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## Report to the Governance, Strategy & Resources Scrutiny Board

# Revenue Budget 2026/27 and Medium Term Financial Strategy 2027/28 to 2028/29

**Portfolio Holder:** Cllr Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance, Corporate Services and Sustainability

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**28 January 2026**

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### Reason for Decision

To provide the Governance, Strategy & Resources Scrutiny Board with the budget reduction requirement and the Administration's budget proposals for 2026/27 having regard to the Provisional Local Government Finance Settlement (PLGFS) published on 17 December 2025. The report also presents the financial forecasts for the remainder of the Medium-Term Financial Strategy (MTFS) period 2028/27 to 2028/29 based on the Settlement information received from Central Government and provides an indicative narrative on the years 2029/30 and 2030/31 which are outside the PLGFS period.

### Executive Summary

This report presents the Council's Revenue Budget for 2026/27 together with the budget reduction requirement and the Administration's budget proposals for 2026/27 including Council Tax intentions. It also provides the financial forecasts for the MTFS period, 2027/28 to 2028/29 on the known settlement information and a high level indicative narrative for the years 2029/30 and 2030/31 which are outside the PLGFS period. Included within this report are a number of budget reduction proposals for consideration and a budgeted transfer to reserves for the financial years 2026/27 to 2028/29 which is the second consecutive that the Council's revenue budget has been balanced without the need to use general revenue reserves to support it.

The Council has reviewed all the underlying assumptions in its approach to setting the revenue budget for 2026/27 onwards having regard for the impact of the Fair Funding Review 2.0 and the indicative allocations published in the Provisional Local Government Finance Settlement. The revenue budget gap for 2026/27 is therefore revised to £20.301m. To balance the budget, a resources review has enabled budget adjustments of £10.196m, with Transformation Programme savings of £2.000m to be applied. £8.105m of budget reductions are proposed for delivery in 2026/27 which would balance the revenue budget position.

Presentation of this report to the Governance, Strategy & Resources Scrutiny Board for consultation is a key stage in the budget process. Once the Board has had the opportunity to scrutinise this budget report and the other reports on the agenda that form a core part of the Council's strategic planning framework, any recommendations will be included in the reports that are presented to Cabinet and Council.

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## Recommendations

That the Governance, Strategy & Resources Scrutiny Board considers and comments upon as appropriate:

- 1 The policy landscape and context in which the Council is setting its revenue budget for 2026/27;
- 2 The financial forecast for 2026/27 having regard to the Provisional Local Government Finance Settlement and associated funding announcements;
- 3 The Flexible Use of Capital Receipts at a value of £2.6m for 2026/27;
- 4 A proposed overall 2026/27 Council Tax increase of 4.99% for Oldham Council services (2.99% for general purposes and 2% Adult Social Care Precept) resulting in the charges set out at Table 10 of the report;
- 5 The Transformation Programme savings for 2026/27 at £2.000m
- 6 The 2026/27 Budget Reduction proposals at a value of £8.105m;
- 7 The proposed transfer to reserves of £1.600m in 2026/27 to improve the financial robustness of the Council;
- 8 The proposal to draw on the Collection Fund for major preceptors of £153.167m for Borough Wide services and £129.237m for Council services (subject to confirmation);
- 9 The proposed net revenue expenditure budget for 2026/27 for the Council set at £367.259m;
- 10 The proposed fees and charges as set out in the schedule included at **Appendix 8**; and
- 11 The level of general fund balances supporting the 2026/27 budget of £18.865m underpinned by the agreed policy on Reserves.

**Revenue Budget 2026/27 and Medium Term Financial Strategy 2027/28 to 2028/29****1 Background****Introduction**

1.1 Each year, the Council identifies what it needs to spend on Council services for the following year as part of the budget setting process. This process also involves the identification of provisional spending plans for future financial years. This ensures the Council's future spending plans are balanced against the funding forecasts for Government Grants, Council Tax and Business Rates revenues and aligns with the Council's corporate plan. These plans form part of the Council's Medium Term Financial Strategy (MTFS) which sets out a financial forecast for the period 2026/27 to 2028/29. The first part of this report focuses on the first year of the MTFS period and at Section 16 sets out a forecast for the final two years, 2027/28 to 2028/29 of the settlement period with an indicative budget position for the years 2029/30 and 2030/31 which are outside the current settlement period.

1.2 The Provisional Local Government Finance Settlement (LGFS) and associated funding announcements were received on 17 December 2025. This was the first multi-year settlement since 2016/17 and provides actual allocations for 2026/27 and indicative allocations for the two years 2027/28 and 2028/29. Forecasts for 2026/27 have been updated using actual funding information (where available) and the 2027/28 to 2028/29 estimates have been revised using information in the PLGFS and the Policy Statement. These revised estimates are presented in this report.

1.3 In addition to the cost pressures that were anticipated when the initial estimates for 2026/27 and future years were prepared, this financial year has seen further financial challenges. The challenges include:

- Continued increase in costs and the number of placements within Children's Services;
- Continued increase in costs and demand for Adult Social Care services; and
- Increased costs of maintaining the Council's property portfolio.

1.4 When the initial 2026/27 MTFS was prepared, the forward estimates took account of the ongoing demand pressures detailed above, but as has been reported widely throughout the financial year, demand from and complexity of care required for our residents particularly in the area of social care services has continued to place significant additional pressures on the budget in 2025/26 and subsequently beyond. In year mitigations have been implemented throughout the financial year to address the financial pressures which have had a positive impact on the revenue forecast outturn yet, as detailed in the Quarter 3 budget monitoring report (included on the agenda), the forecast position is still expected to end with an adverse revenue position at the end of the financial year. Any in year overspend will impact on the level of reserves available to support the budget on an ongoing basis and the reserves available by 2026/27 are outlined in Section 13.

1.5 At the same time as considering the financial challenges facing the Council, it is important to consider the Council's commitment to the co-operative way of working. Based on a set of values and the principle of enabling and motivating everyone to "do their bit", this influences the policy direction of the Council and its response to the financial challenges.

1.6 As an organisation, a co-operative approach provides the opportunity to find positive and sustainable solutions to the on-going financial challenges being faced. Oldham has a values driven approach which underpins the way it does business. The Council believes in the importance of fairness and responsibility. In practice, that means maximising the positive social, economic and environmental impact that can be achieved through everything we do as set out in the Council's values.

## Oldham Council Policies and Strategies

2.1 Framing budget setting for 2026/27 and future years are the Co-operative Council ethos, the Council's Corporate Plan Ready for the Future, and the Oldham Partnership's plan Pride, Progress, Partnership. The delivery of the objectives the Council has set must be considered alongside the requirement to reduce operating costs through a programme of transformation and change, while working within the financial framework of the Constitution and Rules of Procedure.

### The Council's Corporate Plan

2.2 Oldham Council's Corporate Plan for 2024–27, Ready for the Future, was approved by Council on 6 November 2024. It sets out how the Council will maximise the impact of its resources and activity to improve the lives of residents over the next three years. The plan is aligned to the Oldham Partnership's borough-wide plan Pride, Progress, Partnership, and focuses on responding to the needs and aspirations of Oldham's communities. It explains how the Council will contribute to the Partnership's missions, live its organisational values and behaviours, and create the right conditions for success.

2.3 Ready for the Future and Pride, Progress, Partnership were developed in parallel to ensure that the Council's priorities for 2024–27 align with Oldham's wider ambitions for the borough. This alignment ensures the most effective and efficient use of resources to improve outcomes for residents.

2.4 Oldham's Corporate Plan centres around the three missions in the Oldham Plan:

- i. **Healthier, Happier Lives:** In Oldham, every individual matters. To build a community where everyone has access to the care, support, and opportunities they need to live a good life. The Council is committed to tackling poverty, improving health and well-being, providing high-quality social care, and promoting lifelong education.
- ii. **Great Place to Live:** Oldham is a place where people love to live, and the Council is committed to building on that pride by providing more affordable, quality homes, improving public spaces, and creating a strong local economy with vibrant communities that get on well.
- iii. **Green and Growing:** Oldham will be a place where economic growth benefits all residents, creating opportunities for businesses to succeed while ensuring Oldham's community and environment thrive. Attracting new investment, supporting local businesses, and leading in green technologies will generate quality job opportunities and equip people with the skills they need to succeed.

2.5 To achieve the Council's missions and deliver the best outcomes for the people of Oldham, the Council must create the right conditions for success. The four pillars of change will support the implementation of the Council's strategy, driving change and improvement programme forward. These tools and approaches ensure that the Council remains dynamic and responsive, as it navigates the complex and evolving landscape of local government in the UK. The four pillars of change are:

- i. Efficiency and Value for Money
- ii. Capacity Building
- iii. Prevention and Early Help
- iv. Digital

2.6 These pillars are crucial to the successful delivery of the Corporate Plan, helping turn our ambitions into reality. By focusing on these, the Council will build a strong foundation that allows it to adapt, innovate, and lead the way in local government.

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2.7 The 2026/27 budget process has been framed around the Corporate Plan and Oldham Plan with the preparation of the 2026/27 revenue budget (including budget reduction proposals), the MTFS and the capital strategy having regard to the three priorities and four missions and how these can be delivered.

#### Constitution and Rules of Procedure

2.8 Oldham Council has an agreed Constitution which sets out how the Council operates, how decisions are made and the procedures that ensure these decisions are efficient, transparent and accountable to local people. Most of the procedures are required by statute. Detailed procedures and Codes of Practice are provided in separate rules and protocols which accompany the Constitution and Articles contained therein. The following rules of procedure are particularly relevant in the context of determining the Council's 2026/27 Revenue Budget.

#### Budget and Policy Framework Procedure Rules

2.9 This sets out the process for the adoption and implementation of the Council's Budget and Policy Framework. It specifies the budget estimates that must be prepared as part of that framework, the process for developing the framework and the associated decision-making process. The Revenue Budget report, if approved by Council, forms a key element of the Council's Budget and Policy Framework.

### **3 Fair Funding Review and National Business Rates Reset**

3.1 During 2025/26, the Government have been working with Local Authorities to deliver on its commitment to a fairer funding system across Local Government ensuring that areas of high need and high deprivation are allocated the funding needed to deliver the services that residents need. A substantial consultation was undertaken over the summer months with Oldham's response to the consultation questions submitted by the deadline in August.

3.2 Outcomes from the Fair Funding Review consultation have informed the Policy Statement and Provisional Local Government Finance Settlement for 2026/27 to 2028/29.

3.3 Alongside the work around Fair Funding, the Government have also been reviewing the Business Rates System with an intention to realign Business Rates growth nationally. Oldham is part of the ten-year Greater Manchester 100% Business Rates Retention Scheme which holds any growth it generates across the region to invest locally. Further details on the National Business Rates Reset and the impact on Oldham is detailed later within this report.

### **4 Local Government Finance Policy Statement, and Provisional Local Government Finance Settlement**

4.1 On 20 November 2025, the Local Government Finance Policy Statement was published. This long-awaited Statement confirmed the Government's intention to deliver on fairer funding and a simpler finance system for Local Government. Despite indications from Central Government that the Policy Statement would include enough detail to enable Councils to understand the impacts on their financial position for the 2026/27 financial year onwards, this was not the case making it difficult for the Council to update its estimates with any certainty.

4.2 Whilst the Policy Statement had not contained the information needed to update estimates, it did confirm the Government's intention to deliver a multi-year settlement and provide indicative funding allocations for 2026/27 to 2028/29 in line with the current spending review period. The statement also provided information around the outcomes of the Fair Funding Review 2.0 consultation that had taken place over the summer months. Furthermore, the Government announced that the Recovery Grant allocated in 2025/26 at £8.010m was to continue for 2026/27 to 2028/29 at this amount. This funding was unexpected and was welcomed by the Council.

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4.3 The Policy Statement did not include the required information on the National Business Rates Reset and confirmed that this would be included within the Provisional Local Government Finance Settlement.

4.4 The eagerly awaited 2026/27 Provisional Local Government Finance Settlement (PLGFS) was released on 17 December 2025. It was announced by the Secretary of State for Housing, Communities and Local Government the Rt. Hon Steve Reed OBE MP, and set out the Government's formal proposals for the funding of English Local Authorities in 2026/27.

4.5 As expected, this was the first multi-year Local Government Finance Settlement since 2016/17 and delivered on the Government's promise to provide Local Government with indicative funding indications over the medium term to assist with budget setting and work on financial resilience.

4.6 Included in the Provisional Settlement was key funding information for Local Authorities in relation to:

- Baseline funding levels for 2026/27 with indicative levels for 2027/28 and 2028/29.
- Council Tax referendum limits.
- Grants for 2026/27 and indicative allocations for 2027/28 and 2028/29.

4.7 The PLGFS acted on the Government's commitment to deliver a Fairer Funding system for Local Government ensuring resources are available to those areas that need it the most, like Oldham, that have high needs and high deprivation and a low tax base. Alongside this, the Government has also delivered a National Business Rates Reset which realigned business rates growth across the whole system.

4.8 Councils had the opportunity to submit consultation comments on the Provisional Settlement. The Government issued seven specific consultation questions in relation to the Settlement to which a response was requested by 14 January 2025. The Council submitted a response by the deadline.

4.9 Published alongside the PLGFS was the Government's estimates of Core Spending Power (CSP). This is the Government's assessment of the expected revenue resources available to Local Authorities from 2026/27 to 2028/29 using Office of Budget Responsibility estimates. Within the Core Spending Power, the Government assumes in its calculations that Authorities will increase Council Tax by the maximum allowed each year.

4.10 The Government's intention through the Settlement is to deliver major reform to the Local Government finance system by:

- Making £84.6bn available in the Core Spending Power for Local Authorities by 2028/29
- Align funding with need and deprivation
- Target preventative investment in Children's Social Care reform – one of the fastest growing pressures on Council budgets
- Simplifying 36 funding streams over £56bn (over three years) which will give Council's greater certainty and flexibility – supporting them to meet local needs

4.11 The Provisional Settlement includes detail by individual Authority and the amounts for Oldham are shown below.

**Table 1: Oldham Core Spending Power**

CORE SPENDING POWER					
Please select authority					
Oldham					
Illustrative Core Spending Power of Local Government:					
	2024-25 £ millions	2025-26 £ millions	2026-27 £ millions	2027-28 £ millions	2028-29 £ millions
<b>Fair Funding Allocation<sup>1</sup></b>	0.0	0.0	190.1	206.8	223.6
of which: Baseline Funding Level	0.0	0.0	101.3	103.6	105.7
of which: Revenue Support Grant <sup>2</sup>	0.0	0.0	75.1	103.3	117.9
of which: Local Authority Better Care Grant <sup>3</sup>	0.0	0.0	13.8	-	-
<b>Legacy Funding Assessment</b>	161.6	169.5	0.0	0.0	0.0
of which: Legacy Business Rates <sup>4</sup>	93.0	94.6	0.0	0.0	0.0
of which: Legacy Grant Funding <sup>5</sup>	57.4	61.1	0.0	0.0	0.0
of which: Local Authority Better Care Grant	11.2	13.8	0.0	0.0	0.0
<b>Council tax requirement<sup>6,7</sup></b>	116.2	122.2	129.6	137.4	145.7
<b>Homelessness, Rough Sleeping and Domestic Abuse<sup>8,9</sup></b>	1.2	1.8	2.2	2.4	2.8
<b>Families First Partnership<sup>10</sup></b>	1.8	4.0	6.2	6.2	5.3
<b>Total Transitional Protections<sup>11</sup></b>	0.0	0.0	0.0	0.0	0.0
of which: 95% income protection	0.0	0.0	0.0	0.0	0.0
of which: 100% income protection	0.0	0.0	0.0	0.0	0.0
of which: Fire and Rescue Real-terms floor	0.0	0.0	0.0	0.0	0.0
<b>Grants rolled in to Revenue Support Grant<sup>12</sup></b>	1.5	1.9	0.0	0.0	0.0
<b>Recovery Grant</b>	0.0	8.0	8.0	8.0	8.0
<b>Recovery Grant Guarantee<sup>13</sup></b>	0.0	0.0	0.0	0.0	0.0
<b>Mayoral Capacity Fund</b>	0.0	0.0	0.0	0.0	0.0
<b>Core Spending Power</b>	<b>282.2</b>	<b>307.4</b>	<b>336.1</b>	<b>360.9</b>	<b>385.4</b>
Core Spending Power year-on-year change (£ millions)	25.2	28.7	24.8	24.5	
Core Spending Power year-on-year change (%)	8.9%	9.4%	7.4%	6.8%	
Core Spending Power change since 2024 (£ millions)	25.2	53.9	78.7	103.2	
Core Spending Power change since 2024 (%)	8.9%	19.1%	27.9%	36.6%	
Core Spending Power change since 2025 (%)		9.4%	17.4%	25.4%	

4.12 For Oldham, CSP has increased from £307.4m to £336.1m between 2025/26 and 2026/27.

4.13 Whilst the Core Spending Power implies the Council has £28.7m more resources than in 2025/26, the Government's CSP figures for 2026/27 onwards includes the roll in of a significant number of grants that the Council already receives outside of CSP. These grants include (but are not limited to) the Social Care Grant, Market Sustainability and Improvement Fund and New Homes Bonus. Further details on grants can be found later within this report.

4.14 Within the CSP is £8.010m of Recovery Grant which the Government confirmed as part of the Policy Statement in November and will be paid at a cash flat level for the period 2026/27 to 2028/29.

4.15 Also included within the PLGFS was information regarding Referendum Limits for Council Tax increases. Details of these limits are included at Section 9 of this report.

#### Final Local Government Finance Settlement

4.16 It is expected that the Final Local Government Finance Settlement will be received week commencing 2 February 2026. Only when this is received will the final funding notifications be confirmed. There may therefore be further changes to some of the grant notifications received via the PLGFS. Any changes to grant notifications will be included in reports to Cabinet and Council.

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## 5 2025/26 Revised Budget and Year End Forecasts

5.1 The Authority's 2025/26 revenue budget was approved by Council on 6 March 2025 with a net revenue budget of £322.928m funded through a combination of government grants, Council Tax, and Business Rates.

5.2 Under established budget procedures all services are required to monitor and review their approved budgets during the financial year. As part of this process, forecasts of the year-end position are prepared by all services. The latest forecast is based on the projected year end position as at the end of Month 9. The Directorate forecasts include all known commitments, issues, and planned management actions.

### Forecast Position

5.3 The current net revenue budget is £325.486m which has increased since the base budget was set as result of additional unringfenced grant income being received by the Council. Since Quarter 2, there has been an additional £1.474m allocated as detailed in the table below:

**Table 2: 2025/26 Additional funding allocated since Quarter 2**

Movement in Funding	£000
DATRIG (inc Rough Sleeping Drug & Alcohol Grant	(1,030)
Individual Placement and Support Grant	(67)
Public Health Grant	(31)
Local Authorities Social Services Grants	(201)
Supporting Chagosian British Citizens Grant	(17)
Families First Programme Transformation Grant	(128)
<b>Net Movement in Funding</b>	<b>(1,474)</b>

5.4 The forecast position at Month 9 (Qtr 3) of £15.199m is detailed in the table below. Management actions continue to have a positive impact on the projected position with the forecast adverse outturn improving by £5.894m from that reported at the end of Quarter 2. Senior Leaders and officers continue to seek out and implement further actions to reduce this gap however there still remains a significant projected budget overspend which will impact on the size of the budget gap in the Medium-Term Financial Strategy for 2026/27 and future years and the level of Earmarked Reserves.

**Table 3: Summary of 2025/26 Quarter 3 Projected Revenue Outturn**

Directorate	Annual Budget £000	Annual Forecast £000	Annual Variance reported at Quarter 3 £000
Adult Social Care	82,892	91,889	8,996
Children's Services	88,546	93,952	5,407
Public Health	24,830	24,503	(327)
Place	71,803	76,366	4,563
Corporate Services	35,481	34,414	(1,067)
Capital, Treasury and Technical Accounting	21,934	19,561	(2,373)
<b>NET EXPENDITURE</b>	<b>325,486</b>	<b>340,685</b>	<b>15,199</b>
<b>Financed By:</b>			
Locally Generated Income	(181,158)	(181,158)	-
Government Grants	(145,358)	(145,358)	-
Collection Fund Deficit	1,030	1,030	-
<b>TOTAL FINANCING</b>	<b>(325,486)</b>	<b>(325,486)</b>	<b>-</b>
<b>OVERALL PROJECTED VARIANCE</b>	<b>-</b>	<b>15,199</b>	<b>15,199</b>

5.5 As reported over the last two financial years, there are three areas which continue to forecast significant pressures;

- Adult Social Care is reporting a pressure of £8.996m at the end of Quarter 3 (£10.475m at the end of Quarter 2).
- Children's Services is reporting a pressure at the end of Quarter 3 at £5.407m (£5.308m at the end of Quarter 2).
- Place is reporting a pressure of £4.563m at the end of Quarter 3 (£5.578m at the end of Quarter 2).

5.6 Approved at Budget Council in March 2025, significant growth was added to the revenue base budget at £43.185m of which Adult Social Care was allocated £15.264m (35%) and Children's Services was allocated £16.831m (39%). At the same Council meeting budget savings were approved across all Directorates. When these savings are applied, the overall net increase was £6.776m for Adult Social Care and £13.170m for Children's Services. Further details on growth for the 2026/27 financial year is included later within this report.

5.7 The increasing need for use of the Council's services from residents and businesses, the complexity of the support needed, and inflationary costs continue to put pressure on service budgets as demonstrated by the Quarter 3 forecast outturn position. These pressures, in the main driven by escalating costs in essential statutory services supporting the most vulnerable residents, reflect the broader challenges the Council and numerous Councils across the country are facing. This is particularly acute in statutory and heavily inspected services where there is little flexibility to mitigate rising costs, for example increasing pressures on social care budgets due to the support needs of vulnerable children and complexity in the needs of adult requiring support. There is also an increasing need to support children with Special Educational Needs (SEND) and whilst significant work has been done in the last 12 months, homelessness presentations and use of temporary accommodation is still of concern given the numbers accessing this service.

5.8 The current projected position as at the end of Quarter 3, shows a potentially significant adverse position by the end of the financial year but which has improved from the position previously reported. The Council is currently exploring opportunities in conjunction with its external treasury advisors to look at our current policy on capitalising interest costs for assets under construction. This could generate a potential revenue adjustment to the Council which would reduce the forecast adverse variance for 2025/26. The outcome of this work will be reported to Cabinet in the Month 10 revenue monitoring report. Any adverse variance by the end of the 2025/26 financial year will require an unbudgeted use of General Revenue Usable Reserves to balance the position which will impact on the Council's financial resilience. Further details on the level of reserves and the robustness of the revenue budget for 2026/27 is included later within this report.

## 6 Summary Budget Position for 2026/27

6.1 The 2025/26 revenue base budget was the first annual budget that had been set without the need to use general revenue reserves to balance the position for a number of years. This was a significant step forward for the Council with regard to its financial resilience and the need to retain revenue reserves at a sustainable level. This has been an overriding consideration when setting the budget for 2026/27 along with the requirement to continue the process of replenishing the Council's overall level of revenue reserves.

6.2 The proposed budget for 2026/27 seeks to meet these financial objectives whilst at the same time ensuring that services to residents are impacted as little as possible. A series of budget reduction proposals are proposed which are detailed further within this report, which together with a review of all revenue grant resources and the fair funding announced in the Provisional Settlement has enabled the Council to budget a replenishment of revenue reserves for each year of the MTFS.

6.3 If the proposals to balance the revenue budget for 2026/27 in this report are approved, there will be a balanced revenue budget position with a forecast transfer to reserves. A summary of the revenue budget position is included below:

**Table 4: Summary Budget Position**

	<b>2026/27 £000</b>
<b>Budget Gap as at Budget Council</b>	<b>8,982</b>
<u>Revision to expenditure estimates</u>	
Pay	2,895
Demand	5,609
Pressures	14,069
Passport of grants rolled in	11,874
Technical adjustments	811
Transfer to Reserves	1,600
<b>Total Expenditure Adjustments including levies</b>	<b>36,858</b>
<u>Revision to income estimates</u>	
<b>Financing Changes</b>	<b>(25,539)</b>
<b>Budget Gap 2026/27</b>	<b>20,301</b>

6.4 As highlighted later in this report, levy and precept figures are still subject to confirmation and there could be some amendments once the Final Local Government Finance Settlement is received in early February, however it is not expected that there will be any significant changes to the overall position presented. As updates are received, the budget will be updated with any known revisions included within the report for Budget Cabinet. The final position will be presented to Budget Council at its meeting of 4 March 2026.

6.5 Details of the key adjustments are set out in sections 7 to 9 below.

## 7 Expenditure Adjustments

7.1 As part of the budget setting process for 2026/27 to 2028/29 over the settlement period, a number of budget adjustments have been identified during the preparation of the 2026/27 revenue budget and the forecast budgets for 2027/28 and 2028/29. For 2026/27, these total £66.944m excluding levy adjustments, an increase of £37.074m compared to the 6 March Council report. The table below presents the changes for 2026/27 with explanations contained in the following narrative. Details of the 2027/28 and 2028/29 adjustments are included later within this report.

**Table 5: 2026/27 Expenditure Adjustments**

Expenditure Adjustments	Budget Council 2026/27 £000	2026/27 Revisions £000	2026/27 Revised Base £000
<b>Price</b>			
Pay Inflation including National Insurance	10,129	(3,601)	6,528
Adult Social Care - Impact of National Living Wage Foundation Living Wage commitment	4,000	1,352	5,352
Contractual Inflation - Private Finance Initiatives	300	357	657
Contractual Inflation - ICT Licenses	0	1,264	1,264
Contractual Inflation - Children's Social Care	0	2,420	2,420
Contractual Inflation - Others	0	454	454
Service Inflation	1,000	400	1,400
Energy Price Inflation	500	0	500
Coroners Service	0	250	250
<b>Demand</b>			
ASC Demand Pressures - Demographics	4,107	427	4,533
Children's Services Demand Pressures	2,000	182	2,182
Place Pressures / Income	0	2,500	2,500
Council Wide Volatility Base Provision	0	2,500	2,500
<b>Pressures</b>			
Children's Investment Plan	0	5,459	5,459
Children's Services Pressure - Income	0	2,421	2,421
Adult Social Care Pressures	0	3,025	3,025
Previous Years Budget Reductions not delivered - Red and Amber	0	3,164	3,164
<b>Settlement Changes - Expenditure Previously Funded from Grants</b>			
Adult Social Care - Market Sustainability and Improvement Fund	4,910	0	4,910
Homelessness, Rough Sleeping and Domestic Abuse Grant	0	1,583	1,583
Children, Families and Youth Grant	0	3,006	3,006
Public Health Grant	0	1,538	1,538
Crisis & Resilience Fund	0	5,747	5,747
<b>Technical Adjustments</b>			
Transformation Programme	0	5,000	5,000
Capital Charges	2,910	(1,076)	1,834
Employer Pension Contribution Rate Reduction	0	(3,219)	(3,219)
Increased Expenditure Funded by the passporting of Public Health Grant	0	322	322
Revised Parish Precept Expenditure (offset by Parish Precept income)	14	(1)	13
Budgeted Transfer to General Revenue Reserves	0	1,600	1,600
<b>Total Expenditure Adjustments excluding levies</b>	<b>29,869</b>	<b>37,074</b>	<b>66,944</b>

7.2 A summary of each of these adjustments is set out in the following paragraphs:

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## Price Assumptions

### a) Pay Inflation

The pay increase for 2026/27 to 2028/29 is estimated at 3% per annum which equates to an additional budget requirement of £6.528m for 2026/27. Any increase to the percentage rate agreed for pay inflation will increase the expenditure budget required. There has been no agreement yet made for 2026/27.

### b) Adult Social Care - Impact of National Living Wage Foundation Living Wage commitment

Along with some GM authorities, the Council pays Care Providers the Foundation Living Wage, as opposed to the National Minimum Wage for their staff. The Foundation Living Wage will increase from 1 May 2026 going from a rate of £12.60 to £13.45 per hour, an increase of 6.7%. The additional budgetary provision required for this rate increase is £5.352m for 2026/27.

### c) Contractual Inflation - Private Finance Initiatives

The Council has several Private Finance Initiatives which include contractual inflationary increases in line with Consumer Price Index (CPI) or Retail Price Index (RPI). The additional budget requirement for 2026/27 in this regard is £0.657m.

### d) Contractual Inflation – ICT Licenses

The additional budgetary provision required for the Council's ICT Licenses in 2026/27 is £1.264m. This will allow the Council to maximise the capability of the applications and security to generate efficiencies.

### e) Contractual Inflation – Children's Social Care

The Council commissions external providers to provide fostering and residential placements for our children and young people when needed. Dependent on the placement provided, the inflationary increase applied each financial year can vary. Based upon the latest information it is estimated that the additional budget required for 2026/27 is £2.420m.

### f) Contractual Inflation – Others

There are several other contracts that the Council holds and for which an inflationary increase is applied. For 2026/27, an additional £0.454m of base budget provision is required.

### g) Service Inflation

A general inflation rate has been applied to relevant budgets for 2026/27 resulting in an additional £1.400m budget requirement.

### h) Energy Price Inflation

The Council fixes its energy costs in advance using its block purchasing arrangement with the Crown Commercial Service and the budgeted cost for 2026/27 reflects known increases that will take effect in the next financial year.

### i) Coroners Service

An additional estimated budgetary provision for 2026/27 only is required with regards to the Coroners Service at a value of £0.250m. This estimate is based upon information available at the time of writing.

## Demand Assumptions

### j) Adult Social Care Demand Pressures - Demographics

Based upon an assessment of demand using current cases, trend analysis and expected changes in cohorts, an increase in budget provision for Adult Social Care of £4.533m is

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required for 2026/27. As a demand led service, this area is subject to changes depending upon client needs. The budget estimate provided is based upon best knowledge available.

k) **Children's Services Demand Pressures**

An assessment of future need based on potential entry to care and the current placements of children within the Children's Social Care service has been undertaken which has resulted in an additional £2.182m of revenue base budget being required for the 2026/27 financial year. Like Adult Social Care, this is demand led service statutory service where costs are driven by the type of placements needed. The budgetary provision provided has been assessed based using the most recent information available to the Council.

l) **Place Pressures / Income**

As shown at Section 5, the Place Directorate is forecasting an adverse variance for 2025/26. After review, a 2026/27 base budget uplift to meet the demand for services within this Directorate is required at a value of £2.500m.

m) **Council Wide Volatility Base Provision**

As highlighted above, the Council has a number of demand led statutory services where individual client needs drives cost. Whilst every effort is taken to use the most appropriate and up to date information to provide a robust base budget for these areas, changes to cohorts and demand for specialist and expensive external placements can impact on the budget provision. To mitigate the risk of these changes and to manage the budget position during the financial year and remove the need to use reserves, a permanent base budget provision for volatility has been included within the Council's revenue base budget. Use of this budget provision by a service will be temporary to mitigate the impact of any cost changes in year whilst permanent adjustments can be made. This provision will be held corporately.

## Pressures Assumptions

n) **Children's Investment Plan**

Over the last few years, the Council's Children's Services has been on an improvement journey which required financial investment. This investment was funded through expected returns realised as improvements across the service were made. At the same time, the demand and complexity of need, coupled with sufficiency across the care sector has impacted on the ability to generate the returns on this investment. After assessment, the temporary investment of funding previously made is to be made permanent providing the base budget required for this area. This 2026/27 permanent investment is at a value of £5.459m.

o) **Children's Services Pressure - Income**

From January 2026, the Council will have nil financial contributions towards Social Care placements from Health for the current cohort of Children Looked After. (This could vary for any new children who meet CHC funding criteria, or alternatively any existing children whose circumstances change) As a result, the income budget held within this area becomes unachievable and needs to be removed from the base budget. The value of this pressure is £2.182m.

p) **Adult Social Care Pressures**

As reported within the Council's revenue monitoring report, particularly during 2024/25 and 2025/26, Adult Social Care have reported a significant adverse position. This is not something that can be sustained and therefore a full review of budgets for this area has been undertaken and it has been assessed that an additional base budget uplift for 2026/27 is required at £3.025m to provide the required resources for this Directorate.

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q) **Previous Years Budget Reductions not delivered - Red and Amber**

Included within the revenue budget monitoring report as at the end of Quarter 3 (included elsewhere on the agenda) is an update on the delivery of the 2025/26 approved budget reductions. As at the end December 2025, 80% have been delivered with 20% rated Red or Amber. Whilst the organisation continues its work to achieve the budget reductions required in 2025/26, non-delivery will have an adverse effect on the 2026/27 base budget. Therefore, £3.164m of base budget provision has been included within the Council's revenue budget for 2026/27. Once the final year end position is known a reconciliation will be conducted and any remaining budget will be transferred to the Council Wide Volatility budget. The final position will be reported in the Revenue Monitor and Capital Investment Programme 2025/26 report to Cabinet early in the 2026/27 financial year.

### **Settlement Changes - Expenditure Previously Funded from Grants**

r) **Expenditure Previously Funded from Grants**

As detailed earlier within this report, several grants that had been previously received by the Council as ringfenced funding have now been consolidated into four new grants for which funding will be allocated as part of Local Government Finance Settlement. As this now forms part of the base funding for the Council, the relevant expenditure budgets for these grants are required to be included. Several of these grants had already been included within the Council's MTFS and therefore the values included are the amounts above those that had already been accounted. The total amount added is £16.784m of which:

- Adult Social Care - Market Sustainability and Improvement Fund £4.910m
- Homelessness, Rough Sleeping and Domestic Abuse Grant £1.583m
- Children, Families and Youth Grant £3.006m
- Public Health Grant £1.538m
- Crisis and Resilience Fund £5.747m

### **Technical Adjustments**

s) **Transformation Programme**

A refreshed transformation programme for the Council will be in place from April 2026 with significant opportunities already identified across the Adults and Children's Social Care services. To enable the delivery of budget reductions included with this Council's MTFS, an investment is required to ensure resources are available which will enable delivery. This is included at value of £5.000m for 2026/27.

t) **Capital Charges**

This increase is required to fund the revenue consequences arising from planned capital expenditure. The requirement for 2026/27 is reduced by £1.076m to £1.834m.

u) **Employer Pension Contribution Rate Reduction**

The current triennial period ends on the 31 March 2026 for employer pension contributions to the Greater Manchester Pension Fund (GMPF). All Greater Manchester authorities have been in liaison with GMPF to agree a pension rate for the period 2026/27 to 2028/29. A rate of 15.5% has been agreed for Oldham which is reduced from 19%. This rate reduction results in an expenditure saving of £3.219m.

v) **Increased expenditure funded by the passporting of Public Health Grant**

As detailed within the Council's Provisional Finance Settlement, the Council's Public Health Grant allocation for 2026/27 has increased by £0.332m.

w) **Revised Parish Precept Expenditure (offset by Parish Precept income)**

This increase for the two Parish Councils is due to the increase in taxbase numbers for 2026/27. The precept amounts for Saddleworth and Shaw & Crompton are yet to be agreed,

with any changes included within future reports. Any expenditure increase is offset by an increase in income, and therefore the impact to the Council overall is nil.

x) **Budgeted transfer to General Revenue Reserves**

The Council has been required to use general revenue reserves to balance the revenue budget over several years which has reduced its financial resilience. To increase the Council's financial resilience over the life of the MTFS, a budgeted transfer to general revenue reserves is to be completed. For 2026/27 this will be at a value of £1.600m.

**Levies**

7.3 Members will be aware that the Greater Manchester Combined Authority (GMCA) charges the Council for Waste Disposal and Transport Services in the form of levies and a statutory charge. It also charges for some other regionally provided services. In addition, the Environment Agency also charges a levy for services. The Council has no discretion over the payment of such levies and statutory charges.

Summary of Levies/Contributions

7.4 The changes to the estimates based upon the information provided to date relating to Levies are summarised in the table below:

**Table 6: Impact of Levies**

Impact of Levies, the Statutory Charge and Contributions	Budget Council 2026/27 £000	2026/27 Revisions £000	2026/27 Revised Base £000
Projected Change to GMCA Levy budgets Environment Agency Levy	1,121 3	(217) 1	904 4
<b>Total Impact of Levies, the Statutory Charge and Contributions</b>	<b>1,124</b>	<b>(216)</b>	<b>908</b>

7.5 The change to the levies for both GMCA services and the Environment Agency are based on best information available but are subject to revision when respective organisations meet to confirm their levy charges. Final notifications are expected in early February 2026.

7.6 The Board should also note that following on from returns made during 2025/26, there are further proposals to return a proportion of the reserves held in respect of the GM Waste Disposal Authority. It is proposed that any return of funding received be transferred to reserves in line with previous such distributions in order to replenish reserves and increase the Council's financial resilience.

**8 Main Government Grants Announced in or Derived from the Provisional Local Government Finance Settlement**

8.1 The Provisional Settlement provided information about the Government Grants the Council will receive for 2026/27. The following paragraphs provide further detail on this funding.

**Summary of Unringfenced Government Grants**

8.2 A summary of all grants notified as included in the PLGFS is shown in the table below. The total of this funding equals £176.763m which is £26.909m higher than the forecasts presented to Budget Council on 6 March 2025.

**Table 7: Summary of Unringfenced Government Grants**

Government Grant	Budget Council 2026/27 £000	2026/27 Revisions £000	2026/27 Revised Base £000
Business Rates Top Up Grant	(86,405)	(48,488)	(134,893)
Grant in Lieu of Business Rates	(10,376)	10,376	0
Local Authority Better Care Fund Grant	0	(13,802)	(13,802)
Extended Producer Responsibility for Packaging Scheme	(1,500)	(514)	(2,014)
Homelessness, Rough Sleeping and Domestic Abuse Grant	0	(2,178)	(2,178)
Children, Families and Youth Grant	0	(7,873)	(7,873)
Public Health Grant	0	(2,245)	(2,245)
Crisis & Resilience Fund	0	(5,747)	(5,747)
Recovery Grant	0	(8,010)	(8,010)
Children's Services Prevention Grant	(2,309)	2,309	0
Social Care Support Grant	(42,029)	42,029	0
New Grants previously ringfenced	(4,083)	4,083	0
Housing Benefit Administration Grant	(600)	600	0
New Homes Bonus Grant	(414)	414	0
Grant Towards NI	(2,137)	2,137	0
<b>Total Government Grant Funding</b>	<b>(149,854)</b>	<b>(26,909)</b>	<b>(176,763)</b>

8.3 The unringfenced Government Grants notified for 2026/27 are detailed below:

**a) Business Rates Top Up Grant**

As part of the National Business Rates Reset, the way in which Councils are to be funded via the Business Rates system has changed with growth redistributed across the whole system. Included within the changes notified are a number of new multipliers and a change in the way that Business Rates are accounted for. These changes have had an impact on the Business Rates Top Up Grant for 2026/27.

**b) Local Authority Better Care Fund Grant**

The PLGFS confirmed the value of the Local Authority Better Care Fund allocation at £13.802m for 2026/27 which is the same level as 2025/26. Current indications are that from 2027/28 this funding will be rolled into the Fair Funding Allocation and will not be received as a separate grant.

**c) Extended Producer Responsibility for Packaging Scheme (EPR)**

This grant is to compensate authorities for the costs associated with the recycling of packaging. Similar to 2025/26, it is assumed there are no new expenditure obligations over and above the costs currently incurred by the Council - such as costs associated with single recycling bins and green food collection - are already being met and allowed for in current expenditure forecasts. This funding is linked to income received by central government from producers and is forecast to diminish over future years as producers become compliant with the new requirements.

**d) Recovery Grant**

The recovery grant is to compensate those authorities that received a reduced share of Government funding during the previous government's funding allocations and is linked to deprivation / need. This grant has been confirmed at the same level as 2025/26 of £8.010m and will be paid each financial year for the period 2026/27 to 2028/29. The current intention from Government is that this funding will then be removed.

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## Consolidated Grants

8.4 As intended, the Government has focused on simplifying the funding landscape for Councils by ending the allocation of grants outside of the Settlement and either rolling them into the Revenue Support Grant (RSG) (therefore they are included within a Council's Baseline Funding Level) or, into specific consolidated grants; some in Core Spending Power and some outside of CSP (for 2026/27).

8.5 For 2026/27, there will be four consolidated grants which include funding previously allocated to the Council as a separate grant. These grants are as follows:

### **Homelessness, Rough Sleeping and Domestic Abuse Grant - £2.178m for 2026/27**

8.6 Four grants previously received by the Council have been consolidated into one grant allocation for 2026/27 onwards. The Homelessness, Rough Sleeping and Domestic Abuse Grant is made up of the following individual grants:

- Homelessness Prevention Grant (49%) for Prevention, Relief and Staffing (it should be noted that 51% has been rolled into RSG and is in the Baseline Funding Level for Temporary Accommodation)
- Rough Sleeping Prevention & Recovery Grant
- Rough Sleeping Accommodation Programme
- Domestic Abuse Safe Accommodation Grant

8.7 The Homelessness, Rough Sleeping and Domestic Abuse Grant has been included into the Greater Manchester Integrated Settlement and will be paid directly to the GM Mayoral Strategic Authority rather than the Council. It is anticipated that for 2026/27 this will be paid to Oldham in line with the Government funding allocation, but for 2027/28 and 2028/29 this is less certain. Any monies retained by GMCA from these allocations in future years would impact on the Council's MTFS.

### **Children, Families and Youth Grant - £7.873m for 2026/27**

8.8 Similar to the grant above, four grants previously received by the Council have been consolidated into one grant allocation for 2026/27 onwards. Some of these grants had been part of the Council's core funding, and some had been allocated directly to the service. This consolidated grant includes the following individual grants:

- Children's Prevention Grant
- Families First Partnership Programme Funding (including Transformation)
- Holiday, Activities and Food (HAF) Grant
- Pupil Premium Plus Post 16 Grant

### **Public Health Grant - £2.245m for 2026/27**

8.9 Members will be aware that the Council does not receive the main Public Health Grant directly as it is part of the GM Business Rates Retention Scheme where the Public Health allocation is paid through its Business Rates Baseline. However, for 2026/27 the Government has also consolidated other individual grants into a consolidated Public Health grant. These grants will not be included within the Business Rates scheme and will be paid to the Council directly. This Public Health grant includes the following grants previously received:

- Drug and Alcohol Treatment Recovery and Improvement Grant (DATRIG) – includes Rough Sleeping Drug and Alcohol Treatment Grant
- Individual Placement and Support Grant
- Local Stop Smoking Services Support Grant

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- Swap to Stop Scheme

### **Crisis and Resilience Fund - £5.747m for 2026/27**

8.10 For 2026/27 the Council will receive a Crisis & Resilience Fund Grant which has consolidated two previously received grants:

- Household Support Fund
- Discretionary Housing Payments (DHP)

8.11 It should be noted, that whilst these grants now form part of the core funding for the Council, grant conditions are to be issued by the Government detailing how they expect the funding to be expended, with returns expected to be completed in some cases. For other grants that are now part of the Council's Fair Funding Allocation and Baseline Funding Level, notional amounts will be published, and the Government expects that funding will be allocated to these areas in line with these notifications. Grant conditions and notional allocations are expected to be published alongside the Final Local Government Finance Settlement in early February 2026.

### **Ringfenced Grants**

8.12 As the Government continues to work towards a simpler funding landscape for Local Authorities and has changed a large number of ringfenced grants to core funding, there are still some significant ringfenced grants that remain. Such grants include the Dedicated Schools Grant and Housing Benefit Subsidy Grant. Ringfenced grant assumptions are based on the allocations that have been notified by the funding body. It is important to note that any spending above the ringfenced grant level can impact on the Council's financial position. It is essential that services funded by ringfenced resources are managed with the same level of challenge and scrutiny as those funded by general resources.

#### Dedicated Schools Grant (DSG)

8.13 The Dedicated Schools Grant (DSG) is a ringfenced grant payable to Local Authorities by Government for the funding of both maintained schools and academies. From 2018/19, the Government changed the way it funds the Authority for schools via the DSG to a standard means of allocating resources. This is known as the National Funding Formula (NFF). The Council's approach to funding schools for 2026/27 was considered by the School Forum on 21 January 2026.

8.14 The overall DSG allocation is confirmed at £410.487m, an increase of £27.375m from the 2025/26 allocation. As included within the revenue monitoring report, the ringfenced DSG account is predicted to move to a deficit position of £9.753m (after the use of £1.182m of surplus balance) by the end of 2025/26. The Council had managed to retain a surplus balance for some time where other authorities were unable to do so, however this is no longer the case.

8.15 Following national trends, there has been a major increase in the level of actual and anticipated net expenditure within the High Needs Block in both 2025/26 and 2026/27. There is increased demand and cost pressures throughout the full range of services and provision, the main contributing factors are costs associated with Special Schools, Post 16 provision and the cost of Out of Borough Placements. On the 17 December 2025, the Government published the allocations for the Schools and Central Schools Services Block and indicative allocations for the Early Years and High Needs Block. High Needs Block. Within that announcement the Department for Education (DfE) informed all Councils that they are temporarily suspending the high needs national funding formula (HNFF), which in previous years has been used to calculate local authorities' high needs allocations. Instead, local authorities' allocations will be based on their 2025/26 allocations. This decision to in effect 'cash limit' the 2026/27 high needs funding has also contributed to this adverse position.

8.16 As evidenced, the financial position of the DSG has worsened with increasing cumulative deficits now being forecast for 2025/26 (£9.753m) and 2026/27 (£32.919m). It is an important element of the financial management of the Authority that the DSG, wherever possible is not in a deficit position, in mitigation, the programme of work funded under the Delivering Better Value in SEND combined with the complimentary work undertaken in the North West Change Partnership Programme (NWCPP) and the Early Language Support for Every Child initiative (ELSEC) will continue during the remainder of 2025/26 and beyond. Work will continue during the remainder of 2025/26, throughout 2026/27 and beyond to ensure that the currently forecast deficit is mitigated as far as is possible going forward.

8.17 Currently the DSG deficit is held off balance sheet within the accounts in line with the statutory override from Government which has been extended to 31 March 2028, at which time the deficit will be reported within the Council's reserves position. The government will provide further detail on the plans to support local authorities with historic and accruing deficits and conditions for accessing such support later in the Local Government Finance Settlement process. The DfE intends to publish the Schools White Paper in the early part of 2026, this will confirm plans for the reform of the SEND system which will also include the review of the methodology for allocating high needs funding. Any potential changes to the statutory override currently in place will potentially have a financial impact on the level of reserves the Council holds and therefore any deficit needs to be kept to a minimum.

8.18 Further details regarding the DSG and allocation are included at **Appendix 1**.

#### Housing Benefit Scheme / Housing Benefit Subsidy Grant

8.19 The Council receives Housing Benefit Subsidy Grant funding from the Department for Work and Pensions (DWP) to fund the costs of operating the Housing Benefits scheme. Allocations are determined on the submission of a Local Authority's initial estimate for its anticipated levels of rent allowances and rent rebates within a financial year. A revised estimate takes place mid-year. In addition to these estimates the DWP also allocates an amount for the administration of the scheme which is based on the number of new housing benefit claims and overall caseload.

8.20 In 2025/26 the Council is currently forecasting £31.7m of funding for Housing Benefit from the DWP. This allocation is likely to be reduced during 2025/26 as Housing Benefit caseloads continue to fall as more people switch from Housing Benefit to Universal Credit. The estimated 2026/27 position will be revised following the Council's submission of updated information in accordance with the statutory deadline around late February / early March 2026.

## **9 Locally Generated Income**

9.1 The table below sets out the individual elements of locally generated income with narrative detailing the key issues in the following paragraphs.

**Table 8: Locally Generated Income**

Locally Generated Income	Budget Council 2026/27 £000	2026/27 Revisions £000	2026/27 Revised Base £000
Retained Business Rates	(63,835)	1,071	(62,765)
Council Tax Income - General Purposes	(106,957)	0	(106,957)
Council Tax Income - Adult Social Care Precept	(22,279)	0	(22,279)
Parish Precepts	(395)	1	(394)
Collection Fund Surplus / Deficit	0	299	299
<b>Total Locally Generated Income</b>	<b>(193,466)</b>	<b>1,371</b>	<b>(192,096)</b>

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## **Council Tax**

9.2 Council Tax is the largest single revenue stream that is used to support the Council's revenue budget. Council Tax and Adult Social Care Precept (ASCP) income changes each year due to changes in the Tax Base (increase/decrease in chargeable Band D equivalent properties), fluctuations in collection rates and the Council's annual decisions on the level of the Council Tax as set out below.

### *Council Tax Base*

9.3 Each year the Council is required to review its Tax Base by considering the:

- numbers of properties within the boundary of the borough which determines the number of Band D equivalent properties upon which the Council Tax calculations are based; and
- anticipated level of Council Tax that will be collected known as the Collection Rate.

9.4 The 2025/26 budget was set based on a Council Tax Base of 59,501. Updated projections taking an element of growth into account have led to a Council Tax Base for 2026/27 of 59,937. This was approved by Cabinet on 19 January 2026. The Tax Base calculations are outlined in **Appendix 2**.

### *Council Tax Policy*

9.5 Members will recall that in 2025/26, the Council increased its Council Tax by 4.99% which was comprised of 2.99% for general purposes and 2% for the ASCP.

9.6 The PLGFS proposed no changes to the existing Council Tax limits. Therefore, the maximum increase without the requirement to hold a Council Tax referendum for 2026/27 is 4.99%. These core referendum principles will be maintained over the course of the multi-year Settlement (2026/27 to 2028/29). Within the multi- year settlement to 2028/29 and within the calculation of the Council's CSP, the Government assumes in its calculations that Authorities will increase Council Tax by the maximum allowed. Therefore, as evidenced in Table 1 the Council's overall CSP includes a year on year increase of 5%.

9.7 Consideration has been given to this in the approach to Council Tax for 2026/27 and 2027/28 having regard to the Council's overall financial position. Members are therefore proposing to increase Council Tax in 2026/27 by 4.99% reflecting:

- An increase of 2.99% to Council Tax for general purposes
- An increase of 2% for the ASCP

9.8 This increase is still provisional at this stage and will only be finalised at the Budget Council meeting of 04 March 2026.

### *Council Tax Income – General Purposes*

9.9 Taking account of the proposed levels of Council Tax increase and movement in Tax Base, estimated Council Tax income is £106.957m for 2026/27 and £111.714m for 2027/28.

### *Council Tax Income - Adult Social Care Precept*

9.10 It is proposed that the precept, will be increased by the Council by 2% for 2026/27 and 2027/28. This increase will generate an additional £2.462m Council Tax income for 2026/27.

9.11 The revenue raised from the ASCP must be ringfenced to support the increased costs of Adult Social Care. To ensure that Councils are using income from the precept for Adult Social Care, there is a requirement to publish a description of their plans, including changing levels of

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expenditure on Adult Social Care and related services which requires sign off from the Council's Chief Finance Officer (the Director of Finance). In total the Council expects to collect a cumulative sum of £22.280mm from the ASCP in 2026/27 rising to £25.065m in 2027/28.

#### *Council Tax Levels for 2026/27*

- 9.12 As Members will only be making decisions in relation to Council Tax levels for 2026/27, this section of the report only presents 2026/27 Council Tax information.
- 9.13 Taking into account the proposals above, Oldham Council Band D Council Tax for 2026/27 is therefore proposed at £2,156.22 of which £371.72 relates to the Adult Social Care Precept. This represents an overall increase of 4.99% in Council Tax for Oldham Council services. Table 9 highlights the general purposes Council Tax this will generate together with the ASCP.
- 9.14 As advised previously, the Council Tax for 2026/27 will not be finally determined until the Budget Council meeting on 4 March 2026.
- 9.15 Any changes to the Parish Precepts will be for the respective Parishes to agree.

#### *Relevant Basic Amount of Council Tax*

- 9.16 Members are reminded that the Council is required to calculate its Relevant Basic Amount (RBA) of Council Tax to determine whether there is a requirement to hold a referendum about a Council Tax increase above a level that the Government considers excessive.
- 9.17 This "excessiveness" is determined annually and for 2026/27 was detailed in 'The Referendums Relating to Council Tax Increases (Principles) (England) Report 2026/27' which was published as part of the PLGFS for 2026/27. For Oldham Council, the RBA consists of an increase in the RBA of Council Tax comprising a maximum of 3% for general Council Tax plus 2% for the ASCP.
- 9.18 For Oldham, the 2026/27 maximum Council Tax increase available is 5% (3% for general purposes and 2% ASCP). Therefore, any increase below 5% would not be classed as excessive and would not trigger a referendum. The Council Tax intention set out above is therefore not "excessive" and no referendum is required.

#### *Council Tax Reduction (CTR) Scheme*

- 9.19 The CTR Scheme sets out how the Council supports residents who qualify for assistance in paying Council Tax. Councils are required by statute to put in place a Local CTR scheme. The proposed scheme for 2026/27 is unchanged from the 2025/26 scheme. The financial impact of the Council's proposed scheme is reflected in the Council Tax Base estimates which were presented to Cabinet on 19 January 2026. The Tax Base, in turn, underpins the budget estimates included within this report.

#### *Council Tax Empty Property Discount*

- 9.20 From 1 April 2023, the Council ceased providing any discount for these properties. It is proposed that this policy continues.

#### *Council Tax Empty Property Premium*

- 9.21 With effect from 1 April 2019, the Council introduced a premium of 100% for properties that are empty and unfurnished for more than two years. From 1 April 2023, this was extended to include:
  - Premium of 200% for properties that are empty and unfurnished for between five and ten years.
  - Premium of 300% for properties that are empty and unfurnished for over ten years.

It is proposed that this policy continues.

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### *Additional Council Tax Empty Property Premium and Second Homes*

9.22 With effect from 1 April 2025, the Council introduced a premium of 100% for second homes. For Council Tax purposes, second homes are defined as substantially furnished properties with no permanent resident.

9.23 It is proposed that this policy continues.

### **Impact of Decisions of Precepting Authorities**

9.24 Whilst the spending decisions of precepting Authorities do not affect the level of resources available to the Council, they do affect the amount of Council Tax that is charged to Oldham citizens. The major preceptor is the GMCA which precept for two components as follows:

#### Mayoral Police and Crime Commissioner Precept

9.25 The PLGFS allows a Mayoral Police and Crime Commissioner Council Tax precept increase of up to £15 for a Band D property for 2026/27 without a referendum, which is a £1 increase to the limit. As the Mayor's approach will not be announced until February, for reporting purposes, the precept is shown as remaining at the 2025/26 value of £270.30.

#### Mayoral General Precept (including Fire Services)

9.26 The Mayor will also propose the Mayoral General Precept in February 2026 (this will incorporate funding for Fire and Rescue Services as well as other Mayoral functions). The PLGFS advised that for 2026/27 there is no limit on a Mayoral General Council Tax increase and increases to the precept for Fire Services are capped at £5 for a Band D property without a referendum. Again, the Mayor's intention has yet to be determined so at this stage the only position that has been assumed is an unchanged precept from 2025/26, at a value of £128.95.

#### Parish Precepts

9.27 Parish Precept income is collected by the Council on behalf of the Saddleworth and Shaw and Crompton Parish Councils. This is then paid to the Parish Councils and this income and expenditure is included in the net revenue budget of the Council. These precepts are included on the Council Tax bills of properties falling within these parish areas. The revenue collected is for the benefit of each parish and thus has no impact on the financial projections presented in this report.

9.28 Saddleworth and Shaw & Crompton Parish Councils are due to agree their budgets and precepts imminently. At present no change is assumed in the level of precept.

9.29 The Parish Precept income will however marginally increase as a result of an increase in respective Council Tax Bases.

### **Council Tax to be Used to Support the 2026/27 Budget**

#### Council Tax

9.30 Subject to confirmation from all precepting bodies, taking account of the Council Tax Base of 59,937 for 2026/27 and the Council Tax and Adult Social Care Precept proposals, the sums anticipated to be drawn from the Collection Fund for Council Tax in 2026/27 are as shown in the table below.

**Table 9: Draw down on Collection Fund**

<b>Precepting Body - ALL SUBJECT TO CONFIRMATION</b>	<b>2026/27</b>
	<b>£000</b>
Oldham Council including Social Care Precept	129,237
Mayoral Police and Crime Commissioner Precept	16,201
Mayoral General Precept (including Fire Services)	7,729
Saddleworth Parish Council	280
Shaw & Crompton Parish Council	114
<b>TOTAL</b>	<b>153,561</b>
Less: contribution from Parish Taxpayers	(394)
<b>TOTAL Draw on Collection Fund for Major Preceptors</b>	<b>153,167</b>

The 2026/27 Band D Council Tax is shown in the table below at anticipated levels for Oldham Council services, Mayoral Precepts and Parish Precepts. These will clearly change as the budget setting processes of each organisation develop.

**Table 10: Anticipated Band D Council Tax**

<b>Council Tax Raising Body</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Change %</b>
	<b>£</b>	<b>£</b>	
Oldham Council <b>(subject to confirmation)</b>	2,053.74	2,156.22	4.99%
Mayoral Police and Crime Commissioner Precept <b>(subject to confirmation)</b>	270.30	TBC	TBC
Mayoral General Precept (including Fire Services) <b>(subject to confirmation)</b>	128.95	TBC	TBC
<b>TOTAL BAND D COUNCIL TAX</b>	<b>2,452.99</b>	<b>2,156.22</b>	
Saddleworth Parish Council <b>(subject to confirmation)</b>	28.36	TBC	TBC
Shaw & Crompton Parish Council <b>(subject to confirmation)</b>	18.93	TBC	TBC

### Retained Business Rates

9.31 The Government had previously committed to a National Business Rates Reset which would be informed from the outcomes of the Fair Funding Review and would redistribute growth held within the system across the nation.

9.32 Oldham is part of the GM Business Rates Retention Scheme which allows the region to retain 100% of its Business Rates growth for regional economic development. The National Business Rates Reset has taken this retained growth from GM and shared across the system as a whole, excluding £23m which has been retained by GMCA to support the functioning of the Combined Authority.

9.33 As part of the Settlement, each Local Authority has been given a new Business Rates Baseline from which any future growth will be assessed against. It has also changed the financing of Business Rates, by changing how Grants in Lieu of Business Rates are paid with these now to be held as part of the Collection Fund rather than from grants paid directly to the authority. This change is intended to bring about better stability within the Council's Collection Fund.

9.34 Retained Business Rates income is driven by the rateable value of business premises and the Government notified business rates multiplier. There are, however, a range of other factors such as Government policy announcements, empty premises and local economic conditions that influence the level of Business Rates that can be collected. A key influence on Business Rates income remains the broad range of reliefs and discounts applied. Alongside the Business Rates Reset, a new valuation listing from April 2026 has been released.

9.35 The level of Business Rates to be relied upon for budget setting (the Business Rates Tax Base) has to be formally approved by Cabinet. Under the current Local Government finance system introduced on 1 April 2013, local billing authorities are required to prepare and submit to the Government a locally determined and approved Business Rates forecast through the National Non-Domestic Rates (NNDR 1) return by 31 January each year. The work to finalise the NNDR1 is still underway, therefore, the Cabinet report of 19 January 2026 gave delegation for the decision to vary the final Business Rates forecast to the Cabinet Member for Finance, Corporate Services and Sustainability in consultation with the Director of Finance. There may, therefore, be a further change to the estimates included within this report.

### **Collection Fund**

9.36 The budget approved on 6 March 2025 forecast a Council Tax base of 59,501 for 2025/26. The number of new properties being added to the Council Tax base has been less than forecast during this financial year, meaning the actual value is currently 59,411. This is the primary reason for the Collection Fund income being below forecast in 2025/26. Council Tax collection rates have remained close to the target rate of 96.75% and Business Rates income has marginally exceeded projections. Overall, a deficit position of £0.357m is forecast by the end of the 2025/26 financial year.

9.37 The deficit of £0.357m is to be recovered from the Collection Fund in 2026/27, with the Council element totalling £0.299m (the Council deficit is made up of a deficit of £0.300m for Council Tax and a surplus of £0.001m for Business Rates).

9.38 The Collection fund position is summarised below:

**Table 11: Collection Fund Summary**

<b>Collection Fund Balance</b>	<b>Council Tax £000</b>	<b>NDR £000</b>	<b>Total £000</b>
Balance Brought Forward	874	773	1,647
Release of estimated (deficit) / surplus carried forward from 2024/25	(1,188)	(30)	(1,218)
<b>Prior Year Balance Brought Forward</b>	<b>(314)</b>	<b>743</b>	<b>429</b>
<b>(Surplus)/Deficit for the Year</b>	<b>672</b>	<b>(744)</b>	<b>(72)</b>
<b>Net (Surplus)/Deficit Carried Forward</b>	<b>358</b>	<b>(1)</b>	<b>357</b>

Collection Fund Balance	Council Tax £000	NDR £000	Total £000
<b>Share - Oldham Council</b>	300	(1)	<b>299</b>
Share – Greater Manchester Combined Authority Mayoral Police and Crime Commissioner	39	-	<b>39</b>
Share – Greater Manchester Combined Authority Mayoral General Precept (including Fire Services)	19	(0)	<b>19</b>
<b>Total (Surplus)/Deficit</b>	<b>358</b>	<b>(1)</b>	<b>357</b>

## 10 Revenue Budget 2026/27 - Bridging the Gap

10.1 Following the adjustments noted above, the budget gap for 2026/27 is calculated at **£20.301m**.

10.2 Having regard for the 2025/26 forecast revenue outturn position and the revised budget gap for 2026/27, Members and Senior Leaders began work early during 2025 to balance the budget for the upcoming financial year looking at a series of options and considering a range of opportunities and these are explained below.

### Revenue Grant Resources Review

10.3 As mentioned earlier within this report, the Council receives a significant number of revenue grants which come with a series of outcomes and requirements for their use. The Council has undertaken a review of all revenue grants, what they need to achieve and how they are being currently utilised to meet the required outcomes. Following this review, it has been identified that £10.196m of revenue grant resources can be utilised differently. This change still ensures that the outcomes for each grant are achieved yet allows the Council to utilise its own core funding differently generating an ongoing revenue saving. A summary by Directorate is included in the table below:

2026/27 Revenue Grant Resources Review by Directorate	2026/27 £000
Children's Services	(7,138)
Public Health	(810)
Place	(1,530)
Resources	(718)
<b>Total 2026/27 Revenue Grant Resources Review by Directorate</b>	<b>(10,196)</b>

### Transformation Programme savings

10.4 The Council has had a transformation programme for some time which has focused on delivering various initiatives to streamline processes, improve service delivery and delivery financial efficiencies. As part of the whole budget review, this transformation programme has been refreshed to look at the key drivers of spend for the Council such as Adults and Children's Social Care, and how through different opportunities services can be delivered effectively whilst generating a financial saving.

10.5 The Council commissioned an external Strategic partner to support us in a piece of discovery work aimed at reducing overall operating costs across the three highest overspending areas. Adults Social Care, Children's Services and Housing.

10.6 Through an intensive programme of data analysis and service led workshops this process has identified significant transformation savings over a period of four years. To move to the delivery stage the Council will now need to begin the procurement process to support the delivery of the savings set out in this report. Further detail of this reduction can be found in budget delivery document TRN-BR26-100 at **Appendix 3**.

### **Budget Reduction Proposals**

10.7 Recognising that after the above actions have been taken, further budget reductions would still be required to address the 2026/27 budget position, Cabinet Members supported by Senior Leaders have undertaken an in-depth review of their respective Portfolios. The savings required to balance the budget for 2026/27 build upon those budget reductions previously approved.

#### **i. 2026/27 Budget Reductions Previously approved**

10.8 At Budget Council on 6 March 2025, budget reduction proposals were approved that had an impact on the 2026/27 financial year. These approved reductions are as follows:

**10.9 Table 12: 2026/27 Budget Reductions Previously approved (for noting)**

<b>Approved Budget Reductions brought forward</b>	<b>2026/27 £000</b>
Remove corporate apprenticeship budgets and delete vacant posts within HR/OD	(60)
Parking contract review	(250)
Creating a Better Place	(510)
<b>Total 2026/27 Budget Reductions Previously approved (for noting)</b>	<b>(820)</b>

#### **ii. 2026/27 New Budget Reduction proposals**

10.10 Since early summer, Cabinet and the Council's Senior Leadership Team have worked to develop a variety of options to address the projected budget deficit for 2026/27. The level of gap has been subject to a significant degree of uncertainty as the Council awaited details of the Fair Funding review and National Business Rates Reset.

10.11 17 budget reduction proposals have been identified with a cumulative value of £8.105m for 2026/27. These budget reduction proposals are summarised below with further detail provided in **Appendix 4** and **Appendix 5**.

**Table 13: Summary of 2026/27 New Budget Reduction Proposals**

<b>2026/27 New Budget Reduction proposals by Portfolio</b>	<b>2026/27 £000</b>
Growth	(1,511)
Finance, Corporate Services and Sustainability	(1,173)
Adults, Health and Wellbeing	(3,116)
Children and Young People	(183)
Culture & Leisure	(336)
Transport and Highways	(436)
Neighbourhoods	(1,350)
<b>Total 2026/27 New Budget Reduction proposals by Portfolio</b>	<b>(8,105)</b>

10.12 Based upon the proposals detailed above, the revenue budget for 2026/27 can be balanced without the need to use general revenue reserves as summarised below:

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**Table 14: 2026/27 Bridging the Gap Summary**

<b>2026/27 Bridging the Gap Summary</b>	<b>2026/27 £000</b>
Revised Budget Gap 2026/27	20,301
Revenue Grant Resources Review	(10,196)
Transformation Programme savings	(2,000)
2026/27 Budget Reduction Proposals	(8,105)
<b>Total 2026/27 Budget Gap</b>	<b>0</b>

**11 Flexible Use of Capital Receipts**

11.1 In March 2025, the Government confirmed the extension of the ability to use capital receipts to support the cost of transformational activities, the 'Flexible Use of Capital Receipts' to 2030. Transformation is a key element of the Council's MTFS and therefore the budget projections include an application of capital receipts to support such transformational activity in 2026/27. The table below summaries the proposed application which remains unchanged from the position previously reported to Budget Council.

**Table 15: Flexible Use of Capital Receipts**

<b>Flexible Use of Capital Receipts</b>	<b>2026/27 £000</b>
Flexible Use of Capital Receipts 2026/27	(2,600)

11.2 The Flexible Use of Capital Receipts Strategy is included as Annexe D of the Capital Strategy report which can be found elsewhere on the agenda.

**12 Risks and Uncertainties**

12.1 As in prior years the budget has been prepared using the best available information as a basis for its assumptions, but with that there will always be an element of risk. In particular, there are risks with respect to:

**Continuing increase in demand**

12.2 For the last two financial years the pressures on demand led services have exceeded budget provision available. As detailed within this report, a substantial amount of work has been carried out within Children's and Adult Services to mitigate increased demand and build in additional resources into the base budget for 2026/27. Despite this, there does remain a risk that costs or number or both continue to rise beyond predictions which would place additional pressures on the budget allocation. To mitigate this risk, a base budget provision for volatility in activities has been built in which will allow temporary support during the financial year.

**Delivery of savings**

12.3 Whilst in recent years the Council has improved on its delivery of savings, challenges still persist driven by changing circumstances and other pressures within the system such as demand and cost inflation. Monitoring and management arrangements have been put in place to mitigate the risk of non-delivery. New budget templates have been implemented which provides clear detail on milestones and how risks will be mitigated. The scrutiny seen in 2025/26 with the continuation of the Financial Sustainability Delivery Board will continue into 2026/27 with regular challenge and monitoring of delivery of budget reduction proposals to ensure delivery in full.

12.4 This Delivery Board, chaired by the Leader of the Council was established to oversee the progress of approved budget reductions. All Directorates' budget performance, savings trajectory and

sustainability measures are reviewed to ensure the budget reductions will be achieved. Where non-delivery is identified, corrective actions are implemented. When looking at corrective action, the Board considers and recommends actions including the reprioritisation of activity and resource and/or remedial action to ensure that plans can be delivered in the short term (current year) and are sustainable over the medium to longer term.

12.5 The Board oversees and holds to account service directors - who provide an Individual Savings Plan with milestones and measures on each main proposal - and challenges assumptions to ensure they are on target to achieve the proposed reductions. The board is:

- a driver for organisational change and the development of options for a financially sustainable budget.
- able to provide assurances to Leadership, Cabinet and Council around delivery of savings and a balanced budget that would be incorporated into the Budget Monitoring reports that are publicly reported via Cabinet.

12.6 Furthermore, included within the revised reserves policy, which is included elsewhere on the agenda, is the establishment of a risk reserve for budgetary risk. Whilst use of this reserve should be used only as a last resort, it provides the Council with a financial strategy to manage this risk.

### 13 Reserves and Balances

13.1 The forecast year-end general revenue usable reserves position presented below reflects the estimated closing balance for 2025/26 (taking into account the projected Month 9 forecast deficit position as highlighted in Section 5) and hence the total reserves available for the financial year 2026/27.

**Table 16: 2025/26 Forecast General Revenue Usable Reserves Position**

General Revenue Usable Reserves	Opening 2025/26 £000	Projected Closing Balance 2025/26 £000
Earmarked Reserves	(31,564)	(27,978)
Revenue Grant Reserves	(2,210)	(2,180)
General Fund Balance	(18,865)	(18,865)
<b>General Revenue Usable Reserves</b>	<b>(52,639)</b>	<b>(49,023)</b>

13.2 As highlighted above, the estimated level of general revenue usable reserves at the end of 2025/26 is £49.023m after the Quarter 3 projected deficit position, other general reserve usage and the transfer to reserves of one-off revenue resources are applied, a net £3.616m reduction. Whilst management actions continue to be implemented to mitigate this, it is highly likely that there will be a significant deficit at the year-end which will need to be funded through the application of these reserves.

13.3 A number of these reserves are committed to finance expenditure planned for future financial years meaning they are not available for alternative use. This includes:

- a further £1.432m for Bus Reform required in 2027/28.
- Joint Fund Reserve, to enable joint working with NHS partners to support health and social care integration.
- Reserves held for regeneration to facilitate up-front expenditure linked to capital projects including Building a Better Oldham.

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13.4 The Council's recommended minimum level of general revenue usable reserves is £36m and it is projected that the Council will be above this level at the end of the 2025/26 financial year. Furthermore, the Council's financial strategy includes budgeted transfers to reserves and the transfer of any one-off returns to increase its financial resilience.

13.5 Having regard to the level of the revenue reserves, it is recommended that the level of General Fund balance is not reduced from the current level of £18.865m.

13.6 Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to prepare a statement on the adequacy of proposed financial reserves and the robustness of the budget estimates, and this is included at **Appendix 6** to this report.

## **14 Reserves Policy**

14.1 It is important that the Council has a strategic approach to the creation, maintenance and use of its reserves. The Council's reserves policy provides this approach with regard to revenue reserves. This reserves policy has been refreshed and is included as at **Appendix 7** to this report.

## **15 Fees and Charges**

15.1 Attached at **Appendix 8** is the proposed fees and charges schedule for the 2026/27 financial year. The Council has conducted a robust benchmarking exercise in the light of increased cost pressures to look at the areas where charges could be adjusted without negatively affecting demand. A proposed increase of 10% was therefore suggested prior to a review by each service. Consideration was then given as to whether charges should be increased, reduced or left unchanged in the context of each service. In determining their proposal position, Directors and Heads of Service have considered whether:

- a) charges need to increase to keep pace with service specific cost pressures and inflation in order to avoid creating a future budget pressure;
- b) proposals support the long-term sustainability and viability of services which rely on a significant proportion of fee income to cover service costs;
- c) increased charges are necessary to mitigate overspends or alternatively support the delivery of budget reduction proposals;
- d) the market can bear any additional increase;
- e) fee increases could be counter-productive as they have the potential to reduce demand or have wider adverse implications.

15.2 Following this review, Directors and Heads of Service have agreed increases of 10% to a significant proportion of fees and charges for 2026/27. This is considered an appropriate increase given the need to cover cost pressures faced by the Council and in relation to the charges made by neighbouring local authorities.

15.3 A number of the smaller fees, for example photocopying and on-street parking, have been rounded to the nearest rational amount, thus resulting in some larger percentage increases.

15.4 The rejection of proposals to increase charges would inevitably lead to additional budget pressures and an increase in the budget reduction requirement. If charges are not increased in 2026/27, further increases may be needed in future years to restore real terms income losses.

15.5 The paragraphs below highlight the key changes to the 2026/27 fees and charges schedule. They also list the reasons where charges are not increasing by the 10%, including a number of statutory set charges determined under separate statutory arrangements.

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### Registrars (Births, Deaths and Marriage Duties)

15.6 Increases to all areas of between 10% and 20% are proposed to bring the Council's charges in alignment with other comparable Local Authorities. The exception are a number of statutory set charges and the Provisional Booking Fee (no change for 2026/27).

### Revenues and Benefits

15.7 A zero increase is proposed due to recovery costs.

### Music Centre

15.8 Music service fees are proposed to increase by 4%. Whilst this is a service which relies on a significant proportion of fee income to cover costs any larger increase does pose a risk that parents will withdraw their children from the service.

### Outdoor Education

15.9 The proposal for some outdoor education services is for a 3% price increase. Any further increase in these areas could result in loss of business.

### Facilities Management

15.10 The Queen Elizabeth Hall is to close on 31 January 2026 therefore it has been removed from the schedule. A new line for The Loom (new event space) has been added with a price on enquiry for the first year whilst a full review is undertaken.

15.11 A charity / community discount line has been included for room bookings in all buildings.

15.12 A new section has been added to capture the Council's filming and events fees.

### Parking

15.13 A number of lines have been removed and amended within the parking section to reflect the current parking offer within the borough. Some larger increases have been applied to round to the nearest pound and to align charges.

### Parks, Open Spaces and Outdoor Facilities

15.14 Some larger percentage increases have been applied to pitch hire to round charges to the nearest pound and create a consistent charging structure across the Council's portfolio.

### Cemeteries and Crematorium

15.15 Burial surcharges have been simplified creating one fee charge for all out of hour services.

### Highways

15.16 The Light Duty Vehicle Crossing Application has been increased by a significant percentage to bring Oldham in line with the national average following a benchmarking exercise.

### Planning

15.17 A 20% increase has been applied for certain activities following benchmarking with neighbouring authorities. A full review of Pre-Application fees will be undertaken in 2026/27 using the Planning Advisory Service guidance to update fees and categories further.

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### Environmental Health

15.18 A freeze in prices has been applied, specifically to Part B installations (permitted processes) as these fees are set by regulations from 2017 and therefore can't be increased.

### Public Protection

15.19 The fee for selective licensing was set at declaration of the scheme and cannot be increased for the 5 year period of operation.

15.20 A suggested freeze or smaller percentage increase has been applied to all fees relating to Animal Health Licenses. This is to keep the Council's fees comparable to other neighbouring authorities. Some amendments have been made to narratives within this section of the schedule.

15.21 Local Government Association guidance states that where fees charged for Hackney and Private Hire Licenses result in a surplus, this surplus must be used to reduce the fees charged in the following year. An exercise has been undertaken using a fee setting tool which accounts for all costs associated with taxi applications and also takes account of the total number of existing licence holders. The total number of taxi licence holders continues to increase significantly which means the fees charged must be reduced to balance the budget.

15.22 Betting and Adult Entertainment Licence fees remain unchanged as charges are capped by legislation.

### Waste and Fleet Management

15.23 Numerous amendments to Trade Waste include new services and new bin sizes, enabling businesses to adopt simpler recycling.

15.24 Trade Waste prices are mainly frozen for 2026/27 in order to maintain an income flow and remain competitive.

15.25 Domestic waste prices are also mainly frozen for 2026/27.

### **Summary**

15.26 Most services are proposing fee increases of circa 10% for 2026/27. This addresses some of the cost pressures within services and, as a result of the benchmarking review, shouldn't have an adverse effect on demand and income levels in general. Any additional income received by the service as a result of these increases will fund any rise in associated costs for the delivery of the chargeable service rather than contribute towards a corporate budget reduction for 2026/27. A full schedule of all proposed fees and charges for 2026/27 compared to 2025/26 is included at Appendix 8.

## **16 Budget Strategy and Medium-Term Financial Planning for Future Years**

16.1 As it had promised, the Government published a multi-year financial settlement, the first since 2016/17 on 17 December 2025. Alongside the 2026/27 allocation, the settlement included indicative allocations for 2027/28 and for 2028/29 which has enabled the Council to complete a three-year budget plan in line with the current spending review period. Whilst these allocations are provisional and subject to change, it provides an element of certainty for the Council which it has not had for some time.

16.2 Estimates upon which the MTFS is based are prepared using the best information currently available but will remain under continuous review. The local, regional, and national policy landscapes continue to develop and change which can bring about potential changes or new issues. Each new issue or change has an impact, sometimes on a one-off basis, but more

commonly, a multi-year effect. Therefore, as soon as the 2026/27 revenue budget has been finalised, the cycle of reviewing and updating the budget reduction requirement for 2027/28 and future years will begin again.

16.3 This section of the report highlights that there will be budget reduction targets for 2027/28 and 2028/29. As the next financial planning cycle progresses, a key task will be to ensure that the suggested level of savings remains deliverable and that there are sufficient robust budget reduction proposals being prepared to contribute to address these targets without any use of general revenue reserves.

#### Summary Position

16.4 Having regard to above, the information presented in the table below details the revised budget reduction requirement for the financial years 2027/28 and 2028/29.

**Table 17: MTFS Summary 2027/28 and 2028/29**

	<b>2027/28 £000</b>	<b>2028/29 £000</b>
<b>Net Revenue Budget Base Position</b>	<b>370,476</b>	<b>392,099</b>
<u>Expenditure estimates</u>		
Pay	13,237	12,072
Demand	7,151	7,417
Passport of grants rolled in	211	(486)
Technical adjustments	9,409	8,940
Transfer to Reserves	4,000	5,992
<b>Total Expenditure Estimates</b>	<b>34,008</b>	<b>33,935</b>
<u>Financing</u>		
	<b>(392,067)</b>	<b>(416,833)</b>
<b>Budget Gap 2027/28 and 2028/29</b>	<b>12,417</b>	<b>9,200</b>

#### Transformation

16.5 Included earlier within this report are details on the Council's Transformation Programme which, as part of this budget setting cycle, has been reviewed and refreshed. The focus of this refresh has been to look at the key areas of demand for the Council and look at how opportunities can be explored to deliver financial efficiencies whilst maintaining the required services our residents need.

16.6 Included within the Council's MTFS is additional investment of £5.000m per annum for the period 2026/27 to 2028/29 which will support the Transformation Programme and will enable the delivery of savings. The current Transformation Programme has already identified that further budget reductions for the period 2027/28 to 2029/30 can be achieved as follows:

2027/28	£7.800m
2028/29	£5.200m
2029/30	£3.300m

16.7 The above budget reduction values identified are at the minimum level expected, and the Council will continue its work to deliver greater financial efficiencies from the transformation investment made.

16.8 The revenue budget gaps for 2027/28 and 2028/29 after the Transformation Programme financial efficiencies noted below are as follows:

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**Table 18: Budget Gap 2027/28 and 2028/29 post Transformation Programme**

	<b>2027/28 £000</b>	<b>2028/29 £000</b>
<b>Budget Gap 2027/28 and 2028/29</b> Transformation Programme Reductions	<b>12,417</b> <b>(7,800)</b>	<b>9,200</b> <b>(5,200)</b>
<b>Budget Gap after proposals</b>	<b>4,617</b>	<b>4,000</b>

Indicative Position 2029/30 and 2030/31

16.9 The Council is in receipt of the Recovery Grant for the period 2026/27 to 2028/29 at a value of £8.010m per annum. Current indications are that this funding will be removed from 2029/30 onwards which will have a significant impact on the resources available to the Council. Using the best estimates available at this time, the Council's potential budget gap for 2029/30 would be £21.468m, with an additional potential gap of £13.569m for 2030/31. These forecast budget gaps are significant, and it is imperative that the Council's transformation programme delivers the required financial efficiencies to support the delivery of a balanced position over the longer term.

16.10 As noted above, the refreshed Transformation Programme will generate a budget reduction for 2029/30, which will reduce the indicative budget gap for 2029/30 accordingly. A summary of the position after this saving has been applied is as follows:

**Table 19: Indicative Budget Gap 2029/30 and 2030/31 post Transformation Programme**

	<b>2029/30 £000</b>	<b>2030/31 £000</b>
<b>Budget Gap 2029/30 and 2030/31</b> Transformation Programme Reductions	<b>21,468</b> <b>(3,300)</b>	<b>13,569</b> <b>0</b>
<b>Budget Gap after proposals</b>	<b>18,168</b>	<b>13,569</b>

Oldham Context

16.11 The forward estimates have been developed using a number of assumptions around income and expenditure, the most significant being as detailed below:

- Pay increases of 3% per annum;
- Contractual inflation will be applied where applicable in line with the rates as set within the contracts;
- General inflationary provision is applied per annum acknowledging that maintaining a cash flat position is not viable in the medium term;
- Demand funding for Children's and Adult's Social Care is applied to maintain a sustainable base;
- Growth in core grant funding will be applied to budgets ensuring value for money;
- Continued base investment for the Transformation Programme to 2028/29 which result in the generation of significant budget reductions over the medium to longer term;
- Capital charges will be adjusted to take account of the capital programme and cash holdings;
- Increases to levies in line with GMCA and the Environment Agency projections;
- Growth in the Council Tax base of circa 500 properties per year;
- Continuation of maximising increases in Council Tax for General Purpose and Adult Social Care levy;
- Continuation of the GM Business Rates Retention Scheme and retention of growth within Greater Manchester; and
- Continuation of the application of flexible use of capital receipts at a value of £2.600m per annum to 2030.

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### *Risks and Uncertainties*

16.12 There are a vast range of risks and uncertainties influencing the MTFS. Some key issues are set out below:

- The MTFS is based around the level of inflation remaining at a stable level. Whilst current economic forecasts confirm this, unforeseen international events could very quickly change this position which would impact on the base assumptions.
- The Council has provided appropriate resources to deliver future transformational change and the delivery of such change is a key assumption in the Council's financial strategy. The position will require constant review. The programme management arrangements that are well established within the Council will provide an early warning if challenges are encountered.
- Whilst the MTFS estimates reflect a series of assumptions relating to inflation levels, pay awards, interest rates, service demand, levy increases, general Government funding, locally generated funding and the profile of capital programme investment, there is scope for variation due to the challenge of preparing forecasts for all these variables in what remains a turbulent and uncertain global political and economic environment.
- It is assumed that there will be no major Government policy initiatives which place a significant additional financial burden on the Council without a matching funding stream.
- Included within the Provisional Local Government Finance Settlement was detail of the Mayoral Integrated Settlements. As mentioned earlier within this report, the Homelessness, Rough Sleeping and Domestic Abuse Grant are included within this Integrated Settlement and will be paid to GMCA directly. It is assumed that this funding will be allocated to the Council in line with the notification for 2026/27, but for future years this is less certain. There is also the potential through future settlements that additional core funding grants will be paid directly to the Mayoral Authority. Any GMCA retention of funding from these grant allocations will have a detrimental impact on the Council's MTFS.

16.13 In view of these significant risks and uncertainties surrounding the medium-term indicative financial estimates, the assumptions and calculations underpinning these forecasts will be regularly reviewed and updated.

### General Revenue Usable Reserves over the MTFS Period

16.14 The MTFS forecasts a potential £4.617m budget gap for 2027/28 and £4.000m for 2028/29 post Transformation Programme savings are applied. This is not factored into reserve forecasts because at this stage it is assumed that the requisite savings will be made.

16.15 The projected closing balances for the period of the MTFS to 2028/29 are included within the table below. As included within this report, budgeted transfers to reserves will be made to increase the level of balances held and increase the Council's financial resilience over the medium term; £4.000m for 2025/29 and £5.992m for 2028/29. Furthermore, any one-off return of funding will be transferred to the Council's reserves.

**Table 20: Forecast General Revenue Usable Reserves 2026/27 to 2028/29**

General Revenue Usable Reserves	Projected Closing Position 2026/27 £000	Projected Closing Position 2027/28 £000	Projected Closing Position 2028/29 £000
Earmarked Reserves	(34,257)	(42,065)	(51,345)
Revenue Grant Reserves	(1,880)	(1,880)	(1,880)
General Fund Balance	(18,865)	(18,865)	(18,865)
<b>General Usable Reserves</b>	<b>(55,001)</b>	<b>(62,810)</b>	<b>(72,090)</b>

16.16 The table above forecasts that General Revenue Usable Reserves will increase to £72.090m by the end of the spending review period. the end of the 2025/26 financial year.

16.17 The Authority will continue to seek opportunities throughout 2026/27 to replenish reserves to further improve financial resilience. This is described further within the Council's Reserves Policy and will also be considered during the final accounts process.

16.18 The position will be monitored closely and reported within the revenue monitoring reports presented to Cabinet and is in line with the Council's Reserves Policy.

## 17 Statement of Robustness

17.1 To comply with Section 25 of the Local Government Act 2003; the Authority's Chief Financial Officer (the Director of Finance) is required to report on the robustness of the estimates made for the purposes of the revenue budget calculations and the adequacy of the proposed reserves. It also reports on the Director of Finance's consideration of the affordability and prudence of capital investment proposals. The level of general balances to support the budget and an appropriate level of General Revenue Usable Reserves maintained by the Council in accordance with the agreed Council Policy on Reserves, are an integral part of its continued financial resilience supporting the stability of the Council.

17.2 Since 2016/17, a significant level of revenue reserves has been approved by Members as part of the annual budget setting process to underpin the Council's revenue budget, alongside other one-off measures. This is not a sustainable approach. As such the 2025/26 revenue budget was the first year since 2016/17 that was balanced without the budgeted use of reserves to support it.

17.3 As can be seen in the most recent revenue budget monitoring report for 2025/26, the revenue budget forecast outturn position highlights a current unfavourable variance which will need to be financed from reserves. This is in addition to the use of revenue reserves to fund specific projects/initiatives during the financial year. The Council's policy to transfer one-off returns to replenish reserves offsets these projected movements and means that the net projected reduction in the Council's general revenue reserves position for 2025/26 will be £3.616m.

17.4 Whilst the projected use of reserves in 2025/26 is minimal in comparison to previous financial years, the use of reserves to balance the revenue position is not sustainable. To address this, the Council's MTFS includes budgeted transfers to reserves of £11.592m between 2026/27 to 2028/29. Furthermore, any additional one-off returns will also be transferred to reserves to replenish the balances held and rebuild from the past usage of this resource. Every effort must continue to be made by the Council to retain reserves at these levels and therefore, it is important that services manage expenditure within the cash envelopes available to them.

17.5 When calculating the required level of reserves, the agreed Council approach adopted is to use a risk-based approach based upon a number of areas of risk. These areas of risk and a summary of this calculation can be found at Appendix 6. This calculation has not changed significantly from

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the previous year and indicates that the General Revenue Usable Reserves balance should remain above a minimum level of £36m. It is therefore recommended that the Council's General Fund Balance remains at its current level of £18.865m. This minimum level represents 10% of the Council's net revenue budget and is in line with previously reported public interest recommendations that the minimum level of general reserves should be between 5% and 10%.

17.6 As shown at Table 20, based upon information available at this time, the forecast position for General Revenue Usable Reserves for 2026/27 to 2028/29 is expected to increase, and therefore will remain above the minimum level recommended.

17.7 Lack of financial resilience has been highlighted over the past few years by the issuing of a notice under Section 114 of the Local Government Act 1988 (a Section 114 Notice). In 2025/26 30 authorities have had Exceptional Financial (EFS) support from the Government agreed. EFS is temporary financial assistance provided by the government to Councils that are facing severe financial difficulties. This support, which is not additional revenue funding provided by Government, is typically used to help a Council meet its financial obligations, continue to deliver essential services and avoid the need to issue a 'Section 114'. This highlights the importance for the Council to increase its financial resilience to avoid any need for this type of support.

17.8 Furthermore, the Council's External Auditor (Forvis Mazars LLP) is required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Council received the Auditor's draft report in respect of 2024/25, which has detailed a serious weakness in this area. This weakness is as a result of continued overspending and a reliance of using reserves to support day to day revenue expenditure.

17.9 Whilst this is of concern for the Council, the Auditors noted that the organisation has made significant efforts in this area for 2025/26 by setting a revenue budget that did not require a budgeted use of reserves. It was noted however, that the Council was projecting an in year adverse variance and that the use of reserves was again likely. As such, the Auditors made a series of recommendations as follows:

- review its budget setting process to identify areas where demand-led expenditure is consistently in excess of planned levels and determine whether revised forecasting procedures are required;
- consider whether required levels of savings are sufficient to mitigate the likely increases in future demand;
- ensure savings plans are realistic and achievable and are subject to regular detailed monitoring so the Council can identify alternative budget reduction options when existing plans are at risk of non-delivery by year end; and
- review its Medium Term Financial Strategy and Reserves Policy to identify ways of increasing reserves to provide long-term resilience in the Council's financial position.

17.10 As this report details, the recommendations made by our External Auditors have all been addressed as part of the budget setting process for 2026/27.

17.11 Members can be assured that whilst reserves balances have been reduced, the Council remains financially resilient in the short term with a clear strategy in place to increase this resilience over the life of the MTFS. This strategy does rely on the delivery of the transformation programme over the short to medium term and therefore it is vital that the Council delivers on the current plans.

17.12 In conclusion, the Chief Finance Officer is able to advise Members of the robustness of the estimates and the affordability and prudence of capital estimates for 2026/27. This is only the case provided that the General Fund Balance remains at £18.865m for 2026/27 and the strategies identified to increase General Revenue Usable Reserves are delivered. Furthermore, it is important that all budget options, or in year alternatives, must be monitored closely and delivered as planned.

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## **18 Options/Alternatives**

### **18.1 The options as follows:**

- Option 1 – The Governance, Strategy & Resources Scrutiny Board accepts the budget assumptions and resulting financial forecasts presented within the report.
- Option 2 – The Governance, Strategy & Resources Scrutiny Board proposes amendments to the assumptions which will change the resulting financial forecasts.
- Option 3 – The Governance, Strategy & Resources Scrutiny Board recommends all the budget proposals included in this report and the approach to the use of reserves and balances and as well as Council Tax and Adult Social Care Precept increases.
- Option 4 - Governance, Strategy & Resources Scrutiny Board can request that further work is undertaken on some or all of the budget proposals and the approach to reserves and balances and that Cabinet considers a revised position.

## **19 Preferred Option**

### **19.1 Options 1 and 3 are the preferred options. Assumptions are based on objective research and the latest available information. The Council has a statutory duty to set a balanced budget and the budget reductions included in this report fulfil that requirement.**

## **20 Consultation**

### **20.1 Members of the public and stakeholders will be consulted on our proposals and invited to submit their feedback. A proactive approach to communications will be taken, with a multi-channel communications strategy incorporating digital, social and traditional media, ensuring that residents and businesses across Oldham are aware of our budget proposals and are able to have their say.**

(Gemma Killackey, Communications Manager)

## **21 Financial Implications**

### **21.1 Financial Implications are dealt with in full within the detail of the report.**

## **22 Legal Implications**

### **22.1 Legal issues are addressed in the body of the report. The Council has a legal obligation to pass a resolution to agree its budget and Council Tax resolutions before the 11 March 2026, as per Section 30(6) of the Local Government Finance Act 1992**

(Alex Bougatéf, Director of Legal)

## **23 Procurement Implications**

### **23.1 Procurement implications will be assessed on a case by case basis as part of any individual budget reduction proposal.**

## **24 Equality Impact, including implications for Children and Young People**

### **24.1 In taking financial decisions, the Council must demonstrate that it has given “due regard” to the need to eliminate discrimination, promote equality of opportunity and promote good relations between different groups.**

### **24.2 Demonstrating that “due regard” has been given involves:**

- assessing the potential equality impacts of proposed decisions at an appropriate stage in the decision-making process - so that it informs the development of policy and is considered before a decision is taken; and
- ensuring that decision makers are aware of the equality duties and any potential

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equality issues when making decisions.

NB – having due regard does not mean the Council cannot make decisions which have the potential to impact disproportionately, it means that the Council must be clear where this is the case and must be able to demonstrate that it has consulted, understood and mitigated the impact.

24.3 The Equality Act 2010 extends the public sector equality duties to cover nine protected characteristics, namely:

- age,
- disability,
- gender,
- gender reassignment,
- marriage and civil partnership,
- pregnancy and maternity,
- race,
- religion and belief and
- sexual orientation.

24.4 In December 2010, the Government announced that it would not be taking forward the socio-economic duty for public bodies. Despite this the Council has continued to consider people on low incomes as part of its equality impact assessment process.

24.5 Assessing the potential equality impact of proposed changes to policies procedures and practices is one of the key ways in which public authorities can show 'due regard'. Equality Impact Assessments (EIAs), therefore, provide a structured framework which enables the Council to ensure that it considers the equality impact of decisions, and to demonstrate to others that it has done so.

24.6 Oldham's EIA process was refreshed in 2022, with the launch of a new Impact Assessment Tool to improve our decision making, putting equality and our wider priorities at the heart of the process. The new tool mandates that decisions are screened against the nine protected equality characteristics, Oldham's Corporate Plan priorities (including the socio-economic duty and Care Leavers), and the Oldham Plan priorities.

24.7 The Impact Assessment Tool provides an easy-read infographic, clearly showing how any decision will impact on Equality Characteristics, Corporate Plan priorities, and Oldham Plan priorities. Supporting narrative is provided against any positive or negative impact, helping explain the impact of the decision and asking what action can be taken to mitigate potential negative impacts.

24.8 The equality impact assessment process undertaken for the Council's budget process involves:

- 1) An initial equality impact screening – The budget proposal action plan forms completed by each Director / Service Manager incorporate an initial equality screening to identify whether any proposal has the potential for significant disproportionate adverse impact in respect of any protected characteristic i.e. whether the impact of the proposal falls disproportionately on any particular group – such as people with a disability.

The key aims of this review process are to:

- assess the potential equality impact of each proposal using the information provided; and
- provide challenge to those where the initial screening does not accurately identify those equality groups potentially affected and that a further screening process needs to be completed.

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2) Full Equality Impact Assessment tool completed – An equality impact assessment is carried out if the initial screening identifies that the proposal could have a potential significant, disproportionate adverse equality impact.

(Jonathan Downs, Corporate Policy Lead)

**25 Key Decision**

25.1 Yes

**26 Key Decision Reference**

26.1 FCR-18-25

**27 Background Papers**

27.1 The following is a list of the background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents, which would disclose exempt or confidential information as defined by that Act.

File Ref: Background papers are contained in Appendices 1 - 8  
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vickie.lambert@oldham.gov.uk

**28 Appendices**

- Appendix 1 - Dedicated Schools Grant 2026/27
- Appendix 2 - Calculation of Council Tax Base 2026/27
- Appendix 3 - Transformation Programme budget delivery form
- Appendix 4 - Summary of Budget Reductions by Cabinet Member Portfolio
- Appendix 5 - Budget Reduction Proposals and Draft EIA's
- Appendix 6 - Statement of the Chief Financial Officer on Reserves, Robustness of Estimates and Affordability and Prudence of Capital Investments
- Appendix 7 - Council Reserves Policy
- Appendix 8 - Proposed 2026/27 Fees and Charges Schedule

Signed _____ Cabinet Member (specify whom)	Dated _____
Signed _____ Executive Director/Deputy Chief Executive	Dated _____