

Agenda Item

TRAFFORD COUNCIL

Report to: Executive and Council
Date: 5th March 2026
Report for: Decision
Report of: Executive Member for Finance, Change and Governance and the Director of Finance and Systems

Report Title

Executive's Final Revenue Budget Proposals 2026/27 & MTFS 2027/29

Summary

Under the Local Authorities (Functions and Responsibilities) Regulations 2000, final responsibility for approval and adoption of the Council's budget and Council Tax level rests with full Council.

This report sets out the Executive's updated 3-year budget strategy, detailed revenue budget proposals for 2026/27 and Medium-Term Financial Strategy (MTFS) for the period 2027/28 - 2028/29.

Recommendations

That the Executive recommend to Council that it:

- a) Approves the 2026/27 net Revenue Budget of £273.66m.
- b) Approves the 2027/28 to 2028/29 Medium Term Financial Strategy (MTFS) including the income and savings proposals as detailed in Annex D.
- c) In order to balance the 2026/27 revenue budget, approves new borrowing up to the maximum value of the Capitalisation Direction from MHCLG of £12.64m.
- d) Approves the calculation of the Council Tax Requirement as summarised in Section 10.1 and set out in the Formal Council Tax Resolution in the updated Annex G.
- e) Approves the proposal to increase Council Tax by 7.49% in 2026/27 consisting of:
 - an increase in the 'relevant basic amount' in 2026/27 by 2.99%
 - an additional 2.5% agreed by MHCLG on 9 February 2026.

- 2.00% for the 'Adult Social Care' precept in 2026/27.
- f) Notes the assumptions in the MTF5 to increase Council Tax by
 - An increase in the 'relevant basic amount' of 2.99% in 2027/28 and 2028/29, and
 - for the 'Adult Social Care' precept in 2% in 2027/28 and 2028/29.
- g) Approves the planned application of earmarked reserves as detailed in Section 8.
- h) Approves the Fees, Charges and Allowances as detailed in the Booklet for 2026/27 with an implementation date of 1 April 2026
- i) Delegates authority to relevant Corporate Directors, in consultation with the Director of Legal & Governance and the Section 151 Officer, to:
 - a) Make minor amendments,
 - b) Rectify omissions, and
 - c) Implement any changes required by subsequent legislation.
- j) Delegates authority to the Corporate Director of Adults and Wellbeing in consultation with the Council's Director of Finance and Systems and the Executive Member for Adults and Wellbeing to determine the fees, charges and allowances where consultation has not yet been concluded for Adults Services.
- k) Approves the proposal to set the minimum level of General Reserve for 2026/27 at £10.5m (Section 8.7).
- l) Approves the Capital Strategy, Prudential and Local Indicators and overall level of the Capital Programme and Asset Investment Fund of £322.47m (as detailed in the Capital Strategy, Capital Programme & Prudential Indicators 2026/29) of which £133.46m relates to 2026/27.
- m) Approves the Treasury Management Strategy 2026/27 to 2028/29, including the Debt Strategy (Section 4), the policy on Minimum Revenue Provision (Section 5) the Treasury Investment Strategy (Section 6) and the Prudential Indicators, including the Authorised Limit (as required by Section 3(1) of the Local Government Act 2003, Operational Boundary, Minimum Revenue Provision and investment criteria as set out in Appendix 2 of the report.
- n) Approves the flexible use of capital receipts of up to £0.85m in 2026/2027 to support the cost of the Modernisation Team in developing the Council's Finance and Change Programme.
- o) Approves the proposed distribution of Dedicated Schools Grant as recommended by the School Funding Forum and Executive as summarised in Section 9 and detailed in Annex I.

and confirms that in recommending approval of the above, it has taken into consideration:

- p) The objective assessment by the Director of Finance and Systems of the robustness of budget estimates and adequacy of the financial reserves (Section 1 and 8).
- q) The Executive's response to the Scrutiny Committee's recommendations to the budget proposals as included in a separate report on the agenda.
- r) Other reports listed on the agenda for the Council meeting on 5 March 2026 which are associated with the Council's budgetary responsibilities which are to be considered and be noted and/or determined by Council.
- s) The Council's Public Sector Equality duty.
- t) The results of the consultation on the budget proposals where required.

In addition, the Executive recommends that Council notes the following:

- u) The approval on 14 January 2026 under delegated powers by the Director of Finance and Systems of the Council Tax Base for 2026/27 at 81,635 Band D equivalents.
- v) The estimated Council Tax surplus for 2025/26 has been calculated at £0.211m, sufficient to release £0.171m to support the Council's budget plans and a distribution of £0.027m and £0.013m representing the respective shares of the Mayoral Police and Crime Commissioner Precept and Mayoral General Precept (including Fire Services).
- w) The base budget assumptions as set out in the Medium-Term Financial Strategy (MTFS) as detailed in Annex A.
- x) The budget gap for the two years 2027/28, £25.08m and 2028/29, £2.01m.
- y) That the Capital Programme for 2026/27, 2027/28 and 2028/29 is to be set at an indicative £113.46m, £112.34m and £76.67m respectively.

Contact person for access to background papers and further information:

Name: Councillor Joanne Harding, Executive Member for Finance, Change and Governance

Graeme Bentley, Director of Finance and Systems

Extension: 4336

Background Papers - None

CORPORATE PRIORITIES AND GOVERNANCE CONSIDERATIONS	
The Best Start for our Children and Young People	The proposed draft budget for 2026/27 supports all key priorities and policies.
Healthy and Independent Lives for Everyone	The proposed draft budget for 2026/27 supports all key priorities and policies.
A Thriving Economy and Homes for All	The proposed draft budget for 2026/27 supports all key priorities and policies.
Address the Climate Crisis	The proposed draft budget for 2026/27 supports all key priorities and policies.
Culture, Sport and Heritage for Everyone	The proposed draft budget for 2026/27 supports all key priorities and policies.
Relationship to GM Policy or Strategy Framework	The update to the Corporate Plan has been done to ensure alignment with GM priorities where possible.
Financial Considerations	The report sets out the proposed draft revenue budget proposals for 2026/27 as they currently stand.
Legal Implications:	<p>It is a statutory requirement for the full Council to set and approve a balanced, robust budget and Council Tax level.</p> <p>Budget proposals take account of various legislative changes as they affect Council services. Where appropriate the Council will carry out relevant and/or required public consultation in relation to specific proposals within the budget. All proposals will also be assessed in line with the Council's Public Sector Equality Duty.</p> <p>Where any budget proposal has the potential to affect staff there will be a requirement to consult separately internally through routine staff consultation arrangements.</p>
Equality/Diversity Implications	Equality Impact Assessment have been carried out supporting the budget proposals as appropriate.
Sustainability Implications	None arising out of this report.
Resource Implications e.g., Staffing / ICT / Assets	Human Resources – any impact on staffing will be subject to consultation.
Risk Management Implications	The risks associated with each budget proposal have been assessed and further work will be undertaken before the final budget is presented to Executive in February 2026.
Health and Wellbeing Implications	Equality Impact Assessment to be carried out supporting the budget proposals as appropriate.
Health and Safety Implications	An impact assessment of each budget proposal to be carried out.
Socioeconomic duty Implications	Any budget proposals have been considered for socioeconomic impact.

1.0 Executive Summary

1.1 This report sets out the Revenue Budget Proposals for 2026/27 and the associated Medium Term Financial Strategy (MTFS) for 2027–2029.

1.2 It provides outline details on the following:

- a) The projected financial position over the next three years,
- b) Proposed budget allocations for 2026/27,
- c) Forecast risks, pressures and funding assumptions,
- d) Savings and investment proposals,
- e) Council Tax considerations, and
- f) The planned approach to financial sustainability.

1.3 This is a key Council decision forming part of the annual budget-setting process.

2.0 Introduction

2.1 Local authorities continue to face significant financial pressures due to:

- Rising demand in Children’s and Adults’ Services,
- Inflationary and contractual cost increases,
- Ongoing pressures from the social care market,
- Increasing need for temporary accommodation, housing support and home-to-school transport.

2.2 The **Revenue Budget** sets the Council’s spending plan for 2026/27.

2.3 The **MTFS** sets out expected income, expenditure, risk and planning assumptions for 2027–2029.

2.4 The Executive has considered the proposals and **recommends approval to Full Council**, which retains responsibility for setting the revenue budget and Council Tax.

3.0 Budget Assumptions

3.1 A range of budget assumptions are set out in Schedule 1 of this report.

3.2 Council Tax Assumption - The budget proposals included in this report assume an overall increase to the level of council tax of 7.49% in 2026/27 comprising an increase of 2.0% for the ‘adult social care precept’ to be earmarked for adult social care expenditure, 2.99% general increase in the ‘relevant basic amount’ and an additional 2.5% following the Council's request.

Section 10 of this report sets out information regarding the council tax requirement and a further report on this agenda sets out a number of policy changes relating to council tax.

4.0 Other Options

4.1 Doing nothing is not an option. It is a statutory requirement for the Council to set and approve a balanced, robust budget and Council Tax level. The impact of doing nothing would likely result in HM Government intervention as a result of being unable to set a legal budget.

4.2 Alternative budget proposals presented to Council, as approved by the Council's Section 151 Officer as being prudent in accordance with the Council's constitution, could be considered during the course of the Council meeting.

5.0 Consultation

5.1 Any proposals that may require consultation with the public, businesses and staff, will be developed and feedback considered before any implementation. Details on budget proposals will be made available on the Council's website.

6.0 Reasons for Recommendation

6.1 It is a statutory requirement for the Council to set and approve a balanced, robust budget and Council Tax level. This report sets out the Executive's updated 3-year budget strategy, detailed revenue budget proposals for 2026/27 and Medium-Term Financial Strategy (MTFS) for the period 2027/28 - 2028/29. The setting of the budget is a decision reserved for Full Council.

Key Decision

This is a key decision currently on the Forward Plan: Yes
If Key Decision has 28 day notice been given: Yes

Finance Officer ClearanceDM.....

Legal Officer ClearanceDS.....

DIRECTOR'S SIGNATURE



.....
To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.

SCHEDULE 1



TRAFFORD
COUNCIL

**Executive's
Final Revenue Budget
Proposals 2026/27 &
2027-29 Medium Term
Financial Strategy**

5th March 2026

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TRAFFORD ROBUSTNESS of the PROPOSED BUDGET ESTIMATES and the ADEQUACY OF FINANCIAL RESERVES

REPORT of the DIRECTOR OF FINANCE AND SYSTEMS to the COUNCIL 5 MARCH 2026 (S25-26 LGA 2003)

1.1 Summary and Reason for the Report

1.1.1 The Local Government Act 2003 requires the Director of Finance and Systems, the Council's section 151 officer, to report independently to the Council his own opinion as to:

- the robustness of the budget estimates made for the purposes of the budget estimates, and
- the adequacy of the financial reserves (s25) and the minimum level of reserves (s26).

1.1.2 The Law requires that such a report is put before Council as part of the overall budget deliberations, and that such a report be considered prior to the approval of the Budget Requirement and the setting of a Council Tax.

1.1.3 For Members of the Council the Section 25 statement provides critical context for budget discussions. The provision of this information is a legal requirement and ensures that all Members have regard to the professional advice provided by the authority's chief financial officer when final budget decisions are being made.

1.1.4 This Section of the Budget Report provides assurance to the Council on the robustness of the 2025/26 budget estimates and the adequacy of reserves

1.2 S151 Officer's Overall Opinion

1.2.1 In March 2025, I concluded that the only way to achieve a balanced budget and maintain some stability to the overall reserves position was to agree to accept Exceptional Financial Support (EFS) in 2025/26. As part of this support a capitalisation direction was agreed with the Ministry of Housing, Communities and Local Government (MHCLG) to the value of £9.6m and in addition a bespoke council tax referendum level of up to 7.5% was agreed; this helped, in small part, to address the historic structural funding deficit faced by the Council caused by the relatively low level of Trafford's council tax.

1.2.2 During 2025/26 the budget position has been closely managed with the aim of achieving a budget underspend, which would provide the flexibility to not utilise all the capitalisation support and save on future borrowing costs. The latest monitoring report presented to Executive reflected this and included a projected budget underspend of £169k as at period 8.

- 1.2.3 The budget planning process has focused on recovering from EFS and achieving a balanced budget position over the next three years. This was a significant ask given the Government plans to reset the distribution of local government resources on a national basis, reset the business rate retention scheme and set indicative three-year funding allocations for the period 2026/27 to 2028/29. The outcome of what was called the Fair Funding Review (FFR) has only been published in the provisional local government finance settlement announced on the 17 December 2025 with the final settlement announced on 9 February 2026.
- 1.2.4 I reported in the draft budget report that positive progress had been made by the Executive, supported by officers of the Council, to bridge the three-year budget gap which existed prior to any impact of the FFR. This progress had seen 80% of the gap addressed, reducing the budget deficit from a starting point of £50m down to £10m.
- 1.2.5 In the summer the Ministry of Housing, Communities and Local Government commenced consultation on the methodology for FFR. This was high-level and local authorities were left to consider the likely ramifications on their financial positions. The headlines of the reforms are included in Section 4 and 5 but included a full review of all “relative need” indicators and a full equalisation of council tax income on a national basis. Such a basis of reform would always prove difficult for Trafford which is assessed nationally to have lower levels of relative need compared to similar authorities but also to have a robust taxbase (average number of band D properties). Unfortunately, the updated formula failed to recognise actual rates of council tax, for which Trafford is one of the lowest in the country compared to similar authorities.
- 1.2.6 Throughout 2025 and following the provisional settlement, a prolonged and persistent lobbying campaign has been and continues to be pursued with Government officials and at a political level, to make them aware of Trafford’s financial position with a view to achieving a more favourable outcome. This lobbying has continued up to the point that the final local government finance settlement was announced in February 2026.
- 1.2.7 Despite the lobbying to date, the formal outcome of the FFR announced at provisional settlement and confirmed in the final settlement is deeply disappointing. The Council’s increase in Core Spending Power (Total Funding) is just 3.8% (£9.3m) over the next three years and compares to an average national rise of 15%. The current estimate of the impact of the FFR is an adverse impact of £24m over the next three years; this means a three-year budget gap which had been reduced from £50m down to £10m, will increase to £34m, with just over £19m in 2026/27.

1.2.8 In the draft budget report presented to Executive on 14 January 2026 I referred to the request for Exceptional Financial Support, which I had made to MHCLG, of £20.6m (inclusive of borrowing costs). Whilst this would support a balanced budget position, I noted that capitalisation/loan support did not provide a sustainable means of balancing the budget, in fact it was a solution which added further pressure on the budget given that the Council would need to pay the financing costs associated with any loan support. I also stated that given the size of the remaining gap in the next two years that it was imperative the Council secures additional sustainable funding either through additional council tax and/or government funding. Without this, a S114 notice will be a very strong possibility in later years. At that point the remaining budget gap was £37m across 2027/28 and 2028/29 inclusive of EFS loan servicing costs.

Changes since draft budget

1.2.9 Since reporting this position the Executive have looked to develop a more robust funding strategy, in consultation with officers from MHCLG, which would place the Council on a more secure and sustainable financial footing in the medium to longer term. Given the scale of the budget gap, this would not be achieved easily and would require an “amalgam” of interventions:

- Securing additional funding
- including a forecast of additional income from business rates over the next three-years;
- consider opportunities for debt restructuring
- aligned with a Council transformation programme.

1.2.10 On 9 February MHCLG, as part of the Final Settlement for 2026/27, announced the Council Tax Referendum Principles. Trafford was one of a small number of authorities to be given additional flexibility with a bespoke council tax referendum threshold of 7.5%. This is 2.5% higher than the core referendum threshold. This decision was made by MHCLG having considered the Council’s financial position, existing levels of council tax and the potential impact on taxpayers.

1.2.11 The impact of the measures identified to date and detailed in Section 6 have been positive and have reduced the remaining three-year gap from £37m down to £27m. This was largely through the additional council tax increase and other funding assumptions, the requirement for capitalisation loan support in 2026/27 has been reduced from £20.6m to £12.6m.

1.2.12 The final decision on this is still outstanding but is expected before the Budget Council Meeting. At this stage given the outcome on council tax flexibility there is reasonable assurance that this will be granted.

1.2.13 The funding strategy summarised in Paragraph 1.2.9 has proved a positive step towards achieving a sustainable budget but further progress is needed, and at pace, during the next few months to demonstrate the required commitment to balance the budget through more sustainable means in later years. This strategy needs to:

- Continue to work with MHCLG to achieve a more favourable funding settlement.

- Progress discussions with the Greater Manchester Combined Authority to consider opportunities that reduce the level of loan support required in 2026/27 and later years, and associated financing costs.
- To develop the future Finance and Transformational Change programme, at pace, to target alignment of the cost of Council services to the Core Spending Power.

1.2.14 This approach in the last few weeks has been a step in the right direction and will, in a small part, help address the challenges in achieving a sustainable funding position in future years. At this point though it is extremely disappointing that the Government has not recognised the Council's precarious financial position in the recent final settlement.

1.2.15 The process the Executive has adopted throughout the year by making difficult policy choice decisions are, in my opinion, a positive and mature approach. The plans that are being developed now for 2027/28 and 2028/29, through the Finance and Transformational Change Programme, will be crucial to achieving a sustainable position in the future. In addition, further government lobbying with the ambition of securing a fairer financial settlement in future years will help avoid the risk of a s114 Notice being issued under s114(3) of the Local Government Act 1988.

1.2.16 The implications of issuing a s114 notice are set out in paragraphs below.

1.2.17 A report issued under s114 (3) of the Local Government Finance Act 1988 is one made by a Council's Chief Finance Officer (CFO), if in their opinion they believe that expenditure to be incurred during a financial year is likely to exceed the available resources.

1.2.18 The report triggers a short-term statutory prohibition on entering into any new agreement which may involve the incurring of expenditure without the permission of the CFO. Statutorily the CFO can only consent to new agreements or to terminate existing agreements during this period if they will prevent the situation getting worse, improve the situation, or prevent a recurrence.

1.2.19 The report must be considered by a meeting of the Council within 21 days of it being issued. At the meeting, the authority must decide if it agrees or disagrees with the views in the report and the actions it proposes to take. If the Council cannot still agree a balanced budget position, then the authority is required to call in the external auditor who must then try to set a balanced budget.

1.2.20 In addition, the Government can intervene on how services are run by a council following a 114 report. Most councils in this situation have been the subject of such intervention via Commissioners or members of an intervention board who are usually experts with length experience in local government. Ultimately, they have the power to direct a council over budgetary and other decisions.

1.2.21 ***Based on the risks set out in this report, in my opinion, as Director of Finance and Systems (S151 Officer), the budget estimate of £273.66m (after adjusting for EFS) and a council tax requirement of £151.07m is robust on the basis that:***

- a) All Members and Officers will work collaboratively together with an unrelenting focus and priority placed on:
 - i. Lobbying Government for an improved financial settlement beyond 2026/27
 - ii. Controlling costs within approved budgets without exception.
 - iii. Review and mitigate where possible any developing pressures that arise to ensure an unplanned use of reserves is not required.
 - iv. Delivery of the £17.03m planned new savings for 2026/29, with rigorous performance monitoring through the Finance and Transformation Change Board.
 - v. Generate the maximum level of capital receipts as it can from land disposals, accepting there is limited opportunity and receipts are committed in support of investment on the Capital Programme.
 - vi. Identify and develop further transformational savings to enable implementation to secure delivery in 2026/27. This will help mitigate the extent the capitalisation direction is used.
- b) MHCLG agrees to the request for Exceptional Financial Support (Capitalisation Direction) of up to £12.64m.
- c) The Council takes all necessary measures to realise the delivery of £10.6m of planned asset sales over the next three years which are critical to fund capital investment; any underperformance against this target will require a review of the overall capital programme. Other opportunities for asset disposal should be regularly reviewed to allow proceeds to be used to offset the costs of a capitalisation direction.
- d) It is imperative that the capital programme is managed to avoid any unplanned need to borrow to avoid any further impact on the revenue budget.
- e) The next phase of the transformation and savings delivery plans is developed at pace and appropriate temporary resources are secured across Service Directorates to ensure delivery in line with programme delivery profiles.

1.2.22 The forecast level of Council reserves remains low but are adequate to support the budget for 2026/27 having regard to the assessment of current financial and other risks and the implementation of recommended management control measures as set out in this report. A full review of the financial risks faced by the Council is included in Section 8 of the main report.

1.2.23 In my opinion the financial risk the Council is exposed to, given the impact of the Fair Funding Review, has never been greater. This is compounded by the risk posed by the proposed local government funding reforms which were announced as part of the provisional settlement and is planned to be implemented from 2026/27. Further detail of this is provided in Section 4 and 5 of the main report but it is imperative that proactive and meaningful lobbying and dialogue continues

with the Ministry of Housing, Communities and Local Government during the first part of 2026.

1.2.24 It is important that both officers and Members continue to work collaboratively together to enable the Council to successfully navigate the complex and challenging path to address its financial position and achieve financial sustainability over the medium term.

1.2.25 The rest of this section of the report sets out the basis of determining my opinion on the robustness of the budget.

1.3 Process and Introduction

1.3.1 The Section 151 Officer must consider the resilience of the Council and its ability to withstand and mitigate the impact of unknown costs because of local and national changes across the medium-term period.

1.3.2 The budget process has involved the identification or forecasting of spending needs, likely resource availability, and opportunities for efficiencies, income generation and resource realignment. Issues identified during the 2025/26 budget monitoring process, including the position at Period 8, have been addressed in the 2026/27 budget wherever appropriate.

1.3.3 The setting of the budget has included the involvement and support from the Executive Portfolio Holders, members of the Corporate Leadership Team and other service management supported by the Financial Management Service.

1.3.4 All budget managers have been requested to agree their budget working papers and are therefore aware of their proposed budget for 2026/27 and the assumptions the budget is based on.

1.3.5 At a detailed level budgets are based on forecasted activity and have been subject to appropriate challenge, sensitivity analysis and to ensure that they reasonably allow for a degree of error. Risks can be mitigated through a variety of management actions, and the Corporate Leadership Team (CLT) has ensured that in higher risk areas, additional capacity and rigour has been put in place to ensure forecast savings are robust and are capable of being delivered during the year with monthly updates on financial performance in demand-led budget areas reviewed by CLT. Savings will continue to be monitored by the Finance and Transformational Change Board and through CLT as part of the budget monitoring process which is a well-established bi-monthly financial monitoring of all Council activity on an outturn basis from May each year.

1.3.6 The Council has a controlling interest in several companies which are monitored through several structured boards. The viability of these companies is regularly assessed, and any support is provided based on sound evidence. Members and officers sit on these boards and members are provided with all the relevant information to allow them to make informed decisions. External advice on complex structures is taken as required to minimise the risk to the Council and its reserves.

1.3.7 In assuring the robustness of the Council's budget it is also important to have regard to the financial management capabilities across the organisation. This

includes regular updates to the training given to budget holders and to Council Members and the range of available training, supported by the Financial Management Service, is assessed on an annual basis.

1.3.8 Guidance and information have been considered from the Chartered Institute of Public Finance and Accountancy (CIPFA) as part of the Council's financial management arrangements and in setting this budget, including:

- **Financial Management Code** which provides a useful framework to assist local authorities in demonstrating their financial sustainability and sets expected standards of financial management for local authorities.
- **Prudential Property Investment** which provides a useful update on the Prudential Code and how they relate to the expansion of commercial activity by local authorities; and
- **Financial Resilience Index (FRI)** which usefully compares the Council against similar local authorities across a range of key financial measures to give an indication of financial stability.

1.3.9 In drafting the budget reports, and this opinion, close consideration has been attached to professional guidance and views from the Council's external auditor. In their latest annual report, they concluded positively on the governance arrangements and on improving economy, efficiency and effectiveness but recognised the challenges the Council faced in achieving a sustainable budget position.

1.4 Financial Landscape and Trafford's Financial Position

1.4.1 In the run up to the Spending Review earlier this year the Local Government Association (LGA) was projecting a funding gap of more than £8bn by 2028/29 for local government. Each year when the LGA revise this projection the result is a growing funding gap which is now deep rooted in the sector and is driven by a mix of long-standing funding reductions and cost and demand pressures. This position is putting an immense strain on local government, jeopardising its financial sustainability, leaving councils with impossible choices on what desperately needed services they can provide in the future, and putting at risk councils' ability to support the national agenda of boosting housing growth and employment.

1.4.2 A reflection of this is the number of local authorities in EFS; in 2024/25 18 councils needed support to help balance their budget and this number had risen to 29 in 2025/26.

1.4.3 The focus of budget management in 2025/26 has been on several key objectives:

- To minimise the use of the EFS capitalisation direction and where possible target a budget underspend.
- To maximise delivery of the in-year savings programme.
- To manage demand-led pressures such that there are no on-going impacts into 2026/27 and later years.

- 1.4.4 The Council's net expenditure, included in the Period 8 Budget Monitoring Report, is a forecast underspend of £169k in 2025/26 (See Section 3 of the Draft Budget Report). This is a better position compared to the monitoring position reported at similar stages in previous years and reflects the grip on the position to contain expenditure within the overall budget. Whilst positive progress is being made there remain several underlying budget pressures, most notably in children's placements, adult social care and temporary accommodation costs which if they continue unmitigated at their current levels will add further pressure to the budget position in future years.
- 1.4.5 Looking forward beyond 2025/26, inclusive of the estimated impacts of the Fair Funding Review, the three-year gross budget gap is £70m, of which £38m is in 2026/27. The next section provides detail on the approach to financial planning.

1.5 Budget Approach and the Finance and Transformational Change Programme

- 1.5.1 After setting the Council's budget in March 2025 it was an ambition of the Executive not become reliant on EFS and to support this goal the financial planning process has been strengthened further with the creation of three separate sub-groups of the Financial and Transformational Change programme. It is accepted that coming out of EFS is a difficult process and therefore budget planning has focussed on achieving a sustainable budget by the end of the current three-year planning period.
- 1.5.2 The approach to the Council's budget planning during 2025 has been multi-faceted and focus has been given to developing a robust and sustainable three-year financial plan; this wider planning horizon allowing for the development of more robust programmes of transformational change.
- 1.5.3 As in previous years close attention has been placed on several key activities; the delivery of in-year savings programme has been monitored closely, there has been a full review of budget assumptions and wide-ranging benchmarking has been undertaken to ensure Council services are delivered cost effectively. More detail of this approach is included in Section 2 of the report.
- 1.5.4 The budget planning process has been coordinated through the Finance and Transformational Change Programme (F&TC) which has included regular officer and Executive meetings. More detail of this refreshed approach is included in Section 2.4 of the report
- 1.5.5 In respect of the extensive benchmarking work undertaken, this has comprised a combination of generic and targeted benchmarking. Generic benchmarking includes analysis using CIPFA data, comparisons with statistical neighbours, and reviews across EFS authorities. In parallel, specific benchmarking and deep dive exercises have been conducted, focusing on key service areas such as Children's Services and Education, Adult Social Care, and Temporary Accommodation.
- 1.5.6 This programme of activity has allowed a substantial savings programme to be identified over the next three years, and business case development is well progressed which supports the robustness of the savings proposals included in this report.

- 1.5.7 Further programmes are in development which will be supported by digital transformation and business cases will be progressed over the next few months, including the Council's "front door" and the way customers access services.
- 1.5.8 At this stage of the budget planning process, a robust set of draft budget proposals are contained in this report and again demonstrate the Administration's willingness to take difficult policy decisions with the goal of achieving a balanced budget. This positive approach was recognised by the Local Government Association during their Corporate Peer Challenge follow-up session in November 2025 where they commented specifically about the mature approach being taken to help address the budget gap.

1.6 Rationale for making a request for External Financial Support (EFS)

- 1.6.1 Members will be aware that the Council has a legal requirement to deliver a balanced budget. If spending is likely to exceed the available resources for a Council the Officer charged with responsibility for the effective financial management of the Council, the Section 151 Officer, must issue a Section 114 (S114) notice under the relevant section of the Local Government Act, section 114.
- 1.6.2 The approach adopted by the Executive and Corporate Leadership Team has been to avoid the need to issue a S114 Notice by taking all the actions Commissioners would take. An example of this during the planning for the 2026/27 budget was to undertake a detailed review of savings programmes of all the authorities that have either issued a S114 or are under the Government's EFS scheme.
- 1.6.3 Following the worsening in the Council's financial position for 2026/27 because of the impact of the Fair Funding Review a considered and responsible decision has been taken to apply for EFS.
- 1.6.4 The rationale for the request is to:
- provide the ability to set a balanced budget for 2026/27;
 - to create time for the Council to address its structural deficit, mainly through trying to address its historically low funding position, but also to deliver further transformational savings; and
 - to allow an adequate, albeit low, level of reserves to be maintained.

1.7 The Adequacy of Reserves

- 1.7.1 The Council maintains several earmarked reserves which are required to cover the financial risks the authority faces (See Section 8).
- 1.7.2 Earmarked reserve balances are projected to be £69.3m at the end of 2025/26 and are forecast to fall to £37.9m by 2028. Council reserves are at a relatively low level with limited flexibility to support the budget position.
- 1.7.3 Included in these projections is the balance on the General Reserve, being a statutory requirement for all authorities, the level of which is determined by the size of the revenue budget.

- 1.7.4 The calculation of the recommended minimum level of General Fund Reserve takes account of the key risks and uncertainties surrounding the budget estimates and proposals, including continued demand and inflationary pressures as well as other strategic and operational risks. New risks continue to be identified and in 2025/26 will also include the risks associated with the high external interest rate environment and the additional cost pressure this would pose on the cost of borrowing as the Council looks to reduce its under-borrowing position, the outcome of the CQC inspection of adult social care and also the risk of increased children's placement costs. The Section 151 Officer's view is that the financial risks linked to the uncertainty, volatility and complexity of the financial landscape mean it is considered prudent to maintain the level of the General Fund Balances in 2026/27 at £10.5m.
- 1.7.5 The Council's financial environment is subject to volatility, as are the demands on services and the needs of the borough's population and environment. The Council updates its priorities in response to these issues. Reserves balances and the use of reserves are therefore an important part of the Council's financial strategy. Further detail of the Reserves Strategy and Balances is included in Section 8 and Annex F.
- 1.7.6 Reserves are held to help manage the long-term budgetary stability and allow the Council to be able to change without undue impact on Council Tax income forecasts. The adequacy of the Council's General Fund Balance is also a key indicator for the robustness of the budget, as it provides assurance that potential financial impact of variations to budgets can be managed.
- 1.7.7 Reserves are set at a level that recognises the financial risks facing the Council. The greater the level of uncertainty, the more likely reserves will be needed. The Council prepares its budget using the best information available at the time but inevitably includes some uncertainty. In setting the budget, it is important that Executive take account of the uncertainties involved, both in establishing a suitable level of balances and contingencies, and in setting an overall strategy for the budget and medium-term financial plan.
- 1.7.8 A prudent approach needs to be maintained between holding too much and too little money in reserves. If reserves are too low, this increases the Council's exposure to risk and endangers its capacity to deliver priorities in a planned and prudent fashion. Demand led services, major projects, an environment of everchanging legislative requirements, combined with delays in Government Funding reviews all threaten financial stability. However, money held unnecessarily in reserves is not being spent on front line services and the public may not receive full value for money. The Council therefore regularly reviews the reserves position to ensure reserves remain adequate.
- 1.7.9 To mitigate the impact of the risks posed by the low level of reserves it will be necessary to continue the policy of replenishing reserves wherever possible. Therefore, any windfall income or budgetary underspend is transferred to the Budget Support Reserve at year end.
- 1.7.10 A full risk assessment of the Executive's budget proposals has been undertaken, and this has been used to inform the appropriate level of specific earmarked reserves for the major financial risks.

- 1.7.11 School related reserves amounted to £14.7m at the start of the financial year and cannot be used for general purposes. In respect of the balances on the DSG these reflect a growing and significant risk; one that is being felt by education authorities across the country. At the start of 2025/26 the deficit on the DSG reserve was £19.7m and this is forecast to grow to £67m (See Section 9) by the end of 2027/28 due to rising need and demand pressures within the High Needs budget. The deficit is being held as a separate, negative reserve on the balance sheet, as currently required by statutory regulations known as a “statutory override” but the position is starting to have a significant impact on Council cashflow and liquidity.
- 1.7.12 Policy announcements are expected from Government during 2026 to set out how they will support and help local authorities manage the underlying demand in Special Educational Needs and Disabilities. At the Final Settlement, the Government did however agree to fund 90% of the local authorities’ Dedicated Schools Grant (DSG) deficits at the end of 2025/26 through a High Needs Stability Grant. Left unabated the size of the deficit on the DSG would have significantly exceeded the balance of all other earmarked reserves by the end of 2026/27 and therefore placing the Council at high risk of S114.

1.8 Conclusions

1.8.1 On the basis of the above-mentioned financial planning and monitoring processes and risk assessment of the budget, the Section 151 Officer is able to 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 for 2026/27 are robust and the recommended level of earmarked reserves and balances are adequate and that the budget should be submitted to Council for approval on the basis that:

- a) The Council agree to the level of Exceptional Financial Support as detailed above and removes the need for a S114 in 2026/27.
- b) The proposed level of Council reserves and contingencies are adequate to support the budget for 2026/27 having regard to an assessment of current financial and other risks set out extensively in this report and assuming these risks do not increase beyond those that can be contained by the Council. It should also be noted that matters will continue to be identified and will change throughout the coming financial year and beyond.
- c) The estimates are robust for the calculation of the budget within the confines of the many risks noted throughout this report. Particular attention is drawn to the following specific conditions and risks:
 - i. The recommended level of General Reserve for 2026/27 is £10.5m, although this is the minimum as a percentage of Net Revenue Expenditure.
 - ii. The budget which has levels of contingency and provisions built in to reflect the considerable risks the Council is facing.
 - iii. The level of Council general and earmarked reserves relating to specific risks and specific initiatives, was £69m as at 1st April 2025 and is projected

to decrease to circa £38m at the end of the 2027/28, which compared to other similar local authorities is low.

- iv. The Council has a major dependency on asset sales to support the capital programme. The timing of generating capital receipts can sometimes be protracted and therefore has potential to impact the robustness of the budget.
 - v. The Council has five joint venture companies established to support significant regeneration schemes in the Borough. Until redevelopments are completed there will be a need to service debt financing from a specific reserve earmarked for this purpose over the next two to three years and mitigation strategies need to continue to reduce this need.
 - vi. That the delivery of the savings programme is crucial to maintain budgeted stability and therefore the Finance and Change Board and Executive need to have tight control of this during 2026/27.
 - vii. Risk of abortive costs on capital project development schemes needs close monitoring – capitalisation of interest will put pressure on capital receipts and ability to finance new capital projects.
 - viii. Priority needs to be given to generate additional receipts through the asset disposal programme. Any capital receipts generated over and above those needed to finance the approved capital programme need to be retained corporately and used to repay debt therefore reducing overall borrowing costs.
- d) Members are requested to note that the S151 Officer will provide Members with regular updates concerning the Council's finances and the risks of a S114 notice.
- e) The estimated budget gap for the next two financial years stands at £27.1m, with £25.1m in 2027/28, an amount equivalent to 9.9% of the proposed net revenue budget. This is clearly a budget gap that cannot be addressed through transformational savings alone and will also need a rebalancing of the Council's overall funding position; something which the Council will continue to lobby Government for.

2. STRATEGIC BUDGET APPROACH AND PROCESS

2.1 Overview of Medium-Term Financial Strategy (MTFS)

2.1.1 The Medium-Term Financial Strategy (MTFS) provides the context for the detailed budgeting process the Council undertakes.

2.1.2 The key aim of the Strategy is to ensure that the Authority has appropriate resources in place to fund key service demands over the next few years. The Strategy includes the establishment of earmarked funds and the allocation of ongoing revenue budget and capital resources for key priorities. The MTFS is refreshed each year to give a rolling five-year assessment of the fiscal environment, with three years being the focus within this report.

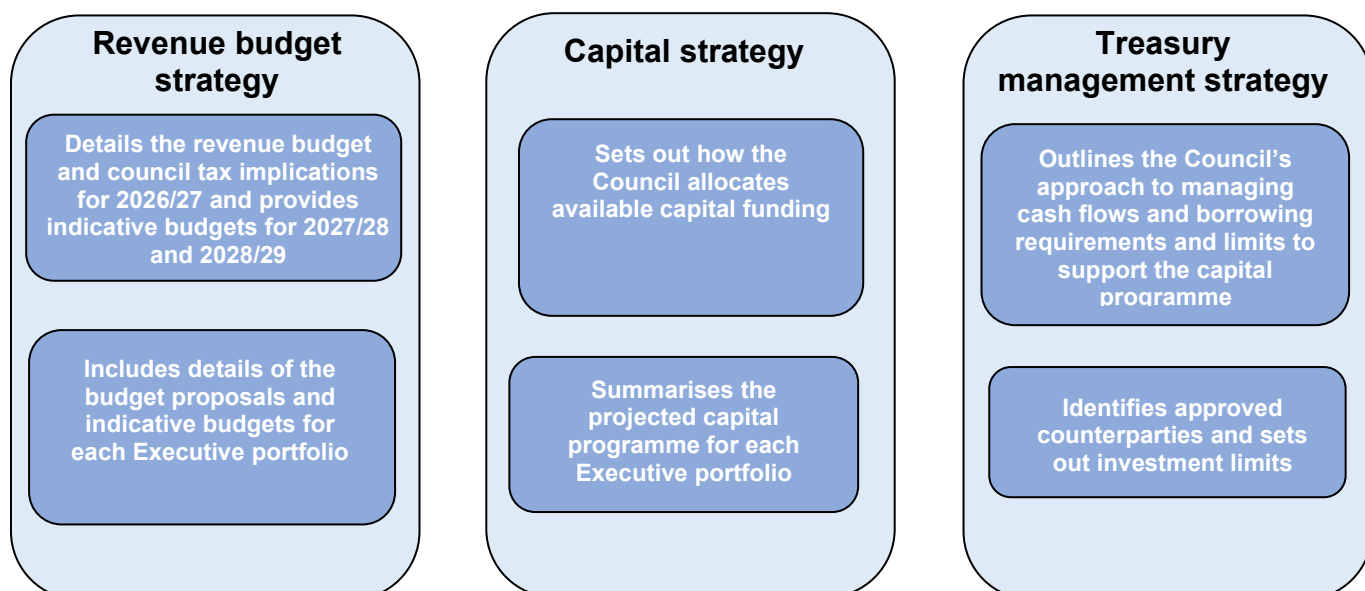
2.1.3 The MTFS sets out how the Council intends to respond to:

- the forecast size of the financial challenge it faces in the medium term;
- the constraints of the national and local landscape;
- the risks to financial resilience.

2.2 Corporate Plan and MTFS

2.2.1 In the current financial climate, the Council's principal financial aim is to continue to effectively utilise scarce resources to support Council priorities as set out in the Corporate Plan.

2.2.2 The Medium-Term Financial Strategy (MTFS) complements the Corporate Plan and provides the financial framework within which the priorities will be delivered.



2.2.3 The core principles underlying the MTFS are as follows, with further details provided in Section 4, 5 and 8 of the Developing the Financial Planning Framework, Core Budget Assumptions and Key Financial Risks.

- To maintain a sustainable financial position that enables the Council to deliver on its key priorities.
- To make appropriate provision in the budget so that it keeps pace with demand.
- To strive to keep council tax at affordable levels whilst delivering value for money services.
- To ensure that its limited capital and revenue resources are allocated to those activities which contribute most to improved outcomes for local people.

2.2.4 It is essential that the Council does not lose sight of its key ambitions and objectives for 2026/27 and beyond and the budget proposals remain closely aligned to these.

2.2.5 The latest Corporate Plan **Our Trafford, Our Future 2024 - 2027** was approved by Trafford Council in July 2024. It describes Trafford Council's strategic vision, outcomes and priorities for the borough, with the priorities being key to its delivery. It includes an overview of what the Council will do and how it will work with residents, communities, businesses, and other partners to deliver sustainable change to Trafford in line with these commitments.

2.2.6 Our vision remains:

'Trafford - where all our residents, communities & businesses thrive'

2.2.7 It will shape the activity within the Council, help prioritise resources and monitor progress made, as well as aligning with strategic financial planning. In the refresh of the plan, it was particularly important given the impact of the cost-of-living crisis, devolution and invigorated partnership working that we expanded our priorities to cover more areas and to further service our communities.

2.2.8 To inform the corporate plan, feedback was taken from a range of stakeholders including residents, colleagues and partners. This feedback was supportive of the expansion from three to five corporate priorities.

2.2.9 The five corporate priorities are:

- The best start for our children and young people
- Healthy and independent lives for everyone
- A thriving economy and homes for all
- Address the climate crisis
- Culture sport and heritage for everyone



2.2.10 Regarding our five corporate priorities our key ambition and objectives for 2025/26 and beyond are set out below and the budget proposals remain closely aligned to these. These include:

➤ **The best start for our children and young people**

We want our children and young people to receive the best possible education and get the support they need to achieve and thrive. By working effectively with partners, we will continue to improve our Early Years education offer as well as provide family help for those who need additional support. We want to make sure that our young people have access to the best start on their chosen path and that local businesses can capitalise on the talented, young workforce that is soon to take the next steps in their lives.

We will prioritise prevention by investing in family hubs and providing families with help and support at the earliest stage and when they need us most. We need to promote good physical and mental health for our young people to prevent poor health and give them a healthy and active life. We will continue to invest in services across the borough to support Children requiring social care support and Care Experienced young people and adults, ensuring that they are at the forefront of our ambitions as a Local Authority. Our continued delivery of in-house youth services will enable our young people to thrive and grow within the area they call home.

➤ **Healthy and independent lives for everyone**

We want our residents to live in good health, remaining independent in their own homes wherever this is possible. The strength of our community is one of Trafford's greatest assets and we will strive to make Trafford a place where residents of all ages can be as healthy and independent as possible. In the post-pandemic world, we know that many residents are feeling the effects of the cost-of-living crisis and resulting intensified hardship and we have worked hard to embed community support. We will strive to ensure that our residents with the greatest need are served by the Council, particularly working to improve health and care services so people can remain at home for as long as possible. We will continue to establish further good practice at neighbourhood level, particularly in partnership with our voluntary sector. The focus of this priority will enable us to develop coordinated responses to ensure that our residents can receive the right level of support at the right time. This means working effectively with health partners to deliver great services for our residents. We will continue to strengthen our neighbourhood plans to support our residents in their communities through accessible support.

➤ **A thriving economy and homes for all**

We want Trafford residents to have great access to employment and to live in good quality housing. We want our businesses to thrive. Our borough is changing. We are seeing major regeneration in our town centres and beyond – and there is more to come. We want residents to feel the benefits of this change by creating an economically thriving borough driven by local, national, and international investment. By helping people to gain skills and improving access to employment we will ensure that all residents share in this growth. Vital to the success of our borough is a skilled workforce that has access to job opportunities with a living wage.

We are proud to be Real Living Wage Accredited and part of the Good Employment Charter. We want to create a local economy that is resilient with increased investment flowing into Trafford. This regeneration of our key locations and town centres will be parallel to our ambition to ensure accessibility for all through the improvement of our transport infrastructure. We will support the delivery of new and affordable housing across the borough, making sure that those who grew up in Trafford can afford to stay and those experiencing homelessness can be supported back into housing.

➤ **Address the climate crisis**

We want to play our part in reducing our carbon footprint and address the impact of climate change in Trafford; the climate crisis requires local action and partnership working to solve.

We will continue to work with partners to decarbonise Trafford Park industrial estate, while also increasing what we re-use, repurpose and recycle. We are committed to further expanding EV charging infrastructure across Trafford to support our residents to make green choices. Over the last three years, Trafford has needed to become accustomed to climate change impacts within the borough. We want to protect our most vulnerable residents from further impact caused by the damaging effects of increased rainfall, increased temperatures and extreme weather. We will promote the Walking, Wheeling, and Cycling strategy and give our residents access to green spaces where they can relax through social, active, and leisure activities.

➤ **Culture, sport and heritage for everyone**

We want to promote our fantastic cultural and sporting heritage, developing opportunities for all. Trafford's culture and heritage is rich and diverse from Imperial War Museum North, Emirates Old Trafford Cricket Ground and Manchester United Football Stadium to Dunham Massey Estate, Trans Pennine Way, Waterside Arts Centre and Longford Park. Over the next few years, we aim to cherish this heritage by expanding access to culture across the borough. Our new Cultural strategy should enable the borough to bid for the Town of Culture award, attract further investment into the area, and encourage residents to get involved in local culture. We are continuing to invest in Trafford's leisure centres so that all residents have the opportunity for accessible and enjoyable physical activity as we encourage people to move more every day. We will also work with businesses and communities to come together and build on our sporting heritage.

2.2.11 To achieve these priorities the Council is focused on three outcomes:

- All our residents will have access to quality learning, training and jobs.
- All our communities will be happy, healthy and safe.
- All our businesses and town centres will be supported to recover and flourish in an inclusive way.

2.2.12 A performance framework continues to be developed which is data-led and outcome focused. This 'Annual Delivery Plan' will include key actions, milestones and key performance indicators to monitor progress towards the corporate priorities. Performance monitoring will utilise visualisation methods such as dashboards and case studies to 'tell the story' and outline the impact to the borough.

2.3 **Strategic Approach to the Budget**

2.3.1 The components of the strategic approach to managing the budget are centred around several key building blocks which are detailed in the paragraphs below and in summary our approach has included:

- **A Finance and Transformational Change Programme** - established in 2022/23 to support a structured approach to budget planning and transformation.

- **External assurance reviews** - In 2024 we commissioned CIPFA to undertake a Financial Resilience Review to support our budget planning for 2025/26.
- **An Asset Investment Strategy** - introduced primarily focused on regeneration but also supports the revenue budget through additional income each year.
- **A formal Lobbying Strategy** - to highlight the significant shortfall in Trafford's resource allocation. This included a more structured approach to developing working relationships with elected representatives, businesses and residents.
- **Reinforcement of a "Getting the Basics Right"** - approach to strong financial management, through effective internal finance/service partnerships, strong in-year budget monitoring, budget holder training and in-year savings monitoring.
- **Regular benchmarking comparisons** - monitor service delivery, ensure value for money and identify opportunities for future savings programmes.
- **Risk and Robustness Review** - A robustness review and regular analysis of the level and reasoning of holding sufficient earmarked Reserves and recognition of strategic risk (see Robustness section 8).

2.4 Finance and Change Programme

2.4.1 The Finance and Change Programme was established in February 2022 and continues as a governing structure to drive forward a strategic change programme which supports the delivery of a balanced and sustainable budget in both the short and medium term.

2.4.2 In early 2025, following the external CIPFA review, Corporate Peer Challenge and Finance and Change lessons learned sessions, the governance arrangements for the Finance and Change Board were reviewed, and refreshed as follows:

- The main board became the **Finance & Transformational Change Board (F&TC)** to reflect the level of transformational and digital change required for the next three years to maximise opportunities for savings and to transform/modernise the council.
- Newly formed **sub-boards were established** for Adults, Children's (separate boards for Social Care and Education) and Temporary Accommodation. These Boards have provided the platform to undertake a deep-dive approach, which includes additional benchmarking across our statistical neighbours into areas of significant pressures, working closely with each service and with elected members for each area.
- The **Transformation Board** has been re-established to look at transformational and innovative ideas and the digital transformation strategy and plans, as well as reviewing in detail the existing performance, impact, risks and issues. The board ensures that resources and performance improvements are discussed in detail and key findings presented to the F&TC Board.

- Ensure the role of **Overview and Scrutiny** is maximised in the F&TC activities. A review of the budget scrutiny arrangements has been undertaken with both officers and Scrutiny Committee members, and updated arrangements have been introduced this financial year. This has included an update in July 2025 with further planned updates in January and February 2026. The aim being to provide further transparency on the progress made in achieving a balanced budget.

2.4.3 The Transformation and Change programme is based around several key areas, and focuses on six themes:

Six Key Areas:

- Children's Transformation
- Adults Transformation
- Bed and Breakfast Elimination and Temporary Accommodation
- Digital
- Smarter Working and Corporate Areas
- Front Door

Six Themes:

- Income Efficiency and Maximisation – review of charging policy
- Prevention and Demand Management – A review of alternative delivery models on those areas of prevention and demand management with demand led budgets, such as Child placements, Home to School Transport, Adult Social Care and Temporary Accommodation.
- Contracts and Commissioning – effectively challenging contract terms and focused renegotiation
- Productivity and Use of Technology – application of new technologies across all service areas
- Property and Estates – continued review of property portfolio and estates
- Benchmarking - Ongoing reviews of benchmarking data comparing the Council's details relating to unit costs, service charges etc to neighbouring/statistical neighbours and those under EFS.

2.4.4 The output of the work of the Programme continues to help develop the business cases and savings proposals to address the significant budget gap.

2.5 **External CIPFA Financial Resilience Review**

2.5.1 In February 2024, the Executive agreed to commission an informal CIPFA finance resilience review which followed a similar approach to the reviews undertaken at councils under the Exceptional Financial Support (EFS) Framework.

- 2.5.2 The outcome of the review, which was conducted during the summer of 2024, provided key insights into the Council's financial position, informing its successful application for Exceptional Financial Support (EFS) in January 2025 to balance the 2025/26 budget. The review confirmed strengths in financial monitoring, planning, and governance, supported by a strong finance function, but also highlighted the significant financial challenge of a structural deficit. The review's findings were further supported by a Local Government Association (LGA) Corporate Peer Challenge, which also focused on financial challenges.
- 2.5.3 The main findings of both reviews have been reported to Executive and Accounts and Audit Committee and highlighted 11 combined recommendations to work through for which action plans have been developed and the recommendations continue to be progressed via the Transformation and Change programme and appropriate updates will be given to both committees in due course.

2.6 Formal Lobbying strategy

- 2.6.1 As detailed in recent budget reports, the Council has increased its activity in lobbying government to highlight not just the precarious financial position that all of local government is facing, but also the unique challenges it faces as a consequence of being one of the lowest funded local authorities in the country.
- 2.6.2 In August 2024, the Executive agreed a new formal Lobbying Strategy which included a more structured approach to developing working relationships with elected representatives, businesses and residents. In addition, a collaborative approach alongside Greater Manchester Combined Authority via its Devolution Steering Group to focus on changes regarding the impact of the Greater Manchester Devolution Trailblazer and the Single Settlement.
- 2.6.3 This precarious financial situation was reinforced in the Council's formal response to the Fair Funding Review, which included additional supporting letters to the Minister for Local Government, Director General of Local Government, Growth and Communities and local Members of Parliament. These letters emphasised the critical role the Council is playing in supporting the Government's agenda to deliver economic growth, new housing, and reforming public services, however the financial implications resulting from the Fair Funding Review, will inevitably leave the Council in an unsustainable financial position and facing the prospect of further EFS applications.
- 2.6.4 **Robust Financial Management Policies "Getting the Basics Right"** - In addition to the Finance and Change Programme, various other activities have formed an essential part of the financial strategy to achieving a robust and balanced budget. These activities include:
- Maintaining close control of the 2025/26 monitoring position, ensuring pressures are maintained and management action such as the vacancy management pause continues as required. In addition, a renewed focus on mitigating in-year pressures through alternative savings or bringing forward future proposals.
 - Ensuring effective monitoring of the in-year savings programme with appropriate exception reporting and escalation to limit any recurrent impact of non-delivery on future years budgets.

- Review and mitigate where possible any developing pressures that arise to ensure any unplanned use of reserves is not required.
- Continuing to identify opportunities for further savings that will be an essential requirement for 2026/27 and where possible accelerate delivery in 2025/26.
- Continue review of the saving schedules for those authorities under the EFS framework and statistical neighbours.

2.7 Underlying National Issues, Structural Deficit and Budget Uncertainty

2.7.1 The preparation of this MTF5 has been helped by the release of the Spending Review 2025, which was the first review in several years to set out the future financial envelope covering a three-year period. However, this clarity has been overwhelmed by the impact of the Fair Funding Review relating to the methodology used to distribute resources across local government. See Section 4 and 5 for further details.

2.7.2 Significant growth in demand for Children’s social care and Children’s Special Educational Needs is being experienced both nationally and in Trafford. Challenges in recruitment and retention, pressures in Adult Social Care and evolving pressures in managing temporary accommodation are also contributing to a situation in which Council’s finances are under even more strain now than any time in the last decade.

2.7.3 In 2024, The Local Government Association (LGA) responded to a Treasury budget consultation request, which highlighted the “systemic” risk of failure across local government and urged the government to take immediate steps to stabilise council finances. It highlighted that English councils faced a £6.2bn shortfall across the two years 2025 to 2027. These figures have more recently been updated in the run up to the Spending Review 2025 where they **projected a funding gap of £8bn by 2028/29**. This position is putting an immense strain on local government, jeopardising its financial sustainability, leaving councils with impossible choices on what desperately needed services they can provide in the future, and putting at risk councils’ ability to support the national agenda of boosting housing growth and employment

2.7.4 The LGA analysis also highlighted the desperate state of the funding gap on councils’ Dedicated Schools Grant budgets due to increased demand for services for children with special educational needs and disabilities (SEND). **The ‘deficit’ on the provision of SEND services shows that English councils face a £2.3bn funding gap in 2025/26, rising to £3.9bn by 2026/27, creating a £6.2bn shortfall over just two years.**

2.7.5 Although growth in inflation was starting to slow considerably, the pattern in recent months has reversed this trend, with inflation increasing in September 2025 to 3.8% and dropping slightly to 3.6% in October 2025. The Bank of England remains committed to a target of 2% and is estimating that rates will fall rapidly and may briefly drop below this level. However, market sentiment remains uncertain, and assumptions will need to be reviewed again in the preparation of the final budget.

2.8 Activities undertaken in preparing the draft and final budget

- 2.8.1 A full review of all assumptions used in developing the budget plans has been undertaken by the Finance and Transformational Change Programme to ensure they are still relevant and up to date, including a review of all continuing savings programmes.
- 2.8.2 Directorates have been tasked with identifying measures to manage any in-year pressures through relevant mitigating actions and to ensure that additional pressure is not added to the budget for 2026/27 and beyond; inevitably there are pressures which cannot be mitigated which have been considered in the preparation of the draft budget.
- 2.8.3 Regular meetings, which were established as part of the Council's previous application for EFS, have continued to take place with officers from MHCLG. These meetings were used to highlight the unique circumstances faced by the Council and progress being made in managing a systemic shortfall in resources. These meeting are now focusing on the significant impact the FFR proposals will have on the Council and the evolving situation that the Council is being forced back into an EFS position.
- 2.8.4 All the proposals in the report have been subject to review by the Executive and Corporate Leadership Team and further work on robustness, the continued development of business cases and equalities impact have taken place in the preparation of the final budget proposals.
- 2.8.5 Although good progress has been made in closing the budget gap, there remains a significant budget challenge, and a solution will need to be identified to address the recurrent nature of the budget gap which has only been made good in 2026/27 through the one-off application of the Capitalisation Direction.

2.9 **Budget & Staff Consultation**

- 2.9.1 In order to assist the evaluation of the budget proposals and to ensure that the Council is sufficiently informed to enable it to meet its duties under the Equality Act, a number of Equality Impact Assessments (EIAs) have been carried out to ensure that due consideration was given to those with the protected characteristics and to identify the likely impact of the proposals on each of these groups for the savings measures included in the report.
- 2.9.2 There are a number of savings proposals in this report which are subject to public consultation some of which will be scheduled after the start of the financial year.

2.10 **Budget Scrutiny**

- 2.10.1 Since publication of the draft budget in January, The Director of Finance & Systems has held several individual budget briefings with all opposition leaders to ensure an understanding of the overall budget position.
- 2.10.2 In addition, the Scrutiny process for the budget was undertaken across two different sessions during January and covered :-
- Session 1 - Review of the budget approach, key assumptions, risks, reserves and challenges

- Session 2 - Review of the budgets for the Place Directorate and Investment Strategy budget, Adult Services and Children's Social Care

2.10.3 All sessions were open for attendance to all members and were attended by relevant Executive Members and senior officers to give background to the budget proposals and answer questions.

2.10.4 Scrutiny Committee comments were submitted to the Executive on 12th February 2026 in the Overview and Scrutiny Review of the Executive's Draft Budget Proposals for 2026/27 report.

2.10.5 The Executive's response to the Scrutiny Committee issues and recommendations can be found in a separate report on the Executive agenda.

2.10.6 Further budget briefings with opposition leaders will be held following the publication of the final budget report to allow consideration of any budget amendments.

2.11 Reminder of Budget Gap at Draft

The draft budget included a number of income generation and savings totalling £17.08m, assumptions were made on increases to the rate of council tax and use of reserves. At that stage a net budget gap of £20.58m remained in 2026/27 and was closed by the application of a Capitalisation Direction requested by the Council under the Government's Exceptional Financial Support Framework.

Summary of the Budget Proposals	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Revised Gross Budget Gap (Jan 26) excluding FFR	36,895	11,543	4,854	53,292
Policy Choice Funding Proposals				
General Increase in basic Council Tax to 2.99%, 2.99%, 2.99%	(4,203)	(4,497)	(4,811)	(13,511)
Social Care Precept increase 2.0%, 2.0%, 2.0%	(2,811)	(3,009)	(3,219)	(9,039)
Use of Budget Support Reserve	(5,000)	5,000		0
Total Policy Choice Funding	(12,014)	(2,506)	(8,030)	(22,550)
Savings and Income proposals	(9,759)	(4,276)	(3,047)	(17,082)
Revised Budget Gap (Jan 26) Draft excluding FFR	15,122	4,761	(6,223)	13,660
Add back estimated impact of FFR	5,459	9,186	9,386	24,031
Revised Budget Gap including FFR	20,581	13,947	3,163	37,691
EFS Capitalisation Direction 2026/27	(20,581)	20,581	0	0
Revised Budget Gap	0	34,528	3,163	37,691

2.12 Since the draft budget was presented to the Executive on 14th January 2026, there have been a number of factors which have impacted on the overall budgetary position and are updated in this report :-

- **Section 3** – Reminder of the Financial Background for the Council, Savings achieved to date, key comparison data and update on the 2025/26 Revenue Monitor.
- **Section 4** – Key elements of the Financial Strategy including the initial outcome of the review of Fair Funding and update on major policy announcements since the draft budget including the output of the lobbying campaign and the Final Local Government Finance Settlement and outcome of the second consultation of the Spending Review
- **Section 5** – Core Budget Assumptions included in the budget plans and some of the medium term strategic risks.
- **Section 6** – Budget Update including the changes to the budget pressures and funding assumptions since draft budget and how the budget gap is to be met for 2026/27.
- **Section 7** – Proposed Budget 2026/27 – 2028/29
- **Section 8** – Budget robustness and review of risks and update on the planned application of reserves
- **Sections 9** – Schools Funding and Budgets
- **Section 10** – Council Tax Requirement and Statutory Calculations

3. FINANCIAL BACKGROUND

3.1 Background to the Budget

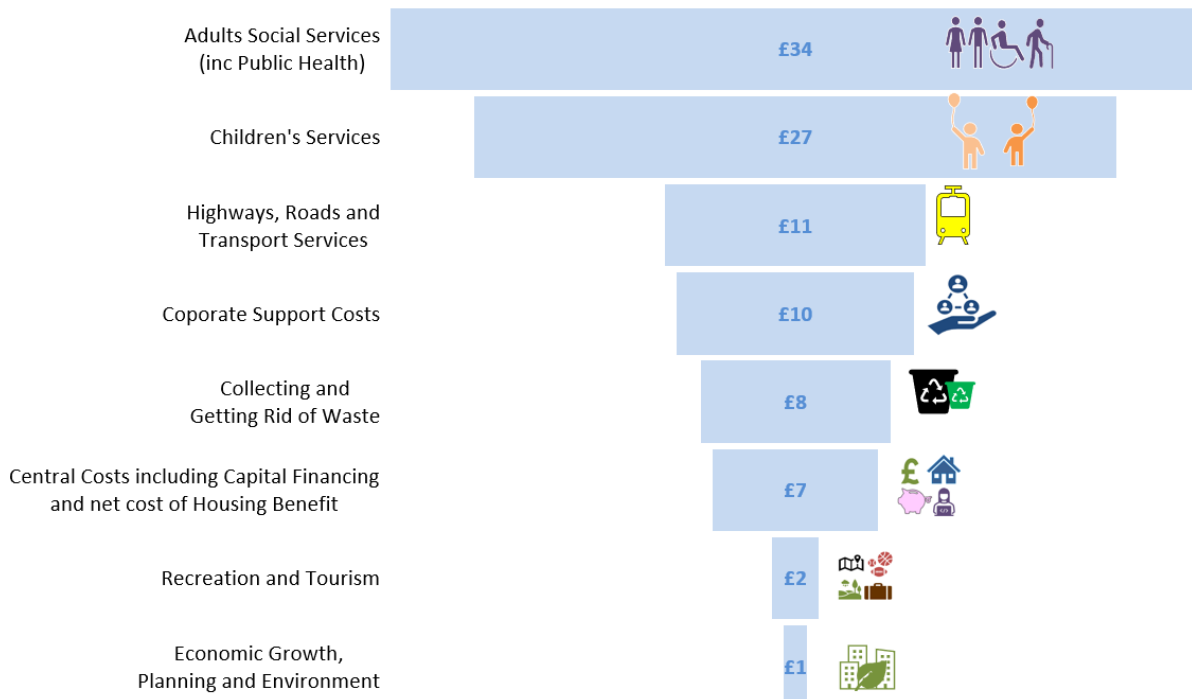
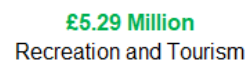
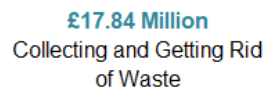
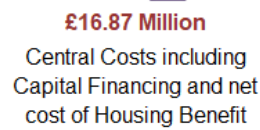
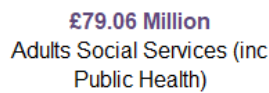
3.1.1 In understanding the budget proposals, it is useful to understand the financial envelope within which the Council operates, where resources are allocated and key metrics behind the budget.

3.1.2 The Council's current gross budget is £673.31m, however this includes specific funding of Dedicated Schools Grant and Housing Benefit. The Council's gross income budget is £440.24m leaving a total net budget of £233.07m.

3.1.3 The table below demonstrates the movement between gross and net budget.

Gross to Net Budget	2025/26 £m		£m
Gross Expenditure	673.31		
Schools DSG	(220.24)	Children's Services	61.68
Housing Benefit	(47.49)	Adults and Well Being	79.06
Other Government Grants	(56.37)	Place	34.64
Sales, Fees & Charges and Rents	(62.87)	Legal & Governance	4.60
Contributions & Re-imbursements	(22.78)	Finance and Systems	12.21
Other Income	(22.62)	Strategy & Resources and Traded Services	11.67
Earmarked Reserves	(7.87)	Council Wide	29.21
Gross Income	(440.24)		233.07
Net Budget	233.07		

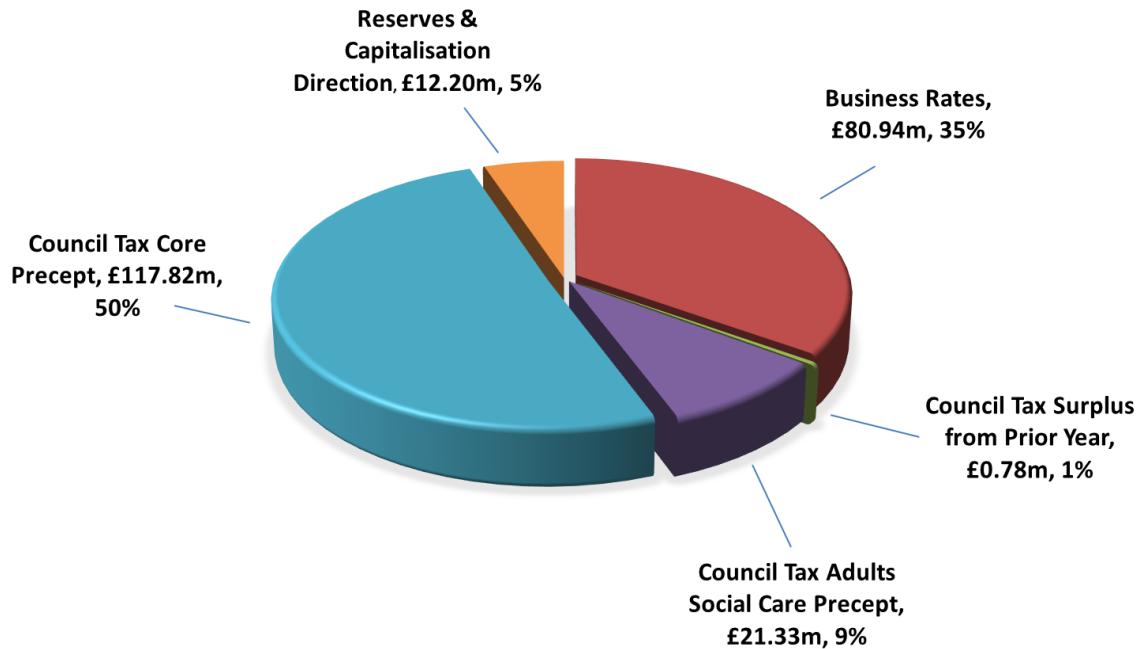
2025/26 Controllable Revenue Budget **£233.07m** by Service Theme and what £100 spend looks like:



£61 in every £100 is spent on Children's and Adults Services.

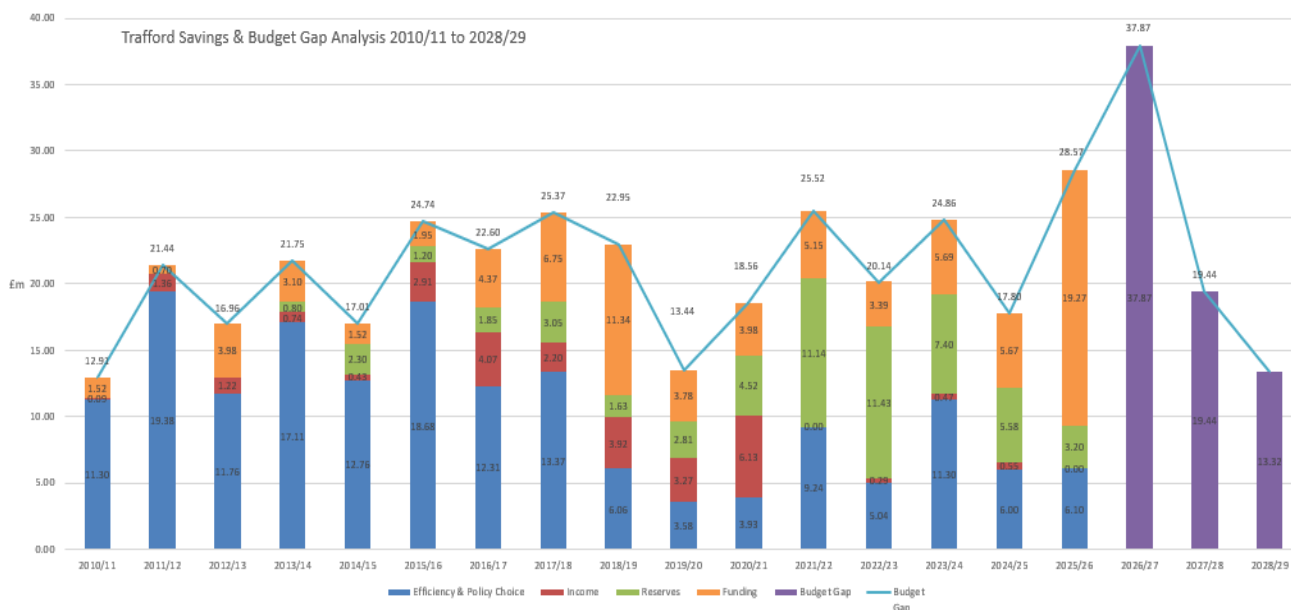
Of the Council's £233.07m net budget, £139.93m (60%) is funded from Council Tax and £80.94m (35%) from Business Rates (consisting of £62.35m Baseline Funding and £18.59m share of grow and use of reserves).

2025/26 BUDGET FUNDING BY SOURCE- £233.07M



3.2 DELIVERY OF SAVINGS SINCE 2010

3.2.1 By the financial year 2025/26, Trafford will have faced cumulative budget shortfalls amounting to £334.62m, driven by sustained expenditure pressures and reductions in funding since 2010/11. Looking ahead, an additional gap of £46.62m is projected over the next three years, with £37.87m attributed specifically to 2026/27. This includes a recurring shortfall of £12.80m carried over from 2025/26, which was temporarily covered using reserves and the capitalisation direction. It also excludes the impact of the Fair Funding Review which will result in the Council losing over £24m of resources over three years. The scale of savings already achieved presents a significant challenge, making it increasingly difficult for Trafford to identify and deliver further efficiencies.



3.3 Benchmarking activity

3.3.1 As part of Trafford Council’s commitment to continuous improvement and financial transparency, several exercises have been carried out in recent years including the commissioning of external reviews and comprehensive benchmarking exercises. The outcome of these reviews has been reported in detail in previous budget reports and have consistently emphasised the systemic shortfall in Trafford’s core spending power when compared with statistical neighbours and other metropolitan councils.

3.3.2 In April 2025, a deep dive benchmarking review was carried out as a focused theme under the Transformation Programme. This review compared Trafford against its CIPFA nearest statistical neighbours and some councils who had issued Section 114 notices or have sought EFS. Their inclusion provided valuable context on how councils in financial distress are managing budget pressures and implementing savings. In addition, a separate benchmarking exercise for Children’s Services was commissioned via the LGA in Summer 2025.

3.3.3 The findings from the benchmarking identified several recurring themes across all local authorities and were also applicable to Trafford. Trafford categorised these activities into five key areas: Adult Social Care, Children’s Services, Place/Estates, Corporate Cross-Cutting, and Fees & Charges. One of the most prominent themes was the emphasis on early intervention, reablement, and low-cost care packages. These approaches have developed as a central theme to Trafford’s transformation agenda, which aims to reduce long-term care dependency and improve outcomes for residents. Trafford’s strategy not only supports financial sustainability but also promotes greater independence and better quality of life.

- 3.3.4 Another significant theme was the realignment of services to the Care Act 2014. Several councils were reviewing assessments and direct payments to ensure compliance and improve efficiency. There is also a shared focus on targeted reviews of high-cost placements in both Adults and Children's services, as well as in accommodation strategies and transport-related costs. These findings have directly informed the development of Trafford's business cases, including initiatives such as Care Closer to Home, the Adults Social Care Front Door, Fairer Cost of Care, and Discharge to Assess in Adults. In Children's Services, Trafford is actively reviewing Placement Sufficiency, Edge of Care, and Home to School Transport. There is also strong joint working across teams, particularly with Estates and Property, as part of the Our Place business case. All of the business case and initiatives continue to be progressed through dedicated sub-boards covering Adults, Children's, Education, and Emergency & Temporary Accommodation.
- 3.3.5 Cross-cutting proposals highlighted the growing role of digital transformation and artificial intelligence (AI) in driving efficiencies. Many councils are investing in AI-driven service redesign and business process reviews, while others are focusing on IT digitalisation and automation. These innovations are reflected in Trafford's Digital Strategy and are embedded in the Corporate Front Door Programme, which aims to modernise how residents interact with the Council, whether online, by phone, or in person.
- 3.3.6 Additional themes include income generation and cost reduction through improved efficiency or new ways of working. Trafford is continuing to undertake regular deep dives and incorporate these findings into its medium-term financial planning and transformation programmes, ensuring its approach remains aligned with sector best practice and emerging trends.

3.3.7 **Low level of Council Tax** – Despite the bespoke referendum threshold granted to the Council under EFS to increase council tax by 7.25% in 2025/26 and the proposal to increase council tax by 4.99% in 2026/27, Trafford will still maintain lower than average council tax rates. Currently, Trafford has the second lowest rate across all GM Authorities and would be the third lowest if Trafford increased council tax by 4.99% in 2026/27 whilst all other authorities remained static. If Trafford raised its Council Tax to the average of GM neighbours (£1,917) this would raise an additional **£15.76m** per annum.

Greater Manchester Mets	Band D Council Tax 2025/26 £	2026/27 Trafford Increase at 4.99%
Wigan	1,631	
Trafford	1,722	1,807
Manchester	1,784	
Bolton	1,860	
Tameside	1,912	
Bury	2,015	
Salford	2,053	
Oldham	2,054	
Rochdale	2,059	
Stockport	2,076	
Average GM	1,917	

4. DEVELOPING THE FINANCIAL PLANNING FRAMEWORK

4.1 Developing the Financial Planning Framework

- 4.1.1 The Medium-Term Financial Strategy (MTFS) looks at financial planning and management for a five-year period. It helps us to develop a sustainable budget over the medium term and incorporates forecasts of key factors such as changes in Government funding, our spending plans, changes in demand and inflation and the level of savings needed to make in order to keep Council Tax affordable. It offers assurance that the spending plans are affordable over the medium term.
- 4.1.2 In addition to the immediate budget assumptions, the strategy also identifies the medium to long term issues which may need to be considered in detail for future plans. These are highlighted in Section 8.
- 4.1.3 Details of the budget gap in public finances vary significantly, however there is no hiding the enormous financial challenges faced by all public sector departments.
- 4.1.4 The fact the outcome of the Government consultations on the Fair Funding Review and the Business Rates Reset were delayed, has made this budget round particularly difficult. Although the Policy Statement announced on 20th November gave some indications of local authority level allocations, it was not until the Provisional Local Government Finance Settlement was released on 17th December that individual Local Authority allocations were known.
- 4.1.5 The following paragraphs provide some direction of travel on the Government's intentions over the course of the Parliament.

Business Rates baseline reset consultation

- 4.1.6 The Government proposals for the long-awaited resetting of the business rates baselines were published in a technical consultation paper on 8th April 2025. Business rates baselines have not been reset since 2013/14, when the Business Rates Retention System was first introduced.
- 4.1.7 This consultation paper concentrated on the "technical" task of implementing a full reset in 2026/27, alongside the 2026 Revaluation and the introduction of new multipliers. From 2026/27 onwards, there will be five Business Rate Multipliers from the current two.
- 4.1.8 Although the revaluation is not a change in policy, it will result in changes to rateable values and will make resetting the baseline more complicated. The key issue is that MHCLG will not know in advance what impact the new multipliers will have on both gross rates (Rateable Values) and on reliefs (e.g., Retail, Hospitality and Leisure Relief).
- 4.1.9 The first reset was planned for 2019/20. Its implementation was delayed first by Brexit, then by COVID, and finally by a change in government. Since then, retained business rates growth has increased from £1.1bn in 2019/20 to an estimated £1.5bn in 2025/26. The consultation paper pointed out that this delay "has meant that retained business rates growth has continued to accumulate

where it has been collected”, and that this was “contrary to the aims of the original system introduced in 2013”.

4.1.10 Whilst the paper concentrated on the technical aspects of the reset and not the reallocation of the retained business rates growth, which is covered under the Fair Funding Review, the local government sector will be faced with a considerable level of complexity in delivering the changes. The combined impact of forecasting the impact of the reset and changes in multipliers, coupled together with the impact of the FFR has resulted in significant difficulty in preparing the MTFP. Following the publication of the Provisional Local Government Finance Settlement, business rate baselines are now available and have been incorporated into the MTFP.

4.1.11 It should be highlighted that the estimated growth of £1.5bn excluded the benefits derived from the national 100% Regional Growth Pilots, of which Trafford is a member of the GM Growth Pilot. MHCLG confirmed in the release of the Policy Statement on 20th November that the full benefits of the 100% Pilot would be included in the transitional arrangements for those local authorities impacted by the full reset. However, this issue remains of concern to the Council as full benefits do not appear to be included in baseline funding following the release of the Provisional Local Government Settlement and this will be taken up with MHCLG in the Council’s response to the provisional settlement. (See Section 5).

Spending Review 2025

4.1.12 The Chancellor announced the Spending Review 2025 on 11th June 2025 and covers the 3 years (2026/27 to 2028/29). The headlines from this announcement were:

- Local Government Core Spending Power is set to increase from £69.4bn in 2025/26 to £79.3bn in 2028/29 an increase of £9.9bn.
- The increase includes an expected increases in Council Tax of 3% core and 2% Adults Social Care precept.
- £5bn of new grant funding for Local Government. Highlights provided at the time included :
 - **£3.4bn** of new grant funding for local authorities.
 - **£760m** to reform the current SEND system. Details will be set out in the Schools White Paper in Autumn 2025 which will set out the reform plan over the next few years.
 - An increase to the NHS contribution to adult social care via the Better Care Fund.
 - **£555m** from the Transformation Fund to help more children stay with families and prevent children going into care
 - **£100m** to prevent homelessness
 - **£100m** to support adults with complex needs
 - **Public Health grant** – cuts in the non-NHS element of the DHSC DEL suggests there will be no additional funding for public health. But DHSC has been allocated an extra £80 million for tobacco cessation services
 - **Household Support Fund (HSF)**- will be replaced by the Crisis and Resilience Fund. Funding of £1bn (£742m in the HSF in 2025-26). But includes funding for Discretionary Housing Payments.

- **Extended Producer Responsibility (EPR)** – income streams continue in 2026-27.

Fair Funding Review 2.0

4.1.13 On 20th June 2025, the Secretary of State for Housing, Communities and Local Government (MHCLG) announced the launch of the consultation on Fair Funding Review 2.0. This provided information about the Government’s intentions for implementing a new funding distribution methodology from April 2026. The consultation closed on 15th August 2025, and the broad outcomes were announced in the Policy Statement on 20th November 2025. Local authority allocations were announced in the provisional Local Government Finance Settlement on 17th December 2025.

4.1.14 In terms of the funding distribution mechanism, the Fair Funding Review covered the following:

- Assessing **relative needs of services** via service-specific formulae. There are seven formulae proposed – adult social care, children’s social care, foundation formula, fire and rescue, highways maintenance, home-to-school transport and temporary accommodation.
- Assessing **relative differences in cost** of providing the same unit of service through area cost adjustments. These adjustments measure differences between ‘labour’ costs (e.g., wage differences, travel times) and ‘rates’ costs (e.g., premises costs and remoteness separation from larger concentrations of service users).
- Assessing **relative ability to raise resources locally**, through a council tax adjustment which would reduce the allocated share of funding through the relative need’s calculation. The main building blocks are a resources deduction reflecting a level of notional council tax. The Government has used the national average Band D rate (c. £2,060).
- The Government is proposing a **three-year phased transition period** for authorities impacted by a reduced settlement.
- **Grant Funding consolidation.** Several significant standalone grants will be rolled in and distributed through the settlement process.
- **Business rates retention.** The Government is proposing to temporarily increase the safety net threshold to 100% of baseline funding from the current 92.5% before gradually reducing back to this standard rate.
- **Sales, fees and charges reform.** The Government is seeking to review the current system and implement changes (devolution of specific charges, adjustment of nationally-set fee levels, or do-nothing) in a phased manner.

Provisional Local Government Finance Settlement 2026 including outcome of the Fair Funding Review

4.1.15 The Provisional Local Government Finance Settlement was announced on 17th December 2025 and provided further detail on the national funding envelope for Local Government, along with provisional allocations for individual authorities, including the impact of the outcome of the Fair Funding Review.

4.1.16 The headlines from the announcements are

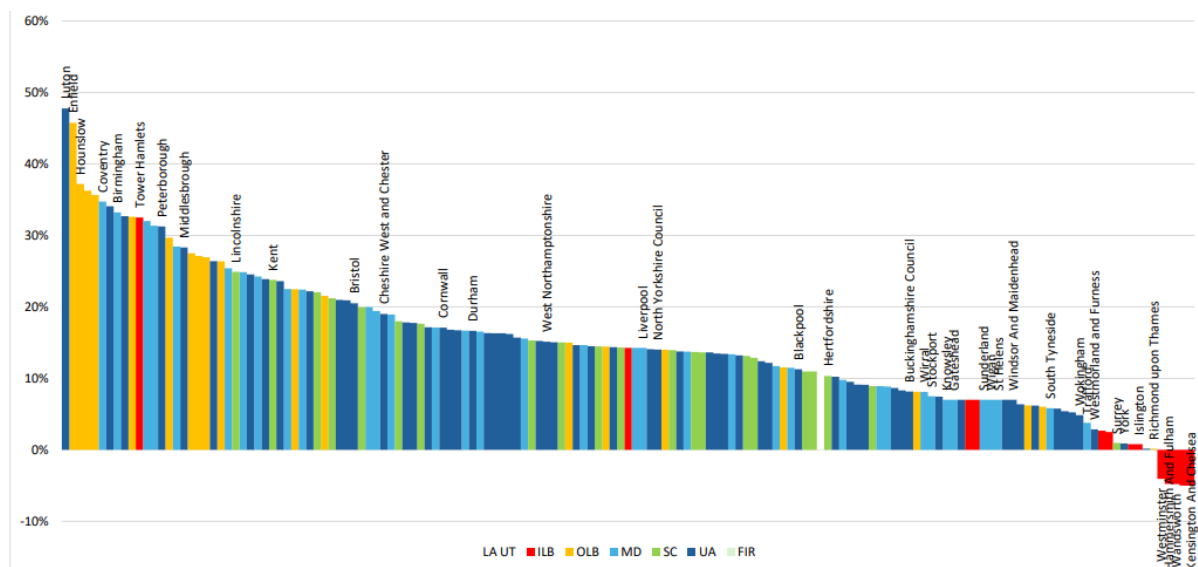
- Confirmed the outcome of the 2026 Fair Funding Review will result in more redistribution of funding within the sector than any other review for at least the last 25 years including major changes to all the Relative Needs Formulas (RNFs), and the simplification and consolidation of many service grants into overall Core Spending Power. Limited change from the proposals in the consultation.
- Confirmation there is to be a full business rate baseline reset (for the first time since the business rate retention scheme was introduced in 2013-14).
- Clarify that this is a 3-year settlement, which gives certainty to authorities in the second and third year of the settlement. Each of these latter two years will still be subject to an annual settlement process.

4.1.17 Core Spending Power (CSP) – National Level

The Provisional Settlement set out CSP details of the funding envelope for Local Government. This is the measure of the total resources available to an authority and comprises forecasts of council tax, baseline funding, Revenue Support Grant and other consolidated grants. At a national level this is set to rise by 15.1% by 2028/29 from £73.5bn in 2025/26 to £84.6bn in 2028/29.

A large proportion of the increase relates to projections of council tax income c£8.5bn with some additional funding flowing from announcements in the recent spending review.

On average metropolitan districts are seeing a 19% increase in CSP over the next three years, reflecting the shift of funding to more deprived areas and because of full council tax equalisation. The range of increases across the country and within the same authority class is vast, with some metropolitan boroughs receiving circa +50% increase in CSP with others a reduction. The graph below shows the scale of the changes in % CSP. Trafford's increase over that period is just 3.8% and are one of the lowest increases in the country.



The key elements of Trafford's CSP are shown below:

	2025-26	2026-27	2027-28	2028-29
	£ millions	£ millions	£ millions	£ millions
Fair Funding Allocation	0.0	98.4	90.4	82.5
<i>of which: Baseline Funding Level</i>	0.0	36.8	37.7	38.4
<i>of which: Revenue Support Grant</i>	0.0	51.4	52.7	44.0
<i>of which: Local Authority Better Care Grant³</i>	0.0	10.1	-	-
Legacy Funding Assessment	103.2	0.0	0.0	0.0
<i>of which: Legacy Business Rates</i>	57.2	0.0	0.0	0.0
<i>of which: Legacy Grant Funding</i>	35.8	0.0	0.0	0.0
<i>of which: Local Authority Better Care Grant</i>	10.1	0.0	0.0	0.0
Council tax requirement	139.2	148.5	158.4	169.0
Homelessness, Rough Sleeping and Domestic Abuse	1.3	1.8	2.0	2.3
Families First Partnership	1.5	2.7	2.7	2.3
Total Transitional Protections	0.0	0.0	0.0	0.0
<i>of which: 95% income protection</i>	0.0	0.0	0.0	0.0
<i>of which: 100% income protection</i>	0.0	0.0	0.0	0.0
<i>of which: Fire and Rescue Real-terms floor</i>	0.0	0.0	0.0	0.0
Grants rolled in to Revenue Support Grant	1.6	0.0	0.0	0.0
Recovery Grant	0.0	0.0	0.0	0.0
Recovery Grant Guarantee	0.0	0.0	0.0	0.0
Mayoral Capacity Fund	0.0	0.0	0.0	0.0
Core Spending Power	246.7	251.3	253.4	256.1
Core Spending Power year-on-year change (£ millions)	16.0	4.5	2.2	2.6
Core Spending Power year-on-year change (%)	6.9%	1.8%	0.9%	1.0%
Core Spending Power change since 2024 (£ millions)	16.0	20.5	22.7	25.3
Core Spending Power change since 2024 (%)	6.9%	8.9%	9.8%	11.0%
Core Spending Power change since 2025 (%)		1.8%	2.7%	3.8%

Trafford's CSP is set to rise from £247m in 2025/26 to £256m by 2028/29 and represents a 3.8% increase from the 2025/26 baseline, the lowest of any metropolitan district.

The increase of c£9.0m illustrates further concerns which are being raised with MHCLG:

- Council Tax – the CSP figures include £30m of growth over three years and assumes the Council will increase its core council tax by the maximum allowed under the referendum levels and uses a projected growth in taxbase based on historic averages which includes assumed growth on second homes premium, total +6.69%. The Council’s budget plans do not assume recurrent growth from second home premium given its unique nature. The Government’s CSP is £3m above the projections included in the MTFP.
- Legacy and Other Grants/Fair Funding Allocation – these show a fall over the 3 years of £22.3m. This is driven by the updated deprivation weightings and council tax equalisation both of which impact significantly on Trafford given its relatively lower level of deprivation and healthy council tax base. In addition, the Better Care Fund (BCF) grant will be merged into the Revenue Support Grant (RSG) from 2027/28. This has a further adverse impact because the Council’s national share of RSG is significantly lower than its social care share (used to allocate BCF pre 2027/28).
- The above figures for 2026/27 to 2028/29 also include new resources for Children’s, Adults Social Care and Area Services announced in the Spending Review and Provisional Settlement.

4.1.18 The stark reality of the loss of resource is even more apparent when a comparison is made with neighbouring GM authorities. The table below shows the range of increases across GM, together with some other comparatives.

This demonstrates that Trafford has the lowest increase in CSP across all GM, and the lowest CSP per head of population. The level of reserves per head of population also shows Trafford as having one of the lowest reserve levels, which is reflective of the level of historic under resourcing; this has only been exacerbated by the revised formula.

	% change in CSP over 3 years	Council Tax to CSP ratio %	CSP per head of population 2026/27 £	Relative Need Factor %	Earmarked reserves per head of population £
Trafford	3.79%	66%	1,024.79	0.334%	284
Wigan	7.00%	47%	1,225.41	0.542%	224
Stockport	7.49%	66%	1,184.70	0.437%	296
Rochdale	13.38%	42%	1,445.03	0.417%	791
Tameside	13.74%	45%	1,330.79	0.402%	437
Salford	17.13%	45%	1,542.91	0.533%	972
Bury	19.42%	56%	1,201.71	0.306%	350
Bolton	19.99%	42%	1,334.90	0.531%	583
Oldham	25.39%	38%	1,368.85	0.461%	231
Manchester	32.01%	32%	1,544.99	1.252%	538
Average	15.93%	48%	1,320.41	0.522%	471

Final Local Government Finance Settlement 2026 including outcome of the Second consultation on Fair Funding Review and outcome of lobbying

- 4.1.19 Since the draft budget was prepared, the Council has continued to actively engage with Government Ministers and officers of MHCLG to identify a long term funding strategy which will enable the Council to progress towards a sustainable budget plan over a period of time.
- 4.1.20 Internal Member lead workshops and discussions have also taken place to explore a number of proposals, which demonstrated to the Government, the Council's commitment to make difficult decisions in support of a sustainable budget plan. These decisions included options around a willingness to consider flexibilities around Council Tax, to address the historically low charge which is significantly below the average national level for comparable authorities, and options on a further Capitalisation Direction.
- 4.1.21 In the run up to the Final Settlement, the Council submitted a formal request for Exceptional Financial Support, including both an option for council tax flexibility and also a Capitalisation Direction.
- 4.1.22 The wider Local Government Final Finance Settlement was released on 9th February 2026 and in summary included the following core announcements : -
- a) An additional £740m over the 3-year multi-settlement period, with Core Spending Power (CSP) now increasing by 15.5% by 2028-29, compared to 15.3% in the provisional settlement. This figure included a Recovery Grant Uplift, an additional £440m over 3 years. This was an increase on the £600m Recovery Grant payable to upper-tier authorities in receipt of Recovery Grant whose CSP increase is less than 17%.
 - b) SEND. All local authorities with a SEND deficit will be eligible in 2026-27 to receive a High Needs Stability Grant covering 90% of their High Needs-related DSG deficit accrued up to the end of 2025- 26. It is potentially worth well over £2bn annually and will make a significant difference to local authority financial viability. Full details of SEND reform will be detailed in the upcoming Schools White Paper.
 - c) Homelessness, Rough Sleeping and Domestic Abuse grant. Additional £272m over 3 years (£90m in 2026-27).
 - d) Council Tax – The maximum thresholds for Band D increases over the next 3 years remain unchanged, with the exception of police and crime commissioners (an additional £3.50). Social care authorities will be able to increase by up to 4.99% Band D increase without a referendum.
 - e) Six authorities who are at the 95% protection floor will have an additional £150 increase in Band D built into their assumed council tax income (for 2026-27 and 2027- 28). These are: City of London, Hammersmith and Fulham, Wandsworth, Westminster, Kensington and Chelsea, and Windsor and Maidenhead.
 - f) For some authorities applying for EFS, there will be further threshold increases in addition to the standard thresholds. The authorities are Bournemouth, Christchurch and Poole (1.75%), Warrington (2.5%), Trafford (2.5%),

Worcestershire (4%), Shropshire (4%), North Somerset (4%), and Windsor and Maidenhead (2.5%).

- g) Later in February 2026 arrangements will be confirmed for supporting Councils in the most difficult positions, including targeted approaches to support invest to save in services.

4.1.23 The Final Settlement announcements had the following impact on Trafford :-

- a) Core Spending Power - Trafford's Core Spending Power over 3 years remains at +3.8% with a marginal cash increase in Homelessness, Rough Sleeping and Domestic Abuse Grant of £159k in 2026/27 reducing to an increase of £46k by 2027/28.
- b) Trafford did not receive Recovery Grant and therefore receives no receipt from the ongoing Recovery Grant, Recovery Grant Guarantee or Recovery Grant Uplift. This is hugely disappointing given the fact that the Council is already in EFS in the current financial year and will remain so in 2026/27. Most neighbouring Greater Manchester Councils have seen a significant benefit from this grant envelope.
- c) Trafford estimated High Needs deficit at the end of 2025/26 is £32.14m. A grant of 90% equals £28.93m. This would save approx. £1.0m at c4.0% per annum in borrowing/lost interest. This would be received in autumn 2026, so benefits of £500k in 2026/27 and an additional £500k in 2027/28 have been assumed.
- h) A bespoke Council Tax referendum of 7.5% per annum (2.5% above the standard referendum level) would generate an additional £3.5m in 2026/27.

Summary

The combined impact of the revised reallocation methodology under the FFR has had a **detrimental impact by reducing the Council's resources by c£24m over three years.**

This means that the growth in funding we would have received before FFR from additional council tax receipts of c£27m and share of new funding announced in the spending review of c£7m, a total of £34m, will be reduced to £10m.

The fact that the Government supported Trafford's 2025/26 ESF application, largely in recognition of the Council's already low resource base, further highlights the irrational outcome of the FFR; this was also highlighted in our response and ongoing lobbying strategy with Ministers.

In the Final Settlement, the government has agreed to a bespoke referendum principle of an additional 2.5% which will generate an additional c£3.5m of recurrent income. This was a welcome concession by the Government, however still leaves the Council with a significantly lower level of resource following the Fair Funding Review and Business Rate Reset.

5. Core Budget Assumptions

5.1 The core assumptions included in the budget plans and some of the medium-term strategic risks are set out in the following paragraphs.

5.1.1 **Impact of Fair Funding Review (FFR 2.0)** – see previous section - the Council stands to lose in the region of £24.0m, largely because of:

- The **Relative Needs** element of the formula has been revised to reflect an increasing weighting on levels of deprivation. Trafford is not considered to have a high level of deprivation compared with other metropolitan councils. The new formula shows a reduction in need for Trafford of -6%, while other Metropolitan Councils benefit from increased funding at +1%.
- **Council Tax Equalisation** – The equalisation adjustment reflects the ability to raise additional resources in those authorities with relatively stronger tax bases. However, as the final Core Spending Power for an authority reflects their tax base multiplied by their actual council tax Band D level, those authorities with a historically low Band D below the £2,060 notional amount are penalised by the resource adjustment.
- Whilst Trafford's tax base is relatively healthy (based on the Government comparative measure which uses the average level of Band D properties per head of population), we remain the 3rd lowest Band D council tax of all metropolitan councils, even after the 7.49% EFS increase in 2025/26.
- **Business Rates Reset** – The Council's budget relies on business rates growth of c£15m within its 2025/26 budget, and so the full reset of business rates has a substantial impact on the budget gap. The benefit includes the sharing agreement with GMCA, these local arrangements do not appear to have been reflected in the FFA.
- **Recovery Grant** - The decision to continue with the Recovery Grant (£600m) for those authorities in receipt of this grant in 2025/26. Trafford did not receive any Recovery Grant in 2025/26 and was expected to benefit from this grant being rolled into Settlement Funding of c£2.0m.
- **Damping and Funding Floors** – the announcement referred to a methodology of providing damping over a three year period, with damping floors for those authorities losing from the reforms. The Provisional Local Government Finance Settlement indicates that the Council is not eligible to benefit from these arrangements.

5.1.2 **Business Rates Devolution Deal** In addition to the 100% Business Rates Growth scheme, the GM Region scheme includes a Devolution Deal, offering a framework for GMCA to retain 100% business rates growth in designated Investment and Growth Zones for a period of twenty-five years, alongside a 10-year retention scheme, allowing a further 25% of the benefit retained for GM investment.

The GM Region has five Investment and Growth Zones, two of which are based in Trafford. Any growth in these zones will be retained by the relevant district authority and shared with GMCA under the current arrangements, until the national reset following the one proposed in 2026.

At the time of a national reset, the retained growth, known as the GM Premium, will be retained by the GMCA. GMCA is currently proposing that this recurrent income stream be used to support long-term borrowing to fund programmes to support the Government's agenda for regional growth and regeneration.

- 5.1.3 **Business Rates Growth** - Given the proposal to increase the frequency of national resets and the time limited benefit of any growth at a district level, the draft budget assumed that there would be no direct benefit from business rates growth. Any actual growth would be treated as a temporary benefit and would be released through the use of smoothing reserves as and when benefits accrue.

The assumptions relating to business rates growth remain in place at final budget, however other assumptions relating to 2026/27 have been updated for the final budget as more information is now available relating to the impact of the countrywide rates revaluation and the introduction of the five new multipliers.

In addition, the outturn position for 2025/26 has been updated reflecting a review of historic appeals. The impact of these changes is summarised as follows:-

- 5.1.4 **Revised Rateable Value and impact of new multipliers** – The estimated collectable rates for 2026/27 shows a significant reduction of £6.22m compared with the Governments calculation of anticipated rates, known as the Individual Authority Business Rates Baseline (IABRB).

Due to the extent of the changes in the national system and the difficulty in pre-empting the impact at a local level, the government confirmed that a safety net of 100% would apply in the first year of the reset, 2026/27, to guard against a reduction in rates income compared to IABRB. The Council will therefore trigger the Safety Net, with the Government contributing £6.22m to bring the rates income back in line with the Council's Baseline Funding Level.

- 5.1.5 **2025/26 Estimated Outturn - Review of historic Business Rates Appeals** - As the time period allowing businesses to lodge an appeal against the 2023 Rating List comes to an end, this has presented the Council with an opportunity to review its current level of provision for historic appeals held against this list.

The review has identified a significant balance which can be released from the historic provision, and this has contributed towards an overall estimated rates surplus in 2025/26 of £7.3m. This estimated surplus will be available in 2026/27 and will be transferred to the Business Rate Risk Reserve, where it be released in tranches of £1.0m, £2.0m and £3.0m over the three years of the MTFP to support the budget.

In summary, the following assumptions have therefore been made:

- No benefit from GM Trailer Blazer Deal has been assumed in the MTFP.
-No change since draft.
- Business Rates Growth 2026/27 – change since draft, the Council will now trigger a Safety Net contribution from the Government bringing the rates income back to Base Line Funding – £nil impact from Draft.
- Business Rates Growth 2027/29 – no change in assumption as described in previous paragraph.

- 2025/26 Surplus – benefit from release of historic provision for appeals will contribute £7.3m which will be transferred to the BRRR and released over 2026/2029 – non-recurrent net benefit of £6.0m over three years since Draft.
- A recurrent benefit from the share of the 2013 growth pilot via GMCA £274k assumed at draft revised to £327k at final, a £53k positive movement.

5.1.6 Current Year Estimated Outturn – the regular period budget monitoring is used to highlight potential service pressures which could be considered recurrent and required additional resource to be added in 2026/27. Additional resource was added to the budget plans to address a number of recurrent pressures identified at Period 6, and these were detailed in the Draft Budget report.

There is a net estimated outturn underspend of £169k at Period 8 on service budgets an adverse variance of £285k from Period 6. This slight deterioration largely due to underlying demand pressures in Children’s and Adults social care have been considered as part of the budget robustness process and the ongoing Finance and Change Programme. Any ongoing impact will be managed through the use of contingency budgets.

5.1.7 Implementation of 2025/26 savings – the Council agreed savings totalling £6.10m to balance the budget for the current year. These savings require permanent reductions in the budget and to the extent that they are not delivered in full or at all, there will be an additional budget pressure for 2025/26 onwards. As at Period 8, there is forecast net shortfall in the savings target of £200k including mitigating actions. It is currently assumed that this shortfall will represent a recurring pressure and therefore it has been incorporated into the budget planning for 2026/27. No change since draft.

5.1.8 Schools DSG Deficit

New provisions were put into regulations at the end of 2019/20 so that local authorities were required to carry forward DSG deficits to their school’s budget and not the Council’s General Fund budget. The impact of this statutory provision was that any deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorised a local authority not to do this.

This statutory override, which was due to end on the 31st March 2026, has now been extended to the 31st March 2028 in response to warnings that many councils would face insolvency if the override was not extended beyond its original expiry date. The Government announced plans to address the escalating SEND demand as part of the Spending Review 2025 announcements and that further details would be provided within a White Paper for release in the Autumn. The Government has announced that the White Paper will now be delayed until early 2026. No further details were announced on the White Paper in either the Policy Statement, Provisional or Final Settlement.

At the Final Settlement, the Government did however agree to fund 90% of the local authorities' Dedicated Schools Grant (DSG) deficits at the end of 2025/26 through a High Needs Stability Grant. The accumulated High Needs deficit balance was £19.74m on 31st March 2025 and is estimated to increase to £32.14m by the end of 2025/26 which will result in a stability grant of £28.93m. This will be received in autumn 2026 and will result in £500k savings in loan costs/lost interest in 2026/27 and a further £500k in 2027/28.

The Government has acknowledged that SEND reform will take time to fully embed and local authorities will need further support. For deficits that arise in 2026-27 and 2027-28, local authorities can expect a similarly appropriate and proportionate approach to such support, though it will not be unlimited.

In the meantime, the Council continues working with the DfE on a strategy to deliver suitable mitigation plans to address the escalating pressures.

5.1.9 National Living Wage (NLW)/ Real Living Wage (RLW) and Fair Price for Care

The Council undertakes a local annual exercise to increase care provider rates which reflects changes in running costs such as increases in the NLW/RLW and other operating costs e.g., energy and utilities.

Almost all care workers are paid at or very close to the NLW and the most recent exercise concluded that 90% of care providers in Trafford are already paying the RLW.

The draft budget plans reflected the increase in the RLW announced on 22 October 2025 at 6.7% and increase in the NLW announced on 25 November at 4.1% for areas outside of London. These figures have been reviewed as part of the final budget plans, and a blended rate based on NLW and RLW is proposed. The Council completed a consultation with suppliers on the proposals and the final budget plans have been adjusted to reflect the recommended proposal. This has resulted in a reduction in budget assumptions of £1.42m since draft.

5.1.10 Inflation

The volatility in the levels of inflation has been well documented in recent years with the Consumer Price Index (CPI) hitting a 40 year high of 11.1% in October 2022. Inflation was on a downward trajectory in the later part of 2024 and was anticipated to reach the Bank of England's target of 2% during 2025/26. However, in recent months the level of inflation had started to increase and stood at 3.8% in September 2025 although recorded a slower increase at 3.5% in December.

At the time of preparing the draft MTFs, the Office for Budget Responsibility was projecting that from 2026 onwards, CPI falls rapidly back to around 2% target as energy prices drop, food inflation falls and wage growth eases back from the currently elevated levels.

Our draft budget assumptions included 3% for a pay award given the potential for inflation to remain higher for longer.

Assumption regarding inflation have been reviewed again in the preparation of the Final budget, and the Office for Budget Responsibility is concurring with previous advice that inflation will continue to fall back to the target of 2%. No changes have been made to general inflation since draft.

Regarding energy costs, these have dropped considerably following continued reductions in wholesale prices and a new energy contract from April 2023 which provided more favourable prices. There is a forecast underspend in the current financial year, and a further reduction of £400k has been assumed in the plans. No change since draft.

5.1.11 **Demography**- an annual budget increase has been added to reflect the increasing pressures and number of adults and children requiring social care to reflect demographic growth. No change since draft.

5.1.12 **General and Service Grants** – These relate to specific grants which are credited direct to service areas and are either earmarked for a specific purpose or form part of general funding. The changes since the February 2024 budget and the assumptions relating to those grants already within existing budgets can be summarised as follows:

- The **FFR** includes a significant number of service grants which have now been rolled into the general Settlement Funding Assessment (SFA). These grants will no longer appear as grant income in directorate budgets as they will now show under general funding.
- **Children, Families and Youth Grants** were announced as part of the Spending Review 2025, including:
 - £523m to continue children’s social care reform for the next three years 2026-29. This resource consists of £270m of existing **Children’s Social Care Prevention Grant** and £253m existing grant previously allocated to the now disbanded **Supporting Families programme**.
 - **£555m to ‘transform’ children’s services** to help more children stay with families and prevent children going into care. An estimate of this grant has been included in the budget plans along with an equal and offsetting level of expenditure resulting in a neutral impact on the net budget.
 - A **further £547m** over three years was announced in the Policy Statement for children’s social care.
 - All three funding streams have now been merged into a new Children, Families and Youth Grant which has resulted in an increase in resource for the Council of £1.2m in 2026/27 and 2027/28, reducing to £789k in 2028/29. Additional offsetting expenditure has been included in the budget plans.
- **Homelessness, rough sleeping and domestic abuse grant** – this grant brings together existing resources, Domestic Abuse Safe Accommodation new burdens, part of Homelessness Prevention Grant, Rough Sleeping Prevention and Recovery Grant and Rough Sleeping Accommodation Programme. This total will increase by £110 million by 2028/29. An element of the existing grant has been rolled in to SFA and will be distributed via the Revenue Support Grant. The final settlement announced a small increase in grant of £159k in 2026/27, reducing to £46k increase in 2028/29. The

increase in Trafford's allocation will be used to offset the homelessness budget pressures already included in the plans.

- **NHS Better Care Fund contribution** - The Spending Review also highlighted an increase in the NHS's contribution to adult social care via the Better Care Fund (BCF). A contribution of £555k has been assumed from the NHS over the three years of the MTFP.
- **No changes have been made since draft in the above grant allocations**
- **Public Health Grant** – clarity since Draft that an element of the Public Health Grant will continue to be distributed outside of Baseline Funding direct to Service Areas. Adjustments made to grant income and associated expenditure budgets.
- **Crisis and Resilience Fund Grant** – allocation reduced by £487k since Draft in 2026/27. Expenditure budget adjusted accordingly.

5.1.13 Grants included with Business Rates Baseline Funding

- **Settlement Funding Assessment/ Rolled in Grants aka Revenue Support Grant** – As mentioned above, various service grants have been rolled in to SFA. The Provisional Settlement provided details of the forecast level of inflation by which the SFA would be increased over the three-year period.
- **Additional Adults Social Care Funding** – the Policy Statement clarified the phasing of additional resources for social care of £900m (£150m in 2026-27, £250m in 2027-28, and £500m in 2028-29). Trafford's shares are £563k, £938k and £1.9m respectively and will be used to meet the costs pressures already assumed in the budget plans.
- **Public Health Grant** – No inflationary increases have been assumed in Public Health grant in our draft plans. Estimated inflationary uplifts have now been announced for the next three years and these have been reflected in the final budget assumptions.
- **General Services** - An extra £90m announced in the Provisional Settlement available for general services for Area Services in 2026/27 and 2027/28 only. Trafford's share is £221k.
- **Various Service Grants have been rolled in to Revenue Support Grant totalling £1.62m** – these grants have been removed from service areas and rolled in to RSG using the revised FFA. The larger grants are the Local Authority Better Care Fund £10.15m and Temporary Accommodation element of the former Homelessness Prevention Grant £745k. No change since draft.

5.1.14 **Council Tax** – Council Tax Referendum Principles have been confirmed in the Spending Review 2025 at 3% per year and local authorities with social care responsibilities will be allowed to increase the Adult Social Care Precept by 2%.

The Final Settlement announced the government has agreed a bespoke referendum principle of an additional 2.5% for the Council. This will allow generate an additional c£3.5m annually.

Other assumptions relating to council tax include growth in our taxbase for new properties, of +1% in each of the three years of the MTFP.

The consultation on Modernising and Improving the Administration of Council Tax is proposing to change the default payment cycle from 10-months to 12-months. This will also have a likely impact on in-year collection rates as arrears in the last two months of the year are likely to cascade into the following financial year. No further updates have been provided by the Government since the consultation closed in September 2025.

An estimated surplus of £211k is estimated in 2025/26 and the Council's share of £171k will be released in 2026/27 and has been built in the final budget plans.

5.1.15 Asset Investment Strategy – The income generated from the investment programme has been a key element of the MTFs for several years (alongside delivering key regeneration priorities as reported separately), with a net budget contribution of £5.62m in 2025/26. Given the medium-term outlook, the pressures in achieving the desired budget in recent years and the proposed changes to tightening of the guidelines relating to investment activity, the reliance on the income generated from the programme has been tailored down. In our draft plans the reliance on the income from the programme had been reduced by £1.5m in 2026/27 and a further £0.5m in 2027/28. This has been revised to reflect a number of pipeline investment opportunities, an improvement in income of £1.0m has been included in the 2026/27 budget during the preparation of the final budget.

5.1.16 Treasury Management – Investments and Borrowing – Treasury management activities represent a significant element of the Council's budget and includes costs associated with the Council's borrowing and investments (loan repayments, loan interest and investment interest).

Many of the aspects relating to Treasury Management activities are governed by legislation and supporting guidance issued by the MHCLG and the professional accountancy body, CIPFA. The Treasury Management Strategy for 2025/26 was agreed at the meeting of the Council in February 2025. This set out the strategy for both borrowing and investments and set out the policy for the repayment of debt.

Where possible the Council has utilised its surplus cash to part fund its Capital Programme and Asset Investment Strategy thus avoiding the need to take on external debt. Alongside this, surplus cash balances are also invested in Money Markets, which due to successive increases in the Bank of England base rate has resulted in favourable returns in recent years which has helped offset in-year pressures in other areas of the budget. The forecast for interest rates is now on a downward trend, which will subsequently impact on the returns the Council can now expect going forward.

Coinciding with this, the cost of borrowing remains high due to wider economic uncertainty making new external debt more expensive. Consequently, the investment and borrowing requirements are continually being monitored to ensure sufficient foresight, to project when external borrowing is required.

In order to mitigate some of the risk of uncertainty in interest rates, the Interest Rate Smoothing Reserve has been bolstered in recent years given the favourable returns associated with increasing investment returns, however, will be available to help absorb any fluctuation over the short term should it be required.

5.1.17 Treasury Management Strategic Investment Income from Manchester Airport Holdings (MAH) - prior to the pandemic the Council received £5.6m of dividend income from our strategic investments in MAH. The impact the pandemic had on the aviation industry was well documented and along with the energy and cost of living crisis extended its recovery. Although MAH is reporting a return to normal trading conditions, the business plan of the MAH does not support the reinstatement of the dividend in the short term, primarily because of the finalisation of the Group's capital transformation programme. Along with other GM shareholders, discussions continue on a regular basis with Officers and Board Members of MAH about the investment plans for ongoing airport development and the timeframes to reinstate dividends to meet their needs and those of the shareholders. No change since draft.

5.2 Summary on assumptions

- 5.2.1 As can be seen from the previous paragraphs, the degree of financial uncertainty faced by the Council, continues to cause difficulties in forecasting. Although the Provisional and Final Settlement and outcome of the FFR have provided clarity on the future Core Spending Power for the Authority, it does not address how the Council will bridge the remaining budget gap over the full period of the MTFP. The limited scope for Trafford to continue to absorb any material uncertainty has been exacerbated by the significant levels of savings Trafford has made since the beginning of austerity in 2010, coupled together with a history of low spend and low funding when compared to its statistical neighbours.
- 5.2.2 Many of the pressures being felt across Local Government are caused by national issues which are outside of the sector's control. Pressures in Children's Services and School's related Special Educational Needs and Disabilities due to an increase in numbers and complexity of cases, in elderly social care because of an ageing population and more recently the escalation in costs relating to temporary accommodation, are such examples where acute demand is significantly outstripping the resources available.
- 5.2.3 Focused lobbying continues to be made from the Local Government Association concerning the size of the overall financial envelope and the Council continues its own campaign of lobbying Government Ministers, highlighting the critical role played by Council in the delivery of the national agendas and the financial consequences the FFR will have on its financial stability.

6. BUDGET UPDATE AND PROPOSALS TO CLOSE THE GAP

6.1 This section identifies:

- The revised budget gap for 2026/27 and explains the changes since the Draft budget was published in January 2026.
 - The final set of budget proposals to address the budget gap.
- 6.1.1 The budget position has been updated to reflect, outcomes of the budget robustness analysis, changes in budget assumption and changes in non-policy choice funding assumptions announced in the Final 2026/27 Local Government Finance Settlement.
- 6.1.2 The budget position reported to Council in the January 2026 Draft Budget Report showed an overall gross budget gap of £77.3m, including the impact of Fair Funding Review, over the three-year period 2026/2027 to 2028/2029 with £42.35m relating to 2026/27. Since the draft budget, the three year gap of £77.32m has moved to £70.62m, a reduction of £6.7m.
- 6.1.3 In respect of 2026/27 the overall gap, including the impact of FFR, has moved from £42.35m to £37.87m a reduction of £4.48m. This consists of an decrease in Budget Assumptions of £3.52m and improvements in funding of £961k. Full details of these changes can be found in Annex C with a summary below.
- 6.1.4 Base Budget Assumptions shown in Annex A and a Subjective Budget Analysis in Annex E.

	2026/27	2027/28	2028/29	Total
<i>Budget Gap</i>	£000	£000	£000	£000
Gross Gap at Draft Budget (Jan 26) excluding FFR	36,895	11,543	4,854	53,292
Impact of FFR	5,459	9,186	9,386	24,031
Total Gross Gap at Draft Budget (Jan 26) inc FFR	42,354	20,729	14,240	77,323
Movements in Budget Assumptions	(3,522)	(118)	389	(3,251)
Movements in Funding	(961)	(1,173)	(1,314)	(3,448)
TOTAL BUDGET MOVEMENTS	(4,483)	(1,291)	(925)	(6,699)
REVISED BUDGET GAP (March 26)	37,871	19,438	13,315	70,624
CUMULATIVE BUDGET GAP (March 26)	37,871	57,309	70,624	

- 6.1.5 In summary, the decrease in the gross budget gap for 2026/27 of £4.48m since draft relates to:

Budget Assumptions - £3.52m benefit

- £1.42m reduction in the assumptions on Fair Price for Care
- £1.0m additional revenue income from the Asset Investment programme reflecting projects in the pipeline

- £751k reduction in overall borrowing costs associated with the Capitalisation Direction assumed at draft
- £487k reduction in expenditure related to the Crisis and Resilience Fund to reflect the equal reduction in grant
- £631k of other adjustments including £500k to bolster contingency budgets for risks identified during the review of budget robustness
- £500k benefit in treasury management income from the High Needs Stability Grant to address the DSG deficit.

Changes to Funding - £961k benefit

- £7.3m release of 2025/26 business rates surplus and transferred to Business Rates Risk Reserve to allow the benefit to be smoothed over the 3 years of the MTFP - net nil impact
- £1.0m benefit released from Business Rates Risk Reserve to smooth the benefit from 2025/26 rates surplus. A further £2.0m and £3.0m will be released in 2027/28 and 2028/29, total £6.0m over three years
- £6.2m reduction in business rates income in 2026/27, offset by an equivalent safety net contribution from the government. Net nil impact.
- £210k adverse movement in estimated service related grants following further details from the Provisional LG settlement
- £171k benefit from the release of the 2025/26 estimated Council Tax surplus

6.2 Meeting the Gap

- 6.2.1 As can be seen from the previous paragraphs the Council has taken a proactive approach to the management of its financial strategy and has a proven track record in delivering sustainable savings over many decades.
- 6.2.2 The 2026/27 plans include a significant level of savings at £17.03m from across all service areas and difficult decisions have already been made in extending the savings programme to reduce the budget gap. The Transformation and Change Programme will continue to support the development of business cases and explore further potential savings proposals in the development of a sustainable budget over the three years of the MTFP.
- 6.2.3 The draft budget also included £5.0m one of use of reserves, which although helping bridge the gap in 2026/27 is non recurrent and adds to pressures in later years.
- 6.2.4 The impact from the Fair Funding Review, meant that the increasing budget gap could not be addressed in time to balance the 2026/27 position and ongoing discussions with MHLCG and Government Ministers resulted in a formal request for EFS being submitted. The Council received notification in the Final Settlement on 9 February granting a bespoke council tax referendum principle of 7.5%. This comprises the 3% core principle, 2% adult social care precept, and an additional 2.5% following the council's request.

6.2.5 The submission also requested a Capitalisation Direction of £12.64m and this is anticipated to be formally approved later in February. The Capitalisation Direction will not solve the budget gap on an ongoing basis, it is a mechanism that provides the Council time to radically change and develop sustainable solutions or lobby the Government for a sustainable financial settlement. Due its one-off nature its reversal will be part of the recurrent gap in 2027/28.

6.2.6 The additional borrowing for the Capitalisation Direction will need to be repaid over a 20 year period from 2026/27 and an amount has been included in the Final budget plan of £1.15m to cover Minimum Revenue Provision (MRP) and interest costs.

6.2.7 The table below shows the final budget position following the update of the Governments Spending Review, Provisional and Final Local Government Financial Settlement, the final budget savings proposals and policy choice funding updates including the request for EFS.

Summary of the Budget Proposals	2026/27 £000	2027/28 £000	2028/29 £000	Total £000
Total Gross Gap at Draft Budget inc FFR	37,871	19,438	13,315	70,624
Policy Choice Funding Proposals				
General Increase in basic Council Tax to 5.49%*, 2.99%, 2.99%	(7,716)	(4,710)	(5,037)	(17,463)
Social Care Precept increase 2.0%, 2.0%, 2.0%	(2,811)	(3,009)	(3,219)	(9,039)
Use of Budget Support Reserve	(5,000)	5,000	0	0
Total Policy Choice Funding	(15,527)	(2,719)	(8,256)	(26,502)
Savings and Income proposals (**)	(9,707)	(4,276)	(3,047)	(17,030)
Revised Budget Gap including FFR	12,637	12,443	2,012	27,092
EFS Capitalisation Direction 2026/27	(12,637)	12,637	0	0
Revised Budget Gap	0	25,080	2,012	27,092

(*) Includes 2.5% increase for Exceptional Finance Support

(**) Full details are included in Annex D

6.3 Summary

6.3.1 There was a level of anticipation in the run up to the Final Settlement that the Government would consider some form of exceptional grant support for the Council given its unique position amongst its peer group, having demonstrated that it is a well run authority, but impacted by a historically low level of resources.

6.3.2 Although the Local Government Financial Settlement headline was a 15.5% increase in spending power across three years, the fact that Trafford received only 3.8%, which also included new money announced in the Spending Review, is in fact a dramatic real terms reduction which does not reflect the increase in cost pressures and service demand.

- 6.3.3 The allocation of the Recovery Grant, where Trafford received a nil allocation, has seen many authorities, including those within Greater Manchester, receive a considerable benefit over the period.
- 6.3.4 Although the budget has reached a balanced position for 2026/27, the Council will continue to focus on a comprehensive approach to lobbying Government to highlight for more sustainable funding levels.

7. PROPOSED 2026/27 BUDGET and 2027/29 MTFS

7.1 The proposed net budget for 2026/27 is £273.66m an increase in the net budget of £40.59m or 17.41%, from £233.07m. Full subjective summary providing a breakdown of the 2026/27 net budget can be found in Annex E.

An objective breakdown is shown below:

Objective Summary The 2026-29 Budget	Final Budget March 2026		
	2026/27 (£000)	2027/28 (£000)	2028/29 (£000)
Budget			
Service:			
Children's Services	63,884	63,756	64,101
Adults & Well Being Services and Public Health	110,275	123,632	128,014
Place	39,085	43,008	44,843
Legal & Governance	5,215	5,358	5,455
Finance & Systems	14,391	14,806	15,725
Strategy & Resources	11,971	12,936	12,885
Total Service Budgets	244,821	263,496	271,023
Council-wide	28,839	29,652	26,904
Net Budget	273,660	293,148	297,927
Funding:			
Council Tax	(151,328)	(160,193)	(169,869)
Business Rates: Local Share	(190,995)	(194,921)	(188,793)
Business Rates: Tariff payment	87,392	89,140	90,923
Business Rates: Business Rates Risk Reserve and Designated Areas (Renewable Energy Disregard)	(1,092)	(2,094)	(3,096)
Funding	(256,023)	(268,068)	(270,835)
Movement in Reserves			
Budget Support Reserve	(5,000)	0	0
Capitalisation Direction	(12,637)	0	0
Movement to/(from) Reserves	(17,637)	0	0
Cumulative Budget Gap	0	25,080	27,092

8. STRATEGIC FINANCIAL RISKS, ROBUSTNESS, RISKS & RESERVES

8.1 Robustness and Risks

8.1.1 The law requires that 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.

8.1.2 Robustness does not guarantee that all possible eventualities are identified, or that all budget estimates are exact. Actual income and expenditure are likely to vary from the established budgets, but in the round, these will compensate, and the approved budget needs only be sufficient to meet overall expenditure requirements.

8.2 Strategic Financial Risks

8.2.1 The Council has a number of obligations set out in legislation and best practice frameworks which ensure financial management and governance are prioritised and incorporated into the everyday fabric of its activities. The framework incorporates:

- **The Annual Governance Statement (AGS)** - this is a formal document required under the Accounts and Audit Regulations that outlines the Council's commitment to sound governance and encompasses the Council's approach to risk management, internal control, and ethical values.
- **The Financial Management Code** - issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) comprises a range of financial standards which need to be achieved to demonstrate sound management of the Council's financial affairs. It is best practice for the Director of Finance and Systems to satisfy his statutory responsibility for good financial administration as required in section 151 of the Local Government Act 1972. Updates are reported to the Accounts and Audit Committee, and past outputs have formed improvement plans, such as the establishment of the Capital Programme Board.
- **The Strategic Risk Register** - The Council monitors and regularly reviews its strategic risks to ensure key risks are being managed. All major risks are recorded with the Strategic Risk Register, with update reports through the year to the Corporate Leadership Team and the Accounts and Audit Committee. At the end of March 2025, the highest risk in the strategic risk register related to uncertainty over the Council's medium term financial position. The strategic risk reports highlighted action being taken and plans to manage the risks identified and includes the themes and actions covered within this MTFP.

- **External Audit statement on VFM** – Trafford Council's external auditors, Forvis Mazars, assess the Council's Value for Money (VFM) arrangements annually to ensure proper procedures are in place for economy, efficiency, and effectiveness. The latest report, for the year 2024/25, noted that whilst the Council has faced significant budget pressures, particularly regarding financial sustainability, the auditor noted that the Council has arrangements in place to address these, including measures for in-year monitoring, savings, and strategic risk management.
- **Recognition of other strategic risks** – in addition to the areas covered above, further areas of strategic risk and their potential impact on the financial landscape are detailed in paragraph 8.4.

8.3 Review of Reserves

8.3.1 A high level review of reserves was conducted and reported to Executive in January as part of the draft budget. Since then and as part of the budget robustness meetings a more thorough review had been conducted. Although reserves largely remain as reported at draft, the following changes have been made: -

- a) The GMCA has confirmed that they are able to release £20m of their unallocated reserves in 2025/26. Trafford's share is c£1.9m and will be held in the Budget Support Reserve when it is received in the new year. A balance of £735k from GMCA reserves will be committed to support capital schemes in highways and environmental services initiatives, as reported in the Period 8 monitor. The £735k has been transferred to the Waste Reserve in 2025/26 pending the draw down.
- b) Business Rates Risk Reserve (BRRR) - This reserve has been bolstered by the release of the estimated 2025/26 Business Rates surplus of £7.3m, where it will be released in tranches of £1.0m, £2.0m and £3.0m over the three years of the MTFP to support the budget. A review of the remaining balance on the BRRR has taken place to assess a suitably prudent level, given the wider budget constraints, the impact of the rates reset and the potential to trigger a further safety net. A balance of c£5.4m is considered an appropriate level which has allowed c£2.1m to be transferred to the Budget Support Reserve.
- c) Budget Support Reserve – This reserve had a balance of £9.4m on 1st April 2025 with a preplanned budget support drawdown of £3.2m during 2025/26. The reserve will be bolstered by £2.1m in 2025/26 following the review of the BRRR and the further £1.9m in 2026/27 from the GMCA reserves highlighted above. A balance of £5.0m will be used to support the 2026/27 budget leaving a balance of c£5.3m at the end of 2026/27.
- d) Major Projects and Abortive Costs Reserve – This reserve holds resource committed to transformational projects in Adults Services and ICT along with balances for any abortive costs of projects and to cover the risk of schools with a budget deficit. An increasing number of schools are facing budget deficits which are actively being managed; however, the Council remains responsible for any deficit in circumstances where intervention is required or should a school transfer to academy status. The balance at the end of the 2025/26 financial year is estimated at £1.9m and includes a figure of £500k specifically to cover school's deficit risk.

- 8.3.2 Under the Local Government Act 2003, the Director of Finance and Systems is required to prepare a report, for use when the Council is deciding its annual budget and council tax, on the robustness of the budget and the adequacy of the Council's reserves.

It is for this reason that it is recommended that reserves are reviewed on an annual basis ensuring the judgements on the adequacy of reserves are informed and remain appropriate particularly in relation to the potential impact of new risks and financial challenges faced by the Council. A full review of reserves was undertaken as part of the preparation of the final budget report, with the detailed findings set out later in this section.

8.4 Key Areas of Strategic Financial Risk

- 8.4.1 In addition to the themes covered in the previous paragraphs, there are several underlying strategic risks which remain under review and increasingly feature in current plans.

8.4.2 Dedicated Schools High Needs

The Council regularly reports on the status of the significant accumulated deficit in its High Needs Block (part of the Dedicated Schools Grant - DSG), which was £19.74m at 31st March 2025 and is projected to reach £31.68m by the end of the 2025/26 financial year. This growing national problem stems from factors such as increased demand for high-needs support, high numbers of EHCPs, and insufficient additional funding to meet the needs for special school places. The Council is working with the Department for Education (DfE) on a deficit management plan, including mitigation measures to address this escalating challenge.

The Government announced plans to address the escalating SEND demand at the Final Settlement with plans to provide grant support for up to 90% of the accumulated deficit at the end of 2025/26. The grant will be used to reduce the deficit from autumn 2026. Further details of how the underlying policy changes to address the demand pressures will be provided within the White Paper for release in 2026.

8.4.3 Care Quality Commission (CQC) Inspection

The CQC has a mandate to independently review and assess the quality of adult social care provided by Local Authorities. The Council received notification of an inspection which was conducted during early December 2025. In support of our readiness for inspection and in line with our corporate plan and our aim of improving outcomes for our most vulnerable adults, work is already ongoing. This included a peer review undertaken in 2023 and an Improvement Plan overseen by a Board with an independent chair, with the overarching aim of improving our services and thus the outcomes for our most vulnerable adults. The programme is called "Improving Lives Everyday" - the output of which will also be assessed as part of the inspection. The outcome of such inspections and the actions arising can sometimes require Councils to make further investments into services. At this stage however, no additional resource has been added to the budget plans.

8.4.4 **Children’s Services Inspection of LA Children’s Services - Ofsted inspection**

In a similar situation as the CQC inspection for adult’s services, the Council received a ‘Focused Visit’ from Ofsted in late September to review Children in Need and are due a full ILACS inspection in 2026. There is a risk the outcome of any actions may require further investment in the service.

8.4.5 **Asset Investment Strategy Valuations** - The Council has committed approximately £360m in its Asset Investment Strategy, which includes short and medium-term loans to developers as well as investments in assets such as those relating to our town centre developments in Stretford and Altrincham.

Assets are valued annually, and adjustments are reflected in the statement of accounts. Although movements in asset valuations can be expected as part of a normal economic market, any downwards movements are not an immediate concern, particularly for those assets which have a long-term strategic importance as they will be held for many years.

Nevertheless, the Council needs to be mindful of the risk of potential market volatility, particularly in the case of an unplanned need for an asset to be sold. This may arise if the Council needs resources to balance its budget and is increasingly being seen by those authorities who have issued Section 114 Notices. The risk of a potential loss on sale may place the Council in a position of adjusting its future loan repayments (MRP) in order not to breach the parameters set out in the Prudential Code.

8.4.6 **Capital Programme Funding** – The Treasury Management budget is impacted by the extent to which the Council is funding its Capital Programme from borrowing. Recent falls in capital receipts from land sales have the potential to increase the revenue consequence of the programme, should additional borrowing be required. This is also against a backdrop where the cost of debt has increased significantly requiring the Council to consider whether borrowing remains affordable, sustainable, and prudent.

Although not unique to Trafford, the many assets held by the Council require continual maintenance and investment to ensure they remain in a suitable condition. This extends to both physical infrastructure such as highways and buildings as well as our digital environment such as ICT hardware and software systems.

The impact on the shortfall in capital receipts and the extent to which the Council is over programmed is under review. This is with the aim of delaying, deferring, or reducing the programme and potential amount of borrowing necessary to control the impact of debt charges on the Council’s revenue budget.

8.4.7 **Charging for Services – Commercial** – there are a range of services that the Council provides on a commercial basis; this includes areas such as Catering and Cleaning to schools and the various venues operated by the Council. The Council's strategy for these services is to, at least, set charges that recover the full cost of delivering the service. The increasing levels of inflation have resulted in cost pressures which have not always been passed on to service users, especially school catering and cleaning. A refocus on full cost recovery is proposed as a savings proposal, however this may result in the possibility where the Council cannot recover its costs or may withdraw from the service.

8.4.8 **Staff Age Profile and Early Ill Health Retirement** – as with many organisations the Council is facing service continuity risks as a result of an ageing workforce, along with the new pension flexibilities allowing staff to retire earlier, causing difficulties in retention and adequate succession planning. In addition, the current year has seen an increased pattern in the number and severity of cases of staff requiring earlier ill-health retirement. The costs of accessing the pension fund, known as pension strain, is paid directly by the Council. The situation will continue to be monitored, however may result in an increase in employer pension contributions if a recurrent pattern emerges.

Review of the adequacy of Reserves

8.4.9 The detailed review of reserves considered:

- The rationale for holding each reserve;
- Whether the approved commitments for the use of each reserve are still needed;
- Whether the level of the Council's reserves remains appropriate to provide resilience against the financial risks and challenges facing the Council;
- Whether the existing reserves need to be reclassified to meet the Council's corporate and strategic objectives over the MTFP period;
- Whether any new reserves need to be created to meet the Council's corporate and strategic objectives going forward; and
- The use of the Council's outturn surplus to replenish existing reserves and/or create new reserves.

8.5 Classification

8.5.1 For ease of management, reserves have been grouped into eight categories as follows:

- **Budget Support Reserve** – This category of reserve was separated out due to the scale of the challenges faced by the Council in meeting a balanced budget in the medium term. The reserve is to support the MTFP as the Council continues its recovery from the financial impacts of the pandemic and the economic shock caused by the war in Ukraine and will be used specifically to meet the budget gap over the short-term to deliver a balanced budget.

- **Smoothing and Business Risk Reserves** - earmarked reserves linked to the financial resilience of the Council, for example being able to respond to unexpected demand pressures and smoothing of irregular budget spending.
- **Strategic Priority Reserves** - earmarked reserves linked to the Council's priorities over the medium-term financial plan.
- **Corporate Reserves including General Reserve** - statutory and ring-fenced reserves. The General Reserve is the minimum level of reserve the Council is required to hold to protect against in year financial shocks.
- **Reserves Linked to Service Area Priorities** - earmarked reserves linked to the Council's transformational change and service area priorities.
- **Capital Reserves** – consist of capital receipts, grants and contributions which can only be used to fund capital expenditure and are all allocated to support the current capital programme. These will not be considered as part of the Reserves Policy.
- **Schools Reserves** - represent the carry forward balances of individual school surpluses and deficits along with the accumulated balance of DSG grant. Individual school balances will not be considered as part of the Reserves Policy.

8.6 Balances

8.6.1 The Council's usable reserves at 31 March 2025 stood at £111.26m, of which £69.25m related to Earmarked revenue reserves as shown below. The DSG deficit reserve was £19.74m which is required to be separated from Council reserves as part of the statutory override. As part of the final budget a detailed review of the projected usage of all reserves over the next three years has been estimated.

	Opening Balance 1/4/2025	Estimated Balance 1/4/2026	Estimated Balance 1/4/2027	Estimated Balance 1/4/2028
<i>Usable Reserves</i>	£m	£m	£m	£m
Budget Support Reserve	9.38	8.40	5.29	5.29
Smoothing and Business Risk	18.86	15.48	19.33	16.48
Strategic Priority	17.14	10.52	5.97	4.56
Corporate	2.87	2.67	0.28	0.28
General Reserve	10.50	10.50	10.50	10.50
Service Area Priorities	10.50	2.27	1.39	0.81
Earmarked Reserves	69.25	49.84	42.76	37.92
Capital Related Reserves	27.29	18.19	9.10	0.00

	Opening Balance 1/4/2025	Estimated Balance 1/4/2026	Estimated Balance 1/4/2027	Estimated Balance 1/4/2028
<i>Usable Reserves</i>	£m	£m	£m	£m
School Related Reserves	14.72	14.72	14.72	14.72
Total Usable Reserves	111.26	82.75	66.58	52.64
School DSG (Mitigated position) (*)	(19.74)	(31.69)	(48.64)	(67.35)

(*) position does not include the new High Needs Stability Grant announced at the Final Settlement. This is expected to cover up to 90% of the accumulated High Needs deficit at the end of 2025/26.

The balance and provisional commitments against each reserve are shown in detail in Annex F.

8.7 General Reserve

8.7.1 The Council is required by law to maintain a minimum level of reserves to meet unexpected or emergency expenditure. The Council's broad policy has been to maintain a minimum general balance of 5% of the Net Revenue Budget in line with best practice, however this can be adjusted to reflect where risk is mitigated by other prominent risk reserves, such as the Business Rates, Investment Strategy and Inflation Risk Reserves.

8.7.2 The proposed Net Budget for 2026/27 is £238.57m which would require a minimum General Reserve of £13.43m an increase of £2.93m. It is however recommended for 2026/27 that the level of the General Fund Reserve is maintained at £10.5m with specific earmarked reserves, such as the Asset Investment Programme and Business Rate Risk Reserve making up the shortfall.

Some of the significant reasoning behind this decision is set out below:

- 2025/26 budget pressures have been addressed in the base budget for 2026/27. Combining the additional resource with the amount set aside in the General Reserve has been considered adequate to meet any unexpected or emergency expenditure in 2026/27. In addition, the Council holds significant risk reserves for high-risk areas such as, Business Rates, Investment Strategy and Interest Rate reserve. Holding these reserves reduces the demand on the General Fund Reserve.

Advised minimum level of General Reserve	2026/27 £m
Tax & Treasury Management	0.77
Pay & inflation	2.35
Fees & Charges	0.54

	2026/27 £m
Advised minimum level of General Reserve	
Emergency & Disaster Recovery	1.59
Efficiencies	3.88
Demand led budgets	3.25
Other Pressures	0.50
Funding Risk	3.01
TOTAL	15.89
Risk reduction of 34%	(5.39)
Advisory level of minimum reserve	10.50

8.8 Using Reserves to Support the Budget

- 8.8.1 Balancing the annual budget by drawing on Earmarked reserves may be viewed as a legitimate short-term option, but it is not prudent for these reserves to be deployed to finance recurrent expenditure. Holding these types of reserves is primarily to assist in cushioning the effects of financial shocks and aids resilience.
- 8.8.2 The impact of the ongoing economic uncertainty demonstrates the importance of maintaining sufficient reserves and their application has gone some way to help mitigate a substantial part of the previous budget gap and in allowing the Council to meet its obligations in setting a balanced budget in the short term.
- 8.8.3 The reliance the Council places on the significant income streams associated with Business Rates and the Asset Investment Programme also highlights the need to maintain specific risk reserves which will continue to be drawn upon to mitigate the impact economic shocks.
- 8.8.4 Although the Council has significantly lower levels of reserves than its neighbours, the ability to redirect these resources to support the budget and finance and change programme remains critical and therefore any decision around the use of Earmarked reserves to support its budget decisions has not been taken lightly.
- 8.8.5 The level of earmarked reserves the Council holds is in part reflective of the past funding levels of the Council in comparison to its need to spend. This means that, as the lowest funded Council in Greater Manchester, it has accumulated one of the lowest levels of earmarked reserves. The Council's application for EFS in 2025/26 and 2026/27, which included a capitalisation direction (borrowing) has enabled the Council to maintain its level of reserves to provide some degree of robustness and flexibility in managing the future budget strategy.

8.9 Main Reserves Final Budget Stage Review

- 8.9.1 A balance of earmarked reserves of £69.25m was brought forward at 1st April 2025, the following observations relating to the main reserves should be noted:

Budget Support Reserve

- **Budget Support Reserve** - This reserve had a brought forward balance of £9.38m at 1st April 2025 of which £3.2m is committed to support the 2025/26 budget and a further £5.0m is planned to partly address the 2026/27 budget gap.
- Since the draft budget, the Budget Support Reserve has been bolstered by £2.11m following a transfer from the Business Rate Risk Reserve. Given the size of future budget gaps, it's imperative to bolster the reserve to help manage potential in-year budget pressures or future planning.
- The Budget Support Reserve is projected to have a balance of £8.29m at the end of 2025/26, prior to any utilisation to support the 2026/27 budget. To help mitigate the substantial funding gap in 2026/27, £5.0m will be drawn down. A further £1.89m is anticipated from the GMCA redistribution of waste reserves, leaving an estimated reserve balance of £5.29m at 31 March 2027.

Smoothing and Business Risk

- **Business Rate/FFR Risk Reserve** - This reserve represents the biggest reserve under the category of Resilience and Smoothing at £5.71m at 1 April 2025. The reserve has been used to smooth the benefits from a major review of business rates appeals in 2023 over three years with the last year released in 2025/26. The reserve will be replenished as planned with the estimated release of the business rates surplus from 2024/25 and is expected to have a balance of £4.1m at year end.

Given the Council's estimated Business Rates income of around £112m, combined with ongoing economic uncertainty and the impact of the new revaluation list, maintaining a robust balance in this reserve remains critically important.

In the FFR, the government confirmed that councils entering the safety net in the first year of the reset will receive 100% funding, reducing to 97% in the second year. The reserve balance is therefore maintained to safeguard against the potential risk of the Council entering the safety net in year two following the business rate reset.

Since the draft budget £735k has transferred to the waste levy reserve to fund the planned one-off revenue investment in highways and environmental services initiatives funded from a return of GMCA waste. Additionally, £2.11m has transferred to the Budget Support Reserve. Given the low estimated balance on the Budget Support Reserve at draft and the future budget gaps, it was imperative to bolster the Budget Support Reserve.

The reserve will also hold the 2025/26 estimated business rates surplus of £7.3m, where it be released in tranches of £1.0m, £2.0m and £3.0m over the three years of the MTFP to support the budget.

The underlying balance of £5.4m is considered sufficient to cover the risks described above.

- **Inflation Risk Reserve** – Although inflation was starting to drop, albeit not doing so at the rate the Bank of England had previously forecast, in recent months it has started to rise again which leaves a level of risk when budget planning. This reserve was created to help mitigate against some of the pressures caused by the high and volatile levels of inflation. There was a balance of £1.04m on 1st April 2025 and this will be partly utilised in 2025/26 to absorb the additional cost of the local government pay award which was £280k above budget. The balance of £756k will be used to manage the risk of future pay award and inflation being above budget assumptions. To put this in context, a 1% variance in the pay award assumptions would add a further pressure of £1.0m. **No change from previous assumptions.**

Strategic Priority

- **Asset Investment Strategy Risk Reserve** - this reserve is the largest reserve within the category of Strategic Priority and stood at £8.91m at 1 April 2025. Since the Draft Budget the call on the reserve has reduced by £249k following an improved distribution forecast at the Stamford Qtr LLP. The balance will be £5.12m at year end which is considered the minimum necessary to manage underlying risks, potential loss of income and additional cost due to delays in the investment property programme. This reserve will remain a critical tool in managing the ongoing risks associated with the programme.
- **Major Projects Reserve and Abortive Costs** – this reserve was established to cover costs of abortive costs and risks associated with schools in deficit transferring to academy status. It has since been expanded and was bolstered as part of the 2024/25 closedown to hold support for the Transformation and Change programme. The balance stood at £3.69m at 1 April 2025 and a balance of £1.9m is expected at year end after the drawdown of costs to largely support the costs of the adult’s transformation programme. A figure of £500k has been earmarked specifically to cover risks of a growth in schools with budget deficits and those which may transfer to academy status.
- **Leisure Centre Risk Reserve** – this reserve was established to manage the expected shortfall in income during the building refurbishment programme. Its use was extended during the pandemic to smooth the support required because of the impact on trading income. There remains a high degree of uncertainty on the ongoing trading and the impact of the building redevelopment programme, and the reserve will continue to play a critical role in managing these risks. **No change from previous assumptions.**

Corporate Reserves

- **General Reserve** – The level of General Reserve incorporates risk assumptions on pay/inflation, emergency and disaster recovery scenarios, increases in demand led budgets, savings target not being met and business rates/council tax shortfalls. It is highly unlikely that the events would occur simultaneously, and the figure is calculated on a prudent basis. The balance is currently £10.5m and was based on the minimum agreed as part of the risk and resilience exercise when preparing the current budget. **No change from previous assumptions.**

Service Area Priority Reserves

- **Housing Benefit Risk Reserve** – this reserve was established to mitigate potential pressures in this demand led and sensitive budget area. The balance stood at £1.2m on 1 April 2025 and the draft budget proposes utilising £0.9m in 2026/27 to help address ongoing pressures associated with temporary accommodation. **No change from previous assumptions.**
- **Service Area Priority Reserves** - This category of reserves holds service area reserves which have largely built up from prior years underspends, including unspent grants. Most elements are contractually committed, however all commitments have been thoroughly challenged as part of the annual review. **No significant change from previous assumptions.**

8.10 Summary of detailed reserves review

8.10.1 The reserve strategy set out in the previous MTFs was based on providing sufficient resource within the Budget Support Reserve to meet the budget gap in the medium term whilst the Council develops a suitable innovation and change programme to deliver a balanced budget. Furthermore, that there were adequate levels of risk mitigation reserves given the range of uncertainties faced by the Council. The reserve strategy which centred around bolstering and smoothing budget gaps has proved successful over the last few years and the transformation programme has so far been successful in delivering savings.

8.10.2 The estimated balance on the Budget Support Reserve is estimated to stand at £5.18m at the end of 2026/27 after the application of £5.0m to support the 2026/27 budget. The remaining reserves offer little headroom for any further substantial release of resources and at the same time providing sufficient robustness to absorb relevant financial risks over the short term.

8.10.3 The statutory override for the DSG deficit has been extended until 31 March 2028 and the reserve was forecast to reach £67.35m by the end of 2027/28. The Government recently announced a High Needs Stability Grant which will be used to cover 90% of the accumulated deficit as it stands at the end of 2025/26, this offers a significant reduction in the risk associated with this reserve.

- 8.10.4 The reserve strategy has provided a large degree of flexibility with £38m being used over the last few years from the Budget Support Reserve to support budget plans, whilst the Finance and Change Programme was being progressed. However, the Council's remaining reserves are now considered insufficient to meet the size of the growing budget gap and it is imperative that the Council preserves its position, not only to aid facing future uncertainties but to allow some local resilience and flexibility in future budget rounds. It is for this reason that the Council included a £12.64m Capitalisation Direction in its request for EFS.
- 8.10.5 The core risk reserves remain in place for unknown pressures in future years associated with risk from Business Rates uncertainty and potential shortfalls in the income derived from the Asset Investment Strategy.
- 8.10.6 In summary, at the end of 2026/27 the balance on the Budget Support Reserve is estimated to stand at £5.18m after agreed budget support of £5.0m in 2026/27. This leaves very little room for manoeuvre given the size of the remaining budget gap of approximately £27.09m over the next two years.

9. SCHOOLS FUNDING AND BUDGETS 2026/27

9.1 Background

9.1.1 Schools are funded from a ring-fenced grant called the Dedicated Schools Grant (DSG). This funding cannot be used for any other Council function. Schools operate within their own budget with any under or overspends taken forward into future years.

There are 4 blocks within the DSG:

- Schools Block - which funds schools' budgets.
- Central Schools Services Block – This block reflects the ongoing local authority role in education and is reducing year by year.
- High Needs Block – which primarily supports Special Educational Needs (SEN) expenditure and includes Trafford Special Schools.
- Early Years Block - which funds educational provision for 2- to 5-year-olds in both Schools and Private, Voluntary and Independent (PVI) settings.

9.1.2 The DSG is overall managed by funding formulae, however, the HNB funds a complex system of pupils of unique and varied needs all attracting different levels of support. This system is not conducive to formulae funding and therefore the Department for Education (DFE) requires the Council to manage the HNB with the support of the School's Forum.

9.1.3 The Government has recognised that local authorities across the country are under significant pressure as a result of their spending on SEND outstripping the resource made available. The announcements in the recent Spending Review confirmed funding for reform of the current SEND system, details of which, alongside the government's intended approach to SEND reform, will be set out in a white paper early next year.

9.1.4 Historic overspends are held in a DSG Deficit Reserve, which because of a required "statutory override" is treated outside of the Council's General Fund. The statutory override was due to end on 31st March 2026, however, has been extended to 31st March 2028.

9.1.5 At the Final Local Government Settlement, the government announced that pending the outcome of the SEND white paper, authorities would receive a High Needs Stability Grant to fund 90% of their balance yearend 2025/26 accumulated High Needs deficit. This grant would equate to £28.93m for Trafford, based on the estimated deficit balance of £31.7m.

9.2 Trafford's High Needs Deficit

9.2.1 The number of children with an Education, Health and Care Plan (EHCP) has doubled since changes to the Code of Practice were introduced in 2014. Funding has not kept pace with demand, meaning more children are being provided with additional support without sufficient funding to pay for it.

9.2.2 The number of EHCPs was 3,359 at the end of September 2025 compared with 1,382 in 2015, an increase of 143%. The rate of growth is higher than expected this year at 6.9% (was 5.7.% last year).

9.2.3 The projected in year overspend on the DSG is £11.94m for 2025/26 which is predominantly driven by the pressures on the High Needs Block.

DSG Reserve	Balance 1 April 2025 £000	P8 Forecast outturn £000	31 March 2026 Projected Balance £000
Schools Block (SB)	0	(387)	(387)
Central Schools Services Block (CSSB)	0	(70)	(70)
High Needs Block (HNB)	19,740	12,402	32,142
Early Years Block (EYB)	1	0	1
TOTAL DSG Reserve (surplus)/deficit	19,741	11,945	31,686

9.2.4 The Council continues with the aim to stabilise and then recover this position through completion of a DSG Deficit Recovery Plan. Through this work we are actively implementing strategies to mitigate this deficit.

9.2.5 Various mitigations that have been identified include a stronger more consistent mainstream offer, building local provision and improved commissioning arrangements. In addition, Trafford is part of the North-West SEND Change Programme Partnership (CPP), along with Manchester, Rochdale and Oldham. The National SEND and Alternative Provision improvement plan aims to improve outcomes for children and young people, improve experiences for families and deliver financial stability. As a result of being part of this programme, £1.2m was made available to the Council to test the reforms the Government wants to make to the system for supporting children and young people with SEND which will assist with some of the mitigations above.

9.2.6 Despite the deficit being held outside of the Council's General Fund, the fact that the Council has been required to direct its own cash resources to make up the shortfall in grant is having an adverse impact on cashflow and investment returns. An amount of £500k has been added to the budget over the last two years to reflect these additional indirect costs, the impact of which was raised by the Council in its feedback to the consultation on the FFR.

9.2.7 The management plan is based on a series of assumptions relating to growth in demand, expected costs and the impact of mitigations. This allows medium term forecast expenditure and income level to be compared to establish the overall funding deficit. The plan assumes the deficit is carried forward each year into the next financial year and adds to the pressure.

9.2.8 The DSG forecast reserve deficit as of 31st March 2026 is £31.69m. The forecasts in this report demonstrate that the expected increase in demand and resulting costs is forecast to continue to exceed the funding provided by the DfE, which in turn will increase the deficit reserve. Even with significant and challenging mitigations, we are not forecasting an in-year balance, spend on high needs continues to be unsustainable.

9.2.9 The table below shows the forecast of the cumulative deficit position, both unmitigated and mitigated.

Unmitigated DSG position

	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)
DSG Grant	342.076	348.917	355.896
Projected spend	360.181	371.875	384.513
In-year deficit	18.106	22.957	28.617
Cumulative deficit (*)	49.791	72.749	101.366

Mitigated DSG position

	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)
DSG Grant	342.076	348.917	355.896
Projected spend	359.031	367.622	375.339
In-year deficit	16.956	18.704	19.444
Cumulative deficit (*)	48.641	67.346	86.789

(*) position does not include the new High Needs Stability Grant announced at the Final Settlement. This is expected to cover up to 90% of the accumulated High Needs deficit at the end of 2025/26.

9.3 Budget Position 2026/27

9.3.1 The DSG allocation for FY 2026/27 is currently £342.076m. This is an increase of £20.658m compared to FY 2025/26, as shown in the table below.

DSG Block	2025/26 (£000)	2026/27 (£000)	Change (£000)
Schools (SB)	231,388	239,208	7,820
Central Schools Services (CSSB)	1,646	1,810	164
High Needs (HN)	45,410	48,641	3,231
Early Years (EY)	42,974	52,417	9,443
TOTAL	321,418	342,076	20,658

Schools Block

The increase in funding is £7.82m (3%). This is due to:

- Rolling in the School Budget Support Grant (SBSG) and National Insurance Contributions (NICs) grant;
- NFF factor values have been increased (on top of the amounts added for grants) by 2.1% except the Free School meals factor, which was increased by 1.7%.

Pupil numbers have reduced by 448 (primary numbers have fallen by 513.5 to 20,201 and secondary numbers have increased by 65.5 to 17,421.5).

9.3.2 Central School Services Block (CSSB)

There are two elements to the CSSB: ongoing responsibilities that LAs have a statutory duty to deliver for all pupils; and historic commitments made prior to 2013/14. In line with the government's reforms to move to a fairer funding system, these have been reducing year on year. The allocation for 2026/27 includes the rolling in of centrally employed staff elements of both the SBSG and NICs grant, so has increased by £164k (10%).

9.3.3 High Needs Block (HNB)

The allocation for 2026/27 is £48.64m, an increase of £3.23m (7%). The allocation also includes funding equivalent to that received via grants in 2025/26 (the Core Schools Budget Grant (CSBG), SBSG and NICs grant. In 2026/27, the HN national funding formula (NFF) used to calculate LAs high needs allocations has been temporarily suspended. Allocations are based on the 2025/26 allocations with some adjustments. Following wider reforms to the SEND system, which the government will set out in early 2026, the methodology for allocating high needs funding will be reviewed so that it supports the SEND reforms.

10 COUNCIL TAX REQUIREMENT AND STATUTORY CALCULATIONS

10.1 Budget Requirement

10.1.1 The Local Government Finance Act 1992, as amended by the Localism Act 2011, requires the Council to make the following calculations:

- I. an estimate of the Council's gross revenue expenditure - Section 31A(2),
- II. an estimate of anticipated income - Section 31A(3),
- III. a calculation of the difference between (i) and (ii) above, (i.e. net revenue expenditure) - Section 31A(4) – this is known as the Council Tax Requirement,
- IV. a calculation of the Council's 'relevant basic amount' of Council Tax, calculated by dividing the Council Tax Requirement by the council tax base (expressed in Band D's).

10.1.2 If the proposals in this budget report are agreed, the calculation for the 2026/27 Council Tax Requirement will be as follows:

Calculation of Council Tax Requirement & Relevant Basic Amount of Council Tax 2026/27	£
Service Budget	
Gross Expenditure	
Service expenditure	698,273,304
Gross Income	
Fees, charges and specific grants	(424,613,471)
Service Area Net Budget	273,659,833
Financing Budget	
Retained Business Rates	(103,603,696)
Business Rates Safety Net, Risk Reserve, Other Items, Prior Year Movements	(1,091,304)
Other Council Tax Items, Prior Year Movements	(259,000)
Application of Budget Support Reserve	(5,000,000)
Capitalisation Directive	(12,637,000)
Financing Net Budget	(122,591,000)
Council Tax Requirement	151,068,833
Council Tax Base in Band D's	81,635
Relevant Basic Amount of Council Tax	£1,850.54

10.1.3 The Director of Finance Systems in accordance with his delegated powers approved the 2026/27 Trafford Council Tax Base (number of equivalent Band D properties in the borough) on 14 January 2026 at 81,635, which is an increase of 808 Band D equivalents on 2025/26. The 2026/27 Council Tax Base for each of the four Parish Councils was also approved as: Partington 2,043, Dunham Massey 237, Warburton 175 and Carrington 241.

10.2 Council Tax Increases

10.2.1 The Localism Act 2011 abolished Council Tax capping and replaced it with a requirement to hold a Council Tax Referendum if an authority wishes to increase its “relevant basic amount of Council Tax” by an amount equal to or exceeding a level set out by the Government annually. For 2026/27 a figure of 5% has been set, which is a combination of the core principle of 3% and the ‘adult social care precept’ of 2%.

10.2.2 In addition to the above, as part of the Final Local Government Finance Settlement on 9 February 2026, Trafford Council was granted a bespoke referendum principle of 7.5%. This comprises the 3% core principle, 2% adult social care precept, and an additional 2.5% following the Council's request.

10.2.3 It is therefore proposed to raise the level of council tax in 2026/27 by 7.49%:

- 2.99% general increase in the ‘relevant basic amount’, and
- 2.0% for the ‘Adult Social Care’ precept.
- 2.5% bespoke additional referendum threshold following the request for exceptional financial support

10.2.4 The calculation of the percentage change in “Relevant Basic Amount of Council Tax”, for Trafford Services is shown below:

	2025/26	2026/27
Council Tax Base	80,827	81,635
Council Tax Requirement with Levies (£)	139,150,954	151,068,833
Basic Amount of Council Tax (£) (excluding Social Care Precept)	1,457.72	1,552.24
Social Care Precept	263.87	298.30
Relevant Basic Amount of Council Tax	1,721.59	1,850.54
% increase in Relevant Basic Amount of Council Tax	7.49%	7.49%

10.2.5 Of the two major precepting bodies, the Mayoral Police & Crime Commissioner has agreed a £15.00 increase in their Band D precept and the Mayoral General Precept (including Fire Services) has agreed a £25.00 increase in their Band D precept.

10.2.6 Partington Town Council, at its meeting on 10 December 2025, elected to increase the level of Band D Council Tax by 5% to £68.30 in 2026/27. Carrington Parish Council passed a resolution on 15 January 2026 to keep the Band D Council Tax at £30.00 in 2026/27, the same as in 2025/26. Warburton Parish Council at its meeting on 18 November 2025, elected to set a Band D Council Tax of £50.00 in 2026/27, the same as in 2025/26. Dunham Massey Parish Council is not setting a Precept in 2026/27.

10.3 Council Tax Levels and Bandings

10.3.1 The overall Precepts and Council Tax levels for 2026/27 for Trafford properties are as follows:

Council Tax per Precepting Body	Precept Amount £	Council Tax per Band D Property £	Council Tax Level Increase
Trafford Services (inclusive of 'Adult Social Care Precept')	151,068,833	1,850.54	7.49%
Mayoral Police and Crime Commissioner	23,290,465	285.30	£15.00 / 5.55%
Mayoral General Precept (including Fire Services) (see note)	12,567,708	153.95	£25.00 / 19.39%
Total (excluding Parishes)		2,289.79	7.97%
Partington Precept	139,537	68.30	5.00%
Total for Partington		2,358.09	7.88%
Carrington Precept	7,230	30.00	0.00%
Total for Carrington		2,319.79	7.86%
Warburton Precept	8,750	50.00	0.00%
Total for Warburton		2,339.79	7.78%

10.3.2 The council tax for 2026/27, inclusive of the 'adult social care precept', for each of the eight valuation bands would be as follows:

Band	Valuation range (in 1991 prices)	Council Tax (Excl. Parishes) £	Council Tax for Partington £	Council Tax for Carrington £	Council Tax for Warburton £
A	Up to £40,000	1,526.51	1,572.04	1,546.51	1,559.84
B	Over £40,000 and up to £52,000	1,780.95	1,834.07	1,804.28	1,819.84
C	Over £52,000 and up to £68,000	2,035.34	2,096.05	2,062.01	2,079.78
D	Over £68,000 and up to £88,000	2,289.79	2,358.09	2,319.79	2,339.79
E	Over £88,000 and up to £120,000	2,798.61	2,882.09	2,835.28	2,859.72
F	Over £120,000 and up to £160,000	3,307.45	3,406.11	3,350.78	3,379.67
G	Over £160,000 and up to £320,000	3,816.29	3,930.12	3,866.29	3,899.62
H	Over £320,000	4,579.58	4,716.18	4,639.58	4,679.58

Base Budget Assumptions

Annex A

Base Budget Assumptions	2026/27 £m/%	2027/28 £m/%	2028/29 £m/%
Service Expenditure			
Pay: Inflation	3.00%	2.00%	2.00%
Pay award cost	£3.04m	£1.85m	£1.87m
Pay: Pension Inflation	-15.0%	0.00%	0.00%
	£-3.01m	£0.00m	£0.00m
Pay: Living Wage/ FPFC/Real Living Wage	£3.76m	£2.61m	£1.89m
General Inflation: Prices	2.0%	2.0%	2.0%
	£0.16m	£0.15m	£0.15m
Contractual Obligations: Inflation Specific	2.0% to 3.0%	2.0% to 3.0%	2.0% to 3.0%
	£2.12m	£1.85m	£1.86m
Energy Inflation	£-0.40m	£0.00m	£0.00m
Levies: Waste (GMWDA) % Levy Increase/ (Decrease)	2.90%	3.60%	3.00%
Levies: Transport % Levy Increase/ (Decrease)	1.43%	3.00%	3.00%
Demographics: Children	£1.00m	£1.00m	£1.00m
Adults	£1.50m	£1.50m	£1.50m
Treasury Management			
Investment Rates (3-month money market)	3.31%	3.25%	3.25%
Debt Rates (10-year PWLB)	5.14%	5.10%	5.14%
Funding			
Council Tax rate increase (Adult Social Care)	2.00%	2.00%	2.00%
Council Tax rate increase (Relevant Basic Amount)*	5.49%	2.99%	2.99%
Council Tax base increase	1.00%	1.00%	1.00%

(* Includes 2.5% for exceptional financial support

Annex B

The components of the gross budget gap, as they stand at the Final budget stage are shown in the table below

	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000
The Budget Gap March 2026	37,871	19,438	13,315	70,624
Base Budget Pressures				
Pay	3,590	2,132	2,154	7,876
National Living Wage / Fair Price for Care / Real Living Wage	4,040	2,609	1,886	8,535
Inflation – General / Contractual	2,148	2,124	2,152	6,424
Demographics / Care Costs	2,500	2,500	2,500	7,500
Grants, Legislative & Service Transfers (*)	29,084	11,126	177	40,387
Treasury Management	0	0	0	0
Treasury Management (MAH)	1,464	120	335	1,919
Strategic Investment Programme	0	(323)	(3,548)	(3,871)
Levies	2,400	500	0	2,900
Reversal of One-off Savings in previous years	736	1,138	1,070	2,944
Other	650	850	0	1,500
Base Budget Pressures	50,296	23,764	7,826	81,886
Base Budget Funding Changes				
Change in Income from Council Tax (Growth in Tax Base, CTSS, PY Surplus)	(1,467)	(1,146)	(1,420)	(4,033)
Change in assumptions on FFR (Business Rates (Baseline Funding, Distribution of PY Surplus, use of reserves) (*)	(23,754)	(3,180)	6,909	(20,025)
Change in Base Budget Funding	(25,221)	(4,326)	5,489	(24,058)
Reinstatement of Prior Year Budget Gap funded from Budget Support Reserve	3,200			3,200
Reinstatement of Prior Year Budget Gap funded from Capitalisation Direction	9,596			9,596
Gross Budget Gap (*)	37,871	19,438	13,315	70,624
Cumulative Gross Budget Gap March 2026 (*)	37,871	57,309	70,624	

(*) The impact of the FFR is included in the above figures

In summary of the key issues within the gross budget gap worthy of note are:

Base Budget Pressures

- **Pay** – assumed 3% in 2026/27 and 2% each year after. Also, an additional £0.28m in 2026/27 reflecting a shortfall in budget relating to the 2025/26 pay award.
- **National Living Wage / Fair Price for Care / Real Living Wage** - This covers projected increases in the NLW/RLW and a Fair Price for Care to aid market sustainability. The Living Wage Foundation has confirmed a 6.7% increase to the Real Living Wage for 2026/27, and the Government have confirmed a 4.1% increase to National Living Wage for 2026/27. Assumptions for 2026/27 include a blended rate with increases of 3% and 2% are projected for the remaining years.
- **Inflation General and Contractual** – includes general and contractual inflationary increases at 2%. 2026/27 includes a £0.4m reduction relating to tapering of energy inflation as costs revert to pre-crisis levels.
- **Levies:** includes inflationary allowances in for waste disposal (+2.90%, +3.6%, +3%), transport (+1.43%, +3%, +3%) over each of the three years respectively. The use of the waste smoothing reserve in 2025/26 (previous one year saving) has caused a pressure of £0.5m in 2026/27 when it was reversed and is shown in the “Other” category.
- **Demography/Care Costs** - an annual budget increase to reflect the increasing pressures and number of adults and children requiring social care.
- **General and Service Grants** – the Fair Funding Review consultation aims to simplify the number of service grants by rolling these into general funding within Settlement Funding Assessment. Significant service grants such as the Social Care Grant, Local Authority Better Care Grant and Market Stabilisation and Improvement Fund Grant have now been removed from service areas and are now including within baseline funding allocated within Business Rates funding. New service grants include the consolidated Children, Families and Youth Grant including new monies announced in the Spending Review.
- **Treasury Management** – additional resource to cover changes in borrowing costs associated with the capital programme and increases in MRP for the escalating impact of the annuity basis on loan repayments (MRP); 2026/27 includes £1.1m additional borrowing costs associated with the Capitalisation Direction request. 2026/27 includes the benefit of £5.0m from assumptions on Debt restructuring. The financing costs of the Capitalisation Direction are included at 10% per annum.
- **Strategic Investment Programme** – a reduction in the income expectations from the programme £1.5m in 2026/27 and a further £0.5m in 2027/28. A further £1.9m has been added to cover refinancing costs in 2026/27. Additional income from project in the pipeline of £1.0m has been assumed in 2026/27.

Base Budget Funding Changes – these represent the **changes** in funding from the previous year:

- **Council Tax** – a net increase in 2026/27 of £1.48m due to an increase in the expected number of properties and the distribution of prior year surpluses.

- **Business Rates** – reflects an increase in resource redirected through the Business Rates system because of the Fair Funding Review and the business rates reset. Grants previously accounted for as service grants have been rolled into the Settlement Funding Assessment and allocated within the Councils Baseline Funding within the Business Rates system. The budget includes a full business rate reset in 2026/27, with assumptions of £1.0m escalation each year to 2028/29 reflecting the release of the estimated surplus in 2025/26 smoothed through reserves. Reductions are included in 2027/28 and 2028/29 reflecting the removal of the FFR transitional tapering protection over three years.

Annex C

Budget Movements : Draft Budget Jan 2026 to Final Budget March 2026

<i>Budget Movements</i>	2026/27 (£000)	2027/28 (£000)	2028/29 (£000)	Total (£000)
Revised Budget Gap at Draft (Jan 26)	0	34,528	3,163	37,691
Movements in Funding Assumptions:				
Release of P8 2025/26 estimated council tax surplus	(171)	171	0	0
New Children, Families and Youth Grant	(58)	38	0	(20)
Adjust new Crisis and Resilience Fund Grant	487	1	26	514
Remove various PH grants Drug and Alcohol Treatment and Recovery Improvement Grant, Swap to Stop	(184)	0	0	(184)
Replace with new Public Health Grant (element not yet in SFA)	124	(421)	(415)	(712)
Release of 25/26 Estimated Business Rates Surplus	(7,288)	7,288	0	0
Move 25/26 Business Rates Surplus to Business Rate Risk Reserve (BRRR)	7,288	(7,288)	0	0
Release from BRRR (smoothing of 25/26 surplus)	(1,000)	(1,000)	(1,000)	(3,000)
Reduction in rates income due to impact of Bus Rates Reval/new multipliers	6,222	(6,222)	0	0
Safety Net contribution from Government	(6,222)	6,222	0	0
Changes to new consolidated Homelessness, Rough Sleeping and Domestic Abuse Grant at Final Settlement	(159)	38	75	(46)
Movements in Funding Assumptions	(961)	(1,173)	(1,314)	(3,448)
Movements in Budget Assumptions:				
Strategic Investment Strategy – additional income	(1,000)	0	0	(1,000)
Grant adjustments following provisional/final settlement	(427)	(420)	389	382
Adjustment for Fair Price for Care	(1,415)	0	0	(1,415)
Reversal of borrowing costs for estimated capitalisation direction 2026/27 at Draft Budget	(1,900)	0	0	(1,900)
Borrowing Costs on capitalisation direction for 26/27 at 10% (5% MRP, 5% interest)	1,149	0	0	1,149

Budget Movements	2026/27 (£000)	2027/28 (£000)	2028/29 (£000)	Total (£000)
Reduction in lost interest/borrowing cost of DSG Deficit from High Needs Stability Grant	(500)	(500)	0	(1,000)
Other budget adjustments	571	(38)	0	533
Movements in Budget Assumptions	(3,522)	(118)	389	(3,251)
Reverse Capitalisation Direction 2026/27 assumed at Draft	20,581	(20,581)	0	0
Increase in Core Council Tax by 2.5%	(3,513)	(213)	(226)	(3,952)
Capitalisation Direction 2026/27	(12,637)	12,637	0	0
Total Changes in Policy Choice Funding	4,431	(8,157)	(226)	(3,952)
Other Efficiency & Policy Choice savings	52	0	0	52
Efficiencies and Policy Choice	52	0	0	52
REVISED BUDGET GAP (March 2026)	0	25,080	2,012	27,092

Savings and Income Proposals

Annex D

Note: In line with the Executive's stated objective at this stage any service savings proposal affecting staff are achieved by voluntary means wherever possible, for example by voluntary severance.

Saving Title	Previously Approved/ New	Service Area	Description of saving	2026/27 £000	2027/28 £000	2028/29 £000	Total £'000
Children Placements	PA	Children's Services	Continuation of demand management approaches and review of placements for looked after children	(500)			(500)
Placement Sufficiency	New	Children's Services	2 year plan to improve placement sufficiency. Focused on: Enhanced supported accommodation options for 16-17 year olds Improved post-18 accommodation pathways A reduction in the number of children placed in residential provision An increase in fostering provision to meet demand	(1,182)	(1,295)	(1,295)	(3,772)
Edge of Care	New	Children's Services	Investment in Outreach Service to enhance its capacity and responsiveness in supporting vulnerable children and their families.	(288)	(481)	(481)	(1,250)

Saving Title	Previously Approved/ New	Service Area	Description of saving	2026/27 £000	2027/28 £000	2028/29 £000	Total £'000
Home to School Transport	New	Children's Services	Continuing transformational work to optimise routes, offer greater flexibility and promote independence.		(696)	(497)	(1,193)
Pension Contributions	New	Children's Services	Following an actuarial review; anticipated reduction in employer contributions payable to Greater Manchester Pension Funds from 2026/27.	(925)			(925)
Sub-Total Children's Services				(2,895)	(2,472)	(2,273)	(7,640)
Care Closer to Home, Promoting Independence and Prevention (including Adults Social Care Front Door)	New	Adults and Well Being	Key preventative initiatives to reduce long-term costs and promote resident outcomes, including a Front Door redesign, a robust care review programme, community-based support networks and assistive technology.	(1,000)	(500)		(1,500)
Fairer Cost of Care (formerly Older Peoples Bed Price: Nursing)	New	Adults and Well Being	Work with nursing care home providers to establish a new LA nursing bed rate.	(500)	(500)		(1,000)

Saving Title	Previously Approved/ New	Service Area	Description of saving	2026/27 £000	2027/28 £000	2028/29 £000	Total £'000
Discharge to Assess <i>* £100k full year benefit, subject to consultation</i>	New	Adults and Well Being	Introduce non-residential charges to individuals being discharged and accessing commissioned DTA beds. Reintroducing charging for individuals discharged from hospital with an increase in home care.	(100)*			(100)
Agency Spend	New	Adults and Well Being	Reduction in the amount of agency spend through several initiatives including in-house mental health workers, strengthened governance processes and a review of the neighbourhood team staffing structures.	(176)			(176)
Our Place	New	Adults and Well Being	Decommissioning of Our Place and sale of the property.	(888)			(888)
Review of ASC Charging Policy <i>* £210k full year benefit, subject to consultation</i>	New	Adults and Well Being	Introduction of an arrangement fee on a “cost recovery” basis in respect of arranging care for self-funders. Proposals also include a review of the pension age.	(210)*	(210)		(420)

Saving Title	Previously Approved/ New	Service Area	Description of saving	2026/27 £000	2027/28 £000	2028/29 £000	Total £'000
Pension Contributions	New	Adults and Well Being	Following an actuarial review; anticipated reduction in employer contributions payable to Greater Manchester Pension Funds from 2026/27.	(621)			(673)
Sub-Total Adults and Wellbeing				(3,495)	(1,210)	-	(4,705)
Electric vehicle (EV) charging points	PA	Place	Expand number of EV charging points on a revenue share model	(50)			(50)
Garden waste	PA	Place	Second (full-year) effect of introduction of a charge for collection of garden waste	(395)			(395)
Pension Contributions	New	Place	Following an actuarial review; anticipated reduction in employer contributions payable to Greater Manchester Pension Funds from 2026/27.	(404)			(404)
Sub-Total Place				(849)	-	-	(849)
Pension Contributions	New	Legal & Governance	Following an actuarial review; anticipated reduction in employer contributions payable to Greater Manchester Pension Funds from 2026/27.	(126)			(126)
Sub-Total Legal & Governance				(126)	-	-	(126)

Saving Title	Previously Approved/ New	Service Area	Description of saving	2026/27 £000	2027/28 £000	2028/29 £000	Total £'000
Traded Services	PA	Finance & Systems	Traded Services income - increase in contributions to offset pay and cost inflation.	(61)	(62)	(64)	(187)
Exchequer Services Transactional Processes	PA	Finance & Systems	Review of processes with a view to utilising digital technology where appropriate.	(50)			(50)
Pension Contributions	New	Finance & Systems	Following an actuarial review; anticipated reduction in employer contributions payable to Greater Manchester Pension Funds from 2026/27.	(323)			(323)
Pension Contributions (Traded)	New	Finance & Systems	Following an actuarial review; anticipated reduction in employer contributions payable to Greater Manchester Pension Funds from 2026/27.	(16)			(16)
Sub-Total Finance & Systems				(450)	(62)	(64)	(576)
Traded Services - Catering & Cleaning	PA	Strategy & Resources	Review Traded Services income - increase in charges to offset pay and cost inflation.	(436)	(255)	(260)	(951)
Reduce the subsidy on trading services to schools (Catering and cleaning etc)	New	Strategy & Resources	Review of subsidy level for traded services.		(277)	(450)	(727)
Review of Sale Waterside Arts Centre	PA	Strategy & Resources	Improve effective use of asset and business development	(50)			(50)

Saving Title	Previously Approved/ New	Service Area	Description of saving	2026/27 £000	2027/28 £000	2028/29 £000	Total £'000
Pension Contributions	New	Strategy & Resources	Following an actuarial review; anticipated reduction in employer contributions payable to Greater Manchester Pension Funds from 2026/27.	(336)			(336)
Pension Contributions (Traded)	New	Strategy & Resources	Following an actuarial review; anticipated reduction in employer contributions payable to Greater Manchester Pension Funds from 2026/27.	(211)			(211)
Sub-Total Strategy and Resources				(1,033)	(532)	(710)	(2,275)
GMCA contribution	PA (adjusted)	Council Wide	Review level of contribution towards GMCA functions.	(159)			(159)
MRP - new schemes move to annuity	New	Council Wide	Changing the way the Council sets money aside for the future repayment of debt. On new schemes this is currently done on a straight-line basis but the proposal is to move to an annuity basis to be consistent with previously agreed practice.	(600)			(600)
Review Treasury Management Budget	New	Council Wide	Reflects a review of the level of investment income generated from the investment of surplus cash balances.	(100)			(100)

Saving Title	Previously Approved/ New	Service Area	Description of saving	2026/27 £000	2027/28 £000	2028/29 £000	Total £'000
Sub-Total Council Wide				(859)	-	-	(859)
TOTAL SAVINGS AND INCOME PROPOSALS				(9,707)	(4,276)	(3,047)	(17,030)

Subjective Analysis 2026/27

Annex E

2026/27 SUBJECTIVE ANALYSIS	CHILDREN'S SERVICES (£000's)	ADULTS & WELL BEING & PUBLIC HEALTH	PLACE (£000's)	LEGAL & GOVERNANCE (£000's)	FINANCE & SYSTEMS (£000's)	STRATEGY & RESOURCES (£000's)	COUNCIL-WIDE £000's	FUNDING & RESERVES £000's	TOTAL £000's
NET BUDGET Brought Forward	61,802	79,055	34,142	4,663	12,064	12,117	29,228		233,071
Budget Pressures:									
Pay	586	390	276	109	320	495	1,414		3,590
National Living Wage/ Fair Price for Care	1,151	2,759	100	0	0	30	0		4,040
General Inflation	21	7	31	2	41	32	82		216
Contractual Inflation & Obligations	25	759	830	29	183	106	0		1,932
Levies	0	0	491	0	0	0	245		736
Demographics/ Care Costs	1,000	1,500	0	0	0	0	0		2,500
Grants, Legislative & Service Transfers	(379)	27,276	1,541	0	2,595	0	(1,949)		29,084
Treasury Management	0	0	0	0	0	0	1,464		1,464
Strategic Investment Programme	0	0	2,400	0	0	0	0		2,400
Reversal of One off Savings Targets Prior Year	0	600	0	0	0	50	0		650
Other	2,573	1,424	123	538	(362)	174	(786)		3,684
Total Budget Pressures	4,977	34,715	5,792	678	2,777	887	470		50,296
Budget Savings									
Income Generation	0	0	0	0	(61)	(436)	0		(497)
Savings Proposals Efficiencies & Policy Choice	(2,895)	(3,495)	(849)	(126)	(389)	(597)	(859)		(9,210)
Total Approved Budget Proposals	(2,895)	(3,495)	(849)	(126)	(450)	(1,033)	(859)		(9,707)
PROPOSED NET BUDGET	63,884	110,275	39,085	5,215	14,391	11,971	28,839		273,660
Funding:									
Council Tax								(140,542)	(140,542)
Council Tax - 5.49% General Increase								(7,716)	(7,716)
Council Tax - 2% Adult Social Care Increase								(2,811)	(2,811)
Council Tax diff est/act deficit use of smoothing reserve								(259)	(259)
Total Council Tax Funding								(151,328)	(151,328)
Business Rates: Local Share								(190,995)	(190,995)
Business Rates: Tariff Payment								87,392	87,392
Business Rates: Growth/Shortfall Assumptions, S31 Grants, GM Pilot								5,130	5,130
Safety Net Contribution								(6,222)	(6,222)
Total Business Rates Funding								(104,695)	(104,695)
PROPOSED FUNDING								(256,023)	(256,023)
Additional Use of Reserves:									
Budget Support Reserve								(5,000)	(5,000)
Capitalisation Directive (EFS)								(12,637)	(12,637)
Movement in Reserves Total								(17,637)	(17,637)
FUNDING FROM RESERVES								(17,637)	(17,637)
BUDGET GAP									0

Details of Reserves by Category

Annex F

Category	Reserve Name	Balance at 31.03.2025 £000	Est balance at 31.03.2026 £000	Est balance at 31.03.2027 £000	Est balance at 31.03.2028 £000	Comments
Budget Support Reserve	Budget Support Reserve	(9,380)	(8,396)	(5,290)	(5,290)	<p>25/26 Transfers to/(from) Other Reserves £(2.05)m from Business Rate Risk reserve</p> <p>25/26 Commitments (to)/from reserve £3.20m budget support 25/26</p> <p>26/27 Commitments (to)/from reserve £(1.89)m from GMCA for redistribution of waste reserves £5.0m budget support 26/27</p>
Sub-Total Budget Resilience		(9,380)	(8,396)	(5,290)	(5,290)	
Smoothing and Business Risk	Business Rate Risk Reserve	(5,707)	(4,080)	(10,368)	(8,368)	Reserve holds the release of estimated surplus of £7.3m from 2025/26 business rates which will be released to support the budget. There is an underlying balance of c£5.0m at the end of 2028/29 which is the minimal balance due to the risks associated with forecasting rates income and possibility of falling into a safety net position in year 2 following the business rate reset. While the government will fund 100% of any year 1 safety net requirement, this support reduces to 97% in year 2.
Smoothing and Business Risk	Insurance Reserve	(1,560)	(1,560)	(1,560)	(1,560)	Sufficient to cover four excess property claims (£250k per claim) plus a further £500k to cover historic claims relating to MMI and a balance held to cover potential emerging insurance risks.
Smoothing and Business Risk	Earmark Gen - Employment Rationalisation and Pension Strain (Early Ill Health Retirement)	(1,000)	(750)	(500)	(250)	Established to cover costs of VS/VR scheme.
Smoothing and Business Risk	Housing Benefit Risk Reserve	(1,203)	(903)	(3)	(3)	Reserve to reflect risk of budget pressures due to market conditions and volatility in forecasting

Category	Reserve Name	Balance at 31.03.2025 £000	Est balance at 31.03.2026 £000	Est balance at 31.03.2027 £000	Est balance at 31.03.2028 £000	Comments
						Housing Benefit budget. 2026/27 budget plans include a planned draw down of £900k to cover expected pressures.
Smoothing and Business Risk	Timperley Sports Club Synthetic Pitch	(153)	0	0	0	This will be used towards replacing synthetic pitches across the Borough
Smoothing and Business Risk	Earmark Gen - Local Search Litigation Costs Settlement	(120)	(90)	(60)	(30)	Reserve established as a contingency for potential back claims regarding changes in local search litigation costs and Central Land Charges Register.
Smoothing and Business Risk	Earmark Gen - Civic vehicle reserve	(11)	(16)	(21)	(26)	Replacement of mayoral vehicle.
Smoothing and Business Risk	Smoothing - Waste Levy	(1,150)	(700)	(700)	(700)	To smooth the effects on the Council's budget of movements in the waste levy over the medium term.
Smoothing and Business Risk	Smoothing - Elections	(83)	(402)	(221)	(40)	To smooth the elections budget across the 4 year Municipal cycle.
Smoothing and Business Risk	Smoothing - Interest Rate	(3,668)	(3,818)	(3,525)	(3,575)	Balance sufficient to meet potential short term volatility in the financial markets.
Smoothing and Business Risk	Exchequer Services Reserve	(534)	(222)	0	0	Accumulated underspend of unspent grants (ring-fenced for activities such as fraud work, ICT systems, Universal Credit)
Smoothing and Business Risk	EU Exit Funding Reserve	(110)	(110)	-	-	Government funding to be used to enhance capacity and capability within local authorities in preparation for EU Exit related activities and risks.
Smoothing and Business Risk	Sale PFI Bullet Payment	(1,406)	(966)	(526)	(86)	Reserve initially held to fund the final bullet payment relating to the PFI. The capital programme now includes budget to fund the PFI bullet payment, therefore as a result this reserve will be released over the MTFP to fund budget gaps.
Smoothing and Business Risk	Admin Building Cyclical Maintenance Reserve	(858)	(226)	(211)	(196)	To provide a reserve sufficient to cover major lifecycle maintenance and unexpected costs associated with the maintenance and repair of all major administrative sites.
Smoothing and Business Risk	Council Tax Risk Reserve	(275)	(875)	(875)	(875)	Reserve to manage risk of shortfall in Council Tax Income due to uncertainty in take up of LCTS and

Category	Reserve Name	Balance at 31.03.2025 £000	Est balance at 31.03.2026 £000	Est balance at 31.03.2027 £000	Est balance at 31.03.2028 £000	Comments
						lower collection rates due to economic uncertainty. £(600)k top up in 25/26 from 24/25 est surplus for risks listed above
Smoothing and Business Risk	Inflation Risk Reserve	(1,036)	(756)	(756)	(756)	Reserve to manage increased risk associated with inflation rate volatility. £260k drawn down in 2025/26 to offset the cost of the payaward above budget.
Sub-Total Smoothing and Business Risk		(18,874)	(15,474)	(19,326)	(16,465)	
Strategic Priority	Strategic Investment Programme Risk Reserve	(8,914)	(5,125)	(4,488)	(4,164)	Reserve established as a contingency for potential loss of income, additional cost due to delays in investment property fund. Reserve has been used/contributions adjusted during the year in order to manage variations in the programme. Balance is considered minimum necessary to manage the underlying risks.
Strategic Priority	Leisure Centres Risk Reserve	(3,038)	(1,995)	(995)	0	Reserve to manage the risk during leisure centre refurbishment programme and any economic downturn. Particularly loss of income, changes in assumptions for demand, inflation and also risk of potential default on development loan. A budget provision is included in Place Directorate to manage these pressures. The reserve will be used to smooth net expenditure over the programme.
Strategic Priority	Bus Reform	(1,500)	(1,500)	0	0	Reserve established to hold Trafford's share of redistributed GM reserves for GM Bus Reform. Expected to be committed in 2026/27.
Strategic Priority	Major Projects Reserve, Abortive costs and Schools Deficit Risk	(3,689)	(1,899)	(483)	(398)	Reserve held to fund Major Projects and the risk of schools with deficits where intervention is required or transferring to an academy that will need writing off.

Category	Reserve Name	Balance at 31.03.2025 £000	Est balance at 31.03.2026 £000	Est balance at 31.03.2027 £000	Est balance at 31.03.2028 £000	Comments
Sub-Total Strategic Priority		(17,141)	(10,519)	(5,966)	(4,562)	
Corporate	NDR Deficit Reserve	(2,410)	(2,390)	0	0	Reserve established towards meeting Trafford's share of the NDR Deficit. This is a requirement of collection fund accounting and is not available for any other purpose
Corporate	Star Procurement Earmarked Reserve	(425)	(285)	(285)	(285)	STAR revenue budget under/overspends to be carried forward. Commitment to spend is approved by STAR Board (Stockport, Trafford, Rochdale and Tameside). Ring-fenced reserve for members of STAR
Corporate	Planning Income Reserve	(31)	0	0	0	A reserve established to hold surplus planning income in line with Government requirements to reinvest increases in fee income towards improvements in planning services. This is a ring fenced reserve with specific statutory conditions attached to it.
Corporate	General Reserve	(10,500)	(10,500)	(10,500)	(10,500)	This is the reserve that the Council is required to hold to protect against in year financial shocks.
Sub-Total Corporate		(13,366)	(13,175)	(10,785)	(10,785)	
Service Area Priority	Earmark Gen - ICT Development	(1,120)	(470)	(357)	(244)	Reserve established to ensure there are funds available for the replacement of equipment such as ICT and to smooth out maintenance costs as a result of the Digital Investment programme.
Service Area Priority	Economic Development	(1,319)	(603)	(344)	(16)	Reserve set aside specifically for economic development related projects.
Service Area Priority	Earmark Gen - Libraries and Customer Services Reserve	(294)	(122)	(24)	0	Funds earmarked for ICT upgrades plus additional costs associated with the libraries
Service Area Priority	Earmark Gen - Vol Sec Grants Reserve	(2)	0	0	0	Carry forward of prior year spend due to slippage on projects - committed on schemes.
Service Area Priority	Earmark Gen - Community Safety	(375)	(177)	(173)	(173)	Investment in Community Safety initiatives related to unspent grant from prior years.

Category	Reserve Name	Balance at 31.03.2025 £000	Est balance at 31.03.2026 £000	Est balance at 31.03.2027 £000	Est balance at 31.03.2028 £000	Comments
Service Area Priority	One Trafford Partnership Reserve	(1,828)	(108)	(15)	0	Established to hold contractor penalty payments to be invested in one-off Partnership schemes.
Service Area Priority	Sports Partnership Reserve	(211)	(100)	(55)	0	Ring-fenced funding from Sports Partnership to be used on specific projects
Service Area Priority	Earmarked Service C/fwd Place	(990)	(105)	0	0	Service Carry Forward Place.
Service Area Priority	Earmarked Service C/fwd L & G	(97)	0	0	0	Service Carry Forward Governance and Community Services
Service Area Priority	Earmarked Service C/fwd F & S	(588)	(440)	(399)	(357)	Service Carry Forward Finance and Systems.
Service Area Priority	Earmarked Service C/fwd S & R	(808)	(112)	(18)	(18)	Service Carry Forward Strategy & Resources.
Service Area Priority	Earmarked Service C/fwd Children	(677)	0	0	0	Service Carry Forward Children's
Service Area Priority	Earmarked Service C/fwd Adults	(2,063)	0	0	0	Service Carry Forward Adults.
Service Area Priority	Earmarked Service C/fwd Public Health	0	(38)	0	0	Service Carry Forward Public Health
Service Area Priority	Traded Services Reserve	(129)	0	0	0	Service Carry Forward Traded Services.
Sub-Total Service Area Priority		(10,501)	(2,275)	(1,385)	(808)	
SUB-TOTAL Earmarked Reserves		(69,262)	(49,839)	(42,752)	(37,910)	
	Capital Related Reserves	(27,286)	(18,191)	(9,104)	(8)	
	School Related Reserves	(14,712)	(14,714)	(14,723)	(14,715)	
	SUB-TOTAL	(41,998)	(32,905)	(23,827)	(14,723)	
	TOTAL USABLE RESERVES	(111,260)	(82,744)	(66,579)	(52,633)	

Formal Council Tax Resolution

The Council is recommended to resolve as follows:

1. It be noted that on 14th January 2026 the Council calculated
 - (a) the Council Tax Base 2026/27 for the whole Council area as 81,635 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")] and;
 - (b) 2,043 for dwellings in the Parish of **Partington**;
 - (c) 241 for dwellings in the Parish of **Carrington**;
 - (d) 175 for dwellings in the Parish of **Warburton**;

to which Parish Precepts relate.

It is recommended:

2. That the Council approve the Council Tax Requirement for the Council's own purposes for 2026/27 (excluding Parish precepts) as £151,068,833.
3. That the Council agrees the calculation of the Aggregate Amounts for the year 2026/27 in accordance with Sections 31 to 36 of the Act:
 - (a) £708,107,103 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
 - (b) £556,882,753 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (c) £151,224,350 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31A(4) of the Act).
 - (d) £1,852.45 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
 - (e) £155,517 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
 - (f) £1,850.54 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

- (g) £1,918.84 **Parish of Partington**
being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned at 3(e) above divided by the amount at 1(b) above, calculated by the Council, in accordance with section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.
- (h) £1,880.54 **Parish of Carrington**
being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned at 3(e) above divided by the amount at 1(c) above, calculated by the Council, in accordance with section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate
- (i) £1,900.54 **Parish of Warburton**
being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned at 3(e) above divided by the amount at 1(c) above, calculated by the Council, in accordance with section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate
4. The council tax set by Trafford Council includes a 2.0% increase to be spent exclusively on supporting the delivery of adult social care services.
5. That it be noted that for the year 2026/27 the Mayoral Police and Crime Commissioner and the Mayoral General (including Fire Services) have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated in the table below.
6. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate shown in the tables below as the amounts of Council Tax for 2026/27 for each part of its area and for each of the categories of dwellings.

Valuation Bands

Council Tax Schedule 2026/27	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Trafford Council (including Adult Social Care Precept)	1,233.68	1,439.31	1,644.90	1,850.54	2,261.75	2,672.98	3,084.21	3,701.08
Mayoral Police and Crime Commissioner Precept	190.20	221.90	253.60	285.30	348.70	412.10	475.50	570.60
Mayoral General Precept (including Fire Services)	102.63	119.74	136.84	153.95	188.16	222.37	256.58	307.90
Sub total	1,526.51	1,780.95	2,035.34	2,289.79	2,798.61	3,307.45	3,816.29	4,579.58

Partington								
Parish only	45.53	53.12	60.71	68.30	83.48	98.66	113.83	136.60
Parish & District only	1,279.21	1,492.43	1,705.61	1,918.84	2,345.23	2,771.64	3,198.04	3,837.68
Aggregate of Council Tax requirements (incl. – Mayoral Precepts)	1,572.04	1,834.07	2,096.05	2,358.09	2,882.09	3,406.11	3,930.12	4,716.18
Carrington								
Parish only	20.00	23.33	26.67	30.00	36.67	43.33	50.00	60.00
Parish & District only	1,253.68	1,462.64	1,671.57	1,880.54	2,298.42	2,716.31	3,134.21	3,761.08
Aggregate of Council Tax requirements (incl. – Mayoral Precepts)	1,546.51	1,804.28	2,062.01	2,319.79	2,835.28	3,350.78	3,866.29	4,639.58
Warburton								
Parish only	33.33	38.89	44.44	50.00	61.11	72.22	83.33	100.00
Parish & District only	1,267.01	1,478.20	1,689.34	1,900.54	2,322.86	2,745.20	3,167.54	3,801.08
Aggregate of Council Tax requirements (incl. – Mayoral Precepts)	1,559.84	1,819.84	2,079.78	2,339.79	2,859.72	3,379.67	3,899.62	4,679.58

PARISH COUNCIL PRECEPTS

Parish/Town Council	2025/26			2026/27			C Tax Increase
	Tax Base	Precepts £	Council Tax Band D (£)	Tax Base	Precepts £	Council Tax Band D (£)	
Partington	1,914	124,506	65.05	2,043	139,537	68.30	5.0%
Carrington	148	4,440	30.00	241	7,230	30.00	0.0%
Warburton	167	8,350	50.00	175	8,750	50.00	0.0%
TOTAL	2,229	137,296		2,459	155,517		

2026/27 Objective (Service) Budget Analysis

Annex H

Note: The shift by the FFR to move grants from service allocations into core spending power means that year-on-year changes cannot be reliably compared.

Directorate	Service Expenditure Analysis	Net Budget 2025/26 £000	Proposed Net Budget 2026/27 £000	Movement £000
Children's Service	Children with Complex and Additional Needs	2,779	2,830	51
Children's Service	Commissioning	1,400	1,335	(65)
Children's Service	Children's Social Services	41,539	43,263	1,724
Children's Service	Education and Early Years' Service	11,815	12,288	473
Children's Service	Early Help Delivery Model	3,041	2,958	(83)
Children's Service	First Response	762	753	(9)
Children's Service	Youth Offending Service	466	457	(9)
Children's Service	DSG	-	-	-
Children's Service total	Sub-Total	61,802	63,884	2,082
Adults & Well Being Service	Client Costs	90,727	94,591	3,864
Adults & Well Being Service	BCF and Other Grants	(44,432)	(18,126)	26,306
Adults & Well Being Service	Assistive Equipment and Technology	1,353	1,319	(34)
Adults & Well Being Service	Social Care Activities - Care Management	15,493	15,294	(199)
Adults & Well Being Service	Commissioning and service delivery	2,245	2,367	122
Adults & Well Being Service	Public Health	13,669	14,830	1,161

Directorate	Service Expenditure Analysis	Net Budget 2025/26 £000	Proposed Net Budget 2026/27 £000	Movement £000
Adult & Well Being Service (incl. Public Health)	Sub-Total	79,055	110,275	31,220
Place - Environmental, Technical & Property Services	One Trafford Partnership	20,406	21,165	759
Place - Environmental, Technical & Property Services	Street Lighting Energy	1,890	1,702	(188)
Place - Environmental, Technical & Property Services	Media Advertising	(854)	(854)	0
Place - Environmental, Technical & Property Services	Waste Disposal (Levy and Extended Producer Responsibility Grant)	11,811	11,950	139
Place - Environmental, Technical & Property Services	Strategic Management	1,998	2,229	231
Place - Economic Growth & Planning	Property Investment Fund	(4,971)	(2,648)	2,323
Place - Economic Growth & Planning	Sport and Leisure	625	581	(44)
Place - Economic Growth & Planning	Economic Growth & Planning	3,482	5,135	1,653
Place - Environmental, Technical & Property Services	Bereavement Services	(497)	(481)	16
Place - Economic Growth & Planning	Public Protection & Enforcement	1,057	1,056	(1)
Place - Economic Growth & Planning	Parking Services	(1,551)	(1,366)	185
Place - Economic Growth & Planning	Strategic Support Services	745	616	(129)
Economic Growth, Environment & Infrastructure	Sub-Total	34,141	39,085	4,944
Legal & Governance	Legal & Democratic Services	4,663	5,215	552
Legal & Governance	Sub-Total	4,663	5,215	552
Finance and Systems	Finance Services	7,113	9,198	2,085

Directorate	Service Expenditure Analysis	Net Budget 2025/26 £000	Proposed Net Budget 2026/27 £000	Movement £000
Finance and Systems	ICT Services	5,279	5,745	466
Finance and Systems	Directorate Wide Efficiency	(328)	(552)	(224)
	Sub-Total	12,064	14,391	2,327
Strategy and Resources	Human Resources	3,531	3,484	(47)
Strategy and Resources	Access Trafford	3,500	3,639	139
Strategy and Resources	Arts and Culture	819	881	62
Strategy and Resources	Communications	443	443	0
Strategy and Resources	Executive	407	400	(7)
Strategy and Resources	School Crossing Patrols	492	490	(2)
Strategy and Resources	Catering & Cleaning Traded Services	1,065	817	(248)
Strategy and Resources	Music Service	491	496	5
Strategy and Resources	Business Intelligence	1,871	1,868	(3)
Strategy and Resources	Directorate Wide Efficiency	(501)	(547)	(46)
Strategy and Resources	Sub-Total	12,118	11,971	(147)
TOTAL SERVICE BUDGETS		203,843	244,821	40,978
Council Wide Service	Transport Levy	17,103	17,348	245
Council Wide Service	Flood Defence	163	167	4
Council Wide Service	Coroners & Mortuary	745	822	77
Council Wide Service	AGMA / Other	449	315	(134)
Council Wide Service	Contingencies, Provisions and Corporate savings	2,014	5,153	3,139
Council Wide Service	Treasury Management	2,822	2,437	(385)

Directorate	Service Expenditure Analysis	Net Budget 2025/26 £000	Proposed Net Budget 2026/27 £000	Movement £000
Council Wide Service	Insurance	993	1,064	71
Council Wide Service	Members Expenses	1,187	1,212	25
Council Wide Service	Other Centrally held budgets	4,907	5,219	312
Council Wide Service	Central Grants	(1,155)	(4,898)	(3,743)
COUNCIL-WIDE BUDGETS	Sub-Total	29,228	28,839	(389)
PROPOSED NET BUDGET		233,071	273,660	40,589

Annex I

**OUTLINE OF 2026/27 FUNDING FORMULA RECOMMENDED BY SCHOOL
FUNDING FORUM**

	Description	Amount per pupil		Pupil Units		Sub Total	Total
	Primary (Years R-6)	£4,087.12		20,201		£82,563,911	
	Key Stage 3 (Years 7-9)	£5,718.35		10,621		£60,734,595	£187,140,949
	Key Stage 4 (Years 10-11)	£6,446.47		6,801		£43,842,442	
		Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR		
Deprivation	FSM	£507.87	£507.87	3,514.00	3,113.00	£3,365,654	£18,677,243
	FSM6	£1216.88	£1,734.82	3,564.00	3,321.00	£10,098,298	
	IDACI Band F	£241.37	£346.96	1,649.57	1,370.98	£873,832	
	IDACI Band E	£291.65	£462.62	1,430.92	1,185.14	£965,599	
	IDACI Band D	£457.59	£653.70	1,162.24	884.81	£1,110,231	
	IDACI Band C	£502.85	£714.04	650.58	656.89	£796,189	
	IDACI Band B	£533.02	£764.32	762.48	758.69	£986,299	
	IDACI Band A	£703.98	£975.52	304.67	273.35	£481,140	
		Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR		
English as an additional Language	EAL 3	£613.47	£1,639.27	3,005.97	639.10	£2,891,739	£3,226,260
Mobility		£990.60	£1,423.05	225.21	78.30	£334,521	
		Amount per pupil		Eligible proportion of primary and secondary NOR respectively			
Prior attainment	Low Attainment % new EFSP	£1,206.83		5,242.26		£6,326,522	£10,811,980
	Secondary pupils not achieving (KS2 level 4 English or Maths)	£1,835.38		2,443.89		£4,485,458	
Lump Sum per school						£153,568.86	£12,592,647
Additional lump sum for amalgamated school							£0
Split Sites							£138,584
Sparsity							£24,563
Rates							£2,213,265
Additional funding under the minimum funding level (primary £5,115 secondary £6,640)							£2,874,812
Total Funding for Schools Block Formula (excluding MFG Funding Total)							£237,700,303

Minimum Funding Guarantee (MFG is set at 0%)	£1,046,960
Total Funding For Schools Block Formula	£238,747,263
less de-delegation	-£334,025
less Education functions	-£80,059
Total Funding For Schools Block Formula less de-delegation and Education functions	£238,333,179

