

OPEN

Corporate Policy Committee

27 November 2025

Medium Term Financial Strategy Consultation 2026/27 - 2029/30 and Council Tax Base 2026/27

**Report of: Ashley Hughes, Executive Director of Resources,
Section 151 Officer**

Report Reference No: CPC/13/25-26

Ward(s) Affected: Not applicable

For Decision or Scrutiny: Both

Purpose of Report

- 1 The Corporate Policy Committee is being asked to provide feedback, as consultees, on the development of the Cheshire East Medium-Term Financial Strategy 2026/27 to 2029/30. Feedback is requested in relation to the responsibilities of the Committee.
- 2 The report sets out the latest budget position for 2026/27 to 2029/30 and the list of budget savings proposals. relevant to the remit of this Committee. that has been included in the public consultation which was launched in November 2025.
- 3 This report also sets out the Council taxbase calculation 2026/27 for recommendation from Corporate Policy Committee to Council in December 2025.

Executive Summary

- 4 The Medium-Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2025/26 to 2028/29 was approved by full Council on 26 February 2025.
- 5 The MTFS is underpinned by a set of assumptions around income, expenditure and core funding that result in a 4-year position. The budget could only be balanced for the 2025/26 financial year by use of

Exceptional Financial Support (EFS) by way of a capitalisation direction. This is not sustainable in the medium to long term and needs to be addressed urgently for the Council to be financially sustainable. The gaps forecast in later years are being addressed as part of the business planning process this year, as well as the Council learning to live within its means by delivering all savings and containing approved growth within 2025/26, otherwise there will be increased pressures in future years and preparing a balanced budget/ MTFS will continue to be challenging.

- 6 The budget gap in the update paper received by Corporate Policy Committee and Finance Sub Committee in September and October, without mitigations, was £33.3m on the General Fund Revenue budget for 2026/27. This is the year, by law, that elected members must set a legal budget by no later than the 11 March 2026.
- 7 Since that budget assumptions report there have been further changes identified that needed to be worked towards, and details were set out in the last report to this committee on 30 October 2025.
- 8 The proposals are those being consulted on, and not necessarily the final budget that this committee will recommend to Budget Council in February 2026. All service committees are receiving their own list of proposals for them to feedback on.
- 9 Finance Sub-Committee received a further [update](#) highlighting risks and issues that have not been taken into account at this point due to uncertainty or inability to quantify those risks. The risks relating to the Corporate Policy Committee remit include:
 - (a) An MTFS can only succeed when a Council's policies and procedures, plans and strategies, and outcomes are focused on the Council's core business. There will be tension between delivering financial sustainability across both capital and revenue budgets and meeting wider objectives which the Council must navigate through the MTFS process.
- 10 A programme of public engagement during November and December is underway to support the 2026/27 budget setting and consultation.
- 11 The Council must ensure the conditions for successful delivery of budget proposals are in place. These were included in the last [Corporate Policy Committee](#) report.
- 12 The current position includes the taxbase as calculated at the beginning of October 2025 in line with the statutory Council Tax Base return made to central government.

- 13 The calculation sets out the estimates of new homes less the expected level of discounts and the level of Council Tax Support (CTS). This results in a band D equivalent taxbase position for each Town and Parish Council.
- 14 The 2026/27 taxbase of 165,549.87 reflects an increase of £4.3m (1.38%) on the 2025/26 budgeted position which is £1.3m higher than the £3.0m (0.9%) forecast increase reported in February 2025. This is due in part to forecasting more new homes (1,950) compared to the 1,800 in the February 2025 estimates.
- 15 No changes are proposed to the Council Tax Support Scheme for 2026/27 other than to increase the income bands and non-dependant deductions in line with CPI. The scheme will be reviewed again during 2026/27 for the 2027/28 taxbase. A separate committee paper was received by this committee on 30 October 2025.

RECOMMENDATIONS

The Corporate Policy Committee is asked to:

1. Note the current budget position for the period 2026/27 to 2029/30 as set out in Table 1.
2. Scrutinise and feedback on the list of Corporate Policy budget savings proposals that are contained in the budget consultation launched in November 2025 as contained in Annex 1.
3. Note the Council Tax Support scheme is agreed for 2026/27 as unchanged other than the increases in line with CPI as agreed in the last consultation.

Corporate Policy Committee recommends to Council that:

4. In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012, the amount to be calculated by Cheshire East Council as its Council taxbase for the year 2026/27 as 165,549.87 for the whole area (Annex 2).

Background

- 16 The Medium-Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2025/26 to 2028/29 was approved by full Council on 26 February 2025.
- 17 Please see the last paper received on 30 October 2025 as a reminder of how the MTFS has developed since this time including the assumptions making up the current position in Table 1 below.

Table 1: Base Scenario position for 2026/27 to 2029/30	Approved Budget 2025/26 £m	Estimated Net Budget 2026/27 £m	Estimated Net Budget 2027/28 £m	Estimated Net Budget 2028/29 £m	Estimated Net Budget 2029/30 £m
Adults & Health	159.449	162.601	162.435	164.189	166.697
Children & Families	97.290	94.245	92.766	91.194	96.194
Corporate Policy	42.786	44.537	44.536	44.172	44.172
Economy & Growth	28.441	26.235	25.771	25.051	24.801
Environment & Communities	45.701	45.673	45.065	50.228	52.234
Highways and Transport	16.901	18.084	18.175	18.083	17.815
Council Wide Transformation savings	(13.452)	(26.943)	(37.973)	(37.973)	(37.973)
Transformation pump priming	-	10.000	5.000	5.000	-
Total Service Budgets	377.116	374.432	355.775	359.943	363.939
<i>CENTRAL BUDGETS:</i>					
Capital Financing	35.039	34.997	37.637	38.932	38.690
Past Pensions Adjustment from Actuary results	-	-	-	-	-
Flexible use of Capital Receipts	(1.000)	(15.000)	(10.000)	(10.000)	-
Bad Debt Provision (change)	(0.050)	(1.000)	(0.050)	(0.050)	(0.050)
Contingency Budget	15.953	48.538	53.620	65.336	73.330
Pay inflation (moved from service budget to contingency budget from 2026/27 until final pay agreement reached)	-	10.223	18.451	26.815	35.179
Pension adjustment relating to ASDVs only	(0.727)	-	-	-	-
Use of (-) / Top up (+) Reserves	1.304	5.001	15.456	14.479	12.011
Total Central Budgets	50.519	82.759	115.114	135.512	159.160
Additional changes to balance future years		-			
TOTAL: SERVICE + CENTRAL BUDGETS	427.635	457.192	470.889	495.456	523.100
<i>FUNDED BY:</i>					
Council Tax	(307.264)	(327.119)	(346.587)	(367.173)	(388.962)
Business Rate Retention Scheme	(57.122)	(47.084)	(46.767)	(46.919)	(47.048)
Revenue Support Grant	(0.849)	(63.851)	(79.786)	(85.300)	(86.161)
Specific Unring-fenced Grants + DAMPING	(37.140)	(0.929)	2.251	3.936	(0.929)
TOTAL: FUNDED BY	(402.375)	(438.983)	(470.889)	(495.456)	(523.100)
Exceptional Financial Support - Capitalisation Direction	(25.261)				
Funding Position (+shortfall)	-	18.209	-	-	-

Next Steps in budget development

- 18 There has been further work carried out to challenge this updated position. Business case submissions for future planned savings were presented to Corporate Leadership Team on 13 October. Further changes that could be made to the above position have been included in the latest figures and a list of savings proposals is included at Annex 1 relevant to this Committee. For a full list of proposed budget savings please see the last [Corporate Policy Committee](#) paper.
- 19 The Council will continue to review its MTFS and budget reductions programme going forward as set out in the last paper. The assumptions included within this report will be refreshed through November and December to take account of available information on Government funding decisions as well as the macro-economic environment.

20 This position includes the list of savings proposals as contained in Annex 1 and summary Table 2 has been provided below.

TABLE 2 - DRAFT BUDGET SAVINGS PROPOSALS 2026/27 TO 2029/30	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
	(57.781)	(14.562)	(8.158)	7.086
Children and Families	(3.826)	(0.725)	(0.725)	-
Adults and Health	(11.769)	(5.984)	(4.537)	(2.961)
Corporate Policy	(5.988)	(1.423)	(1.517)	-
Corporate Policy - Council Wide Transformation	(13.491)	(11.030)	-	-
Economy and Growth	(2.885)	(0.543)	(0.597)	(0.250)
Environment and Communities	(4.615)	(0.653)	(0.544)	0.580
Highways and Transport	(0.257)	(0.154)	(0.238)	(0.283)
Finance Sub Committee - Central Budgets	(14.950)	5.950	-	10.000

Council Taxbase 2026/27

21 Cheshire East Council is required to approve its taxbase before 31 January 2026 so that the information can be provided to the Cheshire Police and Crime Commissioner and Cheshire Fire Authority for their budget processes. It also enables each Town and Parish Council to set their respective budgets. Details for each parish area are set out in **Annex 2**.

22 The taxbase for the area is the estimated number of chargeable dwellings expressed as a number of band D equivalents, adjusted for an estimated number of discounts, exemptions and appeals plus an allowance for non-collection. A reduction of 1% is included in the taxbase calculation to allow for anticipated levels of non-collection.

23 Processes to collect Council Tax locally continue to be effective despite the challenges of the impact on residents of the cost of living. However, strong collection is continuing and the forecast level of non-collection at Cheshire East has been maintained at 1% for 2026/27.

Premium Charges

24 Since April 2013, Councils in England have had the power to apply an Empty Homes Premium Charge to properties that are left unoccupied and substantially unfurnished for long periods.

- 25 Following an amendment to Section 11B of the 1992 Local Government Finance Act through the Levelling-up and Regeneration Act 2023, the empty home premium could be applied to properties which have been empty for one or more years from 1 April 2024. The empty home premium charge increases in value based on the number of years the property remains empty.
- 26 In addition to amending the empty home premium, the Levelling-up and Regeneration Act 2023 also introduced new powers for councils to charge premiums on second homes under Sections 11C and 11D of the 1992 Local Government Finance Act.
- 27 From 1 April 2025, a new Second Home Premium Charge of an additional 100% Council Tax charge is being applied to properties that are unoccupied and furnished. The second home premium charge will be applied to properties from the first day they are classified as a second home and will be levied at an additional 100% of the annual Council Tax charge. The current regulations do not allow it to increase in value in proportion with the empty home premium charge.
- 28 The Government have recognised that there are certain circumstances where it would be inappropriate to apply a premium charge. More information is contained on the website [here](#).
- 29 Below is a summary of the current charges being levied. There are no changes planned for 2026/27.

Time empty/unfurnished	Premium charge	What is actually paid
0 to 1 year	N/A	100%
1 to 5 years	100%	200%
5 to 10 years	200%	300%
10 years or more	300%	400%

Time furnished but not used as anyone's sole or main residence	Premium charge	What is actually paid
From day 1	100%	200%

Council Tax Support

- 30 The taxbase also reflects assumptions around Council Tax Support payments. The Cheshire East CTS scheme was introduced in 2013/14 and subsequently amended following consultations in 2016/17, 2020/21 and was amended again for 2022/23 to make the scheme more supportive in the light of funding being provided by central government (£3.3m) to be able to assist the pandemic recovery.

- 31 The funding for this Local Council Tax Support grant was received in 2020/21 and was transferred to the Collection Fund Earmarked reserve. The funding has been used over the last four years to support the revenue budget to compensate for suppressed Council Tax levels as a result of higher Council Tax Support payments. This funding has now been used in full and no further funding has been made available.
- 32 There is a reduction in budget of c.£0.5m for 2026/27 within the overall CTS budget. Whilst there has been a slight increase in awards to pensioners following uptake campaigns related to winter fuel payments, overall expenditure has reduced as a result of Government policy to migrate working-age claimants from Housing Benefit to Universal Credit.
- 33 No changes are proposed to the Council Tax Support scheme for 2026/27 other than to increase the income bands and non-dependant deductions in line with CPI. The scheme will be reviewed again during 2026/27.

Risks

- 34 The taxbase and subsequent collection of Council Tax is subject to overall risks from a variety of sources, such as inaccuracies within:
- Numbers of new homes forecast;
 - Levels of discounts and premium charges estimated;
 - Under collection rate.
- 35 Risks particularly associated with Council Tax Support levels include:
- Challenges over the medium-term economic position, especially in the light of increased inflation and economic slowdown;
 - The risk of a major employer leaving the area;
 - The risk of delay in the significant development projects delaying employment opportunities;
 - The prospect of a greater number of residents becoming of pensionable age and potentially becoming eligible for CTS;
 - The risk of increased non-collection due to the increasing demand on non-protected residents.
- 36 Risks are managed throughout the year and regular monitoring and reporting takes place to ensure that preceptors are made aware of any shortfalls in the Collection fund.

Consultation and Engagement

- 37 The annual business planning process involves engagement with local people and organisations. Local authorities have a duty to consult on their budget with certain stakeholder groups and in Cheshire East we include

the Schools Forum as well as business rate payers (with whom the Council has a statutory duty to consult with). In addition, the Council chooses to consult with other stakeholder groups. The Council continues to carry out stakeholder analysis to identify the different groups involved in the budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process.

38 All committees will receive reports during the November cycle of meetings for them to scrutinise proposals relating to the remit of the committee. There will be a further opportunity during the January 2026 committee meeting cycle to comment further as feedback is received.

39 The calculation of the taxbase is not subject to consultation.

Reasons for Recommendations

40 In accordance with the Constitution Committees play an important role in planning, monitoring and reporting on the Council's finances. Each Committee has specific financial responsibilities.

41 The Council's annual budget must be balanced. The proposals within it must be robust and the strategy should be supported by adequate reserves. The assessment of these criteria is supported by each Committee having the opportunity to help develop the financial proposals before they are approved by Full Council.

42 In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 Cheshire East Council is required to agree its taxbase before 31 January 2026.

Other Options Considered

43 The Council has a legal duty to set a balanced annual budget, including legally setting the Council tax base, taking regard of the report from the Chief Financial Officer. As such options cannot be considered that would breach this duty. Any feedback from the consultation process and individual committee feedback must still recognise the requirement for Council to fulfil this duty.

Option	Impact	Risk
Do nothing	Not an option as the council must legally set a balanced budget for the coming financial year	The Council would be acting unlawfully if budgets are not aligned to available resources and council tax levels

		need to be set in accordance with the Local Government Finance Act 1992 (as amended); The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
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Implications and Comments

Monitoring Officer/Legal/Governance

- 44 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget and require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.
- 45 The provisions of section 25 of the Local Government Act 2003, require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- 46 The Council should therefore have robust processes in place so that it can meet statutory requirements and fulfil its fiduciary duty. It must ensure that all available resources are directed towards the delivery of statutory functions, savings and efficiency plans. Local authorities are creatures of statute and are regulated through the legislative regime and whilst they have in more recent times been given a general power of competence, this must operate within that regime. Within the statutory framework there are specific obligations placed upon a local authority to support communities. These duties encompass general and specific duties and there is often significant local discretion in respect of how those services or duties are discharged. These will need to be assessed and advised on as each circumstance is considered.
- 47 The financial position of the Council must therefore be closely monitored, and Members must satisfy themselves that sufficient mechanisms are in

place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings or alternative mitigations.

- 48 This report provides an update on progress towards the setting of the 2026/27 budget.
- 49 It also provides updates and comments regarding the Council's use of Exceptional Financial Support under The Levelling-up and Regeneration Act 2023 which inserted an amended Section 12A as a trigger event within the Local Government Act 2003, in relation to capital finance risk management. The legislation also provides for risk mitigation directions to be given to the Council which limit the ability to undertake certain financial action. The limitations are based on identified risk thresholds.
- 50 In accordance with the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended and Chapter 4 of the Council's Constitution, the calculation of the Council taxbase is a matter for full Council following a recommendation by Corporate Policy Committee.

Section 151 Officer/Finance

- 51 Please see all sections of this report.
- 52 The calculation of the taxbase provides an estimate that contributes to the calculation of overall funding for Cheshire East Council in each financial year. The taxbase calculation as set out in this report will be used to calculate the Council Tax budgeted income for 2026/27 and will be included in the Medium-Term Financial Strategy 2026-30.

Human Resources

- 53 Any HR implications that arise from activities funded by the budgets that the budget report deals with will be dealt with in the individual reports to Members or Officer Decision Records to which they relate.

Risk Management

- 54 Financial risks are assessed and reported on a regular basis, and remedial action taken if required. Risks associated with the achievement of the 2025/26 budget and the level of general reserves were factored into the 2025/26 financial scenario, budget, and reserves strategy.
- 55 Estimates contained within the Council taxbase calculation, such as the loss on collection and caseload for Council Tax Support, will be monitored throughout the year. Any significant variation will be reflected in a surplus

or deficit being declared in the Collection Fund which is then shared amongst the major precepting authorities.

Impact on other Committees

- 56 All committees will work towards bringing forward budget change proposals to assist with the medium term financial strategy.

Policy

- 57 The Cheshire East Plan sets the policy context for the MTFS and the two documents are aligned. Any policy implications that arise from activities funded by the budgets that this report deals with will be dealt with in the individual reports to Members or Officer Decision Records to which they relate. This contributes to Commitment 3: An effective and enabling Council.

Equality, Diversity and Inclusion

- 58 Any equality implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

Consultation

Name of Consultee	Post held	Date sent	Date returned
Statutory Officer (or deputy):			
Ashley Hughes	S151 Officer	3/11/2025	10/11/2025
Kevin O'Keefe	Interim Monitoring Officer	3/11/2025	4/11/2025
Legal and Finance			
Chris Benham	Director of Finance	3/11/2025	11/11/2025
Hilary Irving	Interim Head of Legal Services	3/11/2025	10/11/2025

Access to Information	
Contact Officer:	Chris Benham – Director of Finance Chris.benham@cheshireeast.gov.uk
Appendices:	Annex 1 – Proposals Budget Savings for Consultation Annex 2 – Council Taxbase 2026/27
Background Papers:	The following are links to key background documents: MTFS 2025-2029 Financial Review 1 2025/26 Corporate Policy Committee 30 October 2025 Finance Sub Committee MTFS update 3 November 2025