

Classification: Open	Decision Type: Key
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Report to:	Overview & Scrutiny Committee Cabinet Council	Date: 10 February 2026 11 February 2026 25 February 2026
Subject:	The Council's 2026/27 Revenue Budget and Medium-Term Financial Strategy (MTFS) for 2027/28 through to 2028/29	
Report of	Cabinet Member for Finance and Transformation	

Summary

1. This report sets out the key elements of the 2026/27 budget proposals and the framework for the longer-term Medium Term Financial Strategy (MTFS) 2027/28 to 2028/29. It makes available the latest financial information that will underpin the 2026/27 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 2026/27 Council Tax at Council on the 25 February 2026.
2. This report reflects the Government's Provisional 2026/27 Local Government Finance Settlement published in December 2025. 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 2026/27
 - Capital Strategy 2026/27 to 2028/29
 - The Dedicated Schools Grant and the schools' budget 2026/27
4. To present to members the 2026/27 budget and the updated budget position over the three years to 2028/29, comprising:
 - Refreshed budget assumptions and funding movements.
 - Revenue budget proposals.
5. To inform members of the updated budget gap of £22.589m for the three years 2026/27 to 2028/29 before applying any of the offsetting revenue budget proposals, comprising:
 - 2026/27 £4.977m
 - 2027/28 £10.355m
 - 2028/29 £7.257m

6. To present draft budget proposals totalling £1.434m in addition to those presented and agreed at December Cabinet, 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 £21.155m, comprising:
 - 2026/27 £3.977m
 - 2027/28 £9.921m
 - 2028/29 £7.257m
8. To inform members of the forecast reserves position over the three years 2026/27 to 2028/29. Appendix 6 – Chief Finance Officer Statement includes details on the robustness of the estimates and reserves as required in S25 of the Local Government Act 2003.
9. This report has been updated following the Cabinet meeting on 11 February 26 to include:
 - An additional bullet point on recommendation 22 which has been added re flexible use of capital receipts in 25/26
 - Some additional narrative in paragraph 73 around projects for flexible use of capital receipts for 26/27.

Role of Overview and Scrutiny Committee in the budget process

10. 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.
11. 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.
12. 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:

13. Approve the Medium-Term Financial Strategy to 2028/29 and the assumptions regarding resources and spending requirements.
14. Approve the Council Tax base for Bury Council for 2026/27 of 58,709.94 Band D equivalent dwellings, this is the basis on which the Council Tax funding has been calculated (Appendix 1).
15. Approve the net revenue budget of £252.135m for 2026/27.
16. Approve the Council Tax requirement of £124.224m and the increase in Council Tax in 2026/27 of 2.99% in terms of General Council Tax and a further 2% for the Adult Social Care precept for 2026/27 (Appendix 1).
17. Approve the budget assumptions of £29.364m in 2026/27.
18. Approve new revenue budget proposal relating to additional Place Directorate income to be achieved across 3 areas: car parking, moving vehicle offences and EV cross pavement fees. Delivery plans will be brought forward for consideration by Cabinet in the new financial year, including the detail of any specific consultation exercises that may be required to be undertaken. The consultation outcomes will be considered by Cabinet before implementation along with any financial implications adopted in the 2027/28 budget proposed by Cabinet to Council.
19. Note the remaining budget gap of £21.155m over the medium-term to 2028/29.
20. Approve the use of £3.977m of reserves from the budget stabilisation reserve for 2026/27.
21. Note the forecast position on reserves over the medium-term to 2028/29.
22. 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.
23. Approve the Capital Strategy and the Programme for 2026/27 – 2028/29 (Appendix 3).
 - Cabinet to recommend and council to approve the use of £2m flexible use of capital receipts in 2026/27.
 - Council to confirm the of £3m flexible use of capital receipts in 2025/26 as included in the February 2025 budget report which has been applied in the following areas:
 - i. As part of the Council's wider savings proposals to close the financial gap a number of service reviews and restructures were undertaken. The costs associated with implementing these

reviews including severance costs, will be funded from capital receipts, up to the value of £1m.

- ii. In order to identify and support the identification and implementation of additional savings in Adult Social Care, a consultancy firm was commissioned to undertake review work with the costs to be funded from capital receipt flexibilities (£382k)
 - iii. Enabling services across the Corporate Core includes costs associated with financial transformation and zero-based budgeting exercises, including identification of additional savings plans as detailed in this report, this will be funded up to £0.418m.
 - iv. Within Children's and Young People department, the Family Safeguarding project and a Family Safeguarding additional team have been working on prevention of costs to deliver long term reductions in revenue requirement. £1.2m
24. Approve the Dedicated Schools Grant budget for 2026/27 at £257.345m and approve the allocations between the four funding blocks as set out in Appendix 4 of this report.
- The Schools and Academies 2026/27 funding unit values as recommended by Schools Forum and detailed at Annex 1 to appendix 4.
 - Approve the 2026/27 hourly rates for all early year's providers as follows:
 - i. £5.77 per hour for 3- and 4-year-olds.
 - ii. £8.35 per hour for 2-year-olds.
 - iii. £11.30 per hour for under 2's.
25. Note the Equality Impact Assessment for the budget report (Appendix 5).
26. 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)

27. 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

28. The current assumption within the 2026/27 budget and medium term is for an ongoing 4.99% annual Council Tax increase (2.99% general precept and 2% adult social care precept). The government's Core Spending Power calculations include the assumption that Councils will increase the Council Tax by these percentages.

29. An alternative option could be made to increase its 'relevant basic amount of council tax' above the levels set out in the Provisional 2026/27 Local Government Finance Settlement published in December 2025 of 4.99%, but this would require holding a local referendum and a majority vote.
30. A 1% increase or decrease in Council Tax is the equivalent to c.£1.242m

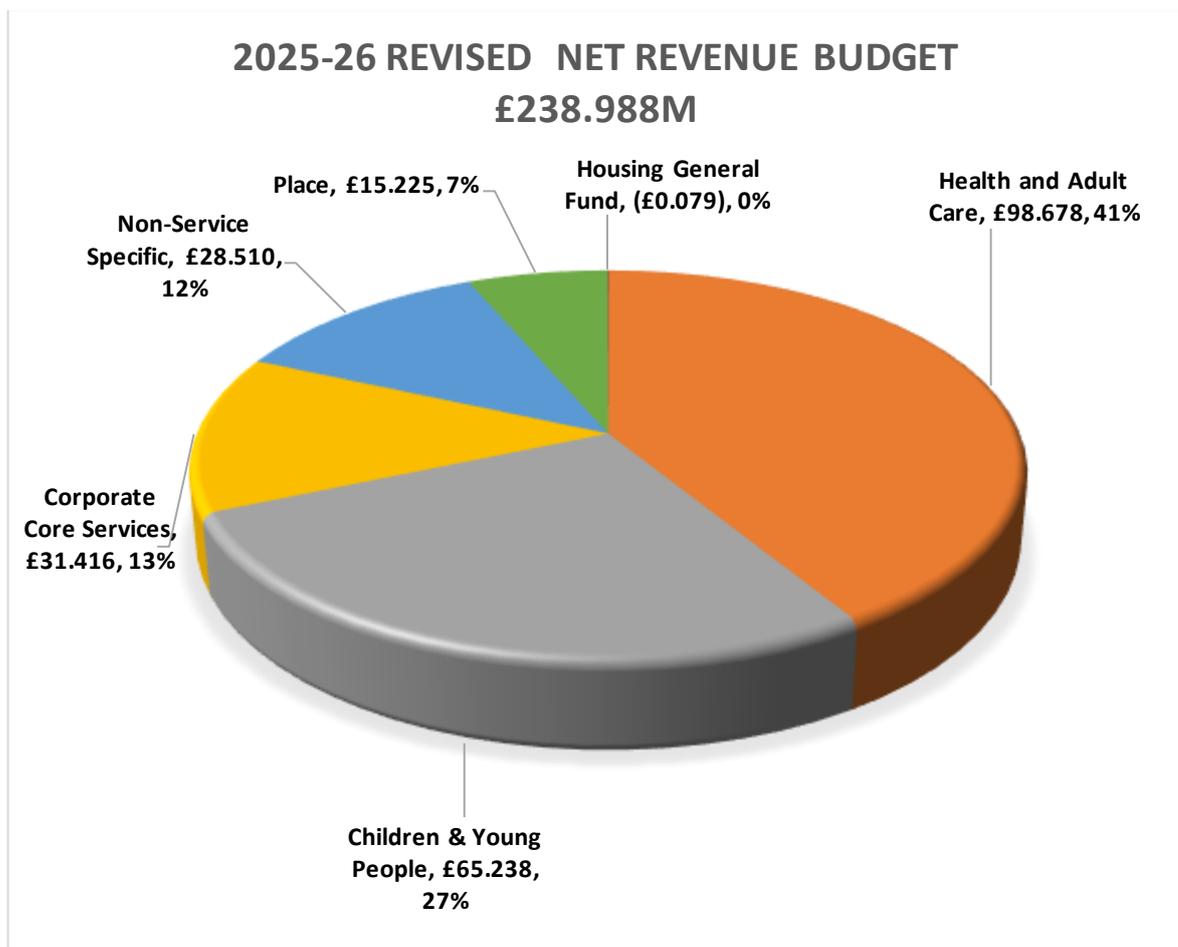
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Background

2025/26 Base Budget

31. The budget report presented to Budget Council on 19 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.
32. Council approved a net revenue budget of £238.257m for 2025/26, which included an approved use of reserves of £5.858m held within the Non-Service Specific Directorate, to address the structural funding deficit and balance the revenue budget.
33. Following updates to the 2025/26 Local Government Finance Settlement, Cabinet on 15 January 2026 approved an updated net revenue budget of £238.988m.
34. The graph below shows the representation of the net revenue budget of £238.988m by Directorate.



35. 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 £m
Net Budget	Exp	Staff & Related Expenses	£111.087
Net Budget	Exp	Demand & Contractual	£175.408
Net Budget	Exp	Other Expenditure	£22.702
SERVICE EXPENDITURE TOTAL			£309.20
Net Budget	Inc	Government Grants	(£6.833)
Net Budget	Inc	Other Grants & Contributions	(£0.963)
Net Budget	Inc	Sales, Fees & Charges	(£42.869)
Net Budget	Inc	Other Income	(£39.271)
SERVICE INCOME TOTAL			(£89.937)
SERVICE RECHARGES TOTAL			(£17.087)
SERVICE RESERVES TOTAL			£0.225
Net Budget		Housing Benefit	(£0.292)
Net Budget		Precepts & Levies	£29.212
Net Budget		Treasury & Capital Financing Costs	£6.813
Net Budget		Provisions & Contingency	£0.815
OTHER EXPENDITURE & INCOME ITEMS TOTAL			£36.548
NET REVENUE BUDGET TOTAL			£238.947
Funding		Council Tax	(£119.350)
Funding		NNDR	(£74.276)
Funding		Funding Grants	(£39.503)
FUNDING TOTAL			(£233.129)
CORPORATE RESERVES TOTAL			(£5.818)
GENERAL FUND TOTAL			£0.00

2025/26 Q2 Forecast Outturn Position

36. Delivery of the 2025/26 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.
37. The 2025/26 quarter 2 position presented to 15 January 2026 Cabinet showed projected forecast £5.861m overspend (2.45%) against the net revenue budget of £238.988m, as shown in the table below.
38. The three main areas contributing to the £5.861m overspend are:
- Adults: the Care in the Community budget is forecast to overspend by £3.422m (5.50%).
 - Children's: The Safeguarding and Social Care service budget is forecast to overspend by £4.492m (9.05%) and Home-to-School Transport is forecast to overspend by £0.440m (9.22%).

- Corporate Core Services: Homelessness overnight accommodation is forecast to overspend by £0.498m (29.37%).
39. However, two main areas are contributing towards reducing the overall forecast overspend:
- Treasury Management: is forecast to underspend by £1.975m (31.17%) mainly in relation to higher than budgeted income from treasury investments alongside reduced borrowing costs reflecting the reprofiled capital programme.
 - Adult Social Care Operations is forecast to underspend by £1.127m (12.01%) mainly due to staffing vacancies across the teams
40. 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. As part of the new governance arrangements introduced as part of the council's improvement plan, the S151 officer chairs a monthly finance board with has responsibility for monitoring the in-year revenue budget and updating the medium-term financial strategy, including the development of budget proposals, with onward reporting to the Executive Leadership Team and Member Assurance Group. Whilst the forecast variance remains a relatively small proportion of the budget, officers have been prioritising work on cost control measures targeted at mitigating the impact of increasing demand over the remaining months of the financial year. Any overspend at year-end would necessarily become an additional call on reserves, which in turn impacts on the reserves available for use to support funding gaps and invest in service transformation.

2025/26 Quarter 2 Forecast Outturn	Revised Budget £m	Forecast Outturn £m	Forecast Variance £m	Forecast Variance %
Directorate:				
Health and Adult Care	£98.678	£100.384	£1.706	1.73%
<u>Children & Young People</u>	£65.238	£67.418	£2.181	3.34%
Corporate Core Services	£31.416	£34.510	£3.094	9.85%
Non-Service Specific	£28.510	£26.624	(£1.886)	-6.62%
Place	£15.224	£15.991	£0.766	5.03%
Housing General Fund	(£0.079)	(£0.079)	£0.000	0.00%
NET REVENUE BUDGET	£238.988	£244.848	£5.861	2.45%
Funding:				
Council Tax	(£119.350)	(£110.198)	£0.000	0.00%
Business Rates	(£74.276)	(£74.276)	£0.000	0.00%
Government Funding Grants	(£39.503)	(£39.503)	£0.000	0.00%
FUNDING	(£233.129)	(£233.129)	£0.000	0.00%
Use of Reserves:				
Budget Stabilisation Reserve	(£5.858)	(£5.858)	£0.000	0.00%
USE OF RESERVES	(£5.858)	(£5.858)	£0.000	£0.000
BUDGET POSITION	£0.000	£5.861	£5.861	2.45%

Financial Overview

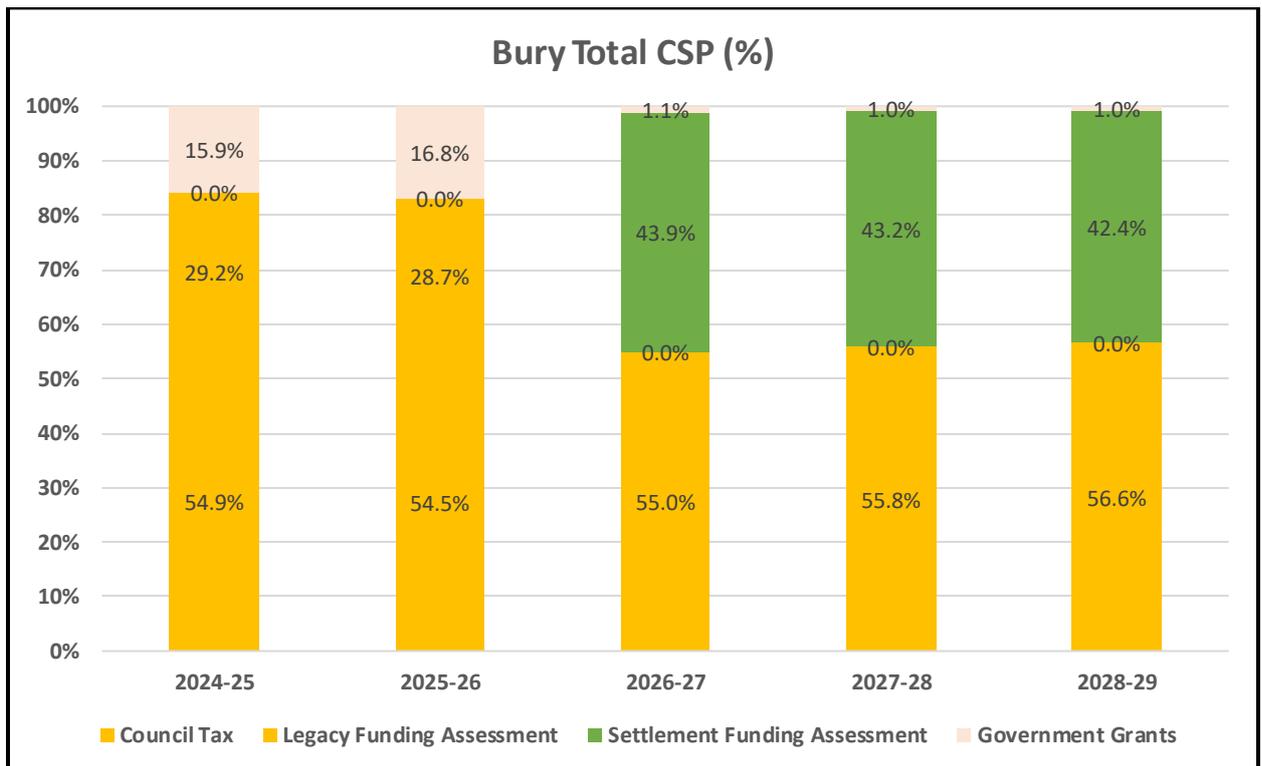
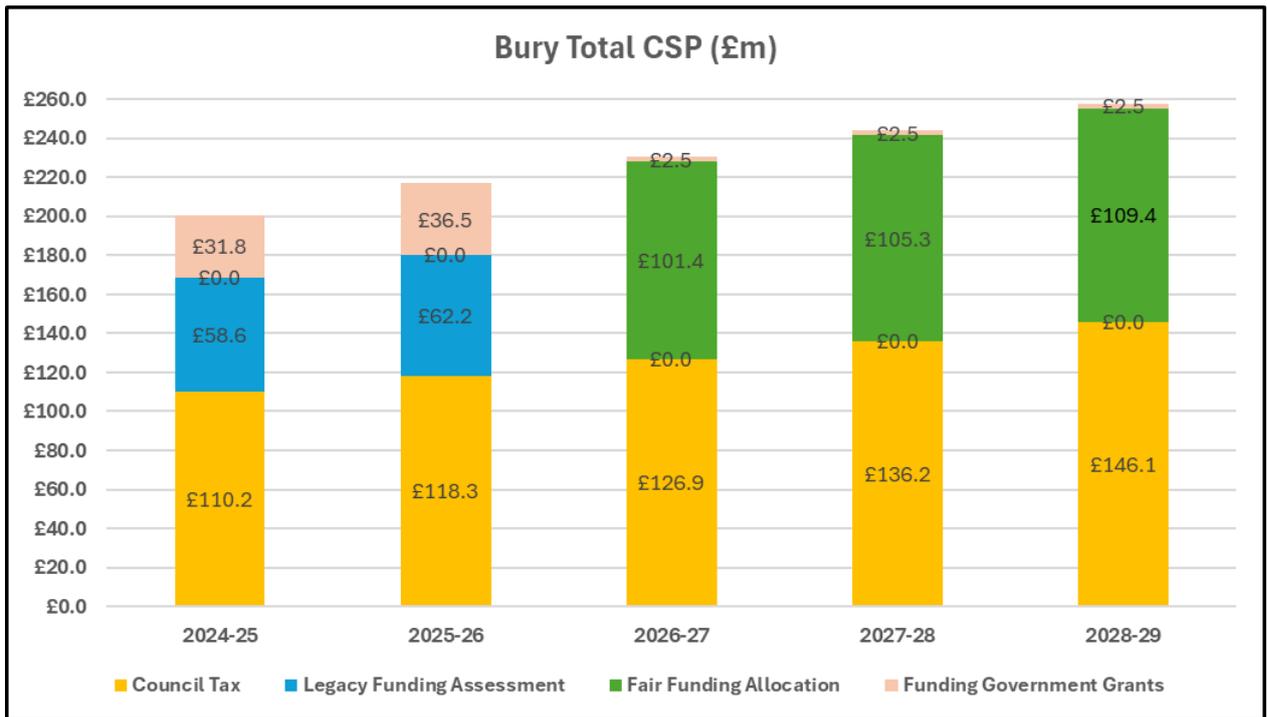
National Context – Fair Funding Review

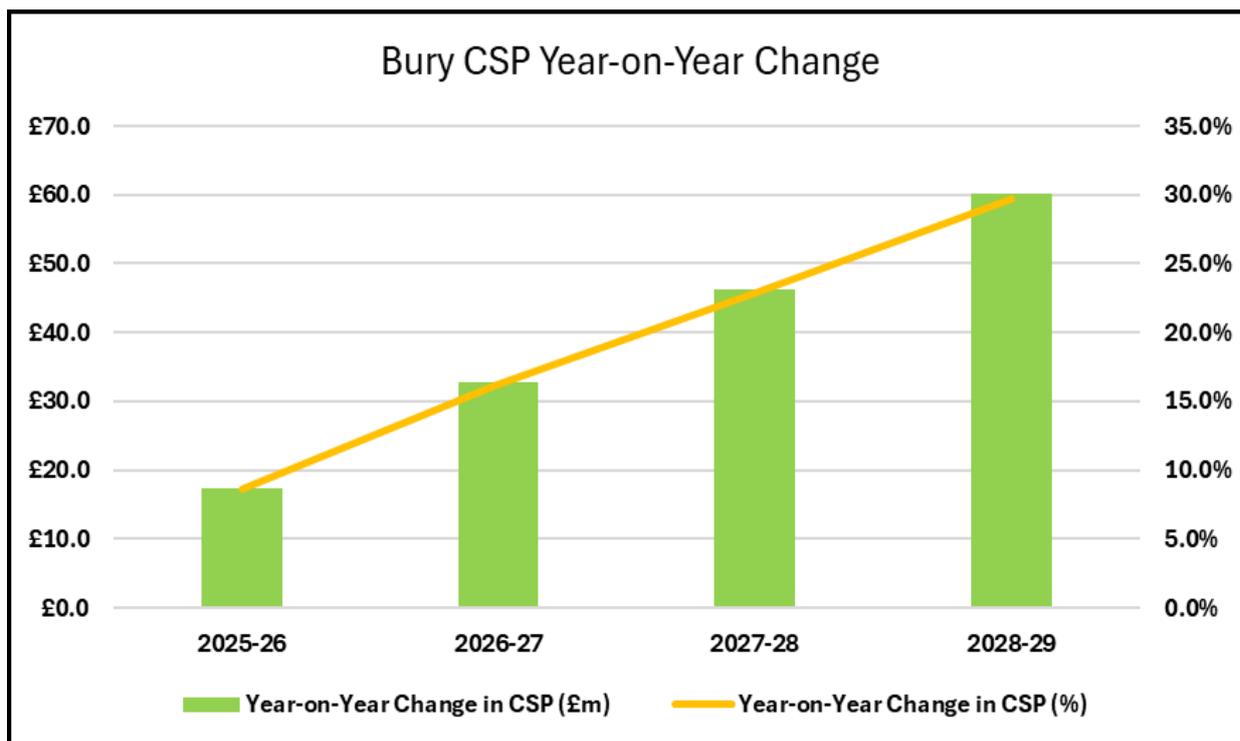
41. It has been widely accepted that the current funding system for local government is out of date and no longer fair. The Fair Funding Review 2.0 (FFR) has updated the methodology for distributing the total quantum of funding between local authorities currently covered by the Local Government Finance Settlement.
42. The underlying data which determines the current distribution method was last updated in 2013, when the Business Rate retention system was introduced and as such the review has been 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
43. The government 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 recommended incorporating evidence-based factors within the new funding formulas, including deprivation, key demand drivers and updated population levels. An “area cost adjustment” was included which attempts to allow for relative differences in the cost of delivery of services across different areas. Lastly, there was an adjustment for council tax equalisation reflecting the relative ability of local authorities to raise revenues themselves via council tax.
44. In addition to the review of needs and resources, the Government has rolled further grants into the Settlement Funding Assessment, such as approximately £10bn of social care funding. These grants have then been redistributed via the FFR process and Local Government Finance Settlement.
45. Government estimates that there are currently approximately 300 revenue grant streams and has simplified and consolidated 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
46. There have been several changes to the Business rates retention system (BRRS) in 2026/27 which will take place concurrently including:
 - The business rates baseline has been reset for 2026/27, with the growth 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.
 - Existing multipliers have been indexed
47. The forecast impact of the settlement was built into the December 26-27 budget report supported by work undertaken by our advisors LG Futures.
48. There remained a risk that data sets could be updated before the final settlement which would impact on distribution of funding.

Local Government Finance Settlement (LGFS)

49. To provide funding certainty and allow councils to plan ahead, on 17th December 2025 the Government published a provisional three-year funding settlement for councils which has not been done since 2016/17 to 2019/20 and as such the councils ability to forecast future funding levels with a greater degree of certainty and to strategically forward plan has been improved.
50. 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.
51. The key headlines for Bury are as follows:
- Core Spending power will increase by an average of 6% nationally including council tax increases in 2026-27, for Bury the provisional Core Spending Power increase is 7.01% in 2026/27 inclusive of assumed maximum council tax increases.
 - Council Tax general 'relevant basic amount' limit set at 2.99%
 - Council Tax Adult Social Care Precept set at 2%
 - The Recovery Grant of £600m nationally which was previously assumed to be one-off in 2025-26 has been reinstated for 2026-27 to 2028-29, Bury's allocation in £2.488m.
52. The graph below sets out the figures for local authority Core Spending Power (CSP) from 2024/25 through to 2028/29. [Note figures for 2024/25 and 2025/26 have been adjusted to ensure a consistent measure of local authority income over time].
53. Within the published CSP are 4 consolidated service grants (see para 44.) which are ringfenced to be utilised to fund specific service delivery and as such, they have been excluded from the table below.





Statistics

54. 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 2025-26						
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	£150.550	5	82,271	4	£1,860.28	7
Bury	£118.296	10	58,698	10	£2,015.33	5
Manchester	£251.235	1	140,844	1	£1,783.78	8
Oldham	£122.581	9	59,501	9	£2,053.75	3
Rochdale	£123.170	8	59,825	8	£2,058.84	2
Salford	£161.401	3	78,626	6	£2,052.77	4
Stockport	£206.235	2	99,340	2	£2,076.06	1
Tameside	£124.513	7	66,773	7	£1,911.99	6
Trafford	£139.288	6	81,602	5	£1,721.59	9
Wigan	£160.918	4	98,600	3	£1,630.90	10

LGFS 2026-27								
GM Districts	2026-27 Core Spending Power (CSP) £m	Rank	Population Mid 2024	Rank	Population Projected 2026	Rank	Dwellings As At Oct 2025	Rank
Bolton	£387.786	4	289,581	4	290,499	4	129,231	5
Bury	£235.545	10	194,807	10	196,008	10	85,593	10
Manchester	£873.435	1	561,482	1	565,332	1	253,776	1
Oldham	£336.122	6	243,395	6	245,551	6	99,072	8
Rochdale	£335.012	7	229,332	9	231,838	9	98,159	9
Salford	£423.923	2	270,691	5	274,756	5	137,468	3
Stockport	£356.102	5	298,649	3	300,585	3	133,650	4
Tameside	£310.494	8	231,592	8	233,316	8	105,874	6
Trafford	£251.271	9	243,386	7	245,192	7	104,404	7
Wigan	£410.391	3	333,209	2	334,901	2	153,853	2

Analysis of CTR & CSP by Population & Dwelling								
GM Districts	2025-26 CTR (per head) £	Rank	2025-26 CTR (per dwelling) £	Rank	2026-27 CSP (per head) £	Rank	2026-27 CSP (per dwelling) £	Rank
Bolton	£519.89	7	£1,164.97	8	£1,339.13	6	£3,000.72	5
Bury	£607.25	2	£1,382.08	2	£1,209.12	8	£2,751.91	7
Manchester	£447.45	10	£989.99	10	£1,555.59	2	£3,441.76	1
Oldham	£503.63	8	£1,237.29	5	£1,380.97	4	£3,392.70	3
Rochdale	£537.08	6	£1,254.80	4	£1,460.82	3	£3,412.95	2
Salford	£596.26	3	£1,174.10	7	£1,566.08	1	£3,083.80	4
Stockport	£690.56	1	£1,543.10	1	£1,192.38	9	£2,664.44	9
Tameside	£537.64	5	£1,176.05	6	£1,340.69	5	£2,932.67	6
Trafford	£572.29	4	£1,334.13	3	£1,032.40	10	£2,406.72	10
Wigan	£482.93	9	£1,045.92	9	£1,231.63	7	£2,667.42	8
Average	£549.50		£1,230.24		£1,330.88		£2,975.51	

55. 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 £1,209.12 for 2026/27 compared to a GM Average of £1,330.88.
56. When we compare this to the position in 2025/26, we can see that Bury were still the 8th lowest funding per head of population across the Greater Manchester authorities at a rate of £1,067.58 compared to a GM Average of £1,138.00

57. If Bury received the average funding per head as its GM neighbours, it would benefit from an additional £23.720m per annum (this compares to a benefit of an additional £13.766m per annum in 2025/26)

2026/27 LGFS Fair Funding 2:0

58. Core Spending Power is a standardised national data comparator tool which aims to give consistent data for each local authority, and it utilises data from the standard 50% Business Rates Retention scheme where a local authority retains 50% of Business Rates income.
59. The Core Spending Power calculations do not reflect increased business rates retention arrangements to enable the funding allocations to be presented on a consistent basis and to allow, as far as possible, like for like comparisons between authorities.
60. Since April 2017, Bury has been part of an increased Business Rates Retention scheme, which means that 100% of Business Rates income is retained, however the Revenue Support Grant and the Public Health grant are forgone.
61. The Provisional 2026-27 Local Government Finance Settlement included additional funding for Bury with an additional c£12m by the final year of the 3 year settlement on top of existing forecasts with the increase being phased equally over the 3 years at an additional c£4m per year. The improved funding position however assumes that council tax is raised by the maximum levels permissible and has been supplemented by re-introduction of the Recovery Grant in the provisional settlement that was received by most, but not all, councils in 2025/26 but was not originally expected to continue. However, the improved settlement needs to be viewed in the context that the demand and inflationary growth pressures are predicted to exceed these levels, with the HAC provider fee increases alone (inclusive of Real Living Wage costs) forecast to cost an additional £6.7m per year.
62. DEFRA has confirmed the Extended Producer Responsibility Grant indicative funding of £1.935m for 2026/27 Bury. The funding will be provided based on actual income collected net of allowable costs and as such may vary from the indicative value. It is anticipated that the incentivisation to reduce packaging will result in lower values being received via this grant in future years and this has been reflected in the MTF5.
63. The council tax assumptions in the Fair Funding Review are higher than the latest forecast position which has the impact of dampening the available funding to Bury via council tax income. Whilst it is assumed that the council tax is raised by the maximum levels permissible, the growth in the council tax base from new developments being weaker than both previously forecast and the settlement assumed growth which is mainly due to viability issues with planned schemes.

64. The tables below show an analysis across GM authorities & nationally of the Deprivation Indices which the government used as part of the Fair Funding formulas.

Indices of Multiple Deprivation Analysis						
GM Districts	Overall IMD score	GM Rank	National Rank (of 296)	Population	GM Rank	National Rank (of 296)
Bolton	30.3	5	38	299,153	3	48
Bury	23.0	8	104	194,590	10	103
Manchester	38.0	1	3	566,778	1	6
Oldham	34.7	2	14	243,993	6	77
Rochdale	33.2	3	20	226,950	9	83
Salford	31.5	4	27	278,867	5	58
Stockport	17.9	9	164	297,191	4	50
Tameside	29.2	6	45	232,806	8	80
Trafford	14.9	10	201	236,651	7	78
Wigan	25.0	7	80	334,014	2	31
Average	27.76			291,099		

Budget Process

2026/27 Budget Approach

65. 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.

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.

66. 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.
67. Rolling two-year delivery plans will be produced with a clear set of priorities to create the conditions for change. The current 2025-26 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.
68. 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 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.
69. 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. As such, further work has been undertaken to look at how work on these areas can be re-focused to reduce in-year pressures and support the budget strategy.

Budget Movements: Assumptions & Funding

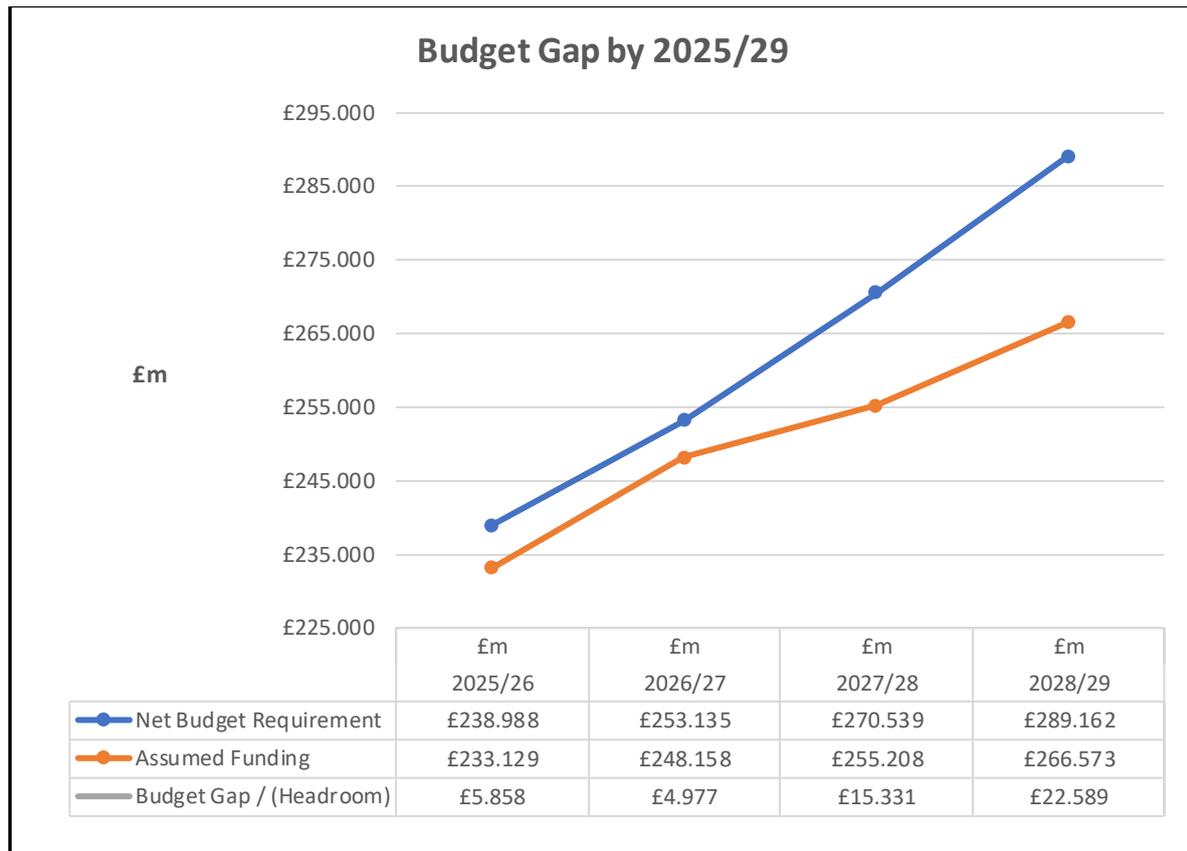
70. The position reported to Cabinet on 6 November 2025 showed an overall budget gap of £16.000m in 2026/27 which reduced to £7.547m after budget proposals. Since December, a review of the MTFS budget assumptions and assumed funding has been undertaken in light of the Provisional Local Government Finance Settlement and the assumptions for 2027/28 and 2028/29 are now included.

71. The table below summarises the budget movements, to show the budget gap position for the three-years 2026/27 to 2028/29 of £22.589m, before new savings proposals are included. As 2028/29 is the year being added onto the MTFs, all changes shown are total values, whereas in 2026/27 and 2027/28 the assumptions shown are adjustments to the values already included in previous MTFs reports.

2026/27 - 2028/29 Budget Movements Summary	2026/27	2027/28	2028/29
	£m	£m	£m
BUDGET GAP [FEBRUARY 2025]	£9.612	£1.960	(£0.100)
<u>Budget Assumptions Movements:</u>			
Revision of Pay Award Assumptions	£1.162	£1.211	£3.371
Revision of Pensions 3-Year Triennial review	(£1.620)	£0.000	£0.000
Contractual Inflation	£0.358	£4.358	£3.536
Addition of ICB joint funding assumptions	£0.130	£0.003	£0.003
Revision of the Corporate Budget Assumptions	£0.830	£0.500	£2.000
Update of Levy assumptions	(£2.069)	£2.964	£1.240
GMCA Partial reset share	(£0.503)	£0.000	£0.000
Update Adults Inflation (incl. RLW) & Demand Assumptions	£0.324	(£0.319)	£9.055
Update Children's Inflation (incl. RLW) & Demand Assumptions	£5.927	(£1.922)	£1.864
Update Corporate Core Services pressures including Temporary Accommodation and Insurance	£3.200	(£0.583)	£0.542
Update Place Inflation & Demand Assumptions	£0.850	£0.500	£0.000
NET BUDGET MOVEMENT	£8.588	£6.712	£21.610
<u>Funding Movements:</u>			
Council Tax Base update	£1.792	£0.822	(£7.593)
Business Rates estimated update for FFR2.0 / insertion of 28/29	(£38.417)	(£2.839)	(£4.418)
Revisions of Funding Grants per FFR2.0	£0.000	£0.000	£0.000
Addition of Business Rates Grant per FFR2.0	£0.000	£0.000	£0.000
Update of Collection Fund Prior-Year Estimated Surplus/Deficit	(£2.699)	£3.693	£0.000
Provisional Settlement Grant update	£37.817	£2.987	£0.000
Provisional Settlement Recovery Grant	(£2.488)	£0.000	£0.000
Extended Producer Responsibility Grant	(£0.774)	£0.258	£0.645
ASSUMED FUNDING MOVEMENT	(£4.770)	£4.921	(£11.366)
SAVINGS PROPOSALS APPROVED DECEMBER 2025	(£8.453)	(£3.237)	(£2.887)
UPDATED BUDGET GAP [FEB 2026]	£4.977	£10.355	£7.257
CUMULATIVE BUDGET GAP [FEB 2026]	£4.977	£15.332	£22.589

72. The chart below shows the budget gap of £22.589m over the three years 2025/26 to 2028/29, whilst Council on 19 February 2025 approved a budget, this is supported by £5.858m use of reserves.

73. 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

74. Budget assumptions increase by £74.759m over the three years 2026/27 to 2028/29, significant items include:

- **Pay Award:** has been increased from 2% to 3% for 2026/27 and 2027/28 and included at 3% for 2028/29, to reflect revised inflation forecasts.
- **Capital Financing:** the re-phasing of the capital programme, agreed at the December Cabinet meeting, has been factored into a revised borrowing profile and impact on forecast revenue capital financing costs.

- **Real Living Wage:** 6.7% uplift for 2026/27 as confirmed by the Living Wage Foundation, and 5% for both 2027/28 & 2028/29.
- **Adults Community Care Budget:** inflation increase of 2% for all three years and demand growth of £0.538m (0.62%) for 2026/27, £1.199m (1.38%) for 2027/28 & £1.980m (2.28%) for 2028/29.
- **Adults Transition Budget:** demand growth of £2.377m (2.26%) for 2026/27, £0.837m (0.80%) for 2027/28 and £1.607m (0.1.49%) for 2028/29.
- **Children Looked After Budgets:** inflation (5%) and demand reduction based on a targeted child-by-child step down plan to reduce the number of residential placements and estimated demand reduction due to additional actions linked to the Families First funding which accelerates in the later years of the MTFS.
- **Homelessness / Temporary Accommodation:** An additional £1.1m has been included as growth in the 2026/27 budget reflecting the increased demand for support.

Flexible Use of Capital Receipts: the flexibility for councils to use capital receipts to be support revenue expenditure that delivers service transformation has been extended and £2m is included for 2026/27. The £2m will be used to support the revenue budget and will be applied to Adults and Children's Social Care Impower consultation work to bring forward savings plans and reduce costs £0.600m, enabling services across the Corporate Core which will include transformational activity linked to the delivery of proposed savings plans including Procurement £0.400m, Finance £0.350m, HR £0.350m and digital £0.300m.

- **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 2025.
- A reduction in the employer pension contribution rate from 19.5% to 15.7% for the next 3 years reflecting the outcome of the actuarial triennial review reflecting the continued strong investment performance of Greater Manchester Pension Fund.

Funding

75. Assumed funding increases by £27.586m over the three years 2026/27 to 2028/29, significant items include:

- **Council Tax Base:** 0.02% increase for growth in for 2026/27 and 0.75% growth for 2027/28 and 2028/29 and an increase in the collection rate of 0.5% for 2026/27. The growth assumptions have reduced from 1.46% to 0.2% in

2026/27 due to current prevailing economic conditions impacting the forecast completions resulting either in delays or projects deemed no longer viable. The collection rate increase represents an ambitious improvement target for the service with every additional 1% collected equating to an additional c.£1.2m 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 for 2026/27. The nature of this is that the estimated surplus is reversed in future years. The regulations require that collection fund in year surplus / deficit estimates are produced in the January in advance of the end of the financial year, (i.e. January 2026 for the 2025/26 financial year).

These estimated surplus / deficits are actualised in the following financial year i.e. the 2025/26 surplus will be received in 2026/27. This estimated surplus is then removed from the 2027/28 budget assumptions as any potential surplus / deficit in relation to the financial year 2026/27 will be calculated in January 2027 and received in 2027/28 but cannot be assumed in at this stage.

The estimated surplus has arisen due to the revised calculations of the amount required to be contributed to the allowances for impairment. The improved collection of aged debt has meant that a decrease in the allowance for impairment is estimated for both council tax and business rates, whilst a reduced loss due to checks, challenges and appeals has resulted in a decrease in the allowance for impairment of appeals for business rates.

- **Business Rates including rolled in Government Funding Grants:** the Fair Funding Review has resulted in the majority of funding grants being rolled into the increased Business Rates retention scheme and a c£4m net benefit per year.

Summary

76. A subjective breakdown of the updated £22.589m budget gap is shown in the table below:

Table 2.	Feb-26		
	2026/27	2027/28	2028/29
2026/27 - 2028/29 Budget Estimates			

	£m	£m	£m
Net Budget b/fwd	£238.988	£253.135	£270.541
<u>Budget Assumptions:</u>			
Pay Award	£3.326	£3.311	£3.371
Pay Base Movements	(£2.380)	(£0.174)	(£0.041)
Employee Vacancy/Scale Factor	£0.000	£0.000	£0.000
Agency Staff	(£0.530)	£0.000	£0.000
Contractual Inflation	£7.410	£6.764	£6.861
Real Living Wage	£4.562	£3.847	£3.306
General Inflation	£0.004	£0.000	£0.083
Demand/Volume/Activity Base Movements	£12.229	£2.780	£4.744
Grants, Contributions & Income Recovery	(£0.531)	£0.000	£0.000
Sales, Fees & Charges Levels	£0.075	£0.000	£0.000
Recharges HRA, School, Capital & Internal	£0.140	£0.043	£0.045
Service Reserve Movements	£0.000	£0.000	£0.000
Housing Benefit	£0.000	£0.000	£0.000
Precepts & Levies	£1.296	£2.964	£1.240
Treasury & Capital	(£0.241)	£2.750	£0.500
Provisions & Contingency	£4.004	£1.500	£1.500
Other	£0.000	£0.000	£0.000
Total Budget Assumptions	£29.364	£23.785	£21.608
<u>Approved Budget Proposals:</u>			
Savings Proposals - approved prior years	(£6.763)	(£3.142)	(£0.100)
Savings Proposals approved December Cabinet	(£8.453)	(£3.237)	(£2.887)
Total Approved Budget Proposals	(£15.216)	(£6.379)	(£2.987)
NET BUDGET	£253.135	£270.541	£289.162
<u>Assumed Funding:</u>			
Council Tax	(£124.224)	(£131.408)	(£139.000)
Business Rates	(£115.765)	(£120.022)	(£124.440)
Prior Year Collection Fund (Surplus)/Deficit	(£3.746)	£0.000	£0.000
Government Funding Grants	(£4.423)	(£3.778)	(£3.133)
ASSUMED FUNDING	(£248.158)	(£255.208)	(£266.573)
ANNUAL INCREMENTAL BUDGET GAP	£4.977	£10.355	£7.257
CUMULATIVE BUDGET GAP	£4.977	£15.332	£22.589

Budget Proposals

Budget Proposals

77. Since February 2025 Budget Council as part of the agreed strategy, 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 through the zero based budgeting exercise.
- 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.

78. The table below shows a summary of further budget proposals generated through since the December budget Cabinet paper and the impact of reducing the budget gap, a full listing of the draft budget proposals is provided in Appendix 1.

2026/27- 2028/29 Budget Proposals Summary	Feb-26		
	2026/27 £m	2027/28 £m	2028/29 £m
BUDGET GAP [FEB 2026]	£4.977	£10.355	£7.257
<u>Draft Budget Proposals:</u>			
Draft Budget Proposals (Operational Decision)	(£1.000)	£0.000	£0.000
Draft Budget Proposals (Policy Decision)	£0.000	(£0.434)	£0.000
Total Draft Budget Proposals	(£1.000)	(£0.434)	£0.000
ANNUAL INCREMENTAL BUDGET GAP	£3.977	£9.921	£7.257
CUMULATIVE BUDGET GAP	£3.977	£13.897	£21.155

79. The above table shows that by taking forward the further budget proposals the budget gap will reduce by £1.434m, from £22.589m to £21.155m.

Budget & Staff Consultation

80. The December Cabinet 26-27 budget paper identified savings proposals totalling £14.577m over the next 3 years which can be seen included within Appendix 1. These were all been assessed as for management action that are within delegated powers for officer decisions with none of the proposals requiring policy decisions that would require separate specific consultation to be undertaken. All of the budget proposals formed part of the overall budget consultation process which was undertaken.

81. Consultation took place from 4 December 2025 to 19 January 2026 in relation to budget setting principals and savings proposals. 726 responses were received – 86% of these were residents, 4% staff members, 4% Bury businesses, 3% other public sector organisations, and 1% other. The main headlines of the responses are:
- 91% of respondents strongly agreed or agreed with the principal of “using evidence to make sure money is spent where it is needed most”.
 - 86% of respondents strongly agreed or agreed with the principal of “encouraging more people to adopt a healthy lifestyle to reduce the demand for future care”
 - 59% of respondents strongly agreed or agreed with the principal of “changing our fees and charges to encourage people to reduce harm in the environment”
 - 52% of respondents strongly agreed or agreed with the principal of “moving more services online and using more technology in how we do things”
 - 37% of respondents strongly agreed or agreed with the principal of “do more to increase income from business rates”
 - Over half of respondents agreed with the first four budget setting principles, however 57% disagreed about doing more to raise income from council tax.
 - 75% of respondents were aware of the need for the council to change the way it delivers its services
 - 62% understood their role in helping to reduce the demand for services
 - 55% accepted that budget reductions have to be made by the council
 - 59% understood that inflation, the cost-of-living crisis and now significant increased demand have added to the Council’s already difficult financial situation.
 - There were a mixed range of responses to the leisure subsidy questions with the majority not in favour of reducing the overall budget, however accepting that there is an opportunity to modernise and commercialise the service and alongside this increase prices fairly and ensure that they are linked to value improvements. The proposal put forward for consideration is recommending a price increase of 10% for 3 years (6% above inflation), which would equate to an increase of £3.25 per month for 2026/27, and to invest in refurbishment and improvements to the sites.

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

Management Actions

82. A total of £1.000m of savings have been identified as management actions rather than policy decisions and are not expected to have a negative impact on service delivery. The £1.000m workforce transformation saving will be achieved via management of vacancies, focussed recruitment and retention resulting in reductions of the premium paid for agency staff and additional use of AI to streamline processes with any resulting staff reductions then achieved through

turnover and reduced use of agency staff. This increases the £2m workforce savings target set out in the proposals agreed at December Cabinet.

Policy Decisions

83. The savings proposal in relation to potential additional income across 3 areas identified to be developed by the Place Directorate; Parking; Moving Vehicle Offences and EV cross pavement fees totalling £0.434m will be subject to a specific consultation process when fully developed proposals are brought forward to Cabinet in the new financial year, with the outcome of the consultation to be presented back to Cabinet once completed. The level of additional income included in the MTFS for 2027/28 is a prudent estimate and further work will be undertaken to produce detailed proposals and delivery plans which will include an updated estimated of the estimated additional income and any upfront or recurrent investment required to support delivery. Should the proposals not proceed following the outcome of the consultation the loss of forecast income would increase the forecast budget gap for 2027/28 and 2028/29.
84. The figures presented within the revised MTFS are on the assumption that the proposal will be agreed.

2026/27 Budget & 2027-29 MTFS Position

Budget Summary

85. A summary of all the movements to the December 2025 budget gap to the updated budget gap of £21.155m, is shown in the table below:

Table 6. 2026/27 - 2028/29 Draft Budget Summary	Feb-26		
	2026/27 £m	2027/28 £m	2028/29 £m
BUDGET GAP [DECEMBER2025]	£7.547	£6.618	(£5.526)
<u>Net Budget:</u>			
Budget Assumption Movements	(£1.279)	(£1.1843)	£9.355
Draft Budget Proposals	(£1.000)	(£0.434)	£0.000
TOTAL NET BUDGET MOVEMENTS	(£2.279)	(£1.618)	£9.355
<u>Assumed Funding:</u>			
Funding Movements	(£1.292)	£4.921	£3.427
TOTAL ASSUMED FUNDING MOVEMENTS	(£1.292)	£4.921	£3.427
ANNUAL INCREMENTAL BUDGET GAP	£3.977	£9.921	£7.257
CUMULATIVE BUDGET GAP	£3.977	£13.897	£21.155

Budget Table

86. Based on the current budget assumptions and proposals and assumed funding, the 2026/27 net revenue budget would increase by £13.148m (5.5%), from £238.988m to £252.135m, as shown in the table below:

Table 7. 2026/27 - 2028/29 MTFS Summary	Feb-26		
	2026/27 £m	2027/28 £m	2028/29 £m
Directorate:			
Health & Adult Care	£104.360	£109.238	£117.240
Children & Young People	£69.558	£73.204	£75.915
Corporate Core Services	£29.007	£28.422	£28.476
Non-Service Specific	£32.522	£41.517	£48.230
Place	£16.769	£16.805	£17.945
Housing General Fund	(£0.079)	(£0.079)	(£0.079)
NET BUDGET	£252.135	£269.106	£287.728
Assumed Funding:			
Council Tax	(£124.224)	(£131.408)	(£139.000)
Business Rates	(£115.765)	(£120.022)	(£124.440)
Prior Year Collection Fund (Surplus)/Deficit	(£3.746)	£0.000	£0.000
Government Funding Grants	(£4.423)	(£3.778)	(£3.133)
ASSUMED FUNDING	(£248.158)	(£255.208)	(£266.573)
ANNUAL INCREMENTAL BUDGET GAP	£3.977	£9.921	£7.257
CUMULATIVE BUDGET GAP	£3.977	£13.898	£21.155

Sensitivities, Risks & Opportunities

Sensitivity

87. A sensitivity of the significant budget assumptions & 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)	+/- £1.242
Pay Award	+/- £1.046
Real Living Wage	+/- £0.681
Adults Community Care: inflation and demand growth	+/- £1.050
Adults Transition Budget: demand growth	+/- £0.297

Children Looked After Budget: inflation and demand growth	+/- £0.870
Treasury & Capital Financing Costs	+/- £1.383

Risks & Opportunities

88. 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.
89. 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.
90. 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.
91. 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.
92. 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 rate was cut to 3.75% by the Bank of England's Monetary Policy Committee (MPC) in December 2025, as expected. The vote to cut was 5-4, with the minority instead favouring holding rates at 4.0%. Those members wanting a cut judged that disinflation was established while those preferring to hold Bank Rate argued that inflation risks remained sufficiently material to leave rates untouched at this stage.

- The Office for Budget Responsibility reported that the UK economy expanded by 0.1% in the third quarter of the calendar year, this was unrevised from the initial estimate. The most recent Monetary Policy Report (November) projected modest economic growth, with GDP expected to rise by 0.2% in the final calendar quarter of 2025. Annual growth is forecast to ease from 1.4% before improving again later, reflecting the delayed effects of lower interest rates, looser monetary conditions, stronger global activity, and higher consumer spending. The view of modest economic growth going forward was echoed by the Office for Budget Responsibility in its Economic and fiscal outlook published in line with the Autumn Statement which revised down its estimate of annual real GDP to around 1.5% on average between 2025 and 2030.
 - CPI inflation was 3.2% in November 2025, down from 3.6% in the previous month and below the 3.5% expected but then increased to 3.4% in December. Core CPI eased to 3.2% from 3.4%, contrary to forecasts of remaining at 3.6%. Looking forward, the MPC continues to expect inflation to fall, to around 3% in calendar Q1 2026, before steadily returning to the 2% target by late 2026 or early 2027.
 - The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to October 2025, the unemployment rate increased to 5.1%, higher than the level previously expected by the BoE, while the employment rate slipped to 74.9%. Pay growth for the same period eased modestly, with total earnings (including bonuses) growth at 4.7% and while regular pay was 4.6%.
 - The US Federal Reserve also continued to cut rates, including reducing the target range for the Federal Funds Rate by 0.25% at its December 2025 meeting, to 3.50%-3.75%, in line with expectations. The minutes of the meeting noted that most Fed policymakers judged that further rate cuts would be likely in 2026 if inflation continues to ease, however they were still divided in their assessment of the risks between inflation and unemployment.
93. In addition, the following are forecast future fiscal events that might impact the Council's medium-term financial planning.
- Despite an improved near -term outlook, the MPC is cautious about reducing interest rates further. It intends to wait for stronger evidence that the inflation is firmly under control, recognising that there is a possibility the rates may need to stay high or fall gradually due to the ongoing inflation risk.
 - Medium and long-term gilt yields continue to include premia reflecting concerns over UK government credibility, global uncertainty, and the high volume planned issuance. As these are unlikely to be resolved quickly, yields are expected to remain higher for some time.

Reserves & Balances

Reserve Forecast

94. 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.
95. 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 £3.977m of reserves will be required to enable the Council to achieve a balanced budget.
96. The table below shows a summary of the reserves following a strategic review with the 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 £21.155m.
97. There will be a continuing piece of work undertaken to identify if there are any uncommitted reserves. Any identified reserves would be repurposed to either increase the budget stabilisation reserve or to increase reserves for workforce transformation costs, regeneration & growth and invest to save projects.

GF RESERVES		Balance at 31 March 2025	Actual Transfers (In) / Out 2025/26	Forecast Transfers (In) / Out 2025/26	Balance at 31 March 2026	Forecast Transfers (In) / Out 2026/27	Balance at 31 March 2027	Forecast Transfers (In) / Out 2027/28	Balance at 31 March 2028	Forecast Transfers (In) / Out 2028/29	Balance at 31 March 2029
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
General Fund		(£10.000)	£0.000	£0.000	(£10.000)	£0.000	(£10.000)	£0.000	(£10.000)	£0.000	(£10.000)
Directorate Reserves		(£4.013)	£1.073	£0.692	(£2.248)	£0.788	(£1.460)	£0.000	(£1.460)	£0.000	(£1.460)
Corporate Reserves	Investment Reserves	(£2.816)	£0.000	£0.582	(£2.234)	£0.000	(£2.234)	£0.000	(£2.234)	£0.000	(£2.234)
Corporate Reserves	Risk Reserves	(£10.905)	£0.000	£2.000	(£8.905)	£4.000	(£4.905)	£0.000	(£4.905)	£0.000	(£4.905)
Corporate Reserves	Stabilisation Reserves	(£27.180)	(£3.316)	£12.607	(£17.889)	£3.997	(£13.892)	£13.898	£0.006	£21.155	£21.161
External Funding		(£8.701)	£2.482	£2.939	(£3.280)	£3.123	(£0.157)	£0.273	£0.116	£0.000	£0.116
Earmarked Balances Sub Total		(£53.615)	£0.239	£18.820	(£34.556)	£11.908	(£22.648)	£14.171	(£8.477)	£21.155	£12.678
Schools Reserves		(£2.972)	£0.000	£0.000	(£2.972)	£0.000	(£2.972)	£0.000	(£2.972)	£0.000	(£2.972)
Earmarked Reserves Total		(£56.587)	£0.239	£18.820	(£37.528)	£11.908	(£25.620)	£14.171	(£11.449)	£21.155	£9.706
GF RESERVES TOTAL		(£66.587)	£0.239	£18.820	(£47.528)	£11.908	(£35.620)	£14.171	(£21.449)	£21.155	(£0.294)

98. The table below shows an illustration of utilising reserves to fund the remaining budget gap for each of the three years 2026/27 (£3.977m), 2027/28 (£13.898m) & 2028/29 (£21.155m). There are currently insufficient levels of reserves over the medium-term if there are no further efficiencies or savings proposals brought forward. There also 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				
	2025	2026	2027	2028	2029
	£m	£m	£m	£m	£m
Projected GF Reserves Balance	(£66.587)	(£47.528)	(£35.620)	(£21.449)	(£0.294)
General Fund	£10.000	£10.000	£10.000	£10.000	£10.000
Schools Reserves	£2.972	£2.972	£2.972	£2.972	£2.972
GF Reserves excl. Statute & Ring-Fenced	(£53.615)	(£34.556)	(£22.648)	(£8.477)	£12.678

99. To continue to reduce the dependence on reserves and address the structural funding shortfall, it is critical 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.

Chief Finance Officer – Assurance Statement

100. 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:

101. The assurance statement is attached in full as Appendix 6

102. 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.

103. As with most upper tier councils in the country there is considerable uncertainty over future finances given the growing demand for its services in some key areas and this is an area that will require continued 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

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

Report	Committee Meeting	Date
2026-27 Budget Report	Budget Overview & Scrutiny Committee	11 February 2026
	Budget Cabinet	12 February 2026
	Budget Council	25 February 2026

Future Workplan

105. The work which has taken place over the last few months have reduced the 2026/27 budget gap from £7.547m in the December 2025 budget update to £3.977m currently. As part of the new governance arrangements put in place as part of the council's improvement plan, the S151 officer chairs the monthly finance board which has responsibility for monitoring the in-year revenue budget and updating the medium-term financial strategy, including the development of budget proposals for the 2027/28 budget with onward reporting to the Performance Digital and Transformation Board.
106. 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 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 and the inflationary costs of meeting that demand, particularly Children's and Adults Social Care. Whilst these are national issues and pressures not unique to Bury, external investment has been commissioned across both Adults and Children's

social care to identify proposals that will help to reduce both demand and the cost of meeting that demand.

3) Income:

Further work will be undertaken to ensure 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.

Links with the Corporate Priorities:

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

Equality Impact and Considerations:

108. In considering the budget for 2026/276 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.
109. 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.
110. The policy savings proposals included in the 2026/27 budget will have a specific Equality Impact Assessment included when the fully developed proposal is presented to Cabinet and publicly consulted upon in the new financial year.
111. 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.
112. 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.

113. Although there may be some negative impacts arising from the budget proposals these impacts are expected to be low given the mitigating factors to reduce the impacts.

114. EIA is to be kept under review as the budget proposals are progressed

Environmental Impact and Considerations:

115. 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.

Assessment and Mitigation of Risk:

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

Legal Implications:

Legal Implications

1. In accordance with the Local Government Finance Act 1992, as amended by the Localism Act 2011, the Council must set a balanced budget and Council Tax for the 2026/27 financial year by early March 2026.
2. The Council is required to determine Council Tax levels for each valuation band within the Council Tax area. The Council must make specific estimates of gross revenue expenditure and anticipated income to establish its Council Tax requirement. These estimates must be sufficient to ensure the Council can discharge its statutory functions, meet its legal and financial obligations, and deliver a balanced budget.
3. Under Section 25 of the Local Government Act 2003, the Council must have regard to the report of the Director of Finance (Section 151 Officer) on the robustness of budget estimates and the adequacy of proposed reserves when determining the budget requirement.
4. The Local Government Act 1999 requires the Council to secure continuous improvement in the exercise of its functions, having regard to economy, efficiency and effectiveness. Section 28 of the Local Government Act 2003 imposes a duty on the Council to closely monitor its financial position. If expenditure is likely to exceed available resources, the Director of Finance must formally report this to the Council.

5. Consultation has taken place regarding the budget proposals and outcomes are summarised within the body of this report. Proposals relating to Place directorate income relating to car parking, moving vehicle offences and EV cross pavement fees. is subject to detailed work by Officers and it is proposed that public consultation will take place on these proposals in line with the Council's duties, the outcomes of the consultation will be considered at a later stage by Cabinet.
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 to ensure the Council acts lawfully and proportionately when balancing service levels and associated costs.
7. The Council must have due regard to the Public Sector Equality Duty contained in the Equality Act 2010, which requires consideration of the need to eliminate discrimination and advance equality of opportunity. An Equality Impact Assessment accompanies this report. The duty applies both at the point of budget-setting and when Cabinet takes related operational decisions.
8. The Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 establish the framework governing capital expenditure and borrowing. The Council must determine and keep under review the amount it can afford to borrow and must have regard to the Prudential Code when setting and reviewing its affordable borrowing limits.
9. Under the Localism Act 2011, a Council Tax referendum must be held if the authority proposes an increase in the relevant basic amount of Council Tax that exceeds principles determined by the Secretary of State.
10. The Local Government & Housing Act 1989 establishes the statutory framework for the Housing Revenue Account. The Council must periodically review rents and ensure they broadly reflect the relationship to private market rents. The HRA must not fall into deficit and must operate within ring-fenced accounting rules. Further detail is set out in the accompanying HRA report.
11. Any proposal to make or increase charges must comply with the applicable statutory framework. Where reliance is placed on Section 93 of the Local Government Act 2003 (charging for discretionary services), charges must be set on a cost-recovery basis only. Under the Provision of Services Regulations 2009,

fees for authorisation-based activities (e.g., licences) must not exceed the cost of delivering those procedures and must be reasonable and proportionate.

12. Under Section 33(2) of the Localism Act 2011, the Monitoring Officer intends to grant dispensations to all Members to allow participation and voting on decisions relating to the setting of Council Tax or associated budget calculations.

13. Members should be aware of Section 106 of the Local Government Finance Act 1992. A Member who is in Council Tax arrears of at least two months must disclose this at the relevant meeting and must not vote on any budget or Council Tax decisions. Failure to comply constitutes a criminal offence unless the Member can show they were unaware that Section 106 applied. Members may speak on the matter but are prohibited from voting.

Financial Implications:

117. The financial implications are as outlined in the report

Appendices:

Appendix	Description
1	Council Tax 2026/27 and Statutory Calculations
2	Treasury Management Strategy 2026/27
3	Capital Strategy 2026/27 – 2028/29
4	Dedicated Schools Grant 2026/27
5	Equality Impact Assessment
6	Chief Finance Officer Statement

Background papers:

118. 3 December 2025 Cabinet: Draft 2026/27 Revenue Budget.

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
CPI	Consumer Price Inflation
MPC	Monetary Policy Committee
CIPFA	Chartered Institute of Public Finance & Accountancy

APPENDIX 1

APPENDIX 1		Feb-26		
2026/27 - 2028/29 Budget Proposals		2026/27 £m	2027/28 £m	2028/29 £m
Rapid Response Assessment software - Technological efficiencies	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 academisation	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 placements	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 Staffing savings	CCS	(£0.075)		
Review of payroll transactional charges	CCS	(£0.050)		
FAIR - invest to save Fraud officer reduce expenditure leakage	CCS	(£0.050)		
Law & Democratic services - reduction in external agency staff	CCS	(£0.100)		
Law & Democratic services - burial service fees	CCS	(£0.040)		
Strategic Partnerships staffing reduction	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)		
Strategic Workforce review	CCS	(£1.000)		
Place Income Opportunities to be developed	PLA	£0	(£0.434)	
TOTAL DRAFT BUDGET PROPOSALS		(£9.453)	(£3.671)	(£2.887)

