

MTFS Update

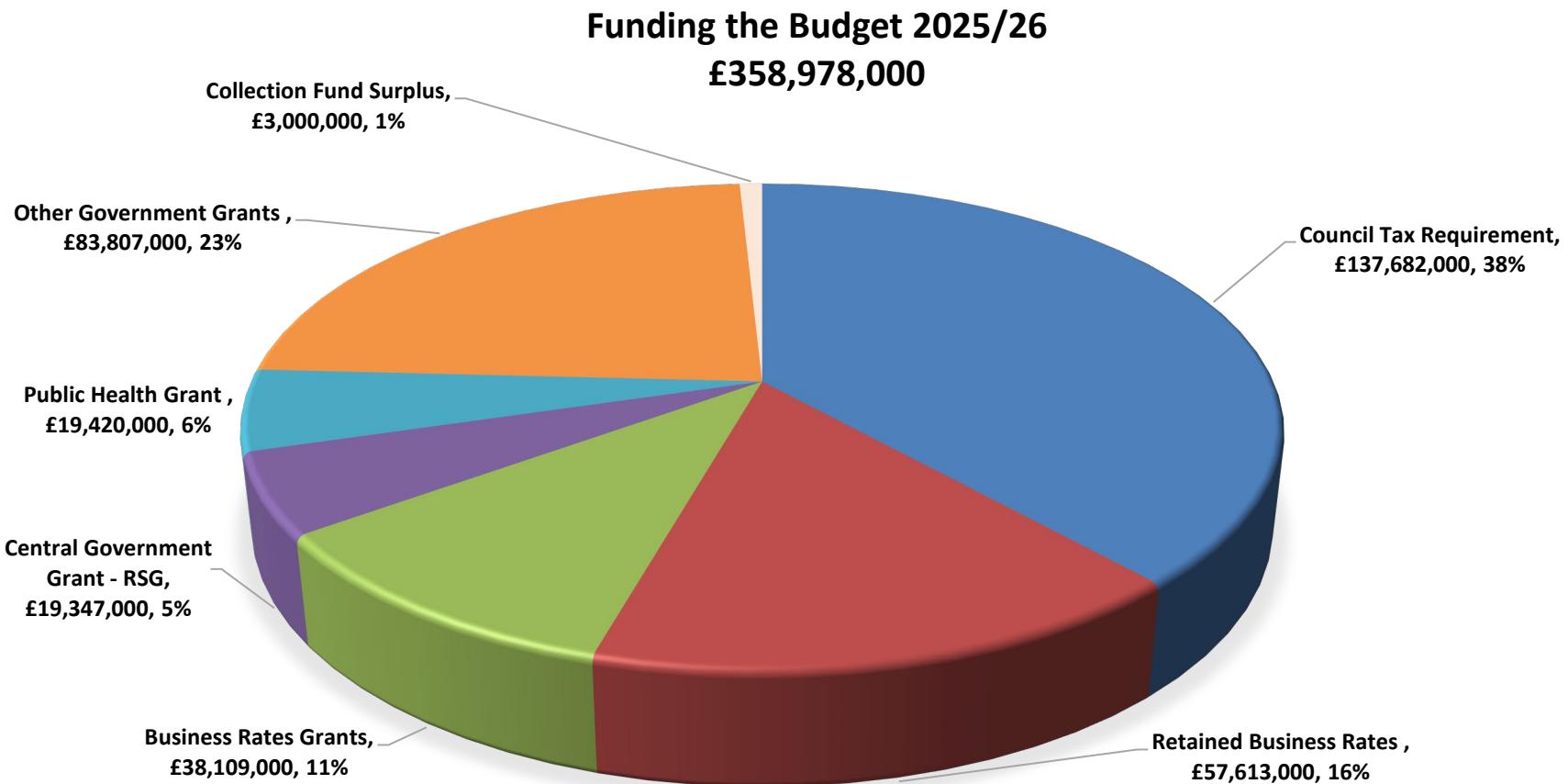
OSMB 13th January 2026

Local Context

Main pressures at outset of 2025/26

- Placement pressures within Children and Young People's Services and Adult Social Care.
- Challenge of high cost placements, market inflation and complexity of care requirements.
- Home to School Transport pressures within Regeneration and Environment and Children and Young People's Services – covered by a Budget uplift but expected to increase year on year.
- Waste management – impact of delivering route optimisation
- Pressures on income generation within Regeneration and Environment.
- Impact of the Local Government Pay Awards.

How the Council is funded



Where the money is spent (net)

Net Revenue Budget 2025/26

£358,978,000

Central Services, £42,278,000,
12%

Assistant Chief Executive,
£8,900,000, 2%

Finance, Customer Services,
£38,300,000, 11%

Regeneration & Environment
Services, £53,100,000, 15%

Children & Young People's
Service, £72,200,000, 20%

Adult Care, Housing & Public
Health, 40%

Budget 2025/26 & MTFS

In order to set a balanced Budget for 2025/26 the Council approved the following:

- Fees and charges to 2% increased (in line with MTFS)
- Council Tax increased by 3% out of a possible 5% (in line with MTFS assumptions)
- New savings for 2025/26 of £2.592m
- £0.4m use of reserves across 2025/26 & 2026/27 (Reserves £10.9m stronger than 2023/24 Budget)
- New revenue investments of £1.9m
- New capital investment financing of £0.9m, rising to £4.2m as delivered.
- Funding gap of £3.2m in 2027/28, not a concern at that point given uncertainty and time.

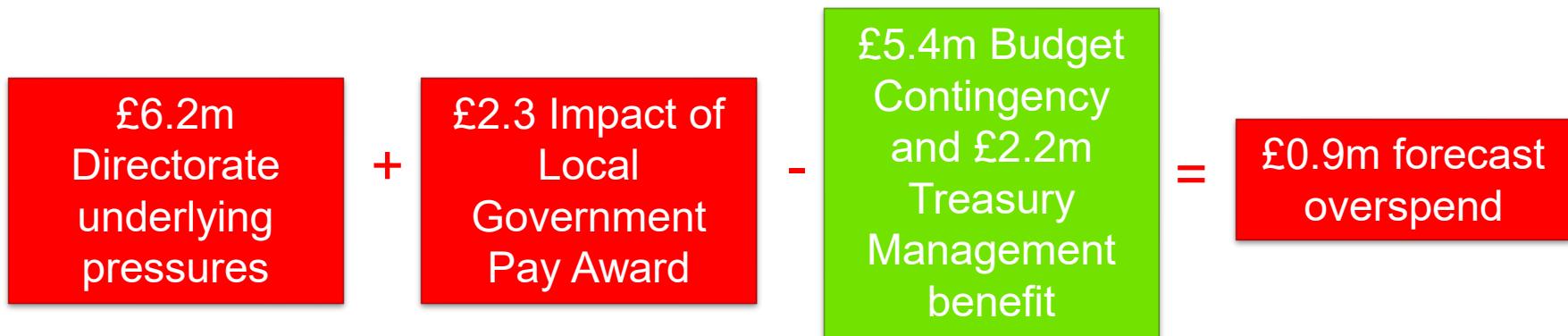
<u>Net Budget Position</u>	2025/26	2026/27	2027/28
	£000	£000	£000
Gap	0	0	3,252



Budget 2025/26 Key Dates

Date	Item
September CPI release date 22nd October	Crucial step in core settlement process as this rate drives the inflationary uplifts on much of the settlement. MTFS assumes 2%, September CPI 3.8%.
Autumn Budget & Policy Announcements 26th November (normally October)	This will provide indications of what will be in the provisional settlement and provide updates on the Fair Funding Review consultation.
OSMB 12th November	September Financial Monitoring & MTFS Technical Update
Cabinet 17th November	September Financial Monitoring & MTFS Technical Update
Provisional Settlement Late-December estimate	Provisional financial settlement to support MTFS and Budget assumptions
OSMB 5th January	November Financial Monitoring Report
Cabinet 19th January	November Financial Monitoring Report
OSMB 4th February	Budget and Council Tax 2026/27 and MTFS report December Financial Monitoring Report
Final Settlement Early January estimate	Finalisation of budget post Settlement
Cabinet 9th February	Budget and Council Tax 2026/27 and MTFS report December Financial Monitoring Report
Council Wednesday 5th March	Budget and Council Tax and MTFS report including Statutory Resolution of Council Tax

2025/26 Current Financial Challenge

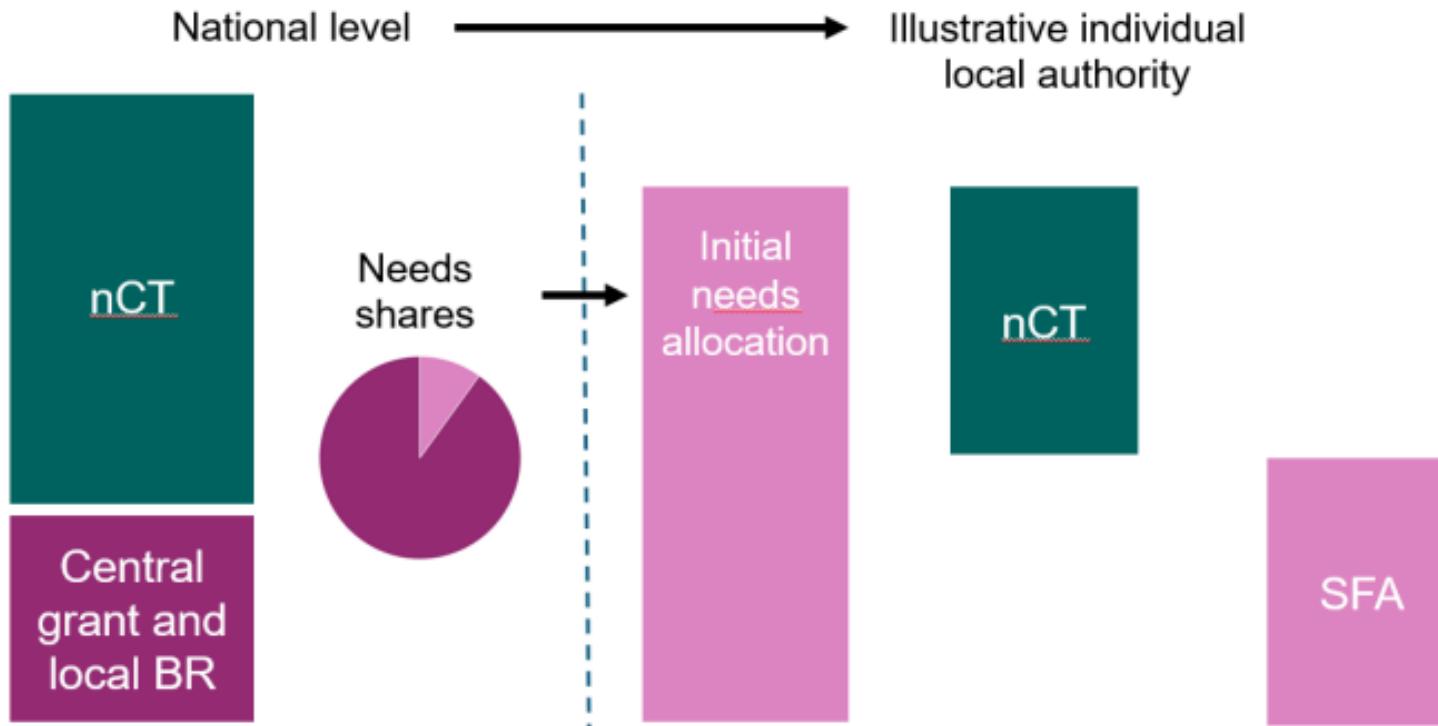


- Placement pressures within Children and Young People's Services (£5.6m) and Adults Social Care (£2m).
- Inflation across market costs in social care sector and wider Council.
- Pressures on income generation within Regeneration and Environment.
- Pressure in waste management due to implementation of Route Optimisation
- Impact of the Local Government Association (LGA) Pay Award £2.3m
- £5.4m Budget Contingency for CYPS Placements, known pressure.
- Treasury Management savings over and above the £3m built into Budget.

Fair Funding Review

- Proposed new methodology for distribution a large proportion of funding the Council receives as part of the financial settlement.
- The FFR 2.0 proposes a significant change in methodology for the distribution of Local Authority funding, known as the Settlement Funding Assessment **SFA**).
- The proposed methodology was expected to significantly shift the balance of funding back to a needs basis, as such Rotherham was expected to significantly gain.
- Represents a positive impact for RMBC in that the new methodology seeks to redistribute LA funding on the basis of greatest demand, deprivation and ability (or not) to generate Council Tax.
- For example, areas that can generate the greatest level of Council Tax income and have a lower level of demand for services will receive a lower proportion of SFA grants.
- Each LA will have a new share proportion of the pot, expected to be 0.49% for RMBC.
- Proposes greater funding clarity and certainty, fewer grants and 3 year allocations confirmed.
- The changes are to be introduced on a weighted basis, 33% change in year 1 2026/27, 66% 2027/28 and 100% implementation 2028/29.
- Major grants where the Council gains a strong allocation are to be rolled in, this will see the Council get less of these grants. Social Care grants (0.63%) and Recovery Grant (1.46%).
- We expected this to be around £20m additional funding

Fair Funding Review



(1) The notional CT level influences the quantum of national funding we assess when distributing grant funding and locally retained business rates. A higher notional CT level means more funding is allocated via the needs assessment

(2) The needs assessment brings together all RNFs, each assigned a weight using control totals, to produce individual LA need shares

(3) We produce an initial allocation for each individual LA, by multiplying the quantum of funding we assess nationally (step 1) by their share of need (step 2)

(4) The resources adjustment subtracts an LA's contribution to the notional CT funding nationally. The size of this adjustment depends on the size of an individual LA's taxbase

(5) Whether an LA receives a higher or lower allocation depends on whether it has high relative need (step 3), and a relatively low CT base (step 4).

November MTFS Update

Technical update to Cabinet

- Picking up on what we know, rather than trying to pre-empt Governments plans.
- Deal with inflation, energy, pay award position.
- Refresh future pay assumptions
- Refresh Council Tax / Business Rate assumptions
- Refresh Fees and Charges assumptions
- **Broadly balanced position until 2028/29**

Budget and MTFS Update	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000
Approved MTFS Position per Budget and Council Tax Report 2025/26	0	0	3,252	6,856
Impact of previous capital investment decisions £4m, Treasury Management Savings plan ending 27/28 £4m.				8,032
Revised inflation assumptions:				
• Local Government Pay Award,				
• Social Care Provider inflation (trend remaining around 4%),				
• Speciality Steel write offs,				
• Low Business Rates Growth				
• Other inflationary impacts				
	8,775	11,819	14,862	
CYPS Education System revenue impacts	345	112	112	
CYPS Placements pressures / savings recognition	2,000	2,000	2,000	
Further Home to School Pressures	500	1,000	1,500	
Further Adults Demand/Complexity Pressures - above MTFS provision	-	-	-	-
Baby Pack - potential extra requirement to hold at current offer	50	50	50	
Local Plan work - Potentially £1.5m over next few years - via reserves	-	-	-	-
Continuation of any UKSPF activity	-	-	-	-
Local Council Tax Support - Top Up Scheme	-	-	-	-
Impact of removal of Spinal Column Point (SCP) 2	740	740	740	
R&E Development Team Capacity	250	250	250	
HSF to CRF	-	-	-	-
Extended Producer Responsibilities Grant	- 1,800	- 1,800	- 1,800	
Estimated impact of Fair Funding Review	- 4,583	-10,613	-18,133	
Impact of pension revaluation	- 6,000	- 6,000	- 6,000	
Impact of September CPI at 3.8% (MTFS was 2%) - this impacts income and expenditure.	- 972	- 1,414	- 1,156	
Revised Position	0	-694	-605	7,314

Areas for consideration

- CYPS placements pressures
- Adults inflations and demand uplifts above MTFS
- UKSPF
- LCTS Top Up
- Household Support Fund to Community Resilience Fund
- Investments

CYPS Placement Savings

Key Points

- CYPS Saving started as £10m, a mix of demand & market management and review of Social Care Pathways (2019/20).
- LAC numbers have significantly reduced
- Market prices for remaining placements have been hit with significant inflation
- Traditional in house fostering placements haven't increased
- In house residential homes won't deliver saving as expected (£750k short)
- Special Guardianship Orders have increased to offset placement pressures
- However, had LAC numbers remained constant, the RMBC placement bill would be significantly higher
- External review of inflation in national CYPS Placements markets across period 2019/20 to 2024/25 was 52%, RMBC comparator 29%. £2.8m under inflation.

CYPS Placements Saving

	2019-20			2025-26			Comparitor	
	Outturn			Budget				
	£'000	Nos.	Avg £'000	000	Nos.	Avg £'000	Today's Price 19/20 Nos	Cost Saving / Impact
PLACEMENT EXPENDITURE								
Residential - external	13,745	61	225	9,172	25	367	22,381	-13,208
Residential - in house	10	0	0	4,929	22	0	0	4,929
Fostering - in house	3,318	182	18	3,872	166	23	4,246	-373
Fostering - IFAs	11,201	251	45	8,074	146	55	13,881	-5,807
Supported Accomodation	2,520	29	87	2,501	63	40	1,151	1,349
Disability Short Break	869	7	0	1,057	0	0	0	1,057
Other placements	0	70	0	0	50	0		
Gross Expenditure	31,662	600	375	29,605	472	485	41,659	-12,053

OTHER COSTS	£'000	Nos.		000	Nos.	Avg £'000	Todays Price	Cost Saving / Impact
Adoption Allowances	883			801			801	-82
Special Guardianship Orders	2,642			5,440			5,440	2,798
Child Arrangement Orders	1,714			1,270			1,270	-443
Staying Put				211			211	211
NET OTHER COSTS	5,239	0		7,723	0		7,723	2,484
Total Impact				37,328	472		49,381	-9,570

Household Support Fund to new Community Resilience Fund (CRF)

- The allocations for use of HSF 25/26 £4.387m is set out below.
- The allocation for Discretionary Housing Payments 25/26 is £428k.
- These funds are to be replaced with CRF (same level), grant in consultation phase. Largely similar at present but risk around some messaging on FSMs use.
- Changes to Universal Credit expected to significantly increase those eligible for FSM's. Potentially, if FSM's continues, would soak up full CRF allocation.

<u>Description</u>	<u>Budget HSF7</u>
HSF - Free School Meals	2,687,000
HSF - LCTS Top Up Scheme	950,000
HSF - Energy Crisis Scheme	500,000
HSF - Household Parcels via VCS partners	100,000
HSF - Care Leavers	90,000
HSF - VCS to support vulnerable households over Christmas	60,000
TOTAL	4,387,000

UKSPF

- UKSPF will end in 2025/26
- Therefore, the activity currently underway for 2025/26 will end unless alternative funding is identified.
- SYMCA are looking to build a smaller pot of funding so support a temporary transition. Likely through Treasury Management savings.
- The Council will need to identify what elements are priority if SYMCA provide funding.
Also consider anything we may want to budget for on a permanent basis.

Themes/Projects	Amount (£) 25/26
	Total
Supporting Local Business	
Launchpad (sub-regional)	240,257
Productivity (sub-regional)	536,588
Low Carbon (sub-regional)	200,000
Shop Unit Business Grants	330,000
Markets	60,000
Social Value	127,717
Total	1,494,562
People and Skills	
Ambition (sub-regional)	122,367
Core skills (sub-regional)	110,000
Advance (sub-regional)	208,836
Children's Capital of Culture	275,000
Total	716,203
Communities and Place	
Children's Capital of Culture	200,000
Town Centre Events	255,000
Open Arms Rotherham	329,549
Reaching Out	30,000
Active Lives	86,000
Total	900,549
Total cost of proposals	3,111,314
Total allocation	3,283,080
Balance remaining	171,766

MTFS Updates Post November Cabinet

Position at November MTFS Cabinet Report	-695	-605	7,314
Inflation update (Real Living Wage Impact)	1,483	1,483	1,483
Bulky Waste - address budget gap	178	178	178
Increase CYPS Placements uplift - to match inflation shortfall	833	833	833
Pensions improvement - 5.2% position	-622	-622	-622
Reduced impact of R&E Team and EPR increased funding	-283	-283	-283
Adults demand and inflation (RLW pressure)	3,650	3,650	3,650
Impact of Provisional Settlement	-3,630	-3,478	-2,145
Revised Position Post Provisional Settlement	914	1,156	10,408

Key changes to provisional settlement are:

- Top Up Grant is provided based on 28/29 levels but from 26/27.

Decision Points Required

- Revenue investment proposals
- Capital investment proposals
- Savings proposals
- Council Tax – any changes from the 3% assumed in the MTFS
- Fees and Charges – any changes from 2% assumed in the MTFS
- Reserves

Reserves Position

Corporate Reserves	Projected Balance as at 31 March 2026	Projected Balance as at 31 March 2027	Projected Balance as at 31 March 2028
	£m	£m	£m
General Fund Minimum Balance	25.0	25.0	25.0
Corporate Reserves			
Budget and Financial Strategy	13.6	13.6	13.6
Business Rates	4.0	4.0	4.0
Corporate Revenue Grants Reserve	3.1	3.1	3.1
Covid Recovery Fund	0.0	0.0	0.0
Local Council Tax Support Grant	0.6	0.6	0.6
Collection Fund Income Guarantee Grant	0.0	0.0	0.0
PFI leisure	0.2	0.0	0.0
Treasury Management Savings	7.4	7.4	7.4
Total	28.9	28.7	28.7
Total General Fund Reserves	53.9	53.7	53.7
Other Grants (Covid mainly)	0.0	0.0	0.0

	Potential Budget & MTFS
Total General Fund Reserves	55.3
Use in 25/26	
Treasury Management Savings	-0.4
PFI leisure	-0.1
Local Council Tax Support Grant	-0.2
Collection Fund Income Guarantee Grant	-0.7
Use in 26/27	
Treasury Management Savings	0.0
PFI leisure	-0.2
Use in 27/28	
Budget and Financial Strategy Reserve	
Total General Fund Reserves	53.7
Reserves Balance at point of 2023/24 Budget	43.7
Net improved reserves position	10.0

Challenges ahead

- **Adult Social Care** cost of care packages, rising demand and complexity leading to large pressures, leading to £37m investment since 2023/24.
- **Home to School Transport** - £4.3m was invested for 2025/26 to address budget gap, however, demand continues to rise.
- Future **Pay Awards** remain difficult to predict, 2025/26 impact £2.3m above Budget. Inflation remains well above 2%.
- **CYPS Placements** remains a challenge nationally
- **Waste** remains a challenge though work around route optimisation is almost completed and should resolve challenges.
- **Fair Funding Review** lack of real clarity expected until late December in the Provisional Financial Settlement.
- **Adult Social Care – Fair Pay Consultation**, likely to drive increased costs to providers that will be passed on and Council's own provision to increase.

Impact of additional Council Tax Increases

- The current MTSF assumes a Council Tax increase of 3%.
- 2% basic and 1% Adult Social Care Precept
- The Financial Settlement (2025) gave capacity to uplift basic to 2.99% and Adult Social Care Precept by 2%, creating a maximum increase of 4.99% for 2025/26.
- The table below outlines the annual and cumulative impact of these potential increases for 2025/26, if utilised.
- Impact of each 1% of Council Tax not levied is £1.377m, per year.

	£m
Council Tax Increase Impact 3%	4.131
Council Tax Increase Impact 4%	5.508
Council Tax Increase Impact 5%	6.884

Impact of increase in Council for 2026/27 at 3%, 4% and 5%

Council Tax Band	Impact of Council Tax Increases 2026/27								Tax Base BDE (ESTIMATE)
	A	B	C	D	E	F	G	H	
	£	£	£	£	£	£	£	£	
2024/25 Total RMBC only (Basic and ASC) (excl. Police, Fire and Parishes)	1247.09	1454.93	1662.79	1870.63	2286.32	2702.02	3117.72	3741.26	73,602

NB Band Taxes are Band D/9 multiplied by proportion specified.

	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Percentage Increase	4.00%	1296.97	1513.13	1729.29	1945.46	2377.78	2810.10	3242.43
Cash increase	49.88	58.20	66.50	74.83	91.46	108.08	124.71	149.65
Cash increase per week (52.143pa)	52.143	0.96	1.12	1.28	1.44	1.75	2.07	2.39
Additional yield / per week increase above £	0.24	0.28	0.32	0.36	0.44	0.52	0.60	0.72
								5,507,643
							Additional to current MTFS	1,377,095

	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Percentage Increase	5.00%	1309.44	1527.68	1745.92	1964.16	2400.64	2837.12	3273.60
Cash increase		62.35	72.75	83.13	93.53	114.32	135.10	155.88
Cash increase per week (52.143pa)	52.143	1.20	1.40	1.59	1.79	2.19	2.59	2.99
Additional yield / per week increase above :		0.48	0.56	0.64	0.72	0.88	1.04	1.20
							1.43	6,884,002
							Additional to current MTFS	2,753,453