

# Committee Report Summary Sheet

**Report title: 2026/27 Cabinet Revenue Budget**

## Report to

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<b>Cabinet Meeting</b>	Tuesday, 10 February 2026
<b>Council Meeting</b>	Thursday, 26 February 2026

## Report of

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**Leader of the Council and Deputy Leader of the Council and Cabinet Member for Finance and Resources**

### **1. Summary & Purpose of Report:**

- 1.1 The purpose of the report is to present our proposed 2026/27 Revenue Budget. The report highlights our strategic approach to responding to the significant and critical medium-term financial pressures worsened by the council's confirmed final settlement funding in each of the next three financial years.
- 1.2 This report has been amended between the Cabinet meeting and Council meeting due to the publication of the final settlement on 9 February. The small change to government grant funding confirmed in the final settlement has been reflected in this report.

### **2. Summary of Recommendations:**

- 2.1. The Council Meeting is recommended to:
  - Approve the Budget for 2026/27 described in the report and set out in Appendix 2 and 3;
  - Note the risk assessment of the 2026/27 Budget at Appendix 5 and the report of the Director of Finance - Section 151 Officer on the adequacy of proposed financial reserves and robustness of the estimates also included at Appendix 5;
  - Approve the required Council General Fund Balance to reflect the Director of Finance - Section 151 Officer's assessment of risks;

- Note, comment upon, and approve the financial forecasts and assumptions for 2026/27 to 2029/30 at Appendix 6, and the key issues to be addressed in formulating a response to the future financial challenges facing the council; and
- Pass the appropriate Council Tax resolution which produces a Council Tax increase of 4.99% in 2026/27 (2.99% General increase, 2% Adult Social Care Precept increase) as illustrated in Appendix 7.

**3. Any Policy Implications:**

3.1. Policy implications detailed in the main body of the report where applicable.

**4. Alternative options considered and rejected**

4.1. Not applicable.

**5. Finance comments sign off provided by:**

5.1. Jonathan Davies, Director of Finance – Section 151 Officer.

**6. Legal comments sign off provided by:**

6.1. Vicki Bates, Assistant Director - Governance.

**7. Is Communications Team oversight needed (is there any risk to reputation for example or likely media coverage):**

7.1. Yes.

**8. Is any part of the report confidential, - if so, confirm below that it has been agreed and signed off by the Monitoring Officer (Vicki Bates):**

8.1. Not applicable.

**9. Is this a Key Decision and has it been included on the Cabinet Forward Plan – to be signed off by Monitoring Officer (Vicki Bates):**

See link to definition of a Key Decision in the council's constitution  
[Article 14 - Decision Making.pdf](#)

Yes

**Normal Route**

- Item is a Key Decision
- Included in Forward Plan

**Urgency Provisions**

- General Exception Notice
- Special Urgency Notice

**10. Urgent Decision: [Only complete if you have discussed with Democratic Services and they have confirmed it is an Urgent Decision]**

This report should be considered as 'urgent business' and the decision exempted from 'call in' for the following reason:-

NOTE: Written consent for the decision to be treated as 'urgent business' must be obtained before the decision is taken.

**11. One Stockport One Future – which priorities of One Stockport One Future does the report support:-**

- Good jobs and homes
- The Best Place to Grow Up
- Best Health and Care
- Thriving Neighbourhoods / Live Well
- Clean Green Transport
- Fair & Inclusive
- Climate and Nature

## 12. Supporting documents

### (a) Background Papers

*Background papers are defined as those documents relating to the subject matter of the report that disclose any facts or matters on which, in the opinion of the proper officer, the report or an important part of the report is based; or have, in their opinion, been relied on to a material extent in preparing the report.*

- (i) This report needs to be read in conjunction with reports that have been presented to previous Cabinet meetings and those elsewhere on this agenda including:
- **MTFP Update:** retesting of the underpinning MTFP assumptions and forecasts to ensure they are robust and based on the latest available information to inform decision making (presented to the Cabinet meeting in September and Corporate, Resource Management & Governance Scrutiny Committee meeting in October);
  - **MTFP Cabinet Response: Responding to our Medium-Term Financial Plan:** setting out the Cabinet's response to the MTFP and the change proposals being considered to support the balancing of the council's 2026/27 Budget (presented to the Cabinet meeting in September and February and Scrutiny Committee meetings in November and January);
  - **Stockport Billing Area:** 2026/27 Council Tax Taxbase and Non-Domestic Rates Forecast (presented to the Cabinet meeting in December);
  - **The 2025/26 Quarter 2+ Budget Monitoring Update:** (presented to the Cabinet meeting in February);
  - **The council's 2026/27 Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy:** presented elsewhere on this agenda; and
  - **The council's 2026/27 Capital Strategy and Capital Programme:** presented elsewhere on this agenda.

### (b) List of Appendices to the report

- (i) Appendix 1 – Medium-Term Financial Plan (MTFP) Changes to Forecast Savings Requirements
- (ii) Appendix 2 – 2026/27 Proposed Revenue Budget
- (iii) Appendix 3 – 2026/27 Proposed Portfolio and Directorate Budgets
- (iv) Appendix 4 – Estimate of Income Generated through Sales, Fees and Charges
- (v) Appendix 5 – 2026/27 Budget Risk Assessment and Robustness Report
- (vi) Appendix 6 – MTFP Update
- (vii) Appendix 7 – 2026/27 Proposed Council Tax including Mayoral Precepts

## Contact Officer

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## Report Title: 2026/27 Cabinet Revenue Budget

### 1. Summary and Purpose of the Report:

- 1.1 The purpose of the report is to present our proposed 2026/27 Revenue Budget. The report highlights our strategic approach to responding to the significant and critical medium-term financial pressures worsened by the council's confirmed final settlement funding in each of the next three financial years.

### 2. Background to the Report:

- 2.1. The council's MTFP continues to be set in the context of significant and critical budget pressures. Ever-increasing need for support, complexity of that support and inflationary costs continue to put significant financial pressure on the delivery of local services, particularly those services supporting our most vulnerable residents. The council is facing significant and critical budget pressures over the medium term following an extremely disappointing final settlement in February. The fairer funding review outcome sees a significant redistribution of funding to councils across the country. For Stockport the outcome is worrying, a total loss of government grant through the settlement funding assessment based on the updated assessment of need of £22.5m over the settlement, and a £12.4m worsening of the MTFP forecasts by 2028/29. We are deeply concerned about the adverse impact the settlement will have on Stockport residents and businesses.
- 2.2. This report needs to be considered in conjunction with the Director of Finance - Section 151 Officer's Medium Term Financial Plan (MTFP) Financial Landscape and Forecasts 2026/27 to 2029/30 report (MTFP Update) presented elsewhere on this agenda. The MTFP Update sets out the forecasts and assumptions underpinning the council's MTFP and the budget challenges facing the council over the medium-term period.
- 2.3. This report also takes account of other reports that have been presented to previous cabinet and scrutiny committee meetings and those presented elsewhere on this agenda including:
- **MTFP Update:** retesting of the underpinning MTFP assumptions and forecasts to ensure they are robust and based on the latest available information to inform decision making (presented to the Cabinet meeting in September and presented elsewhere on this agenda and Corporate, Resource Management & Governance Scrutiny Committee meeting in October);
  - **MTFP Cabinet Response: Responding to our Medium-Term Financial Plan:** setting out the cabinet's response to the MTFP and the change proposals being considered to support the balancing of the council's 2026/27 Budget (presented to the Cabinet meeting in September and February and Scrutiny Committee meetings in November and January);
  - **Stockport Billing Area: 2026/27 Council Tax Taxbase and Non-Domestic Rates Forecast** (presented to the Cabinet meeting in December);

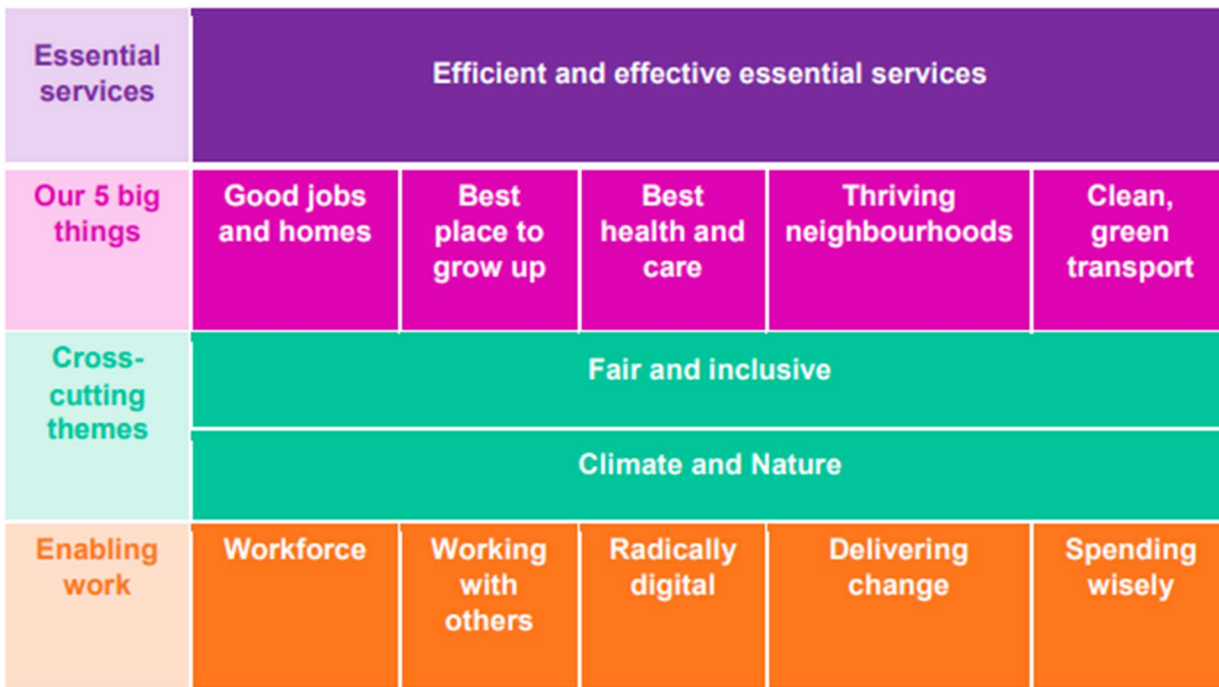
- **The 2025/26 Quarter 2+ Budget Monitoring:** (presented to the Cabinet meeting in February);
- **The council's 2026/27 Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy:** presented elsewhere on this agenda; and
- **The council's 2026/27 Capital Strategy and Capital Programme:** presented elsewhere on this agenda.

2.4. Our proposed 2026/27 Budget and updated MTFP forecasts take account of several factors including:

- The 2025/26 Quarter 2+ revenue budget and Capital Programme monitoring position;
- The issues, challenges and financial prospects facing the council over the medium-term period;
- The proposed change proposals for 2026/27 to support the balancing of the council's budget;
- The Final Local Government Finance Settlement announced by government in February;
- The Council Tax Taxbase approved at the council meeting on 15 January; and
- Our proposed Council Tax increase in 2026/27 ensuring the council has a robust and sustainable budget to support the council's financial position, delivery of essential services to Stockport residents and businesses and enabling our transformation priorities whilst understanding the impact an increase has.

### **3. Our Strategy for a Resilient and Thriving Council**

- 3.1. As we focus on the immediate and medium-term pressures, we remain committed to delivering efficient and effective services to our residents and communities. Our Council Plan describes the key role we play in supporting the borough, how we will tackle the challenges facing Stockport head on, through strong leadership, partnership, and a relentless focus on delivering for every resident. The 2026 to 2029 Council Plan, presented elsewhere on this agenda, is developed by cabinet, supported by officers, with a key overarching priority to deliver efficient and effective services.
- 3.2. The Council Plan is a public-facing summary document that sits above annual (detailed) portfolio performance and resource agreements that provide key performance measures for each portfolio area of the council. It provides a high-level framework for decision making throughout the financial year. It focuses on our five "Big Things" and two cross-cutting priorities. Our five big things represent our key programmes of work and are focused on helping us achieve our mission 'to create opportunities for Stockport'. Enabling work identified are fundamental to the achievement of these, underpinned by our workforce, through working in partnership with others, organisational change and digital transformation with a robust focus on spend.



3.3. Progress in delivering the Council Plan will be reported over the course of the year through our portfolio performance and resource agreements along with our performance dashboards.

**4. Context:**

4.1. The council’s MTFP continues to be set in the context of significant and critical budget pressures. Councils nationwide are facing serious funding gaps, with more warning of financial distress, need for exceptional financial support from government, and bankruptcy. Ahead of the government’s Spending Review earlier in the year, the LGA forecasted a concerning council funding gap nationally of around £8 billion by 2028/29. Councils are under immense budget pressure adversely impacting financial sustainability and leaving them having to make difficult and challenging decisions about the services they deliver. Insufficiency of funding for the provision of local services is stark. Increasing need for support from local services has pushed council finances to a critical level.

4.2. The council provides over 800 services to support and improve the lives of residents, businesses, and visitors in Stockport. These services provide safety and support for over 500 vulnerable children, provide care and support to over 6,000 vulnerable adults, provide transport to school to children who need it. Our annual budget in 2025/26 is £356 million with around 74.1% of all service spend supporting the most vulnerable residents through the provision of social care and public health services. Every year, we must balance our spend with the income we receive. This, however, is extremely challenging in the current financial landscape. Our service costs continue to grow due to demographics and inflation increases. We have seen during this financial year that the cost of delivering services is increasing, evidenced by the £11.5 million more spend on services than planned despite careful financial management.

4.3. We recognise that the increasing need for support, and the resulting cost, is due to the rising need in our local communities. Stockport has four of the most deprived areas nationally (being within the 1% most deprived areas to live across the country). The council supports around 6,500 residents who live in these areas and one of these areas, Lancashire Hill, is the most deprived in Greater Manchester. Unsurprisingly it is the council's statutory services supporting our most vulnerable residents where budget pressures are most acute. This challenge is driving costs substantially and placing unsustainable pressure on our financial position. We continue to focus on our ambitious Live Well programme with a focus on prevention and enhanced collaborative working between statutory and Voluntary, Community, Faith and Social Enterprise (VCFSE) sector partners. The programme will support residents and communities to get the help they need at the right time and in the right place while delivering efficient and effective services. Examples of some of the service challenges we face include:

- Children's social care with a significant increase in the need for support linked to children in care placements, rising cost of external placements linked to the complexity of children's needs and resilience of our families;
- Children's education, increasing number of pupils with special educational needs requiring support for travel to school;
- Adults social care increased need for support, complexity, demographics and costs associated with commissioned packages of care in younger adults, mental health and learning disabilities services;
- Homelessness increasing with an acute shortage of affordable housing and more people needing support along with an increase in the use of temporary accommodation;
- Increased need for support for residents due to cost of living impact;
- Workforce shortages, along with recruitment challenges within the council and our partners and supply chains affecting delivery of services and supplies; and
- Increased costs across a range of other areas. Although inflation rates have reduced compared to 2024/25, it is not falling to the expected 2% target as quickly as anticipated, we are still experiencing an adverse impact on all goods and services bought by the council.

We welcome the government's intention to reform local government funding to deliver a more transparent, simpler and above all, fairer funding model to address these budget pressures. Funding reform has long been overdue. However, while we recognise the scale of the review undertaken by government during the year, we are extremely disappointed with the approach and outcome. The fairer funding review has had a significant adverse impact on the council's MTFP, adding a further £12.4m to the MTFP forecasts. We are deeply concerned by the lack of transparency and fairness of the approach taken, as noted in the MTFP Update report, and the impact of the proposed funding for the next three years – impacts that are significant, detrimental and unavoidable for Stockport residents and businesses.

4.4. We feel strongly that the funding in the final settlement does not reflect the fairer funding allocation we expected. Calculating councils' funding allocations based on an overall needs assessment is, in principle, the correct approach to achieving fairer funding. However, we are struggling to see the fairness in the lack of transparency and understanding of how formulas have been changed post consultation to redistribute

funding across the country. It is extremely disappointing that changes made to proposed needs assessment calculations and funding allocations were not explained and consulted on. These changes have had a significant impact, as highlighted in the MTFP Update report, on the proposed distribution of funding across the country.

- 4.5. The government's fairer funding review has failed to acknowledge the fundamental need for additional funding, rather than the allocation of existing funding to achieve funding fairness. Existing national funding continues to be insufficient to meet the cost pressures councils across the country face in delivering essential services that residents and businesses depend on - fairer funding does not equate to adequate funding being provided. We will continue our lobbying of government, alongside other councils, for fairer and sustainable funding that enables us to deliver the local services expected and needed.
- 4.6. The funding gap within our MTFP was already challenging; the final settlement and proposed funding have exacerbated this considerably. We are now forced to take difficult decisions about desperately needed services. Managing the council's budget and ensuring a robust and resilient MTFP over the medium term in this context will be extremely challenging. However, we recognise our responsibility to control and reduce costs through efficient and effective local service delivery while delivering our priorities and ambitions for the borough. We know we need to keep our focus on the future financial robustness and resilience of the council while we do this. We will continue to carefully balance our longer-term ambitions and priorities, with the extremely challenging financial outlook.
- 4.7. We are proud of the council's robust and resilient financial management which continues to help us address the financial challenges. We thank officers and members alike who have helped to build this strong position across the council. We do not take this position for granted, it is this position that allows us to continue to be able to provide and demonstrate that the council has a stable, robust, and resilient budget in 2026/27.

## **5. MTFP Updates, 2025 Autumn Statement and Local Government Finance Settlement**

- 5.1. There has been a significant number of announcements and proposed changes impacting on council funding leading up to the final settlement. Since the government's Spending Review and Fairer Funding Review consultation in spring, work has been ongoing to understand the technical detail of proposed funding changes and impact on the MTFP. This included technical consultations on Business Rates reset and Council Tax administration, a Business Rates revaluation and considerable amount of financial impact modelling ahead of the settlement. We are disappointed that government have not provided greater detail and modelling on the impact of proposed changes given the significance and technical complexity. Documents have been published far too late and have created a significant challenge for 2026/27 budget setting. It is disappointing that key announcements such as the policy statement, which was promised to be released in early October, were delayed giving officers minimal time to understand proposals and respond. Relying on the modelling assumptions of others to fill gaps in detail and no exemplification of proposals as they have been changed and updated, has been far from ideal.

- 5.2. Throughout the year the Director of Finance has kept us up to date with the proposed changes and impact on the council's financial position noting the uncertainty and volatility of the financial impact modelling. These updates have taken account of the information available including government's Policy Statement, 2025 Autumn Statement and the Local Government Finance Settlement announcements. The continual retesting of the assumptions and forecasts during the 2026/27 budget setting process has helped to inform decision making and ensure the council's MTFP remains robust and resilient.
- 5.3. While we welcome the multi-year settlement councils have been asking for, the outcome is extremely disappointing and presents a significantly more challenging financial outlook for Stockport over the next three years. Despite the high levels of need and costs we are seeing, the council's proposed Core Spending Power (CSP) increase over the settlement is just 7.53% by 2028/29, compared to an England average of 15.52%. This means Stockport receives less than half the increase of councils facing similar demands and budget pressures. To put our funding increase of £26m by 2028/29 into context, the council currently spends around £2.6m on library services, around £6m on highways and around £10m on refuse collection each year.
- 5.4. The settlement is heavily dependent on assumed Council Tax rises. By 2028/29, 66% of our CSP is from Council Tax paid by Stockport taxpayers rather than government funding. We are extremely disappointed by government's continuation to place burden on local taxpayers to fund local services. The government's headline is an increase in CSP over the settlement, but this is only achieved by their assumed annual increase in Council Tax – maximum increases of 4.99% in each of the next three financial years are expected. Full equalisation of Council Tax in the funding formulae means the full benefit of the Council Tax increase will not be directed to and benefit local services. Around £13m of the assumed Council Tax increase by 2028/29 is offsetting the reduction in government grant funding over the settlement. Significant increases in cost and demand for services cannot continue to be funded by Council Tax, this is unsustainable and a regressive form of taxation. We continue to have serious concerns about this; local services should be properly funded without this burden on local taxpayers.

	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
<b>Total Change in CSP</b>	<b>10.490</b>	<b>7.495</b>	<b>8.054</b>	<b>26.039</b>
<b>Made Up Of:</b>				
Attributed to Expected Council Tax	12.202	12.924	13.688	38.814
Attributed to Grant, Business Rates	(1.712)	(5.429)	(5.634)	(12.775)
Annual Funding Change %	3.03%	2.10%	2.21%	

- 5.5. Government representatives have described CSP per head by 2028/29 as the key metric to assess the fairness of the proposed funding distribution, stating that:

*“Local authorities should focus on their final allocation Core Spending Power per head by the end of the multi-year Settlement to understand their outcome, rather than the percentage change”.*

- 5.6. If government’s intention is for councils with similar average deprivation (IMD) scores to be in a similar position in terms of CSP per head by 2028/29, this has not been achieved for Stockport. Metropolitan Borough Council areas are projected to receive an average CSP per head of £1,472.93 by 2028/29. In comparison, Stockport’s CSP per head by 2028/29 is £1,206.12 - significantly below this benchmark. Reading and Milton Keynes Unitary Authorities which have the nearest IMD scores to Stockport and comparable service responsibilities, receive far higher settlements than Stockport Council.

	Stockport	Average Metropolitans	Reading	Milton Keynes
CSP Per Head 2028/29	<b>£1,206.12</b>	£1,472.93	£1,318.68	£1,255.805
Difference Per Head		£266.81	£112.56	£48.93
Funding Change*		£82,260,251	£34,703,099	£15,085,421

*\*Funding Change – by way of example this calculates the increase in funding the council would receive if it had received the same CSP per head as the average for Metropolitan Borough Councils and Reading and Milton Keynes Unitary Authorities.*

- 5.7. The continuation of the Recovery Grant is a serious concern. This decision was taken by government without consultation and lacks transparency and fairness. We previously raised concerns about the Recovery Grant and the arbitrary threshold applied, which resulted in the council receiving no allocation from the £600m of national funding announced as part of the 2025/26 settlement. Alongside other councils, we understood this funding to be a one-off measure for 2025/26, with the £600m to be incorporated into Settlement Funding Assessment (SFA) and distributed based on assessed need from 2026/27 onwards. Instead, the Recovery Grant has been continued, with a further £440m national uplift confirmed in the final settlement. The government’s decision to allocate £2.240bn of funding outside the SFA over the settlement period means the council loses out on around £10m over the settlement compared with a needs-based allocation.
- 5.8. Continuing the Recovery Grant on the same arbitrary basis as in 2025/26 also excludes the council from the associated Recovery Grant Guarantee. The council is one of only three metropolitan borough councils outside London that are not eligible for this guarantee because it does not receive the Recovery Grant. As a result, councils facing similar service pressures and financial challenges are receiving significant additional support, while we receive none. Despite sustained lobbying, government has maintained that the council does not need this protection. It is extremely difficult to understand how this position can be considered fair. Had the council received the same funding increase guarantee as other councils, it would have benefited from around £10m of funding protection over the settlement.

5.9. We lobbied hard for a fairer settlement for Stockport that recognises the significant and critical financial challenges, and the significant and critical impact the current proposals will have on our MTFP. We are extremely disappointed that our lobbying has not resulted in the fairer funding settlement we expected. Throughout we have sought parity with other councils facing similar financial challenges to ours who are receiving significant funding increases and support over the settlement and potentially beyond 2028/29. Our disappointment and frustration with the outcome of the settlement will only drive us to continue to voice our concerns to government. Our lobbying will continue to seek fairness, parity and importantly sufficient government funding for Stockport that allows us to continue to deliver for the borough.

- Officers have responded to the provisional settlement consultation seeking to secure a fairer funding outcome for Stockport.
- We engaged with government and asked to be included in the recovery grant guarantee or equivalent to ensure a fairer outcome.
- We wrote to the Minister for Local Government and Homelessness expressing our real concern about the impact of the proposed funding increase in the provisional settlement, and the significant, detrimental and unavoidable impact this will have on Stockport residents and businesses.
- We supported our Stockport MPs to meet with Government Ministers and SIGOMA to raise our concerns about the impact of the settlement on Stockport residents and businesses.
- We supported the Greater Manchester Mayor to raise our concerns with Government Ministers about the impact of the settlement on Stockport residents and businesses.
- We continue to manage this challenging position by responsibly working with the council's Corporate Leadership Team and Finance Team modelling impacts, prioritising essential services, and planning efficiencies — no decisions are being rushed.

5.10. Our MTFP was already challenging. Officers have reviewed the final settlement data and modelled the impact. While we continue to manage our approach collectively through efficient and effective local services, the settlement will have a significant and critical adverse impact on our financial position. We face a significant and critical challenge and in the context of government assumed Council Tax increases, the continuing need for national policy reform and funding increase sufficient to deliver essential services, does not feel fair. While we wish to avoid having to ask government for exceptional financial support, the proposed funding in the final settlement is pushing us closer to this. While the effective financial management we have in place will continue to help us, challenging and difficult decisions will need to be made about our services, in terms of what we deliver and how we deliver.

## **6. Delivering a Stable and Resilient Budget**

### **Cabinet Change Proposals**

6.1. As part of our response to the MTFP and ensuring the council's 2026/27 budget is robust and resilient, we have developed a series of change proposals. Further details of our change proposals can be found in the MTFP response report presented elsewhere on this agenda.

**Propositions:**

- A review of town centre parking charges with anticipated increase in income contributing towards the running costs of the parking service as well as the upkeep of the car parks and highways;
- A value-for-money assessment of SEN Transport post 16 routes to identify efficiencies, reduce duplication and manage the rising transport costs whilst still supporting access to appropriate education settings. We carried out specific public consultations on our SEND Transport options between 3 November to 15 December; and
- Going further on streamlining the management and back-office services among our family of partner organisations, known as “Corporate Core”, making best use of the skills and talent of our collective staff, helping recruitment and retention and sharing our strengths.

**Efficient and Effective Service Delivery – Productivity:**

- 6.2. The delivery of efficient and effective services is at the very heart of everything we are doing, as outlined in our Council Plan. We recognise that alongside our longer-term ambitions, we must deliver good quality services for the people of Stockport. We need to push further on delivering services that are the most efficient and effective as they can be, focusing on the right things and doing them in the right way. We need to maximise the benefit of the Stockport pound for our residents. This means making the best use of digital technology and automation and supporting our workforce to provide excellent services whilst exploring further opportunities to work more effectively with partners. Every service will strive to deliver their services more efficiently.
- 6.3. We recognise that achieving productivity and efficiency savings will mean challenging and difficult decisions will need to be made about service operating models in terms of the services delivered and how they are delivered. Inevitably this will have an impact on services. While attempts to mitigate impact through transformation, automation and new ways of working will be an important part of this, the council will have to consider doing less or stop doing in some service areas to achieve the savings needed. To address the significant and critical financial challenge we will need to work with officers and members to redesign operating models to ensure that remaining activity is sustainable, focused on core priorities, and aligned to the Council Plan.
- 6.4. The table below provides the total contribution our change proposals make to balancing the 2026/27 Budget. Appendix 3 shows the split of the change proposals by council portfolio and directorate.

Change Proposals	£000's
Proposal -Town Centre Parking	500
Proposal - SEN Transport post 16 - Value for Money Routes	750
Proposal - Going Further on Corporate Core	250
Productivity and Efficiency	6,537
<b>Total</b>	<b>8,037</b>

6.5. We have taken a collaborative approach to developing our change proposals and committed to working together openly and honestly. We have engaged and consulted with partners, elected members, our workforce and trade unions where appropriate to understand the potential impact of our proposals and inform our decision-making process. We have carried out specific public consultations on our SEND Transport options between 3 November and 15 December. This was an online consultation with paper versions available across libraries. Our change proposals were presented to scrutiny committees in November and January for consideration, comment, and oversight.

### **Consideration of Council Tax**

6.6. The consideration of council tax increases is not taken lightly. We recognise the difficulties our residents, communities and businesses are experiencing with the increased cost of living. However, government continues to place councils in a challenging position, where the use of Council Tax to support the funding of local services is expected and thus unavoidable; government's stance remains that councils should use Council Tax as a means of funding local services.

6.7. Our discussions on council tax increases in 2026/27 have included careful consideration of:

- The financial impact on residents and the financial hardship experienced;
- The strength of the council's Local Council Tax Support (LCTS) scheme, Resident Advice Service and other relevant support services supporting residents who face financial difficulties. Our LCTS scheme ensures the highest level of support providing up to 100% discount (subject to income means test) capped at Council Band B to eligible residents. About 13,000 working age residents are in receipt of Local Council Tax Support with 7,742 working age residents receiving 100% reduction in their Council Tax liability. In monetary terms the scheme provides about £25m of support direct to eligible residents via reductions to their Council Tax liability;
- Discretionary support provided to residents not eligible to receive Council Tax Support from LCTS scheme who can demonstrate financial hardship impacting on their ability to pay;
- The significance of Council Tax and assumed increases as part of the Government's Local Authority funding assessment and other grant funding allocations;
- The importance and need for a robust and resilient budget and MTFP as we face the challenges ahead whilst delivering our ambitions and priorities for Stockport;
- The impact of not increasing Council Tax and instead further cutting service budgets (particularly non-statutory services) and/or rationalising service provision to manage demand and increasing costs to balance the council's budget over the medium-term period; and
- The need to find a sustainable funding solution for the provision of health and social care services that support our most vulnerable residents.

6.8. Government's continuing expectation on Council Tax increases to fund local services is disappointing. This is unsustainable and masks the failure to adequately fund councils to deliver the local services they are expected and need to. We have been given no other choice but to recommend an increase in Council Tax of 4.99% in 2026/27 to ensure the council's financial sustainability and protect local services, particularly for those vulnerable

residents who need the support the most. Our decision reflects government's expectation of maximum Council Tax increases over the settlement to achieve the council's CSP increase by 2028/29. We have been forced to make this decision so we can deliver a balanced budget and robust and resilient MTFP. We recognise the impact an increase will have on residents but feel the strength of the safety net provided by our Local Council Tax Support scheme, hardship discretionary support and the Resident Advice Service will provide support to those who need it.

6.9. Cabinet is recommending to the Budget Council for approval as part of its proposed 2026/27 Revenue Budget:

- A 2.99% General Council Tax increase in 2026/27; and
- A 2% Adult Social Care Precept Council Tax increase in 2026/27.

6.10. As a result of the increase in the council tax base approved by the Council Meeting on 16 January, reflecting the proposed total Council Tax increase of 4.99% will generate £11.071m (£0.744m additional income from the Council Tax base growth and £10.327m additional income from our proposed increase) of additional Council Tax income when compared to the 2025/26 Budget.

6.11. The annual and monthly increase on a Band D equivalent dwelling (band equivalent used for budget setting) is shown below:

	Annual £	Per Month Over 12 Months £
Council Tax - General Increase (2.99%)	62.07	5.17
Council Tax - Adult Social Care Increase (2%)	41.52	3.46
Mayoral Police and Crime Commissioner Precept	15.00	1.25
Mayoral General (including Fire Services) Precept	25.00	2.08
<b>Council Tax - Total Increase including Precepts</b>	<b>143.59</b>	<b>11.96</b>

6.12. We agree with the Section 151 Officers recommendation to include a forecast annual Council Tax increase of 4.99% as a planning assumption in the MTFP going forward. This reflects the government's expectation for continuing Council Tax increases over the settlement.

### **MTFP Financial Landscape and Forecasts 2026/27 to 2029/30**

6.13. We note the MTFP update report and the recommended adjustments to the council's MTFP forecasts and assumptions to ensure the council's MTFP is set on a robust and resilient basis. Given the continuing complexity, and risk inherent in the financial landscape, cabinet asks that the Director of Finance continues to provide regular MTFP Updates. This will ensure the MTFP forecasts and assumptions continue to be based on the latest information and provide an up-to-date outlook on the council's medium-term financial position to inform decision making.

### **Allocation of Corporate Contingency Budgets.**

- 6.14. Cabinet supports the recommendation to provide additional support to service budgets through the allocation of corporate contingency budgets of £11.436m as part of the 2026/27 budget setting process. We note that this includes:
- £8.257m allocated to Adult Social Care to fund inflationary cost increase, demographics and demand increase costs due to growing service need in 2026/27;
  - £3.179m allocated to Children, Families and Education to fund inflationary cost increase and demand increase costs due to growing service need in 2026/27.
- 6.15. Alongside the funding of recurrent budget pressures identified during this financial year, the contingency allocation resolves structural budget problems on a permanent basis and supports our commitment to ensuring the council's 2026/27 Budget and MTFP are robust and resilient. Significant investment in the council's social care services recognises the growing need for support for Stockport's most vulnerable children and adults. This investment supports the continuation of important preventative services which by supporting residents early helps to reduce demand, increased need and costs. It is noted that the above allocations are subject to provider fee setting process and approval in each service area.

### **Use of One-Off Resources to Support the MTFP**

- 6.16. We recognise the importance of the council's Reserves Policy to support budget robustness and resilience. While one-off resources held in reserves do not provide a permanent source of funding, they do provide the council with the short-term mitigation of financial risk and impact. It is important that the council maintains sufficient flexibility to use its reserves appropriately and prudently, particularly considering the challenging financial landscape.
- 6.17. We note and agree with the Section 151 Officer's caution about the risk an over reliance on the use of reserves to support the budget presents to longer term financial robustness and resilience. This simply pushes budget pressures and saving requirements to later years. We will take a managed and responsible approach to how we use reserves to support the budget. We recognise that while reserves can support the phasing of change, they should not be used to avoid the difficult and challenging decisions we will have to make over the medium term.
- 6.18. Taking this into account, and given the significantly more challenging financial outlook, we are using £4.271m of reserves earmarked to budget resilience to support the budget along with £0.484m from reserves relating to the 2024/25 declared Airport dividend. This is offset by a £0.710m increase in the workforce investment and transformation reserve in 2026/27 funded from the employer pension contribution reduction saving.
- 6.19. We expected a fairer final settlement would allow us to significantly reduce the use of reserves supporting the budget and make positive investments to support our communities. While we are disappointed that the outcome of the settlement hasn't allowed us to do this, our intention remains to bolster our community pride and cohesion priorities across the borough including public protection (parking enforcement, environmental enforcement and CCTV), green spaces, highways repair and gully cleansing. We will

work with officers during the year to look at how we achieve this within the resources available.

## **7. Sales, Fees and Charges**

- 7.1. The proposed 2026/27 Cash Limit service budgets are supported by income generation through sales, fees, and charges. A list of charging areas and an estimate of the income expected to be generated from each group of charges is set out in the Fees and Charges Schedule shown in Appendix 4. The additional yield in the savings column in Appendix 4 is captured in one of the change proposals and the rest in Productivity and Efficiency. This is not additional savings.
- 7.2. The estimates have been reviewed by services and where possible, fees increased to reflect inflationary costs and demand forecasts, including the impact of our change proposals that result in additional income, that are specific to each charging area and have been developed in consultation with the appropriate council officers and cabinet member. The setting of specific fees and charges is a matter for the cabinet and cabinet members. Any decision to change the fees and charges levied by the council will be made in accordance with the council's Fairer Charging Policy.

## **8. Financial and Risk Assessment Considerations**

- 8.1. Under Section 25 of the Local Government Act 2003, the Director of Finance – Section 151 Officer is required to prepare a statement on the adequacy of proposed financial reserves and the robustness of the budget estimates. Members are reminded that any budget proposals which are to be tabled at the Budget Council Meeting must first be subject to such a risk assessment.
- 8.2. The Director of Finance in his role as Section 151 Officer for the council has undertaken a detailed risk assessment of the cabinet's change proposals, and a summary is attached at Appendix 5. Also included in Appendix 5 is the required statement on the adequacy of the reserves and the robustness of the estimates. The minimum recommended level of general balances required to support the budget is £15.183m. This is the current balance and will be carried forward into 2026/27.

## **9. Future Years**

- 9.1. The updated MTFP forecasts for 2026/27 to 2029/30 are shown in Appendix 6. This illustrates the revised MTFP position and reflects cabinet's recommendations relating to council tax increases and use of available one-off resources to set a balanced 2026/27 Budget. While we are confident about the robustness of our proposed balanced budget in 2026/27, the saving requirement in 2027/28 onwards is significant.

9.2. We will continue to shape our work around the Borough Plan and Council Plan framed by four unifying themes, designing new ways of working for the modern, person centred and ambitious organisation we strive to be:

- We are a council that has One Vision for an ambitious Stockport, a place everyone is proud to call home;
- We are a council that has One Mission to create opportunities for Stockport residents and businesses and values partnerships and collaboration;
- We are a council that has One Team Values caring about our colleagues and engaging them in the future; and
- Above everything we are One Stockport.

9.3. The MTFP Update and our cabinet response framed by our Council Plan highlights the careful choices and decisions that we must make together. The council's medium term financial position is significantly worsened by the funding in the final settlement. We recognise that balancing the need to support residents whilst making challenging, difficult and sometimes what feels like impossible decisions is hard. Our leadership and collaborative approach working with colleagues across the council and the borough will be essential. We will need to be radical and ambitious, transforming what we do, how we do it and being clear on why we are doing it, putting local people and businesses at the heart of our new ways of working at all times. Robust and resilient financial management enables us to achieve this and recommend a budget that transforms and protects service provision, supporting residents and businesses, delivers on our ambitions and priorities and meets the challenges over the medium-term.

9.4. We recognise that the council needs a robust and resilient budget and MTFP that provides a stable financial platform. While recognising the significant and critical financial challenge ahead, we feel we have achieved this with our proposed 2026/27 Revenue Budget. We recognise our continuing responsibility to control and reduce costs over the medium-term to support the robustness of the council's MTFP. We will achieve this through sustained commitment to delivering efficient and effective local service to our residents and businesses. However, we recognise that alongside our local approach we need a national response from government to address the pressures councils are facing across the country and provide sustainable and sufficient funding of local services. Without this the council is being pushed ever closer to need to ask government for exceptional financial support.

## **10. Capital Strategy and Capital Programme**

10.1. The Capital Strategy and Capital Programme is presented elsewhere on this agenda for approval.

10.2. The council continues with its ambitious capital investment plans for the borough helping to regenerate the economy, create jobs and develop strong communities. Future capital investment plans are extensive and varied. The report outlines the planned programme of expenditure and financing, allowing member engagement, risk management and governance. It has regard to the council's wider strategic framework, including alignment

with priorities set out in the Borough Plan and Council Plan, but also taking a long-term view of capital investment, including debt, borrowing and Treasury Management. The Capital Strategy underpins the council's capital investment plans and includes a key objective to deliver an annual Capital Programme for the forthcoming financial year and the next two financial years.

## **11. Legal Considerations**

11.1. The council is required to set a balanced budget as required by legislation.

## **12. Human Resources Considerations**

12.1 The Head of HR and Organisational Development has reviewed the report and confirms that all the proposals are appropriate from a Human Resources perspective.

## **13. Integrated Impact Assessment:**

13.1. We have committed to addressing inequality and holding ourselves accountable for all our people feeling included and valued. The Fair and Inclusive agenda is a key part of our Council Plan and Neighbourhoods and Prevention programme. Fair and Inclusive is about tackling poverty and inequality and making sure Stockport is a great, diverse place to live where everyone can thrive. We know that poverty causes ill health, drives inequality in health outcomes and increases use of health and care services.

13.2. To understand the impact of proposals on people who are socially and economically disadvantaged, a joint Integrated Impact Assessment (IIA) has been undertaken for the SEND Transport proposal. Wherever possible, we have proposed measures to mitigate against any negative impacts of proposals.

13.3. As part of our commitment to tackling climate change and our journey to being carbon neutral, we ensure we understand any environmental impacts of our proposals through the IIA. The IIA identifies and seeks to understand any environmental impacts and consequences of the proposals and suggest how negative impacts may be reversed or mitigated.

## **14. Conclusion:**

14.1. Within this report we have set out our response to the MTFP forecasts for 2026/27 to 2029/30 set out in the MTFP Update report. It proposes a 2026/27 balanced net revenue budget of £379.913m. Through delivering a balanced budget we have bridged the funding gap of £20.945m at the start of the year and presented a robust and resilient budget, that supports the delivery of our ambitions whilst focusing on supporting our residents and businesses in what continues to be a challenging time.

- 14.2. We are extremely disappointed by the funding in the final settlement. The fairer funding review has had a significant adverse impact on the council's MTFP forecasts, worsening an already challenging saving requirement in 2028/29 by £12.4m. We are deeply concerned about the impact the settlement will have on Stockport residents and businesses – an impact that is significant, detrimental and unavoidable. We will approach addressing the significant and critical financial challenge responsibly, working collaboratively with colleagues across the council and borough. We will need to be radical and ambitious, transforming what we do, how we do it and being clear on why we are doing it.
- 14.3. Government's continuing expectation on Council Tax increases to fund local services is disappointing. This is unsustainable and masks the failure to adequately fund councils to deliver the local services they are expected and need to. We have been given no other choice but to recommend an increase in Council Tax of 4.99% in 2026/27 to ensure the council's financial sustainability and protect local services, particularly for those vulnerable residents who need the support the most. Our decision reflects government's expectation of maximum Council Tax increases over the settlement to achieve the council's CSP increase by 2028/29. We have been forced to make this decision so we can deliver a balanced budget and robust and resilient MTFP. We recognise the impact an increase will have on residents but feel the strength of the safety net provided by our Local Council Tax Support scheme, hardship discretionary support and the Resident Advice Service will provide support to those who need it.
- 14.4. We will continue to lobby government for a fair, sustainable and sufficient funding for the council that enables it to deliver the local services it is expected to and needs to.
- 14.5. Members are asked to note that the council is legally required to set a balanced budget at the Budget Council meeting.
- 14.6. The recommendations are set out in the Committee Report Summary Sheet.

Appendix 1 – 2026/27 to 2029/30 MTFP Changes to Forecast Savings Requirement	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
<b>Savings Requirement Approved on 27 February 2025</b>	<b>20,945</b>	<b>32,148</b>	<b>43,928</b>	<b>56,494</b>
<b>MTFP Forecast and Assumption Changes Favourable</b>				
Employer Pension Contributions from 2026/27 3.7% reduction from 18.7% to 15%	(3,336)	(3,336)	(3,336)	(3,336)
Airport Car Park Investment Income	(414)	(414)	(414)	(414)
Garden Waste Permit Income – Increased Uptake	(500)	(500)	(500)	(500)
Waste Disposal Levy 2026/27 3.18%, 2027/28 3.77% & 2028/29 2.5%	(976)	(1,013)	(1,038)	(1,076)
Transport Levy 2026/27 1.4%, 2027/28 3% Onwards	(344)	(354)	(365)	(376)
GMCA Levy	(138)	(138)	(69)	(69)
Budget Adjustments	(1,267)	(1,267)	(1,267)	(1,267)
Extended Producer Responsibility (pEPR)	(2,906)	(2,615)	(2,325)	(2,034)
GMCA Extended Producer Responsibility (pEPR) Funding Return	(1,937)	(1,590)	0	0
GMCA Business Rates Reset Share	(406)	(406)	(406)	(406)
<b>MTFP Forecast and Assumptions Changes Adverse</b>				
Price Inflation – Rebase 2025/26, 3% 2026/27 & 2.5% 2027/28 (including Real Living Wage (RLW) increase)	2,242	4,205	5,643	7,090
Pay Inflation Rebase 2025/26, 3% 2026/27 & 2.5% 2027/28	1,344	1,889	1,734	1,581
Business Rates Forecast	0	0	0	733
Council Tax Taxbase Reduction	76	93	112	132
<b>Core Budget Pressures</b>				
Approved Cremator Replacement Capital Scheme Borrowing Cost	280	249	418	500
Recurrent Impact of In-Year Budget Pressures Children’s and Education	7,856	6,231	2,848	2,848
Recurrent Impact of In-Year Budget Pressures Adult Social Care	2,050	675	(700)	(700)
Recurrent Impact of In-Year Budget Pressures Other	1,923	1,923	1,923	1,923
Investment and Development Account	0	0	3,000	3,000
<b>Local Government Finance Settlement</b>				
Local Government Fairer Funding Review	(1,614)	5,543	12,395	12,395
<b>Cabinet Proposals</b>				
Change Proposals 2026/27	(1,500)	(1,500)	(1,500)	(1,500)
Service Productivity & Efficiency	(6,537)	(6,537)	(6,537)	(6,537)
Council Tax Increase – General 2.99%	(6,188)	(12,747)	(19,698)	(27,059)
Council Tax Increase – ASC Precept 2%	(4,139)	(8,527)	(13,176)	(18,099)
<b>Favourable Smoothing Reserves, GMCA Budget and One-Off Resources</b>				
Collection Fund 2024/25 Outturn above Declared	(69)	0	0	0
Cost of Leisure Contingency Budget Rebase	(400)	0	0	0
Appropriation To Reserves – Workforce Investment/Change Reserve	710	0	0	0
Appropriation From Reserves – Airport Dividend Declared 2024/25	(484)	0	0	0
Appropriation From Reserves – Balancing	(4,271)	0	0	0
<b>Revised Savings Requirement</b>	<b>0</b>	<b>12,012</b>	<b>20,670</b>	<b>23,323</b>

**Appendix 2 – 2026/27 Proposed Revenue Budget**

	<b>2026/27 Proposed Revenue Budget £000</b>
Children, Families & Education	85,420
Communities, Culture and Public Protection	7,942
Economy, Regeneration & Skills	311
Finance & Resources	37,723
Health, Wellbeing and Adult Social Care	149,801
Housing and Environment	15,831
Parks, Highways & Transport Services	10,000
<b>Cash Limit</b>	<b>307,028</b>
Pay Inflation	4,150
Inflation - Price	3,452
Children, Families and Youth Uplift	1,170
Leisure Management Fee Contingency	613
Apprenticeship Levy	459
Public Health 2025/26 Uplift	441
Non-Cash Limits	62,600
<b>Total Net Expenditure</b>	<b>379,913</b>
<b><i>Less General Financing Resources:</i></b>	
Business Rates Income	121,682
Business Rates - Top up	17,527
Better Care Fund	11,981
Children, Families and Youth Grant	2,053
Extended Producer Responsibility (pEPR)	2,906
GMCA Extended Producer Responsibility (pEPR) Return	1,937
GMCA Share of Business Rates Reset	406
Collection Fund 2024/25 Outturn above Declared	69
Appropriation To Reserves – Workforce Investment/Change Reserve	(710)
Appropriation From Reserves – Airport Dividend Declared 2024/25	484
Appropriation From Reserves – Balancing	4,271
<b>Proposed Council Tax Requirement</b>	<b>217,307</b>
<b><i>Council Tax Requirement - Memorandum:</i></b>	
Adult Social Care Precept Element	37,361
Council Tax Requirement (Excluding Adult Social Care Precept)	179,946

**Appendix 3 – 2026/27 Proposed Portfolio Cash Limit Budgets**

<b>Portfolio</b>	<b>2025/26 Q2+ Budget (2026/27 Starting Point) £000</b>	<b>2026/27 Indicative Adjustments* £000</b>	<b>2026/27 Proposed Savings £000</b>	<b>2026/27 Contingency Allocations/ Adjustments** £000</b>	<b>2026/27 Proposed Revenue Budget £000</b>
Children, Families & Education	76,431	7,535	(1,725)	3,179	85,420
Communities, Culture and Public Protection	8,387	(295)	(150)	0	7,942
Economy, Regeneration & Skills	515	(104)	(100)	0	311
Finance & Resources	41,130	(1,465)	(1,942)	0	37,723
Health, Wellbeing and Adult Social Care	138,549	6,482	(3,487)	8,257	149,801
Housing and Environment	15,270	644	(83)	0	15,831
Parks, Highways & Transport Services	10,210	340	(550)	0	10,000
<b>Cash Limit</b>	<b>290,492</b>	<b>13,137</b>	<b>(8,037)</b>	<b>11,436</b>	<b>307,028</b>
<b>Non Cash Limit</b>	<b>65,486</b>	<b>7,399</b>	<b>0</b>	<b>0</b>	<b>72,885</b>
<b>Total</b>	<b>355,978</b>	<b>20,536</b>	<b>(8,037)</b>	<b>11,436</b>	<b>379,913</b>

\*Indicative adjustments reflect previously agreed adjustments to base Cash Limit and Non Cash Limit budgets.

\*\*Contingency allocation adjustments subject to provider fee setting process and approval in each service area.

**Appendix 3 (continued) – 2026/27 Proposed Directorate Cash Limit Budgets**

<b>Directorate</b>	<b>2025/26 Q2+ Budget (2026/27 Starting Point)</b>	<b>2026/27 Indicative Adjustments*</b>	<b>2026/27 Proposed Savings</b>	<b>2026/27 Contingency Allocations/ Adjustments**</b>	<b>2026/27 Proposed Revenue Budget</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><u>Corporate and Support</u></b>					
Communities, Culture and Public Protection	2,060	(57)	0	0	2,003
Finance and Resources	31,223	(1,077)	(1,842)	0	28,304
	<b>33,283</b>	<b>(1,134)</b>	<b>(1,842)</b>	<b>0</b>	<b>30,307</b>
<b><u>Services to People</u></b>					
Children, Families & Education	67,009	6,320	(25)	2,877	76,181
Children, Families & Education (Education)	9,422	1,215	(1,700)	302	9,239
Health, Wellbeing and Adult Social Care	124,434	6,537	(3,487)	8,257	135,741
Health, Wellbeing and Adult Social Care (Public Health)	14,115	(55)	0	0	14,060
	<b>214,980</b>	<b>14,017</b>	<b>(5,212)</b>	<b>11,436</b>	<b>235,221</b>
<b><u>Services to Place</u></b>					
Communities, Culture and Public Protection	6,327	(238)	(150)	0	5,939
Economy, Regeneration & Skills	515	(104)	(100)	0	311
Finance & Resources	9,907	(388)	(100)	0	9,419
Housing and Environment	15,270	644	(83)	0	15,831
Parks, Highways and Transport Services	10,210	340	(550)	0	10,000
	<b>42,229</b>	<b>254</b>	<b>(983)</b>	<b>0</b>	<b>41,500</b>
<b>Cash Limit</b>	<b>290,492</b>	<b>13,137</b>	<b>(8,037)</b>	<b>11,436</b>	<b>307,028</b>
Corporate and Support	2,540	(626)	0	0	1,914
Services to Place	46,582	968	0	0	47,550
Technical	16,364	7,057	0	0	23,421
<b>Non Cash Limit</b>	<b>65,486</b>	<b>7,399</b>	<b>0</b>	<b>0</b>	<b>72,885</b>
<b>Total</b>	<b>355,978</b>	<b>20,536</b>	<b>(8,037)</b>	<b>11,436</b>	<b>379,913</b>

\*Indicative adjustments reflect previously agreed adjustments to base Cash Limit and Non Cash Limit budgets.

\*\*Contingency allocation adjustments subject to provider fee setting process and approval in each service area.

**Appendix 4 – Estimate of 2026/27 Income Generated Through Sales, Fees and Charges**

<b>Service Area</b>	<b>Budgets In Scope 2025/26 £000</b>	<b>Additional Yield Savings Programme £000</b>	<b>Additional Yield Adjustments £000</b>	<b>Forecast Yield 2026/27 £000</b>
<b><u>Children, Families &amp; Education</u></b>				
* Services which generate income from Partners	1,990	0	0	1,990
	<b>1,990</b>	<b>0</b>	<b>0</b>	<b>1,990</b>
<b><u>Communities, Culture &amp; Sport</u></b>				
* Art Gallery and Museums	411	13	0	424
* Events	594	11	0	605
* Libraries (including Leisure Key)	170	0	0	170
* Registrars	638	120	0	758
* Annual Subsistence Fee for Pollution	13	0	0	13
* Food & Safety	60	0	0	60
* Housing Standards (inc Land Searches)	24	0	0	24
* Licensing - Taxis / Premises	811	17	0	828
* Pest Control (inc Hygiene Action)	302	0	0	302
	<b>3,023</b>	<b>161</b>	<b>0</b>	<b>3,184</b>
<b><u>Economy, Regeneration &amp; Skills</u></b>				
* Town Centre Managed Sites	10	0	0	10
* Services which generate income from Partners	31	0	0	31
	<b>41</b>	<b>0</b>	<b>0</b>	<b>41</b>
<b><u>Finance &amp; Resources</u></b>				
* Conveyancing fees / Local Land Charges	160	0	0	160
* Digital Advertising	22	0	0	22
* Disabled Parking Blue Badges	60	0	0	60
* Garages Rentals	542	0	17	559
* Legal Services (inc Conveyancing Fees)	593	0	45	638
* Venue Management	128	0	5	133
* Services which generate income from Partners	3,965	0	114	4,079
	<b>5,470</b>	<b>0</b>	<b>181</b>	<b>5,651</b>
<b><u>Health &amp; Adult Social Care</u></b>				
* Care Charges (Residential & Non-Residential)	27,918	0	1,114	29,032
	<b>27,918</b>	<b>0</b>	<b>1,114</b>	<b>29,032</b>
<b><u>Housing &amp; Environment</u></b>				
* Wheelie Bins & Bulky Waste Collection	542	17	0	559
* Garden Waste Permits	3,382	0	0	3,382
* Building Regulation	553	0	0	553
* Planning`	1,671	17	0	1,688
* Services which generate income from Partners	181	6	0	187
	<b>6,329</b>	<b>40</b>	<b>0</b>	<b>6,369</b>
<b><u>Parks, Highways &amp; Transport Services</u></b>				
* Allotments & Pitch Hire	302	10	0	312
* Burial / Cemetery Fees**	3,286	0	105	3,391
* Car Parking	3,799	500	0	4,299
* Country Park Car Parks	205	0	0	205
* Highways Advertising	107	3	0	110
* Highways Inspection Fees	30	1	0	31
* Permits for Skips / Scaffolding / GMRAPS	829	30	0	859
* Vehicle & Footpath Crossings	184	0	0	184
	<b>8,742</b>	<b>544</b>	<b>105</b>	<b>9,391</b>
<b><u>Non-Cash</u></b>				
* Income generation from Partners and further efficiencies	2,012	65	0	2,077
	<b>2,012</b>	<b>65</b>	<b>0</b>	<b>2,077</b>
<b>Total Income Budget:</b>	<b>55,525</b>	<b>810</b>	<b>1,400</b>	<b>57,735</b>

## Appendix 5 – Risk Assessment and Calculation of Minimum Level of General Fund Balances

	Budget Assumption	Possible Variance	Impact Cost/ (Benefit)
	£000	£000/%	£000
<b><u>Previous Financial Year</u></b>			
Variance between forecast & actual outturn	380,127	2.0%	7,603
<b><u>Corporate Contingency</u></b>			
Pay Inflation (3% assumption) - Impact of 0.5% above assumption	4,150	0.5%	692
<b><u>Savings</u></b>			
2025/26 Saving Proposals	(8,037)	-5.0%	402
<b><u>Fees and Charges</u></b>			
Income from Sales, Fees and Charges	(57,735)	-5.0%	2,887
<b><u>Demand/Demographics</u></b>			
Adult Social Care	118,668	5.0%	5,933
Children's Social Care	31,674	5.0%	1,584
Public Health	19,336	5.0%	967
SEN Transport	7,183	5.0%	359
Highway Maintenance	3,209	5.0%	160
Winter Maintenance - Severe Weather	629	5.0%	31
<b><u>Capital Financing Costs</u></b>			
Impact of increase in interest rates - 1% increase	0	2,483	2,483
10% reduction on income streams	0	2,965	2,965
25% reduction in funds supporting internal borrowing	0	1,817	1,817
<b>Risk Assessment of Budget</b>			<b>27,883</b>
Major Disaster/Emergency	7,500	33%	2,500
Budget Resilience Reserves			(15,200)
<b>Minimum Level of General Fund Balances</b>			<b>15,183</b>

## Local Government Act 2003 – Section 25

### Statement on the Adequacy of Proposed Financial Reserves and Robustness of the Estimates

#### Report of the Director of Finance - Section 151 Officer

## 1 GENERAL FUND BALANCE

- 1.1 A risk assessment of the cabinet's budget proposals has concluded that the recommended minimum level of General Fund Balance for 2026/27 is £15.183m. This is after consideration of the budget robustness and resilience related resources held in earmarked reserves totalling £15.2m in the Reserves Policy. The forecast outturn for 2025/26 anticipates the General Fund Balance as at 31 March 2025 will be at this level prior to taking account of the forecast cash limit (service budgets) and non-cash limit (corporate core budgets) position.
- 1.2 The council's reserves and balances are reviewed annually in line with the Medium-Term Financial Plan (MTFP), the Reserves Policy, best practice guidance on Local Authority Reserves and Balances, and as required by the Local Government Act 2003. Use of reserves and balances are monitored on a regular basis to identify and report any proposals which carry ongoing risks or financial implications.
- 1.3 The Director of Finance - Section 151 Officer must consider the financial resilience of the council and its ability to withstand and mitigate the impact of unknown costs. The proposed funding in the provisional settlement creates a significant and critical financial challenge for the council. Robustness of one-off resources held in reserves are a key part of the council's financial resilience. They support the council to mitigate and smooth the impact of increasing financial risks in the short term whilst permanent funding options are identified and implemented.
- 1.4 There are several ways the council demonstrates its financial robustness and resilience to Members and Stockport residents:
- **MTFP Summer Review and Updates** – regular reviews of the key assumptions and forecasts that underpin the council's MTFP to ensure they remain robust and based on the most up to date information throughout the year;
  - **Reserves Policy** – annual update of the council's Reserves Policy to ensure earmarked reserves are aligned to the council's corporate and strategic objectives over the medium-term period;
  - **Budget Risk Assessment** – annual assessment of the adequacy of the council's General Fund Balance to mitigate the impact of risks;
  - **Scrutiny Committee and Audit Committee** - regular Member scrutiny of the council's Financial Management throughout the year; and
  - **Internal and External Audit** – independent audits of the council's financial management throughout the year. During 2024/25 an internal audit of the council's financial governance and financial resilience gave the council substantial assurance on the strength of its financial management and financial resilience.
  - **CIPFA Financial Management Code** – a self-assessment has been completed against the requirements of the code which provides guidance for good and sustainable financial management in local authorities and ensures that authorities are managing

resources and risk effectively. The self-assessment was updated in 2025/26, with Internal Audit to reviewing it and presenting the findings to Audit Committee.

## **2 PROCESSES AND MONITORING**

- 2.1 The council's MTFP continues to be set in the context of significant and critical budget pressures due to inflationary costs and ever-increasing service demand reflecting Stockport residents' and businesses' need for support from the council. Local government funding is not keeping pace with these increasing costs placing significant pressure on budgets funding the delivery of essential services. This position is not specific to Stockport. Councils across the country continue to warn of financial distress, the need for exceptional financial support from government and the risk of bankruptcy. The Local Government Association's (LGA) analysis indicates councils will face significant and concerning budget gaps over the medium term. Ahead of the government's Spending Review earlier in the year, the LGA forecasted a concerning council funding gap nationally of around £8 billion by 2028/29. Councils are under immense budget pressure adversely impacting financial sustainability and leaving them having to make difficult and challenging decisions about the services they deliver.
- 2.2 The settlement confirms the first multi-year funding settlement in ten years covering the financial years 2026/27 to 2028/29. The settlement included the formal outcome of the government's fairer funding review and the resulting significant redistribution of funding across councils nationally. The outcome for the council is extremely disappointing and presents a significantly more challenging outlook over the next three years. The council's core spending power will increase by 7.49% (a £26m increase) by 2028/29 compared to an England average increase of 15.1%. This is a significant challenge and in the context of government assumed Council Tax increases, the continuing need for national policy reform and funding increase sufficient to deliver essential services, does not reflect the fairer funding position expected.
- 2.3 Addressing the significant financial challenge will rely on the continuing robustness and resilience of the council's financial position underpinned by strong financial management. Known and forecast increase in local service spend have been recognised by uplifts in service limit budget, additional corporate contingency budget and variation in spending plans. Assumptions about changes to spending plans linked to ongoing corporate budget controls and service budget recovery work have been reflected in the 2026/27 Budget and MTFP forecasts. Cabinet's proposals for balancing the 2026/27 Budget have been subject to engagement, scrutiny and risk assessment.
- 2.4 It is imperative that over the medium term that the council continues to routinely monitor its budget to understand the reason for forecast surpluses and deficits, and appropriate actions taken in a timely manner. Given the disappointing outcome of the settlement, the council will need to make challenging and difficult decision going forward.

## **3 RISK ASSESSMENT**

- 3.1 The 2025/26 projected outturn and cabinet's proposed 2026/27 Budget and MTFP have all been examined and challenged to ensure that strategic, operational, and financial risks have all been 'priced' into the estimates. The calculation of the recommended minimum level of General Fund Balances takes account of this as well as the key risks and uncertainties surrounding the budget estimates and proposals.
- 3.2 The recommended minimum level of General Fund Balance for 2026/27 is £15.183m. This reflects the risks relating to additional demand on council resources and the financial

risks and uncertainty this brings when setting forecasts and estimates. The financial outlook for the council is challenging based on the proposed funding outlined in the multi-year settlement. Thus, it is considered prudent to retain the council's General Fund Balances at current levels to mitigate the potential impact of these risks.

#### **4 CONCLUSIONS**

- 4.1 Based on the above-mentioned Reserves Policy, financial planning and monitoring processes and risk assessment of the budget, the Section 151 Officer can report (in accordance with section 25 of the Local Government Act 2003) that the estimates made for the purposes of the calculation of the budget are robust and the recommended level of the General Fund Balance and budget robustness and resilience reserves are adequate.

**Appendix 6 – 2026/27 to 2029/30 Medium-Term Financial Plan**

	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
<b><u>Resources</u></b>				
Council Tax Income	179,946	187,352	195,149	203,351
Adult Social Care Precept	37,361	41,910	46,720	51,806
Business Rates Income	121,682	124,117	126,598	129,138
Business Rates Top Up	17,527	21,827	14,232	12,827
Better Care Fund Allocation*	11,981	0	0	0
Childrens, Families and Youth Grant	2,053	2,053	1,540	1,540
Extended Producer Responsibility (pEPR)	2,906	2,615	2,325	2,034
GMCA Extended Producer Responsibility (pEPR) Return	1,937	1,590	0	0
GMCA Share of Business Rates Reset	406	406	406	406
Collection Fund 2024/25 Outturn above Declared	69	0	0	0
	<b>375,868</b>	<b>381,870</b>	<b>386,970</b>	<b>401,102</b>
<b><u>Expenditure</u></b>				
Cash Limits**	307,028	303,161	299,924	299,206
Pay Inflation	4,150	7,713	10,634	13,614
Inflation - Price, Energy, Real Living Wage & Supplier Impact**	3,452	14,816	25,588	36,376
Public Health Uplift	441	836	1,221	1,221
Children, Families and Youth Grant Uplift Investment	1,170	1,170	657	657
Demand Pressures***	0	2,000	4,000	6,000
Apprenticeship Levy	459	468	478	487
Leisure Management Fee Contingency	613	0	0	0
Non-Cash Limits	62,600	63,718	65,138	66,864
	<b>379,913</b>	<b>393,882</b>	<b>407,640</b>	<b>424,425</b>
<b>Cumulative Savings Requirement – Total Expenditure Less Total Resources</b>	<b>4,045</b>	<b>12,012</b>	<b>20,670</b>	<b>23,323</b>
Appropriation From Reserves – Balancing	(4,271)	0	0	0
Appropriation From Reserves – Airport Dividend Declared 2024/25	(484)	0	0	0
Appropriation To Reserves – Budget Resilience	710	0	0	0
<b>Cumulative Savings Requirement as at 26 February 2026</b>	<b>0</b>	<b>12,012</b>	<b>20,670</b>	<b>23,323</b>

\*From 2027/28 the Better Care Fund Allocation is included in the Settlement Funding Assessment.

\*\*Contingency allocation adjustments subject to provider fee setting process and approval.

\*\*\*Demand contingency allocated in full to service budgets in 2026/27.

**Appendix 6 (continued) – 2026/27 to 2029/30 Medium-Term Financial Plan Underlying Assumptions**

<b>Assumptions</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
SMBC Council Tax General Increase	2.99%	2.99%	2.99%	2.99%
SMBC Council Tax Adult Social Care Precept Increase	2.00%	2.00%	2.00%	2.00%
Pay Award	3.00%	2.50%	2.00%	2.00%
Price Inflation (unless specific contract rate)	3.00%	2.50%	2.00%	2.00%
Real Living Wage	6.75%	5.95%	5.61%	5.32%
Business Rates Multiplier Increase	3.80%	2.00%	2.00%	2.00%
Employer's Pension Contribution	15.00%	15.00%	15.00%	15.00%
GMCA Waste Disposal Levy	3.14%	3.77%	2.50%	3.64%
GMCA Transport Levy	1.40%	3.00%	3.00%	3.00%
GMCA Statutory Charge	1.40%	3.00%	3.00%	3.00%

<b>MTFP Best &amp; Worst-Case Scenarios Minus = Saving Plus = Cost</b>		<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Pay Awards</b> – illustrates the impact of a best case scenario of 0% increase and a worse case increase of 2% on top of the current assumption.	<b>Base</b>	<b>4,150</b>	<b>3,563</b>	<b>2,921</b>	<b>2,980</b>
	Best 0%pa	0	0	0	0
	<i>Impact on Illustrative Case</i>	<i>(4,150)</i>	<i>(3,563)</i>	<i>(2,921)</i>	<i>(2,980)</i>
	Worst 2%pa	6,917	6,413	5,842	5,960
	<i>Impact on Illustrative Case</i>	<i>2,767</i>	<i>2,850</i>	<i>2,921</i>	<i>2,980</i>
<b>Price Inflation</b> – illustrates the impact of allocating 75% of Price Inflation held best case and 125% worse case.	<b>Base</b>	<b>12,888</b>	<b>11,364</b>	<b>10,772</b>	<b>10,788</b>
	Best 75%	9,666	8,523	8,079	8,091
	<i>Impact on Illustrative Case</i>	<i>(3,222)</i>	<i>(2,841)</i>	<i>(2,693)</i>	<i>(2,697)</i>
	Worst 125%	16,110	14,205	13,465	13,485
	<i>Impact on Illustrative Case</i>	<i>3,222</i>	<i>2,841</i>	<i>2,693</i>	<i>2,697</i>
<b>Demand Pressures</b> – illustrates the impact of allocating 75% of demand pressures held best case and 125% worse case.	<b>Base</b>	<b>2,000</b>	<b>4,000</b>	<b>6,000</b>	<b>8,000</b>
	Best	1,500	3,500	5,500	7,500
	<i>Cum. Impact on Illustrative Case</i>	<i>(500)</i>	<i>(1,000)</i>	<i>(1,500)</i>	<i>(2,000)</i>
	Worst	2,500	4,500	6,500	8,500
	<i>Cum. Impact on Illustrative Case</i>	<i>500</i>	<i>1,000</i>	<i>1,500</i>	<i>2,000</i>

**Appendix 7 – 2026/27 Proposed Council Tax Including Mayoral Precepts**

	<b>2026/27 Proposed</b>
<b><u>Council Tax Requirement and Precepts</u></b>	<b>£000</b>
Stockport MBC Council Tax Requirement	217,307
Mayoral Police and Crime Commissioner Precept	28,444
Mayoral General Precept (including Fire Services)	15,349
Stockport MBC Requirement incl. Police and Fire	261,100
-	
<b><u>Council Tax (Band D equivalent)</u></b>	<b>£</b>
Stockport Services (4.99% Increase)	2,179.65
Mayoral Police and Crime Commissioner Precept	285.30
Mayoral General Precept (including Fire Services)	153.95
Stockport MBC including Police and Fire	2,618.90