

Report to:	Cabinet	Date: 03 December 2025
Subject:	Draft 2026/27 Revenue Budget	
Report of	Cabinet Member for Finance and Transformation	

Summary

- To present to members the updated budget position for 2026/27, comprising:
 - Refreshed budget assumptions and funding movements.
 - Draft revenue budget proposals.
- To inform members of the updated budget gap of £16.000m for 2026/27 before applying any of the offsetting draft revenue budget proposals.
- To present a draft set of budget proposals of £8.453m in 2026/27, £3.237m in 2027/28 and £2.887m in 2028/29, totalling £14.577m, which are in line with the Council's strategy to close the budget gap over the medium-term.
- To inform members of the remaining budget gap for 2026/27 of £7.547m.
- To inform members of the forecast reserves position over the three years 2026/27 to 2028/29.
- To set out the 2026/27 budget setting process ahead of Budget Council on 25 February 2026.

Recommendation(s)

- Approve the set of draft revenue budget proposals totalling £14.577m for inclusion in the Cabinet proposals for the setting of the 2026/27 revenue budget to be considered by Council on 25 February 2026.
- Approve consultation on draft budget proposals between 4th December to 19th January 2026.
- Note that the outcomes of the budget consultation will be reported back to Members and used to inform the budget setting proposals and referred to Overview & Scrutiny Committee for their consideration.
- Note the remaining budget gap of £7.547m for 2026/27 with further budget proposals to be presented to Cabinet in January 2026.
- Note the forecast reserves balance for 2026/27.

Reasons for recommendation(s)

11. 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.
12. To update members on the Councils budgetary position and set out the work plan to reduce the forecast budget gap ahead of Budget Council on 25 February 2026.

Alternative options considered and rejected

13. The current assumption within the MTFS is for an on-going 4.99% annual Council Tax increase (2.99% general precept and 2% adult social care precept).
14. An alternative option could be made to increase its 'relevant basic amount of council tax' above the levels that will be set out in the 2026/27 Local Government Finance Settlement published later in the year, but this would require holding a local referendum and a majority vote.
15. A 1% increase or decrease in Council Tax is the equivalent to c£1.27m.

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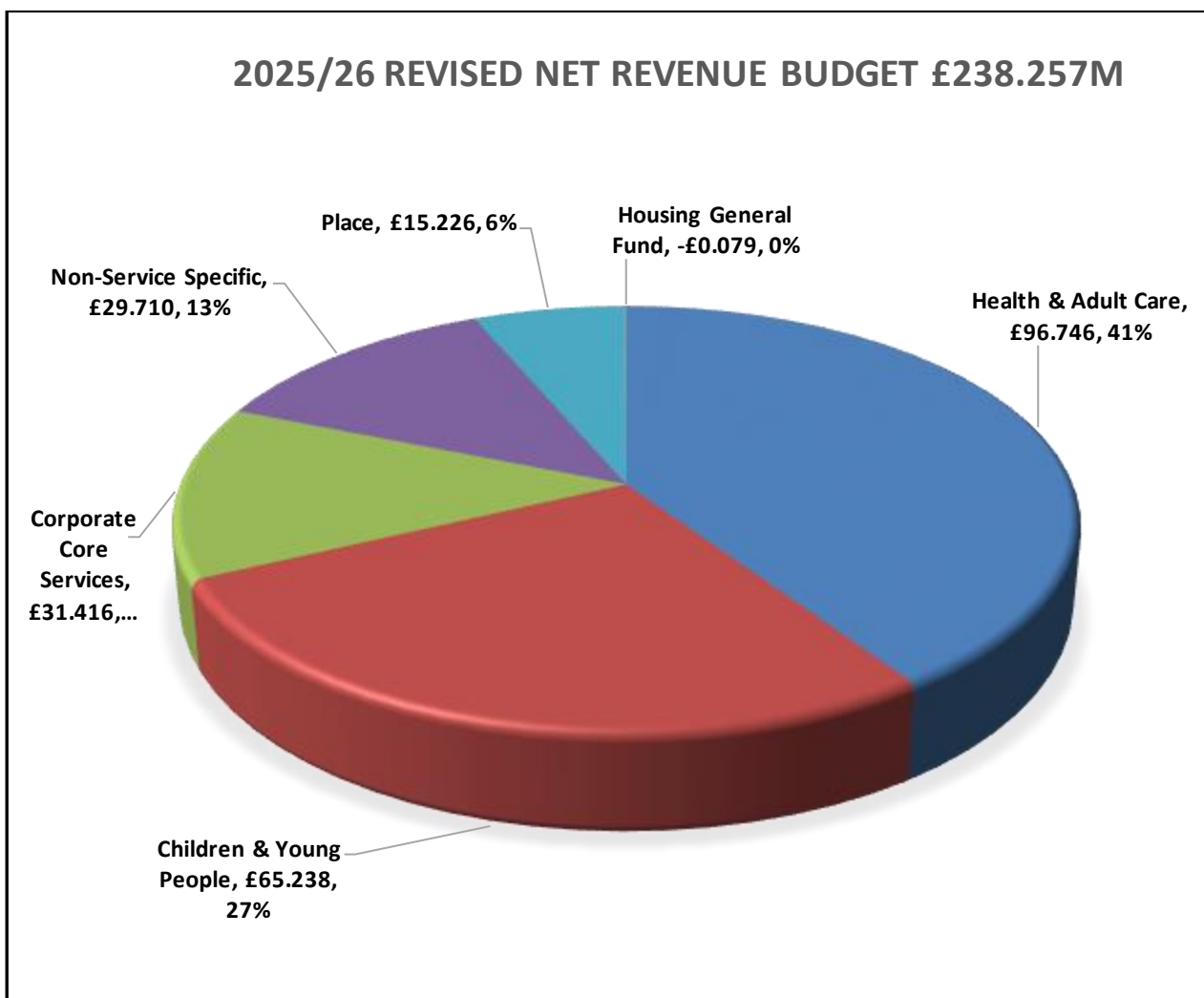
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Background

2025/26 Base Budget

16. The budget report presented to Budget Council on 25 February 2025 set out the Council's budget requirement for the 2025/26 financial year and provided details on the Council's reserves position. This process is in accordance with statutory requirements and proper accounting practices.
17. Council approved a net revenue budget of £238.257m for 2025/26, which included an approved use of the budget stabilisation reserve of £5.858m held within the Non-Service Specific Directorate, to address the structural funding deficit and balance the revenue budget.

The graph below shows the representation of the net revenue budget of £238.257m by Directorate.



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

Budget Group	Inc/Exp	Budget Control Group	Revised Budget £m
Net Budget	Exp	Staff & Related Expenses	£111.239
Net Budget	Exp	Demand & Contractual	£174.189
Net Budget	Exp	Other Expenditure	£22.853
SERVICE EXPENDITURE TOTAL			£308.281
Net Budget	Inc	Government Grants	(£6.753)
Net Budget	Inc	Other Grants & Contributions	(£0.963)
Net Budget	Inc	Sales, Fees & Charges	(£42.869)
Net Budget	Inc	Other Income	(£39.281)
SERVICE INCOME TOTAL			(£89.867)
SERVICE RECHARGES TOTAL			(£17.177)
SERVICE RESERVES TOTAL			(£0.752)
Net Budget		Housing Benefit	(£0.292)
Net Budget		Precepts & Levies	£29.212
Net Budget		Treasury & Capital Financing Costs	£6.813
Net Budget		Provisions & Contingency	£2.038
OTHER EXPENDITURE & INCOME ITEMS TOTAL			£37.771
NET REVENUE BUDGET TOTAL			£238.256
Funding		Council Tax	(£119.350)
Funding		NNDR	(£73.546)
Funding		Funding Grants	(£39.503)
FUNDING TOTAL			(£232.398)
CORPORATE RESERVES TOTAL			(£5.858)
GENERAL FUND TOTAL			£0.00

2025/26 Quarter One Forecast Outturn Position

19. Delivery of the 2025/26 budget is fundamentally important as any emerging and recurring additional demand and cost pressures will increase the budget gap position previously reported.
20. The 2025/26 Quarter One position was presented to 20 September 2025 Cabinet which showed a projected forecast £4.148m overspend (1.74%) against the net revenue budget of £238.257m, as shown in the table below.
21. The two main areas contributing to the £4.148m overspend were:
- Adults: the Care in Community budget forecast to overspend by £1.942m.
 - Children's: home-to-school transport forecast to overspend by £0.440m and the Children Looked After (CLA) budgets forecast to overspend by £2.577m.

These 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. These are national issues and not unique to Bury.

2025/26 Quarter 1 Forecast Outturn	Revised Budget £m	Q1 Forecast Outturn £m	Q1 Forecast Variance £m
<u>Directorate:</u>			
Health and Adult Care	£97.154	£99.096	£1.942
Children & Young People	£64.532	£67.549	£3.017
Corporate Core Services	£30.618	£31.365	£0.747
Non-Service Specific	£31.522	£29.965	-£1.557
Place	£14.509	£14.509	£0.000
Housing General Fund	(£0.079)	(£0.079)	£0.000
NET REVENUE BUDGET	£238.257	£242.405	£4.148
<u>Funding:</u>			
Council Tax	(£119.350)	(£110.198)	£0.000
Business Rates	(£73.546)	(£71.282)	£0.000
Government Funding Grants	(£39.503)	(£39.503)	£0.000
FUNDING	(£232.398)	(£220.983)	£0.000
<u>Use of Reserves:</u>			
Budget Stabilisation Reserve	(£5.858)	(£5.858)	£0.000
USE OF RESERVES	(£05.858)	(£05.858)	£0.000
BUDGET POSITION	£0.000	£15.564	£4.148

Financial Overview

National Context – Fair Funding Review

22. It has been widely accepted that the current funding system for local government is out of date and no longer fair. The Fair Funding Review 2.0 (FFR) will update the methodology for distributing the total quantum of funding between local authorities currently covered by the Local Government Finance Settlement.
23. The underlying data which determines the current distribution method has not been updated since 2013, when the Business Rate retention system was introduced and as such the review is largely welcomed across the sector. As the government have reduced grant funding to councils and council tax income has continued to grow, the proportion of council funding raised by local taxation has increased, which benefits those councils with a greater ability to raise income via Council Tax. This has resulted in a weakening of the relationship between the relative needs and resources and the actual allocations through the Settlement Funding Assessment.
24. The government has carried out a comprehensive consultation which the Council responded to in line with the deadline of 15 August 2025. The consultation reflected many issues raised previously and recommends incorporating evidence-based factors within the new funding formulas, including deprivation, key demand drivers and updated population levels. An “area cost adjustment” is included which

attempts to allow for relative differences in the cost of delivery of services across different areas. Lastly, there is an adjustment for council tax equalisation reflecting the relative ability of local authorities to raise revenues themselves via council tax.

25. In addition to the review of needs and resources, the Government also plans to roll further grants into the Settlement Funding Assessment, such as approximately £10bn of social care funding. These grants will then be subject to the outcome of the FFR process and redistribution.
26. Government estimates that there are currently approximately 300 revenue grant streams and aims to simplify and consolidate these into the four main pillars below:
 - Homelessness and Rough Sleeping
 - Public Health
 - Crisis and Resilience (Household Support Fund and Discretionary Housing Support)
 - Children's Families and Youth Grants
27. There will also be several changes to the Business rates retention system (BRRS) in 2026/27 which will take place concurrently including:
 - The business rates baseline will be reset in 2026/27, with the growth to be redistributed based on a needs assessment.
 - A revaluation in 2026 will be implemented from 1 April 2026.
 - New reduced business rates multipliers will be introduced for Retail, Hospitality and Leisure (RHL hereditaments, paid for by increases in multipliers for large businesses with rateable values over £500,000.
 - Decisions are due on whether the existing multipliers will be indexed or frozen.
28. The government has not released an exemplification to show how the revised formulas would impact funding for individual councils. Several sector experts have produced scenario modelling, which indicates that Bury could benefit slightly from the redistribution in terms of receiving a slightly higher proportion of funding based on the proposed formula changes.
29. Fair Funding modelling of the potential outcomes must be treated with caution; there are several key risks as follows:
 - Policy decisions – the final outcomes are subject to consultation responses and policy decisions yet to be taken by Ministers.
 - Data sets will be updated before the final settlement. This is expected to include population forecasts, Index of Multiple Deprivation, journey time, traffic flow and the Council Tax base (CTB1).
 - Accuracy of modelling – in the absence of exemplifications, advisors have made assumptions on how the changes could be applied; minor variations can result in significant financial impacts. These assumptions are unlikely to be fully correct.
 - Confirmation of the overall quantum of funding being made available to local government as part of the promised multi-year settlement including expectations with regard to the level of future council tax increases which is currently 4.99% per annum made up of a 2.99% general precept and a 2% adult social care precept.

30. In conclusion, FFR2.0 will have a fundamental impact on the Council's funding which is impossible to fully predict until the Government makes its final decisions on the set up of the funding distribution model. The total Spending Power subject to this review is in the region of £70bn nationally. Therefore, a small change of c0.01% equates to £7m, demonstrating the sensitivity of the distribution modelling. The underlying government assumption on council tax is that all councils are expected to increase by the maximum 4.99% currently permissible including 2% for Adult Social Care.

Budget Process

2026/27 Budget Approach

31. The vision for Bury 2030 is built upon conversations with communities and with an aspiration 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.

Progress to achieving the vision 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.
32. The Let's Do It! strategy sets out four clear principles that will drive everything the Council does through:
- 1) **Local** neighbourhoods.
 - 2) An **Enterprising** spirit.
 - 3) Delivering **Together**.
 - 4) A **Strengths-based** approach.
33. Rolling two-year delivery plans are produced, with a clear set of priorities to create the conditions for change. The current 2025-26 Corporate Plan sets out the vision for the Council that is financially sound, delivers its statutory responsibilities and contributes to the borough's LET'S Do It! outcomes.
34. The three core overarching priorities remain unchanged for 2025/26 with an additional enabling priority added, 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 2025/26 are defined as follows:

- 1) **Sustainable Inclusive Growth** – to deliver the all-age work and skills strategy,

- develop a new Housing Strategy, continue 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 the continued delivery of the SEND and Social Care improvement plans, continuing transformation of our Pupil Referral Unit offer, establishing an Education and Inclusion strategy and agreement of a multi-agency plan in response to social care reforms.
 - 3) **Tackling Inequalities** – develop a health inequalities strategy and deliver our improvement plan for Adult Social Care alongside an update of the health and care transformation in the borough. To accelerate the neighbourhood model and develop a Wellness strategy and deliver the Green Spaces and Culture strategies, implement the New Community Safety plan. Deliver improvements to social housing, including decarbonisation and increased tenant satisfaction.
35. The additional enabling actions are needed to ensure the organisational conditions necessary to deliver these priorities. The actions include the themes of Financial Sustainability, Workforce, Culture and Inclusion and Transformation.
 36. 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 [21-23] above. As such, further work is being undertaken to look at how work on these areas can be re-focused to reduce in-year projects and support the budget strategy.

Budget Movements: Assumptions & Funding

Budget Update: December 2025

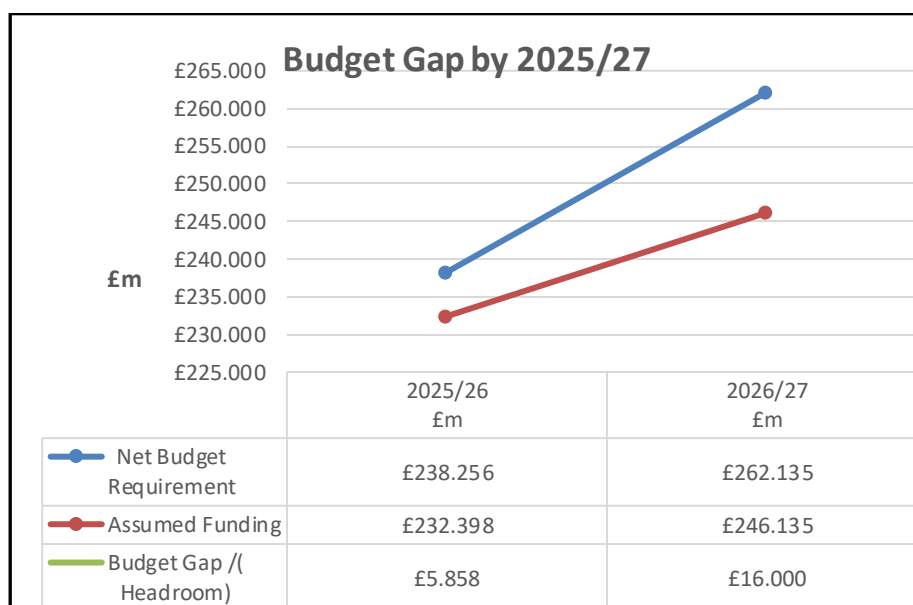
37. A review of the MTFS budget assumptions and assumed funding has been undertaken. The outcome of the provisional local government finance settlement will not be confirmed until some point in the week commencing 15th December 2025. Given the inherent unprecedented uncertainty with regard to the funding changes affecting local government which could lead to a material variance from our core assumptions, this report covers the impact on the 2026/27 budget position and not a longer-term update of the medium-term financial position which ordinarily looks three years ahead. This is primarily as any material variance in the multi-year settlement from the current assumptions could have a compound impact on future years and potentially lead to a misleading position being reported based on current assumptions. Therefore, the updated medium term financial strategy position will be updated and reported to Cabinet in the new year reflecting the outcome of the multi-year settlement.
38. The table below summarises the budget movements since February 2025, to show the budget gap position for the two-years 2026/27 to 2027/29 at December 2025 of £25.855m, a net increase of £14.284m before savings proposals are included.

2026/27 - 2028/29 Budget Movements Summary	Dec-25
	2026/27 £m
BUDGET GAP [FEBRUARY 2025]	£9.612
<u>Budget Assumptions Movements:</u>	

Revision of Pay Award Assumptions	£1.046
Contractual Inflation	£2.358
Revision of the Corporate Budget Assumptions	(£1.678)
Update Adults Inflation (incl. RLW) & Demand Assumptions	£0.600
Update Children's Inflation (incl. RLW) & Demand Assumptions	£4.547
Update Corporate Core Services pressures including Temporary Accommodation and Insurance	£4.144
Update Place pressures	£0.850
Capital Receipt Flexibilities	(£2.000)
NET BUDGET MOVEMENT	£9.867
Funding Movements:	
Council Tax update / Insertion of 28/29 Taxbase	(£0.901)
Business Rates estimated update for FFR2.0 / insertion of 28/29	(£37.465)
Removal of Funding Grants per FFR2.0	£38.978
Addition of Business Rates Grant per FFR2.0	(£4.090)
ASSUMED FUNDING MOVEMENT	(£3.478)
UPDATED BUDGET GAP [DEC 2025]	£16.000
CUMULATIVE BUDGET GAP [DEC 2025]	£16.000

SAVINGS PROPOSALS	(£8.453)
UPDATED CUMMULATIVE BUDGET GAP AFTER SAVINGS [DEC 2025]	£7.547

39. The chart below shows the budget gap of £16.000m over the two years 2025/26 to 2026/27, whilst Council on 25 February 2025 approved a budget, this was supported by £5.858m use of reserves.
40. The chart below excludes the use of reserves, to demonstrate that the net revenue budget and future cost and demand pressures to deliver services exceeds the current level of funding provided by central government to the Council.



Budget Assumptions

41. Budget assumptions have increased by £9.867m for 2026/27 with funding assumptions of -£3.478m, significant items include:

- **Pay Award:** This has been increased from 2% to 3% for 2026/27, an increase of £1.046m from the £2.164m previously included to a total of £3.210m to reflect both the upward movement in inflation and revised inflation forecasts, since the budget was set.
- **Treasury Management:** Investment income and interest payable budgets have been revised based on the forecast borrowing profile.
- **Real Living Wage:** 6.7% uplift for 2026/27 has been confirmed by the Living Wage Foundation which is 1.7% higher than the original assumptions of 5% (£2.853m) and will impact primarily on adult social care fee levels. This increase of 1.7% equates to £1.882m less increased client contributions of £0.839m, leaving a net increase of £1.043m.
- **Adults Community Care Budget:** inflation increase of 2% for 2026/27 (£1.567m) and demand growth £0.875m, for 2026/27, a decrease of £0.443m due to updated population and age profile data.
- **Adults Transition Budget:** Demand growth of £2.4m (111.00%) for 2027/28 and £0.8m (19%) for 2027/28, unchanged from previous assumptions.
- **Children Looked After Budgets:** Inflation (8%), demand growth (8%) and catchup £6.7m for 2026/27, this is an additional £4.547m which has been included as growth in the 2026/27 budget of which £2.3m reflects the increase in residential placements and £1.0m is in relation to increased Home to School Transport demands, both of which have been reported to Cabinet in the Quarter One monitoring update.
- **Homelessness / Temporary Accommodation:** An additional £1.0m has been included as growth in the 2026/27 budget reflecting the increased demand for support.
- **Insurance:** An additional £1.144m has been included in the 2026/27 budget reflecting the increase in the cost of the council's insurance cover following the re-tender completed in March.
- **Capital Receipts:** The flexibility for councils to use capital receipts to support revenue expenditure that delivers service transformation has been extended and £2m is included within the proposed 2026/27 budget.
- **Funding :** We are currently forecasting £3.478m of additional funding as part of the Fair Funding Review changes but this is subject to the outcome of the consultation and final settlement.

Funding

42. Assumed funding increases by £25.709m over the two years 2026/27 to 2027/28, significant items include:

- **Council Tax Base:** 2.19% increase for growth in 2026/27 and 1.23% in 2027/28 and a 0.5% increase in the collection rate 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.

Summary

43. A subjective breakdown of the updated £16.000m budget gap is shown in the table below:

	Dec-25
2026/27 - 2028/29 Budget Estimates	2026/27 £m
Net Budget b/fwd	£238.256
<u>Budget Assumptions:</u>	
Pay Award	£3.210
Pay Base Movements	(£1.612)
Agency Staff	(£0.530)
Contractual Inflation	£5.110
Real Living Wage	£4.562
General Inflation	£0.191
Demand/Volume/Activity Base Movements	£11.031
Grants, Contributions & Income Recovery	(£0.786)
Sales, Fees & Charges Levels	£0.100
Recharges HRA, School, Capital & Internal	(£0.114)
Service Reserve Movements	£0.000
Housing Benefit	£0.000
Precepts & Levies	£3.860
Treasury & Capital	(£0.241)
Provisions & Contingency	£5.862
Other	£0.000
Total Budget Assumptions	£30.642

<u>Approved Budget Proposals:</u>	
Savings Proposals	(£6.763)
Policy Proposals	£0.000
Total Approved Budget Proposals	(£6.763)
NET BUDGET	£262.135
<u>Assumed Funding:</u>	
Council Tax	(£126.917)
Business Rates	(£114.082)
Prior Year Collection Fund (Surplus)/Deficit	(£1.047)
Government Funding Grants	(£4.090)
ASSUMED FUNDING	(£246.135)
ANNUAL INCREMENTAL BUDGET GAP	£16.000
CUMULATIVE BUDGET GAP	£16.000

Budget Proposals

Budget Proposals

44. Since February 2025 Budget Council, the Council has undertaken a detailed zero based budgeting exercise to identify budget proposals to reduce the budget gap. This work has included:
- Further detailed analysis and review of existing income and expenditure budgets.
 - Detailed service budget review and challenge sessions.
 - Benchmarking against comparator councils and a review of statutory and discretionary service costs.
45. 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.

	Dec-25
2026/27- 2028/29 Budget Proposals Summary	2026/27
	£m
BUDGET GAP [DEC 2025]	£16.000
<u>Draft Budget Proposals:</u>	
Draft Budget Proposals (Operational Decision)	(£8.453)
Draft Budget Proposals (Policy Decision)	£0.000
Total Draft Budget Proposals	(£8.453)
ANNUAL INCREMENTAL BUDGET GAP	£7.547
CUMULATIVE BUDGET GAP	£7.547

The above table shows that by taking forward the draft budget proposals the forecast budget gap in 2026/27 will reduce by £8.453m, from £16.000m to £7.547m.

Budget and Staff Consultation

46. 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 proposals totalling £14.577m over the next the years. These have all been assessed as for management action that are within delegated powers for officer decisions with none of the proposals requiring policy decisions however further work is continuing between the issuing of the report and January 2026. If matters arise that require separate specific consultation this will be the subject of a report to Members in January 2026.

Management Actions

47. All of the savings proposals 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 £8.453m in 2026/27 and £6.124m over the 3 year period through to 2028/29. The most significant element of this relates to those identified within the Health and Adult Care Directorate with savings proposals of £2.628m in 2026/27 and £6.586m over the next 3 years overall being identified. £5m of this, with £1.667m deliverable in 2026/27, has resulted from the deep-dive work that has been undertaken with Impower in the last few months to identify the scope and scale for further savings following a detailed assessment. The savings primarily relate to the continuation and extension of measures designed to enhance health and social care delivery by implementing a more robust and consistent strengths-based, person-centred care model. This will continue to focus on empowering individuals and improving care quality to maximise independence wherever possible, thereby reducing the numbers of people needing to enter the care system and also reducing the proportion requiring the most expensive long-term care provision. There is also a saving of £0.5m over the next 3 years being proposed in relation to reducing the level of the current council subsidy of leisure services through operating more commercially and increasing income levels, further detailed work is being carried out in relation to this proposal.
48. The next largest savings area relates to estimated savings of £3.000m over the next three years, with £1m deliverable in 2026/27, linked to a c2% reduction in third party spend which will be supported and linked to investment in a new Procurement and Contract Management future operating model which will come to Cabinet in January 2026 for formal approval. The savings opportunity and related business case has been identified as one of the core deliverables of the finance transformation programme and Unit 4 upgrade. In advance of the investment being agreed, a new contract platform is anticipated to go live initially from January, and this will strengthen compliance and oversight and reduce current fragmentation of data. Savings will come from supplier and contract aggregation, improved spend controls, upstream commissioning and procurement alignment and contract negotiation and management improvements
49. There are also £2.000m of savings linked to a Strategic Workforce review, it is

expected that this can be delivered in 2026/27 via a combination of reflecting staff turnover levels in an associated increase in the vacancy factor, reducing the current over-reliance on agency staff and the related premium in cost and moving away from the current arrangements where posts are budgeted for at the top of grade cost. A total of £1.694m over the 3 years relates to the Children and Young People Directorate with the largest single element being in respect of a proposed £1m reduction in placement costs including the 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.

50. A saving of £377k is proposed relating to reducing the growth in temporary accommodation costs through the purchase of seven properties for this purpose to be funded in part from the Local Authority Housing Fund and a separate report is on this Cabinet agenda for approval of the Council's matched funding investment requirement.

2026/27 Budget and 2027-29 MTFS Position

Budget Summary

51. A summary of all the movements to the February 2025 budget gap of £9.612m to the December 2025 updated budget gap of £7.547m after savings, is shown in the table below:

2026/27 - 2028/29 Draft Budget Summary	Dec-25
	2026/27 £m
BUDGET GAP [FEBRUARY 2025]	£9.612
<u>Net Budget:</u>	
Budget Assumption Movements	£9.867
Draft Budget Proposals	(£8.453)
Budget Proposals to be Developed	£0.000
TOTAL NET BUDGET MOVEMENTS	£1.414
<u>Assumed Funding:</u>	
Funding Movements	(£3.478)
TOTAL ASSUMED FUNDING MOVEMENTS	(£3.478)
ANNUAL INCREMENTAL BUDGET GAP	£7.547
CUMULATIVE BUDGET GAP	£7.547

Budget Table

52. Based on the current budget assumptions & proposals and assumed funding, the 2026/27 net revenue budget would increase by £23.879m (10.02%), from £238.257m to £262.136m, as shown in the table below:

	Dec-25
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2026/27 - 2028/29 MTFS Summary	2026/27 £m
<u>Directorate:</u>	
Health & Adult Care	£105.283
Children & Young People	£69.607
Corporate Core Services	£33.122
Non-Service Specific	£37.538
Place	£16.665
Housing General Fund	(£0.079)
NET BUDGET	£262.135
<u>Assumed Funding:</u>	
Council Tax	(£126.917)
Business Rates	(£114.082)
Prior Year Collection Fund (Surplus)/Deficit	(£1.047)
Government Funding Grants	(£4.090)
ASSUMED FUNDING	(£246.135)
ANNUAL INCREMENTAL BUDGET GAP	£16.000
CUMULATIVE BUDGET GAP	£16.000

Sensitivities, Risks & Opportunities

Sensitivity

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

Sensitivity Analysis	Potential Full Year Impact of 1% Movement £m
Council Tax (level, taxbase and collection rates)	+/- £1.269
Pay Award	+/- £1.046
Real Living Wage	+/- £0.525
Adults Community Care: inflation and demand growth	+/- £0.948
Adults Transition Budget: demand growth	+/- £0.297
Children Looked After Budget: inflation and demand growth	+/- £0.852
Treasury & Capital Financing Costs	+/- £1.383

Risks & Opportunities

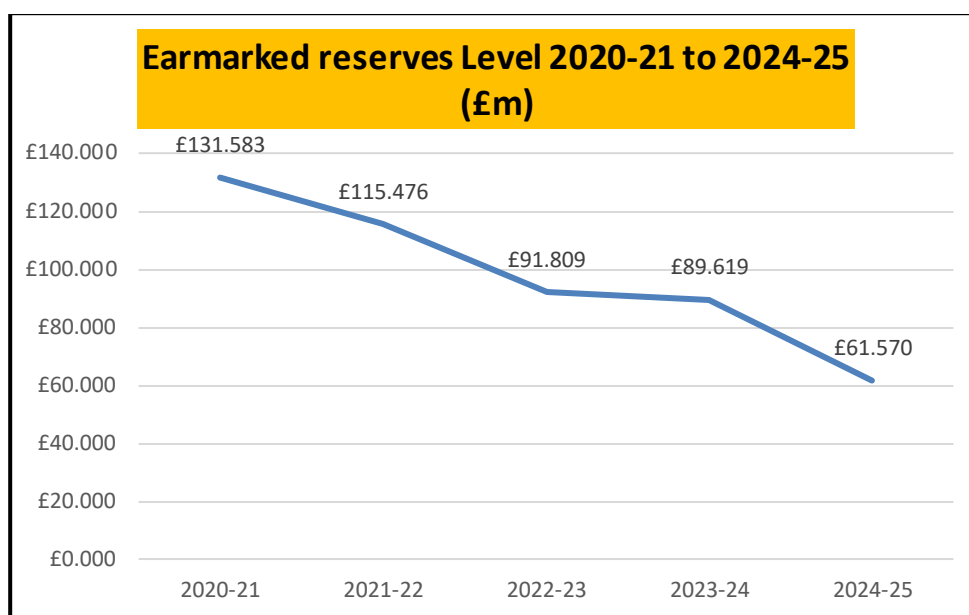
54. Legislation requires that annually the Council sets a balanced and robust budget, which is sufficient to meet its legal obligations, and then its aspirations. This requires all plans to be costed, forecasts and estimates to be checked for reasonableness, and risks to be assessed across the many varied services the Council provides. This also includes an assessment for emergencies, severe weather and other service and strategic risks.

55. 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.
56. In exercising their statutory duty the Director of Finance, in conjunction with the Executive 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.
57. 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 and charges income differing to assumptions.
 - Variations to external funding and grant allocations.
 - Variations to modelling carried out on the new Fair Funding Review 2.0 (FFR2.0)
 - Demographic pressures.
 - Inflation and 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.

Reserves & Balances

Reserve Forecast

58. 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.
59. The Council's historic and medium-term approach involves using reserves to support the budget position while savings are being realised. The in-year assumption is that £7.547m of reserves will be required to enable the Council to achieve a balanced budget for 2026/27.
60. The graph below shows a summary of the reserves usage over the last five financial years which clearly shows the impact of the historic use of reserves to balance the Council's budget in reducing the overall earmarked reserves by £70.013m from £131.583m to £61.570m.



61. A breakdown of the levels of Earmarked Reserves as at 31/3/2025 can be seen below.

General Fund RESERVES		Balance at 31 March 2025 £m
General Fund (GF)		(£10.000)
Directorate Reserves		(£4.013)
Corporate Reserves	Investment Reserves	(£2.816)
Corporate Reserves	Risk Reserves	(£10.905)
Corporate Reserves	Stabilisation Reserves	(£25.638)
Corporate Reserves	Funding Reserves	(£1.542)
External Funding		(£8.701)
Earmarked Balances Sub Total		(£53.615)
Schools Reserves		(£2.972)
S106 Commuted Sums		(£4.984)
Earmarked Reserves Total		(£61.571)
GF RESERVES TOTAL		(£71.571)

62. The table below shows an illustration of utilisation of the budget stabilisation reserve to fund the 2025/26 budget gap and the 2026/27 budget gap and shows that there would be insufficient to meet the current budget gap beyond 2027/28. That demonstrates an unsustainable financial position over the medium-term, whereby the Council will be unable to set a balanced budget in 2028/29, without identifying further savings proposals, and potentially sooner should any future events including in-year overspends have an adverse impact on the level of reserve balances.

Stabilisation Reserve	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Opening Balance	(£25.638)	(£19.780)	(£12.233)	(£4.686)
Use for budget gap	£5.858	£7.547	£7.547	£7.547
Forecast closing balance	(£19.780)	(£12.233)	(£4.686)	£2.861

63. 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 2026/27 to 2028/29 to stabilise the Council's finances over the medium-term.

64. The current timelines for 2026/27 budget setting are shown in the table below:

Budget Timeline & Workplan

Timelines

65. The current timelines for 2026/27 budget setting are shown in the table below:

Report	Committee Meeting	Date
2026/27 Budget Report	Budget Overview & Scrutiny Committee	5 February 2026
	Budget Cabinet	11 February 2026
	Budget Council	25 February 2026

Future Workplan

66. The aim between now and February is to reduce the current £7.547m 2026/27 budget gap detailed in this report and therefore reduce the impact on reserves. This work is in progress with further budget proposals to come forward to Cabinet in the new year for inclusion in the 2026/27 budget to be considered by Council in February. This next phase of budget work is framed primarily over the three themes of:

1) Internal Transformation:

This includes the development of a workforce and digital strategy including 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 has £1.300m of efficiency savings linked to it over the three-year period of 2026/27 to 2028/29. This will underpin and support the ongoing work on service reviews and the right-sizing of staffing budgets.

2) Contain Growth / Demand Pressures:

A significant proportion of the forecast funding gap is the result of ongoing increasing demand, particularly Children's and Adults Social Care. Whilst

these are national issues and pressures not unique to Bury, investment in commissioning expertise is required in order to reduce Children's demand and the cost of meeting that demand.

3) Income in the Place Directorate:

This includes ensuring that all current sales, fees and charges are reviewed to ensure they cover the full cost of service delivery, and new avenues of income generation are fully explored, including, but not limited to parking fees and traffic enforcement charges.

Links with the Corporate Priorities:

Links with the LET'S Do It! Strategy are set out above.

Equality Impact and Considerations:

A full EIA will be provided on finalised budget proposals being submitted to Cabinet.

Environmental Impact and Considerations:

A full impact assessment will be completed on finalised budget proposals being submitted to Cabinet.

Assessment and Mitigation of Risk:

As set out in the body of the report.

Legal Implications:

This report provides members with details of budget proposals. The Medium-Term Financial Strategy will be considered by Cabinet in January 2026.

The report outlines the steps needed to progress with the Council's budget setting process. It is proposed that consultation takes place with the public in relation to the budget proposals between 4th December and the 19th of January. This consultation will inform the finalised budget proposals.

The Council must consult where there are specific legislative requirements or where the public would legitimately expect the Council to do so. All consultation must take place at an early stage and must abide by the principles of good consultation. The outcomes from the consultation will be reviewed and brought to Cabinet and Overview and Scrutiny for consideration.

As part of the budget setting process workforce consultation will take place in relation to these proposals. In addition to the specific legislative requirements which will be specific to the proposal the Equality Act 2010 states that public

bodies must have “due regard” to a variety of equalities objectives under the Equality Act 2010.

In order to ensure we have given due regard we need to demonstrate that we understand how decisions or policies can affect those with protected characteristics and whether they will be disproportionately affected. Consulting is therefore an important part of meeting the equality duty.

In setting the budget the Council has a duty to ensure:

- It continues to meet its statutory duties
- Governance processes are robust and support effective decision making
- Its Medium-Term Financial Strategy reflects the significant challenges being faced and remains responsive to the uncertainties in the economy by continuing to deliver against its savings targets
- Its savings plans are clearly communicated and linked to specific policy decisions, with the impact on service provision clearly articulated
- It has the appropriate levels of reserves and that it closely monitors its liquidity to underpin its financial resilience
- It continues to provide support to members and officers responsible for managing budgets
- It prepares its annual statement of accounts in an accurate and timely manner in exercising its fiduciary duty, the Council should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term; that the proposals strike a fair balance between the interests of Council taxpayers and ratepayers on the one hand and the community's interests in adequate and efficient services on the other; and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.

Section 28 of the Local Government Act 2003 also imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

Financial Implications:

The financial implications are as outlined in the report

Appendices:

None.

Background papers:

Please list any background documents to this report and include a hyperlink where possible.

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

Term	Meaning

APPENDIX 1

APPENDIX 1		Dec-25		
2026/27 - 2028/29 Budget Proposals		2026/27 £m	2027/28 £m	2028/29 £m
Rapid Response Assessment software - Technological	HAC	(£0.009)		
BEST - review charges	HAC	(£0.010)		
BEST - introduce card payments	HAC	(£0.003)		
Community Equipment - procurement review	HAC	(£0.020)		
Community Equipment - Reconfigure out of hours service	HAC	(£0.038)		
Telecare - target new customers	HAC	(£0.035)		
Telecare - tech first approach	HAC	(£0.030)		
Falcon & Griffin - review of rotas	HAC	(£0.015)		
Commissioned Services - review of client contribution limit for day services	HAC	(£0.253)		
IMPOWER review	HAC	(£0.667)	(£0.667)	(£0.667)
IMPOWER review	HAC	(£1.000)	(£1.000)	(£1.000)
Persona Supported living rate review	HAC	(£0.250)	(£0.250)	
Retender of Neighbourhood housing support contract	HAC	(£0.047)		
Reduction of Leisure council subsidy	HAC	(£0.125)	(£0.155)	(£0.220)
Live Well GM Delivery partner - funding for role	HAC	(£0.027)		
Live Well restructure	HAC	(£0.100)		
Victoria Family Centre delivery model review	CYP	(£0.050)	(£0.050)	
Support at home reduced demand	CYP	(£0.035)		
School Improvement Service - reduction due to	CYP	(£0.100)		
Governance Support - full recovery from schools	CYP	(£0.109)		
Business Support Use of Magic Notes software	CYP	(£0.100)	(£0.100)	
CSE Team - small restructure	CYP	(£0.035)	(£0.015)	
Residential homes / CWD - step down of residential	CYP	(£1.000)		
Various Building costs	CYP	(£0.100)		
Temporary Accommodation demand reduction	CCS	(£0.377)		
Staffing changes - use of HPG funding	CCS	(£0.053)		
HR Service Transformation savings	CCS	(£0.075)		
Review of payroll transactional charges	CCS	(£0.050)		
FAIR - invest to save Fraud officer reduce expenditure	CCS	(£0.050)		
Law & Democratic services - reduction in external agency	CCS	(£0.100)		
Law & Democratic services - burial service fees	CCS	(£0.040)		
Strategic Partnerships staffing review	CCS	(£0.050)		
Strategic Workforce review	CCS	(£2.000)		
Reduction in Third party spend	CCS	(£1.000)	(£1.000)	(£1.000)
Debt refinancing	CCS	(£0.500)		
TOTAL DRAFT BUDGET PROPOSALS		(£8.453)	(£3.237)	(£2.887)