debit balance arising on the Housing Revenue Account.

17 Each proposal to make or increase charges must comply with the statutory framework (including primary and secondary legislation and any statutory guidance issued) relating to the activity in respect of which charges are being levied, including any limitations on levels of charges. Where reliance is placed on the power to charge for discretionary services (Section 93 of the Local Government Act 2003), any charges must be set so that when the charges are taken as a whole no surpluses are made (i.e. the power is limited to cost recovery). In relation to certain activities which are subject to authorisation by the Council (e.g. licences), the Provision of Services Regulations 2009 prevent the recovery of charges in excess of the cost of the procedures and formalities under the scheme of authorisation, (i.e. the Council is permitted to recover costs only), and such costs must also be reasonable and proportionate.

21. In accordance with s 33(2) of the Localism Act 2011 the Monitoring Officer intends to grant dispensations to all members to allow members to participate in and vote on the setting of the Council Tax or a precept (and matters directly related to such decisions including the budget calculations).

22. Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992, which applies to members where:

(a) they are present at a meeting of the Council, the Executive, or a committee and at the time of the meeting an amount of council tax is payable by them and has remained unpaid for at least two months, and

(b) any budget or council tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

25 In these circumstances, any such members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter. It should be noted that such members are not debarred from speaking on these matters. Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

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### Financial Implications:

110. The financial implications are as outlined in the report

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### Appendices:

| Appendix | Description                                    |
|----------|--|
| 1        | Council Tax 2025/26 and Statutory Calculations |
| 2        | Treasury Management Strategy 2025/26           |
| 3        | Capital Strategy 2025/26 – 2027/28             |
| 4        | Dedicated Schools Grant 2025/26                |
| 5        | Equality Impact Assessment                     |
| 6        | Chief Finance Officer Statement                |
| 7        | 2025/26 – 2027/28 Budget Proposals             |

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### Background papers:

111. 6 November 2024 Cabinet: Draft 2025/26 Revenue Budget and Medium-Term Financial Strategy (MTFS) for 2026/27 to 2027/28.

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

| Term  | Meaning   |
|-------|---|
| MTFS  | Medium Term Financial Strategy                      |
| LGFS  | Local Government Finance Settlement                 |
| DSG   | Dedicated Schools Grant                             |
| MRP   | Minimum Revenue Provision                           |
| CSP   | Core Spending Power                                 |
| GDP   | Gross Domestic Product                              |
| NIC's | National Insurance Contributions                    |
| CPI   | Consumer Price Inflation                            |
| MPC   | Monetary Policy Committee                           |
| CIPFA | Chartered Institute of Public Finance & Accountancy |





## APPENDIX 1

| Appendix 1.<br>2025/26 - 2027/28 Budget Proposals  |     | Feb-25          |                 |                 |
|--|-----|-----------------|-----------------|-----------------|
|  |     | 2025/26<br>£m   | 2026/27<br>£m   | 2027/28<br>£m   |
| <b>Draft Budget Proposals (Operational Decision):</b>  |     |                 |                 |                 |
| HAC Strategic Workforce Review   | HAC | (£0.010)        | (£0.061)        | £0.000          |
| CYP Strategic Workforce Review   | CYP | £0.000          | £0.000          | £0.000          |
| CCS Strategic Workforce Review   | CCS | (£0.186)        | £0.000          | £0.000          |
| BGI Strategic Workforce Review   | BGI | (£0.062)        | £0.000          | £0.000          |
| OPS Strategic Workforce Review   | OPS | (£0.145)        | £0.000          | £0.000          |
| Adults Commissioning Review  | HAC | (£1.000)        | (£1.000)        | (£1.000)        |
| Single Handed Care Trial   | HAC | (£0.200)        | (£0.200)        | (£0.200)        |
| Personal Budget Review   | HAC | (£0.250)        | (£0.250)        | £0.000          |
| Direct Payment Reassessment to Include Therapy   | HAC | (£0.050)        | £0.000          | £0.000          |
| Discharge to Assess Reviews by Therapy   | HAC | (£0.050)        | £0.000          | £0.000          |
| Neighbourhood Housing Support  | HAC | (£0.050)        | £0.000          | £0.000          |
| ASC Community Care budget realignment  | HAC | (£1.680)        | £0.000          | £0.000          |
| Dividend income from Persona - one-off in 25/26  | HAC | (£0.350)        | £0.350          | £0.000          |
| Persona - remodel of supported living hours  | HAC | (£0.330)        | £0.000          | £0.000          |
| Persona - employability  | HAC | £0.000          | (£0.050)        | (£0.090)        |
| Persona - Willow Street (6 flats for decant from dispersed accommodation)                                  | HAC | £0.000          | (£0.100)        | £0.000          |
| Maximising charges for Deferred Payments   | HAC | (£0.005)        | £0.000          | £0.000          |
| Foster Carers  | CYP | (£0.250)        | (£0.100)        | £0.000          |
| Family Safeguarding Model  | CYP | (£0.100)        | (£0.050)        | £0.000          |
| Edge of Care   | CYP | (£0.494)        | (£0.106)        | £0.000          |
| Creation of Council-Owned Residential Children's Homes   | CYP | £0.000          | (£0.400)        | £0.000          |
| Therapeutic support team for Children in Care  | CYP | (£0.195)        | £0.000          | £0.000          |
| Reconnect - step down from residential care  | CYP | (£0.571)        | (£1.892)        | £0.000          |
| IT Supplier Review [Digital]   | CCS | (£0.065)        | (£0.050)        | £0.000          |
| IT Licence Review [Digital]  | CCS | (£0.050)        | (£0.025)        | £0.000          |
| Unit 4 Reimplementation & Transformation Review  | CCS | (£0.100)        | (£0.853)        | (£0.350)        |
| Revenues and Benefits Structure Review   | CCS | (£0.317)        | £0.000          | £0.000          |
| Contact Centre Review [Digital]  | CCS | (£0.100)        | (£0.100)        | £0.000          |
| Corporate Core Structures including homelessness and housing options review and integration of communities | CCS | (£0.328)        | (£0.122)        | £0.000          |
| Fleet Function Review  | OPS | (£0.070)        | £0.000          | £0.000          |
| Car Park Tariff Review   | OPS | (£0.074)        | £0.000          | (£0.062)        |
| Stores Function Review   | OPS | £0.000          | (£0.050)        | £0.000          |
| Explore Advertising opportunities on highway network   | OPS | (£0.050)        | (£0.050)        | £0.000          |
| Private Sector Housing - Capitalise salaries   | OPS | (£0.100)        | £0.000          | £0.000          |
| Public Protection / Licensing Budget Realignment   | OPS | (£0.016)        | £0.000          | £0.000          |
| Private Sector Rented - Enforcement HMO Licensing  | OPS | (£0.005)        | £0.000          | £0.000          |
| Salary Sacrifice Review  | NSS | (£0.050)        | £0.000          | £0.000          |
| Organisation Delivery Model Review   | NSS | (£0.257)        | (£0.055)        | £0.000          |
| Contract Efficiencies  | NSS | (£0.500)        | (£0.350)        | (£0.450)        |
| <b>Total Draft Budget Proposals (Operational Decision)</b>   |     | <b>(£8.060)</b> | <b>(£5.514)</b> | <b>(£2.152)</b> |
| <b>Draft Budget Proposals (Policy Decision):</b>   |     |                 |                 |                 |
| Car Park Charges Review  | OPS | (£0.055)        | (£0.126)        | £0.000          |
| Light Reduction - Trim and Dim   | OPS | £0.000          | (£0.209)        | (£0.209)        |
| Review Residents Permits pricing structure   | OPS | (£0.145)        | £0.000          | £0.000          |
| <b>Total Draft Budget Proposals (Policy Decision)</b>  |     | <b>(£0.200)</b> | <b>(£0.335)</b> | <b>(£0.209)</b> |
| <b>TOTAL DRAFT BUDGET PROPOSALS</b>  |     | <b>(£8.260)</b> | <b>(£5.849)</b> | <b>(£2.361)</b> |

