

OPEN

Corporate Policy Committee

2 October 2025

Medium Term Financial Planning Assumptions Update 2025/26 - 2028/29 (Corporate Policy Committee)

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

Report Reference No: CPC/05/25-26

Ward(s) Affected: Not applicable

For Decision or Scrutiny: Both

Purpose of Report

- 1 This report is an update paper, following the Finance Sub Committee Working Group session in August and September meeting of the Finance Sub Committee, to further assist with development of the Medium-Term Financial Strategy (MTFS) 2026 to 2030.
- 2 The paper sets out the updated funding position since that time, including some sensitivity analysis on potential funding and spend scenarios and has been received by the Finance Sub Committee on 10 September 2025.

Executive Summary

- 3 The current 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.
- 4 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 must be 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.

- 5 The budget gap, without mitigations, is currently £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.
- 6 Since the Finance Sub-Committee received the last budget assumptions report in June 2025 there have been further changes identified, and details are set out in the main section of the report. These have been presented in a sensitivity analysis format to allow members to see the impact of these forecast changes from an optimistic, base and pessimistic viewpoint.
- 7 These revised budget assumptions were reviewed by a Sub-Committee Working Group on 19 August 2025.
- 8 Also on the agenda for this Committee meeting is the First Financial Review 2025/26 report, which has also been scrutinised by Finance Sub Committee. There have been a range of possible budget shortfalls noted in this report and work is ongoing to check for possible recurring pressures that will also need to be factored into the medium term budget process.

RECOMMENDATIONS

The Corporate Policy Committee is asked to:

1. Note the updated budget assumptions for the period 2026/27 to 2029/30 including sensitivity analysis.
2. Note the Finance Sub-Committee's recommendation that it work with officers and members to bring forward further budget change proposals to assist with presenting a balanced budget for 2026/27 (making use of Exceptional Financial Support) to the Corporate Policy Committee for consultation in November 2025.
3. To delegate to the S151 Officer the permission to continue dialogue with MHCLG on the continued use of Exceptional Financial Support over the life of this MTFS (2029/30). Regular updates to be provided to Chair and Vice Chair of both Corporate Policy Committee and Finance-Sub Committee on progress made.
4. Approve the approach to consultation and engagement:
 - To engage immediately from during October through a high level prioritisation survey.

- To undertake a full consultation on potential detailed budget change proposals from the beginning of November through to the end of January 2026.

Background

- 9 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.
- 10 As a reminder, Table 1 below sets out the revenue budget estimates for the four years from 2025/26 to 2028/29 as at February 2025.

Table 1: Summary position for 2025/26 to 2028/29	Approved Net Budget 2025/26 £m	Estimated Net Budget 2026/27 £m	Estimated Net Budget 2027/28 £m	Estimated Net Budget 2028/29 £m
Adults & Health	159.4	157.2	158.8	160.2
Children & Families	97.3	97.2	97.0	96.8
Corporate Policy	42.8	47.2	49.1	50.6
Economy & Growth	28.4	29.1	29.6	29.9
Environment & Communities	45.7	49.0	50.0	56.7
Highways and Transport	16.9	17.1	17.1	17.2
Council Wide Transformation savings	-13.5	-34.2	-45.2	-45.2
Total Service Budgets	377.1	362.6	356.3	366.1
<i>CENTRAL BUDGETS:</i>				
Capital Financing	35.0	38.8	41.9	43.2
Flexible use of Capital Receipts	-1.0	-1.0	-1.0	-1.0
Bad Debt Provision (change)	-0.1	-0.1	-0.1	-0.1
Contingency Budget	16.0	30.9	42.8	55.7
Risk Budget	0.0	3.8	2.0	0.8
Pension adjustment	-0.7	-0.7	-0.7	-0.7
Use of (-) / Top up (+) Reserves	1.3	5.0	8.9	8.9
Total Central Budgets	50.5	76.6	93.7	106.8
TOTAL: SERVICE + CENTRAL BUDGETS	427.6	439.3	450.0	473.0
<i>FUNDED BY:</i>				
Council Tax	-307.3	-325.6	-345.0	-365.5
Business Rate Retention Scheme	-57.1	-57.1	-57.1	-57.1
Revenue Support Grant	-0.8	-0.8	-0.8	-0.8
Specific Unring-fenced Grants	-37.1	-34.1	-34.1	-34.1
TOTAL: FUNDED BY	-402.4	-417.7	-437.1	-457.6
Exceptional Financial Support - Capitalisation Directi	-25.3			
Funding Position (+shortfall)	0.0	21.6	13.0	15.4

- 11 The table above highlights the fact that the Council continued to face a significant four-year funding gap at this time and was only able to balance in 2025/26 with the use of EFS. There continues to be the requirement to increase general reserves to more appropriate levels, to

support the future financial sustainability of the Council and the above four-year budget built this level to £20m.

Indicative budget envelope for 2026/27 – Fair Funding Reforms

- 12 The Fair Funding Review 2.0 is a major government consultation launched in June 2025 to reform how funding is allocated to local authorities in England. It aims to replace the outdated and opaque system with a more transparent, needs-based approach starting from the 2026/27 financial year, covering the 2026–2029 Spending Review period. Core components of the reform include:
 - Relative Needs Formula (RNF):
 - Assesses local demand for services.
 - Includes service-specific formulas for adult social care, children’s services, highways, fire services, etc.
 - Resource adjustment:
 - Evaluates council tax revenue-raising capacity using a notional average tax rate.
 - Business Rates Retention:
 - Long-term reforms to improve alignment with local needs.
 - Grant simplification:
 - Moves toward fewer, more consolidated grants.
 - Reduces competitive bidding and reporting burdens.
 - 13 Funding changes will be introduced gradually over three years (2026–2029). Funding floors will limit losses for councils facing reductions and it is anticipated that by 2028/29, allocations will fully reflect the new needs-based formula.
 - 14 The latest consultation ran from 20 June to 15 August 2025 and the Cheshire East response can be found [here](#).
 - 15 Final funding allocations will be confirmed in the Local Government Finance Settlement which is due to be received in November or December 2025.
 - 16 The estimated impact for Cheshire East is shown in Table 2 below and has been calculated in conjunction with our financial advisors, Pixel Financial Management. The estimated increase in the net funding envelope is £16.9m but this is tempered by a reduction in ringfenced grants for Adult Social Care of c.£6.3m resulting in a net betterment of £10.6m for 2026/27 compared to 2025/26 funding envelope levels (excluding council tax increases).
 - 17 The government assumes councils will increase Council Tax by up to 3% annually under the core referendum principle and an additional 2%
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precept for adult social care is also assumed. This totals a 4.99% annual increase in council tax for most authorities. To assess councils' revenue-raising capacity, the government uses a modelled "notional" council tax rate based on the average rate across all councils. This is used to calculate how much funding councils could raise if they set their tax rate at the national average. This approach supports "full equalisation", meaning funding is adjusted so that councils with lower tax bases receive more central government support.

- 18 The government plans to account for projected increases in council tax rates over the three-year period. However, it will not adjust for changes in council tax bases (i.e. the number of properties), which could disadvantage fast-growing areas
- 19 The current assumption in the last MTFS for Cheshire East Council is that council tax is increased by the maximum 4.99% and this assumption is unchanged in the scenarios set out below.

Finance Sub Committee Working Group

- 20 The working group met on 19 August 2025 and covered the following items –
 - MTFS set at full Council – Review of Best Value Notice and LGA Assurance Panel implications
 - Updated assumptions and revised MTFS (see Table 2 below)
 - "What the Commissioners might do?"
 - Timeline for business cases
- 21 All Committee chairs have also been presented with this information at a separate session.
- 22 Members of the working group and chairs of each committee have been tasked with working with their corresponding political groups to formulate further budget change proposals that could be put forward for consideration to assist with the overall position over the medium term and specifically with a view to balancing the budget for 2026/27.

Budget assumption updates – base scenario

- 23 There has been further refinement to some of the assumptions and resulting values since the MTFS approved in February 2025 (Table 1). These change the overall funding position for 2026/27 onwards as per Table 2 below. Updates include:
 - Adding transformation pump priming budget for 2026/27 of £15m (plus a further £5m in 2027/28, totalling £20m over 2 years) to deliver
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the remaining transformation programme planned savings, both service specific and cross council, over the medium term.

- Adding Children's transformation pump priming to the contingency budget for 2026/27 of £10m (plus a further £5m in 2027/28 and 2028/29, totalling £20m over 3 years). This is required as a result of the Ofsted inspection on Children's services to move from a rating of Inadequate to Good.
- Additional £5m for Children's and Adult Social Care demographic growth added incrementally every year.
- The inclusion of the Fair funding review initial estimates including increased growth in the Adults budget to offset the forecast reduction in ringfenced grant now rolled into the core funding envelope total.
- Pay inflation has been moved out of committee budgets until the pay increase agreed for future years. Plus the rate of inflation for pay has been increased to 3.5% pa from 2.5% pa to reflect current trends.
- New homes forecast estimate increased from the MTFS value of 1,800 up to 1,950 in line with Planning assumptions.
- A further year of top up to General Fund at £5m has been added to 2029/30 to reach a £25m General Fund balance by the end of medium term.
- Capital programme review to reduce the borrowing associated with the current MTFS planned programme by a third.
- Reduction in the bad debt provision by a targeted £1m for 2026/27.
- The risk central budget planned from 2026/27 as shown in Table 1 has been consumed within the contingency budget to create one fund.

- 24 The additional growth figures added for Adults, Children and cross council transformation are still under review and will be refined before the final budget in February 2026. The assumptions have been made to recognise that social care front line services cannot be cash flat over the medium term, nor can necessary improvements be made without substantial pump priming to adequately resource any cost of change.
- 25 Over time the aspiration is to have mature demand management strategies within Adult and Children's social care through early help and prevention services for example to help manage future growth.
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Table 2: 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	159.4	167.4	172.8	178.1	188.1
Children & Families	97.3	101.1	104.8	108.3	118.3
Corporate Policy	42.8	45.8	46.1	46.0	46.0
Economy & Growth	28.4	28.7	28.7	28.6	28.6
Environment & Communities	45.7	47.6	47.2	52.5	52.5
Highways and Transport	16.9	16.9	16.9	16.8	16.8
Council Wide Transformation savings	-13.5	-34.2	-45.2	-45.2	-45.2
Transformation pump priming	0.0	15.0	5.0	0.0	0.0
Total Service Budgets	377.1	388.4	376.2	385.1	405.1
<i>CENTRAL BUDGETS:</i>					
Capital Financing	35.0	35.0	37.6	38.9	38.7
Flexible use of Capital Receipts	-1.0	-10.0	-5.0	-1.0	-1.0
Bad Debt Provision (change)	-0.1	-1.0	-0.1	-0.1	-0.1
Contingency Budget	16.0	44.7	49.7	61.5	69.5
Pay inflation	0.0	10.2	18.4	26.7	35.1
Pension adjustment	-0.7	-0.7	-0.7	-0.7	-0.7
Use of (-) / Top up (+) Reserves	1.3	5.0	8.9	8.9	5.0
Total Central Budgets	50.5	83.1	108.9	134.3	146.5
TOTAL: SERVICE + CENTRAL BUDGETS	427.6	471.5	485.1	519.4	551.6
<i>FUNDED BY:</i>					
Council Tax	-307.3	-326.3	-345.8	-366.3	-388.1
Business Rate Retention Scheme	-57.1	-47.1	-46.8	-46.9	-47.0
Revenue Support Grant	-0.8	-63.9	-79.8	-85.3	-86.2
Specific Unring-fenced Grants + DAMPING	-37.1	-0.9	2.3	3.9	-0.9
TOTAL: FUNDED BY	-402.4	-438.2	-470.1	-494.6	-522.2
Exceptional Financial Support - Capitalisation Directi	-25.3				
Funding Position (+shortfall)	0.0	33.3	15.0	24.8	29.4

26 There are various other potential changes that may improve or worsen this position further and two further optimistic/pessimistic case scenarios are set out in Tables 3 and 4 below.

Budget assumption updates – optimistic scenario

27 The optimistic scenario uses the base scenario in Table 2 and then includes the following additional assumptions:

- Reduced transformation pump prime funding to +£10m in 2026/27 in line with the budgeted use of capital receipts.
- Increase new homes predication to +1.2% taxbase growth for 2026/27. This would equate to a total of 2,350 new homes which is an increase of 400 homes compared to the base scenario position of 1,950.
- Further capital review to reduce the borrowing associated with the current MTFS planned programme by 50% rather than the reduction of a third as included in the base scenario in Table 2.
- A standard vacancy factor of 5% has been deducted from base service budgets.

Table 3: Optimistic Scenario position for 2026/27 to 2029/30	Revised 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	159.4	165.1	170.4	175.7	185.7
Children & Families	97.3	99.3	102.9	106.5	116.5
Corporate Policy	42.8	44.3	44.7	44.5	44.5
Economy & Growth	28.4	28.0	27.9	27.8	27.8
Environment & Communities	45.7	46.0	45.5	50.9	50.9
Highways and Transport	16.9	16.7	16.7	16.6	16.6
Council Wide Transformation savings	-13.5	-34.2	-45.2	-45.2	-45.2
Transformation pump priming	0.0	10.0	5.0	0.0	0.0
Total Service Budgets	377.1	375.1	368.0	376.9	396.9
CENTRAL BUDGETS:					
Capital Financing	35.0	34.5	36.7	37.8	37.5
Flexible use of Capital Receipts	-1.0	-10.0	-5.0	-1.0	-1.0
Bad Debt Provision (change)	-0.1	-1.0	-0.1	-0.1	-0.1
Contingency Budget	16.0	44.7	49.7	61.5	69.5
Pay inflation	0.0	10.2	18.4	26.7	35.1
Pension adjustment	-0.7	-0.7	-0.7	-0.7	-0.7
Use of (-) / Top up (+) Reserves	1.3	5.0	8.9	8.9	5.0
Total Central Budgets	50.5	82.6	108.0	133.1	145.3
TOTAL: SERVICE + CENTRAL BUDGETS	427.6	457.7	476.0	510.0	542.1
FUNDED BY:					
Council Tax	-307.3	-327.0	-347.5	-369.2	-392.4
Business Rate Retention Scheme	-57.1	-47.1	-46.8	-46.9	-47.0
Revenue Support Grant	-0.8	-63.9	-79.8	-85.3	-86.2
Specific Unring-fenced Grants + DAMPING	-37.1	-0.9	2.3	3.9	-0.9
TOTAL: FUNDED BY	-402.4	-438.9	-471.8	-497.5	-526.5
Exceptional Financial Support - Capitalisation Directi	-25.3				
Funding Position (+shortfall)	0.0	18.9	4.2	12.5	15.6

28 Exceptional Financial Support was used to support the balancing of the budget for 2025/26. Finance Sub Committee recommend to Corporate Policy Committee that delegation be approved to allow the S151 Officer permission to continue dialogue with MHCLG on the continued use of Exceptional Financial Support over the medium term of the MTFS to 2030 on a reducing basis to allow the transformation programme time to deliver on scaling down the budget to enable the authority to live within the future forecast funding envelopes.

Budget assumption updates – pessimistic scenario

- 29 The pessimistic scenario uses the base scenario in Table 2 and then includes the following additional assumptions:
- As part of this scenario modelling we have taken a “what if” approach to the delivery of the transformation programme savings by reducing the savings deliverable by 50% and rephasing the over the final year of the MTFS.
 - Additional pay inflation added to increase the rate to 5% per annum (up from 3.5%).
 - Remove all top ups to General Fund reserves currently forecast.

- Increase to the budgets set aside to manage potential National Living Wage increases within provider costs. This moves towards a Real Living Wage value for these costs.
- Non-pay budgets increased by 0.5% to factor in further inflationary pressures specifically within premises, transport and supplies and service budgets.
- The current year net forecast over-spend of £3.1m is assumed to continue as a base pressure into 2026/27.

Table 4: Pessimistic Scenario position for 2026/27 to 2029/30	Revised 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	159.4	171.5	178.1	185.0	194.1
Children & Families	97.3	102.4	106.4	110.3	120.1
Corporate Policy	42.8	45.8	46.1	46.0	46.0
Economy & Growth	28.4	28.8	28.8	28.6	28.6
Environment & Communities	45.7	47.6	47.2	52.5	52.5
Highways and Transport	16.9	17.0	17.0	16.9	16.9
Council Wide Transformation savings	-13.5	-16.7	-20.7	-23.9	-26.2
Transformation pump priming	0.0	15.0	5.0	0.0	0.0
Total Service Budgets	377.1	411.3	407.9	415.6	432.0
<i>CENTRAL BUDGETS:</i>					
Capital Financing	35.0	35.0	37.6	38.9	38.7
Flexible use of Capital Receipts	-1.0	-10.0	-5.0	-1.0	-1.0
Bad Debt Provision (change)	-0.1	-1.0	-0.1	-0.1	-0.1
Contingency Budget	16.0	52.1	57.3	69.0	77.0
Pay inflation	0.0	13.8	25.6	37.5	49.5
Pension adjustment	-0.7	-0.7	-0.7	-0.7	-0.7
Use of (-) / Top up (+) Reserves	1.3	0.0	3.9	3.9	0.0
Total Central Budgets	50.5	89.2	118.6	147.6	163.4
TOTAL: SERVICE + CENTRAL BUDGETS	427.6	500.5	526.5	563.2	595.4
<i>FUNDED BY:</i>					
Council Tax	-307.3	-326.3	-345.8	-366.3	-388.1
Business Rate Retention Scheme	-57.1	-47.1	-46.8	-46.9	-47.0
Revenue Support Grant	-0.8	-63.9	-79.8	-85.3	-86.2
Specific Unring-fenced Grants + DAMPING	-37.1	-0.9	2.3	3.9	-0.9
TOTAL: FUNDED BY	-402.4	-438.2	-470.1	-494.6	-522.2
Exceptional Financial Support - Capitalisation Directi	-25.3				
Funding Position (+shortfall)	0.0	62.3	56.4	68.6	73.2

Budget assumption - Devolution

- 30 In an announcement made on 17 July 2025, the government confirmed that Cheshire and Warrington have passed the necessary statutory tests and can continue work on securing a devolution agreement for the area.
- 31 The government also confirmed that, subject to the consent of all three councils, Cheshire and Warrington are able to establish a Mayoral Combined Authority early in 2026 and move the Mayoral election from May 2026 to May 2027.
- 32 At an extraordinary meeting of Full Council on 17 September 2025, Cheshire East voted to approve devolution in Cheshire and Warrington

region. Given the authority is still in the early stage of development plans there are no financial implications as a result of devolution included in the budget assumptions within this paper.

Next steps and planned approach

- 33 The Council will continue to review its MTFS and budget reductions programme going forward. The assumptions included within this report will be refreshed through October to take account of available information on Government funding decisions as well as the macro-economic environment, and reported as part of the budget consultation in November. These impacts will again be profiled into optimistic and pessimistic scenarios, to create a range of potential budget gaps to ensure prudence in budget setting.
 - 34 For 2026/27, work has been undertaken to create a longlist of options for budget reduction identification. In the approach taken, the Council will identify shorter-term horizon options to support 2026/27 alongside the longer-term transformational options for later years.
 - 35 Business cases and delivery plans are being presented to an additional Corporate Policy Committee on 30 October 2025. This additional meeting provides for further oversight of the budget process by elected members before moving into scrutiny, consultation and engagement with Service Committees in November 2025.
 - 36 Over the period October to January, these proposals will be further developed to ensure robust delivery plans are in place and work will commence, with a view to maximising the full year effect of delivery in 2026/27. Priority will be placed on income maximisation across all service areas to reduce the burden on expenditure reductions, however there will be a need for efficiencies in costs alongside a genuine requirement to invest in transformation where the return on investment delivers long-term improvements in outcomes for residents in line with the Cheshire East Plan alongside recurrent reductions in costs that support the MTFS.
 - 37 The draft budget proposals will then be presented to Corporate Policy Committee at the end of October for consultation and engagement both online and in person sessions with various stakeholders. This will likely be prior to the Provisional Local Government Finance Settlement so would be updated with changes as a result of those announcements.
 - 38 Appendix 1 contains a reminder of the budget setting and transformation combined timeline as presented to Finance Sub Committee in June 2025.
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- 39 This report asks the Committee to approve the approach to consultation and engagement, including:
- To engage immediately during October through a high level prioritisation survey.
 - To undertake a full consultation on potential detailed budget change proposals from the beginning of November through to the end of January 2026. The form of consultation will be wider than just an online survey and will aim to include for example; Youth Council, Citizens Panel, Adult Social Care Reference Group, Town and Parish Council's and Schools.

Consultation and Engagement

- 40 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 we must consult statutorily). 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.

Reasons for Recommendations

- 41 The Corporate Policy Committee receive recommendations from the Finance-Sub Committee regarding management and oversight of the Council's finances, performance, corporate risk management and development of the Medium-Term Financial Strategy. This includes the setting and monitoring of the capital and revenue budgets in accordance with the Cheshire East Plan and the Policy Framework.
- 42 This report enables the Committee to understand the assumptions underpinning the current MTFS and changes since that time. The Working Group will continue to review the detail behind the assumptions and the Committee will be informed of any changes required to accurately develop a robust budget for the MTFS for 2026/27 and over the medium term.

Other Options Considered

- 43 Not applicable.
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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

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
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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.

Section 151 Officer/Finance

- 50 The current financial assumptions and timescales within this report provide up to date information on the Council's MTFS progress for the period 2026/27 to 2029/30, specifically aimed at setting the budget for 2026/27 which legally has to be completed by 11 March 2026. Further details are contained within the body of this report.

Human Resources

- 51 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

- 52 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.

Impact on other Committees

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

Policy

- 54 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.
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Equality, Diversity and Inclusion

- 55 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	12/9/2025	18/9/2025
Kevin O'Keefe	Interim Monitoring Officer	12/9/2025	16/9/2025
Legal and Finance			
Chris Benham	Director of Finance	12/9/2025	17/9/2025
Julie Gregory	Legal Manager	12/9/2025	16/9/2025

Access to Information	
Contact Officer:	Chris Benham – Director of Finance Chris.benham@cheshireeast.gov.uk
Appendices:	Appendix 1 - Budget setting and transformation - combined timeline
Background Papers:	The following are links to key background documents: MTFS 2025-2029 Financial Review 1 2025/26