

**Committee Name and Date of Committee Meeting**

Council – 04 March 2026

**Report Title**

Budget and Council Tax 2026/27 and Medium Term Financial Strategy

**Is this a Key Decision and has it been included on the Forward Plan?**

Yes

**Executive Director Approving Submission of the Report**

Judith Badger, Executive Director of Corporate Services

**Report Author(s)**

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**Ward(s) Affected**

Borough-Wide

**Report Summary**

This report proposes the Council's Budget and Council Tax for 2026/27, based on the Council's Final Local Government Finance Settlement for 2026/27, budget consultation and the consideration of Directorate budget proposals. A review of the financial planning assumptions within the Medium Term Financial Strategy (MTFS) has been undertaken.

The proposed Budget and Medium Term Financial Strategy reflects the Council's priorities as set out in the Council Plan 2025-2030 and Year Ahead Delivery Plan. The development of the Budget proposals for 2026/27 and a further update of the MTFS take into account prevailing economic factors, supplier market factors, demand and complexity of care pressures, and the positive improvement in funding available to the Council following the impact of the Fair Funding Review 2.0 (FFR 2.0). Following the Council's technical MTFS updates, proposed budget decisions within this report, the impact of the FFR 2.0 and the Final Financial Settlement, the Council has been able to propose a balanced budget for 2026/27 through to 2028/29.

It should be noted that 2028/29 has been balanced through use of £9.3m of the £10.0m Recovery Grant Uplift provided as part of the Final Financial Settlement. The remaining £0.7m is proposed as an additional revenue investment into the Council's Roads Programme 2026/27. These two changes are amendments to the Budget and Council Tax Report 2026/27 presented to Cabinet on 9 February. It is expected that

the Recovery Grant Uplift announced in the Final Financial Settlement will only be £1.3m per year moving forwards and hence the Council expects the 2029/30 financial year to have a budget gap of at least £8m, to be addressed when the MTFS is extended a further year.

During 2025 Government has consulted upon and delivered the Fair Funding Review 2.0. This has seen a significant shift in how Local Government is funded and how the resources for Local Government are distributed. The focus of funding distribution has moved more towards areas of greatest deprivation and need. The impact for RMBC of the Fair Funding Review, as confirmed with the Final Financial Settlement, is a positive one, with an additional £22.6m of funding per year provided to the Council by 2028/29 (£13.2m by 2026/27 and £20.2m by 2027/28). Though this is a significant shift in direction that the Council welcomes, the funding is necessary to address the demand and market pressures the Council has seen in recent years.

Though the position for Local Authority Funding has shifted positively, the Council remains committed to increasing efficiency and delivering on the priorities of residents. As such, in order to invest in key priorities, this Budget includes Budget savings proposals of £3.2m aimed to increase the efficiency of service delivery and reduce or remove spending on services that are no longer required or can be delivered differently, for example, through maximising grant funding opportunities.

In recognition of escalating cost pressures within Adult Social Care, relating to increased complexity of care and rising demand for the service, market inflation and transitions, the Council will provide for approximately £8.6m of additional funding to support the delivery of Adult Social Care services. Following work to assess the impact of market inflation, across recent years, on the cost of Children's Social Care placements, the Council will provide approximately £4.8m of additional funding to support the provision of Children's Social Care.

Further investment of an extra £0.5m per year will be provided to address unavoidable cost pressures in complying with Home to School Transport requirements and £1.7m will be invested into the Council's staffing structure to ensure the Council remains an accredited Real Living Wage employer. In addition, the Budget will provide £3.5m additional investments to support with delivering on the Council's ambitions for the Borough, largely focused on improving the quality of life of residents, with specific regard to the Council Plan core strategic outcomes of;

- Places are thriving, safe, and clean,
- An economy that works for everyone,
- Children and young people achieve their potential,
- Residents live well,
- One Council that listens and learns.

In setting the proposed 2026/27 budget, Cabinet have recommended to Council a 3.95% increase in Council Tax, made up of an increase of 1.95% in the Council's basic Council Tax plus an increase of 2% for the Adult Social Care Precept.

The Budget also proposes a further year of a Local Council Tax Support Top-up Scheme to operate across 2026/27 to provide continued additional support to low income working age households in the Borough, to assist them in managing the

impacts of the cost of living crisis and support the most financially vulnerable households.

## **Recommendations**

That Council:

1. Approves the Budget and Financial Strategy for 2026/27 as set out in the report and appendices, including a basic Council Tax increase of 1.95% and an Adult Social Care precept increase of 2%.
2. Approves the extension to the Local Council Tax Support Top Up Scheme, that will provide up to £131.44 of additional support to low income households accessing the Council's Council Tax Support Scheme. It will support those most financially vulnerable to rising household costs, through reduced Council Tax bills as described in Section 2.5.15
3. Approves the updated Medium Term Financial Strategy (MTFS) to 2028/29, as described within Section 2.6.
4. Approves the Reserves Strategy as set out in Section 2.8 noting that the final determination of Reserves will be approved as part of reporting the financial outturn for 2025/26.
5. Delegates authority to the Service Director of Planning, Regeneration and Transport in consultation with the Service Director of Financial Services and Cabinet member for Transport, Jobs and the Local Economy, to approve the specific detailed allocations and use of the Local Plan Reserve.
6. Notes and accepts the comments and advice of the Executive Director of Corporate Services (Section 151 Officer), provided in compliance with Section 25 of the Local Government Act 2003, as to the robustness of the estimates included in the Budget and the adequacy of Reserves for which the Budget provides as set out in Section 2.14.
7. Notes the feedback from the public and partners following the public consultation on the Council's budget for 2026/27 which took place from 28 November 2025 to 9 January 2026, attached as Appendix 5.
8. Approves the proposed increases in Adult Social Care provider contracts and for Direct Payments as set out in Section 2.4.
9. Approves the proposed approach and increases in Children's Social Care costs as set out in Section 2.4.23.
10. Approves the revenue investment proposals set out in Section 2.7 and Appendix 2.
11. Approves the proposed revenue savings set out in Section 2.7 and Appendix 4.

12. Approves the Council Fees and Charges for 2026/27 attached as Appendix 7.
13. Approves the application of the Business Rates Reliefs as set out in Section 2.10, in line with Government guidance.
14. Approves the use of the additional £10m Recovery Grant Uplift announced as part of the Final Financial Settlement 2026/27 to address the Budget gap of £9.3m in 2028/29 and provide £0.7m further investment into the Council's Roads Programme in 2026/27.
15. Approves the proposed Capital Strategy and Capital Programme as presented in Section 2.12 and Appendices 3A to 3F.
16. Approves the Treasury Management matters for 2026/27 as set out in Appendix 9 of this report including the Prudential Indicators, the Minimum Revenue Provision Policy, the Treasury Management Strategy and the Investment Strategy.
17. Approves the continuation of the principles and measures adopted since April 2020 to make faster payments to suppliers on receipt of goods, works and services following a fully reconciled invoice as described in Section 2.11.
18. Approves the procedure for Budget allocations for the Community Leadership Fund as set out in Section 2.9.
19. Approves that the Capital Programme Budget continues to be managed in line with the following key principles:
  - (i) Any underspends on the existing approved Capital Programme in respect of 2025/26 be rolled forward into future years, subject to an individual review of each carry forward to be set out within the Financial Outturn 2025/26 report to Cabinet.
  - (ii) In line with Financial and Procurement Procedure Rules 7.7 to 7.11 and 8.12, any successful grant applications in respect of capital projects will be added to the Council's approved Capital Programme on an ongoing basis.
  - (iii) Capitalisation opportunities and capital receipts flexibilities will be maximised, with capital receipts earmarked to minimise revenue costs.

### **List of Appendices Included**

Appendix 1	Council Tax Base 2026/27
Appendix 2	Proposed Revenue Budget Investments
Appendix 3A	Proposed Capital Investments Summary
Appendix 3B	Capital Investment Proposals
Appendix 3C to 3F	Capital Programme 2025/26 to 2029/30

Appendix 4	Proposed Revenue Savings
Appendix 5	Budget Consultation 2026/27
Appendix 6	Statutory Resolution of Council Tax 2026/27
Appendix 7	Fees and Charges Proposals 2026/27
Appendix 8	Background to the Budget & Financial Strategy
Appendix 9	Prudential Indicators and Treasury Management and Investment Strategy
Appendix 10	Flexible Use of Capital Receipts Strategy 2026/27
Appendix 11	Initial Equality Screening Assessment (Part A)
Appendix 12	Carbon Impact Assessment

### **Background Papers**

- Council Tax Base 2026/27– Officer Delegated Decision record
- Housing Revenue Account (HRA) Plan, Rent Setting and Service Charges 2026-27 – Cabinet 15 December 2025
- Provisional Local Government Financial Settlement – 17 December 2025
- Budget and Council Tax 2025/26 and Medium Term Financial Strategy– Cabinet 10 February 2025, Council 5 March 2025
- Budget and Council Tax 2026/27 and Medium Term Financial Strategy – Cabinet 9 February 2025
- Financial Outturn 2024/25 – Cabinet 7 July 2025
- Treasury Management Outturn 2024/25 – Cabinet 7 July 2025, Audit Committee 17 June 2025
- Medium Term Financial Strategy Update – Cabinet 17 November 2025
- December Financial Monitoring Report – Cabinet 9 February 2026
- Mid-Year Treasury Management and Prudential Indicators Monitoring Report 2025/26 – Audit Committee 25 November 2025
- CIPFA – The Prudential Code for Capital Finance in Local Authorities 2011 (as amended 2012) and related Guidance Notes 2013

### **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

Overview and Scrutiny Management Board – 04 February 2026

Cabinet – 9 February 2026

Council – 4 March 2026

### **Council Approval Required**

Yes

### **Exempt from the Press and Public**

No

## Budget and Council Tax 2026/27

### 1. Background

- 1.1 During 2025 Government consulted upon and delivered the Fair Funding Review 2.0. This has seen a significant shift in how Local Government is funded and how the resources for Local Government are distributed. The focus of funding distribution has moved more towards areas of greatest deprivation and demand. The impact for RMBC of the Fair Funding Review, as confirmed with the Final Financial Settlement, is a positive one, with an additional £22.6m of funding per year provided to the Council by 2028/29 (£13.2m by 2026/27 and £20.2m by 2027/28). Though this is a significant shift in direction that the Council welcomes, the funding is necessary to address demand and market pressures the Council has seen in recent years.
- 1.2 This increase in funding is nevertheless highly welcome. However, it must also be seen in the context of the immense pressures facing Local Government finances following austerity, inflation and rising demand for services. Since 2010 alone the Council has needed to make and address significant reductions in funding, reductions in expenditure and services provided and deliver significant savings programmes. When taken together this equates to savings in excess of £200m. Throughout this period the Council has needed to make difficult decisions to ensure that vital services to Rotherham residents can be maintained along with a robust financial position to ensure sustainability of those services. Whilst the Final Settlement means that the Council's financial outlook is better than anticipated, there was still a Budget gap before the proposals within this Budget, given local pressures and rising demand for services.
- 1.3 Against a difficult financial backdrop, the Council has remained focused on its largest regeneration programme in a generation. Rotherham town centre is being revitalised and the opening of three new eateries at Forge Island were major milestones in its journey. Construction of the new central library and markets is well underway. In May, the Maltby Grammar Business Hub officially opened for business and in June this was followed by Skills Street at Gulliver's Valley. With both developments creating new opportunities for children and young people in the Borough, they aligned with the core focus throughout 2025 as our Children's Capital of Culture year. Meanwhile, further consultation has been undertaken on the Our Places Fund, with residents, to identify several priority areas for improvement. Residents in Maltby East and residents in Central Rotherham will benefit from £20m of investment, for each area (£40m in total for the Borough), from the Government's Pride in Place Fund. More homes for local people are being created, and the Council has delivered 750 of its target of 1,000 new Council homes. Creating a range of opportunities, these developments are supporting the vision of the Council Plan to become a reality. In January 2026, Government confirmed its support for Rotherham Gateway, which will see a new main line station built and significant wider regeneration unlocked.
- 1.4 Despite the progress made, the need to deliver change and realise these ambitions for the Borough remains clear. For many people in Rotherham life is

still very hard. Deep structural challenges persist in the area's economy and the high levels of deprivation mean that communities and residents have been particularly impacted by the high cost of living over recent years. The Borough is amongst the 14% most deprived local authority areas in England. 31% of Rotherham children were living in poverty in 2023/24 and the number of children in receipt of free school meals has increased by around 700 or 5.2% in the year to December to c.14,020.

- 1.5 The pressures being seen by residents, families and businesses across the Borough are also leading to parallel pressures on the Council. Demand for services is rising and the impact of inflation continues to be difficult to predict, along with annual financial settlements over multiple previous years falling significantly short of mitigating those pressures.
- 1.6 Set within this context and following the refresh of the Council Plan in 2025, the vision at the heart of this Plan remains as important as when it was originally agreed in January 2022; that is to build a Borough where opportunity is extended to everyone, where people can grow, flourish and prosper and where no one is left behind.
- 1.7 Through the investments made in recent years the Council has:
- Outstanding services for children and young people, as set out in an Ofsted report published in December 2025. Rotherham is one of only nine councils in England to hold this rating alongside the top area outcome for the local partnership's arrangements for children and young people with special educational needs and disabilities (SEND).
  - Reached the three-quarter milestone against the target of creating 1,000 new council homes, with the 750<sup>th</sup> home completed.
  - Been ranked among the best performing authorities in the country for dealing with potholes following its £55m investment in road repairs over the last decade. In 2014/15, 34,000 potholes were repaired, but as of December, in 2025/26 only 12,951 potholes have needed to be repaired.
  - Made significant progress in delivering Castle View Day Service and new homes at Canklow, with construction due to be completed in Quarter 1 2026/27, which will provide day opportunities for people with high support needs.
  - Secured £200m of Government investment to deliver regeneration and jobs across the Borough, with schemes at Rother Valley and Thrybergh Country Parks, Wath, Dinnington, Templeborough and a number of schemes in the Town Centre such as Rotherham Markets and Libraries.
  - Delivered through the Council's own funding the flagship redevelopment of the Forge Island with Vetro Lounge, Sygnature Dish and Heavenly Desserts now open.
  - Received Government backing for its ambitious Rotherham Gateway Plan, which would return mainline rail services to Rotherham for the first time since the 1980s.

1.8 Throughout 2026/27 the Council will build on this and go further, making more progress in delivering its vision by supporting the most vulnerable children and adults, providing high quality services and making the Borough an even better place to live, work, visit and invest in.

1.9 A series of budget investment proposals are set out within this document for consideration. These have been informed by a number of sources including feedback from consultations on the Budget, the Council Plan and individual services and wider best practice. Focused on continuing to improve the quality of life of residents across the Borough, the Council is investing in creating places to go and things to do, alongside delivering high quality services by:

- **Creating more opportunities for children and young people.** Within the consultation on the Council Plan, children and young people asked for more things to do. To help realise this ambition the Council is proposing to create an additional 10,000 places on its Healthy Holidays Programme. The Council's universal Youth Work Offer will also be expanded, the play areas programme will be extended, and youth service minibuses will be replaced, ensuring that all young people can access opportunities across the Borough.

Finally, an additional investment of £453,000 is proposed to ensure the effective delivery of educational psychology services (the EPS), which play a vital role in improving learning, communication, and emotional well-being for children and young people

- **Thriving neighbourhoods:** following on from the shop unit grants programme and the introduction of the Street Safe Team, the Council is looking to further support our High Streets in the Town Centre, Swinton, Wath, Maltby and Dinnington. The purpose of the proposed £304,000 investment is to introduce 3 new Business Support Officers to engage with businesses in these areas, helping them to flourish. Alongside this the Council will invest in its core events programme ensuring it has the resource in place to deliver an engaging programme of events, bringing people together across the borough.

The Council is also proposing a series of investments to continue to improve parks, outdoor spaces and activities. Over 65's will benefit from a pilot of half price swimming at the Borough's four leisure centres and the running track will be replaced at Herringthorpe Stadium, the only facility of its kind in the Borough. There will be further improvements in country parks, including a £1m investment to replace the existing visitor centre and boat house at Ulley Country Park and investment to improve cleanliness, safety and security at Rother Valley.

- **A cleaner Borough:** within the responses to the budget consultation, the second most frequently mentioned spending priority was street cleanliness / waste management. Through this budget, it is proposed to double the resource (with an investment of £272,000) that was established in 2025/26 through the creation of the Roadside Cleansing Team, which has picked on average 1.5 tonnes of litter per week.

£129,000 of investment is also proposed for additional staff to support with a 'meet, greet and help' service for residents at Household Waste Recycling Centres, improving the experience of users and providing an on site re-use facility.

- **Better and safer roads:** As part of the consultation on the Budget, maintaining roads and pavements was the most frequently identified spending priority from respondents. In 2026/27 the Council will benefit from its share of £7m of additional funding from government that has been allocated to the South Yorkshire Mayoral Combined Authority to improve the condition of roads across the borough. This will be in addition to the Council's existing capital commitments. Through the proposals set out in this Budget, a further investment of £4.4m will fund a series of improvements to highway structure and road safety measures across the Borough. This includes a £1.9m investment to repair the parapet at Old Flatts Bridge, £1m to invest in structures on Rotherham's highways and a further investment of £324,000 in the Council's minor works programme. Additional funding is also being made available to further develop key schemes across the Borough including Treeton Lane crossroads, the reconstruction of Fleet Bridge, five pedestrian crossings in the programme pipeline, and the development of road safety plans for every ward in the Borough. Through additional funding provided in the Final Financial Settlement the Council is able to provide a further £721k of investment into the Roads programme for 2026/27.
- **Nobody left behind:** increase investment in social care by around £13.4m on to meet rising demand and increasingly complex needs. Alongside this, decisions are being taken to uplift fees on care packages.

Following the feedback received as part of the consultation on Selective Licensing in the Borough, an investment of £362,000 will be made to support these six communities. This is proposed to fund dedicated civil enforcement officers and new tenancy liaison officers to support private tenants and crack down on anti-social behaviour. This revenue investment will be matched with a £100,000 per annum capital contribution to improve the physical environment based on priorities set by local consultative groups.

With cost of living remaining high, the Council is continuing to support residents when they need it the most. This includes a proposal to increase the funding available for the school uniform support scheme, enabling more families to benefit from it. Meanwhile, the Council is proposing to fund the continuation of specialist benefits advice to residents who receive a cancer diagnosis, to ensure that they receive the support they are entitled to, through a £135,000 investment. Finally, the discounts available via Rothercard on Council services have been reviewed, with the discount being made available on more services and with at least 25% discount being provided.

## 1.2 Budget Context

- 1.2.1 The Council set a balanced budget position for 2025/26 as part of the Budget and Council Tax Report 2025/26 approved at Council on 4 March 2025. The MTFs contained within that report included a balanced position for 2026/27 and a funding gap of £3.2m for 2027/28. There was uncertainty projecting forward funding available to the Council post 2025/26 due to only a single year settlement being provided, though Government did indicate their intention to reset the Local Authority funding picture through the proposed Fair Funding Review. However, the Budget and MTFs position was set based on sound financial assumptions at the time, factoring in funding for service market pressures within Adult Social Care in particular.
- 1.2.2 During 2025/26 the Council has continued to see rising pressures due to market inflation, demand and the complexity of care packages increasing. The Council is currently projecting an overspend of £3.4m, made up of social care pressures, Home to School Transport, Waste Management and the impact of the Local Government Pay Award. Whilst the Council anticipated some of these pressures, with the £5.4m Social Care Contingency and continued savings in Treasury Management, this still leaves a pressure of £3.4m. To help mitigate the position, Directors are expected to take all steps to reduce the overall overspend, ensuring grant maximisation, restricting any non-essential expenditure and delaying recruitment where possible. It is expected that the position will improve in the final quarter of 2025/26.
- 1.2.3 Despite this challenging environment the Council has continued to set a robust Budget and MTFs and monitor the performance of that Budget effectively. The Council has faced financial challenges in year but has taken swift action to rectify them or set in place clear actions to address those pressures over time. The success of this approach is evident through the Budget and MTFs that the Council now brings forward for approval. Whilst there remain challenges to overcome, the Council has a clear plan and has adequate cover in place for risk through a robust inflation and Reserves Strategy. In this Budget and MTFs the Council has not been required to identify an increased call on Reserves across 2026/27 to 2027/28. There is proposed use of Reserves in 2028/29, however, it is use of the new Recovery Grant Uplift announced in the Final Financial Settlement of £10m, the bulk of which will be received before 2028/29 and so will need to be carried forward into 2028/29 to apply to the budget pressures in that year. This will therefore not adversely impact the previously expected reserves position.
- 1.2.4 Looking ahead to 2026/27, Local Authorities must consider their Budget and MTFs alongside the impact of the Fair Funding Review 2.0 (FFR 2.0). FFR 2.0 represents a significant adjustment to how Local Authorities are to be funded and how that funding will be distributed. The FFR 2.0 also includes a Business Rates Reset to ensure a fairer distribution of Business Rates and simplification of the overall system. The main thrust of the changes is to direct Government funding towards areas of greatest need and areas of greatest deprivation. Alongside this Government aimed to provide a 3 year settlement along with a reduced volume of Government grants to simplify the process whilst adding additional certainty to the process.

- 1.2.5 The Provisional Settlement provided a positive outcome for the Council, confirming the outcome of the FFR 2.0, and key updates linked to the Business Rates Reset. In order to simplify the outcomes of the Business Rates Reset, Government decided to pay the Business Rates Top Up grant in 2026/27 based on 2028/29 allocations. Taken amongst some other changes announced this means the Council has £7.6m more than expected for 2026/27 and assumed in the MTFs update to Cabinet in November 2025.
- 1.2.6 Positively, the Final Financial Settlement improved the position further. Further funding for Homelessness, Rough Sleeping Domestic Abuse of £0.5m and a £10m Recovery Grant Uplift have been provided across 2026/27 to 2028/29 MTFs period. In addition, a High Needs Stability Grant has been confirmed that will address 90% of the long term Dedicated Schools Grant (DSG) deficits that many Local Authorities have built up in their Unusable Reserves. This grant is welcome and will address the Council's deficit before the statutory override of DSG deficits is removed in March 2028, that would mean the Council would have to fund the deficits. The full impact of the FFR 2.0 and wider changes to the Final Financial Settlement will see the Council's funding position increase by a total of £22.6m by the end of 2028/29. Although this funding will build up gradually due to most of the FFR 2.0 implementation being weighted by 33.3% a year across 2026/27 to 2028/29, the overall impact for the Council remains a positive one. The impact will see the Council gain additional funding of £13.2m in 2026/27, £20.2m in 2027/28 and £22.6m by 2028/29.
- 1.2.7 Whilst the position is positive and certainly an improved funding position for the Council, it is still faced with significant cost pressures due to demand and market pressures in social care and inflationary pressures. As such, though the improved funding is positive and welcomed, it does not move the Council's funding position to such an extent that the Budget can be balanced without further savings being identified. At the point of the provisional settlement, the Council projected a £1m gap for 2026/27 and 2027/28.
- 1.2.8 The Provisional Settlement confirmed, as a result of the FFR 2.0 that the Council would be presented with a detailed 3 year funding settlement through to 2028/29. This includes a host of grants being rolled into the core spending power for the Council and redistributed on the new Fair Funding Review basis. This has, as above, improved the Council's overall funding position and the reduction of the volume of grants will in time simplify the process to provide improved certainty of funding.
- 1.2.9 As the FFR 2.0 process was taking place the Council has needed to wait until the outcome of the Final Settlement to gain clarity and certainty around the funding position. As such, during the Budget setting process the Council has needed to be adaptable and be able to pivot into savings or investments options, depending upon how the FFR 2.0 fell. As such, it has been an unusual budget setting process compared to recent years. The Council still faces cost pressures but given the additional funding, is more appropriately prepared to deal with them. As such the Council has considered a package of savings as well as investments as part of the Budget for 2026/27. The Council aims to

meet the challenge of the current cost pressures present, whilst protecting services that the Council provides to residents and businesses within the Borough and provide further support to residents facing cost of living pressures.

- 1.2.10 The Council remains committed to protecting the most vulnerable children and adults and to improving the cost effectiveness of these services. CYPS placements remains a budget risk with a projected overspend of £5.7m in 2025/26 due to rising market costs and challenges faced in delivering the in-house residential homes programme. However, the demand pressures that the Council has previously seen have reduced and the Looked After Children (LAC) numbers have continued to reduce, though the Council is now reaching the appropriate level of LAC placements. As such it is not expected LAC numbers will reduce significantly moving into 2026/27. However, whilst demand has fallen, cost reductions have been more stubborn, principally due to market pressures outside of the control of the directorate, which remain a budget risk. A key focus for the Council will be to continue to ensure that where appropriate external residential placements are reduced in favour of use of the Council's in house residential provision, foster carers and Special Guardianship Orders (SGO's).
- 1.2.11 A benchmarking exercise undertaken against statistical neighbours has shown that the Council's direction of travel on CYPS costs remains positive. When comparing Children's social care spend across the areas of the Revenue Outturn (RO) reports, looking at the Council's statistical neighbours, the Council will fall in the middle of these authorities within the next few years. Historically, the Council has been one of the highest in most areas. In addition, the Council has carried out a review of inflationary market pressures over the last 5 years nationally, to assess if the Council has provided sufficient inflationary uplifts to CYPS. The result of the exercise shows that nationally children's social care placements have risen by 52% across 2019/20 to 2025/26. Comparatively, the Council has provided 29% inflation across this same period, the under inflation is principally as the Council cannot control in all cases the inflationary increases that providers may demand, child by child. Through this Budget the Council will provide an uplift to the CYPS placements of £2.8m, the remaining pressures within CYPS placements will be addressed through the completion of the in-house residential programme and reduced use of external residential placements where possible and appropriate.
- 1.2.12 Adult Social Care continues to experience significant pressures that are out of the Council's control due to a rise in the complexity of people's needs and an ageing population. The adult care market remains volatile due to rising demand pressures and staff shortages. This pressure has been exacerbated by inflation and the rise in the Real Living Wage (6.75% increase from 1 April 2026) meaning the available funding needs to increase to ensure market sustainability. These cost pressures increase the average cost per hour to meet people's eligible needs. This is reflected across all service areas. Extensive work is underway to minimise the impact of these rising costs by ensuring the service is running as efficiently as possible.

- 1.2.13 There is a need to recognise these escalating care complexities, demand and market costs within this budget. This requires the Council to provide for around £8.6m of additional funding for the delivery of Adult Social Care services in 2026/27 in addition to the £17m provided in the 2025/26 Budget.
- 1.2.14 The £8.6m is made up of an uplift for 2025/26 pressures that are reflected in the current year overspend plus a further uplift for 2026/27. The additional funding will help in supporting the ambition that all workers are paid the Real Living Wage and improve the sustainability of the adult care provider sector to deliver services to Rotherham people. Considering the pressures within Adult Social Care demand, this service still represents a significant long term financial risk within the Council's Budget and Medium Term Financial Strategy. It is a national issue and the Council welcomes Government's plans to review the Adult Social Care sector.
- 1.2.15 Further investment of £0.5m per year (2026/27 to 2028/29) will also be provided to address unavoidable pressures in complying with Home to School Transport requirements. Home to School Transport has seen continued increases in cost and demand in recent years and whilst the Council has delivered changes to the policy and improved transport efficiency to stem the cost increase, the demand continues to rise. This is reflective of the national picture.
- 1.2.16 Following the success of the 'Baby Packs' investment approved as part of the Budget and Council Tax Report 2024/25, this Budget will increase the provision for this service by £50k. The increase in Budget is required to meet the impact of inflation on the items that are included within the pack. Whilst consideration was given to reducing items within the pack the Council seeks to maintain a consistency in the offer, as such additional resource is required. During 2025/26 it is anticipated that over 2,100 Baby Packs will be issued.
- 1.2.17 As part of the 2024/25 Budget and Council Tax Report, Bulky Waste Service charges were reduced. The proposed fee for 2024/2025 was reduced by 50% to £16.50 for the first three items with a further charge of £5.30 for each additional item. The proposal was that Rothercard holders would receive a fixed discount which reduced the charge to £10 for the first three items and £5 for each additional item. The discount has been in place for 2024/25 and 2025/26 and has been successful with the number of collections increasing from 6,384 in 2023/24 to an estimated 9,700 by the end of 2025/26. This Budget proposes to continue the discount and as such, given the increased demand, the cost of the service provision will need to be increased to reflect that increased demand. As such Budget provision for Bulky Waste of £178k has been made.
- 1.2.18 Although inflation has been easing, the impact of the Local Government Association (LGA) Pay Award 2025/26 was £2.3m greater than was assumed within the Budget for 2025/26. It is anticipated that this can be funded through temporary savings within Treasury Management for 2025/26 though the ongoing impact has been factored into the Budget and MTFS. Future pay awards remain a key area of uncertainty moving into 2026/27 as the Council has no control over these and Government do not provide additional funding

to cover their impact. The position for 2026/27 is exacerbated further by the decision in the 2025/26 Local Government Pay Award to remove Spinal Column Point 2 from the pay structure and the impact of the 6.75% increase in the Real Living Wage to £13.45. To enable the Council to address both of these issues, the Budget and MTFs has been uplifted by £1.7m per year.

- 1.2.19 One of the Council's biggest Business Rates payers, Speciality Steel, is being wound up after entering financial difficulty during 2023/24. This presents a financial challenge to the Council through the need to write off £4.2m of Business Rates debt, spanning across Q4 2023/24 through to 21 August 2025. The Council is only directly impacted by 49% of this debt, 1% impact for South Yorkshire Fire and Rescue Services and 50% relates to central Government. The impact of the write off has been factored into the Council's MTFs along with a consideration around the longer term use of the site and how that might impact the Council's Business Rates levels annually.

	<b>RMBC</b>	<b>SYFRS</b>	<b>Gov't</b>	<b>Total</b>
<b>23/24</b>	£144,142.81	£2,941.69	£147,084.50	£294,169.00
<b>24/25</b>	£1,383,184.86	£28,228.26	£1,411,413.13	£2,822,826.25
<b>25/26</b>	£546,908.48	£11,161.40	£558,069.88	£1,116,139.75
<b>Total</b>	<b>£2,074,236.15</b>	<b>£42,331.35</b>	<b>£2,116,567.50</b>	<b>£4,233,135.00</b>

- 1.2.20 Whilst the position with Speciality Steel is a concern, the impact of the proposed Business Rates Review that is continuing as part of FFR 2.0 is expected to be positive for the Council. It is likely that the outcome of the Business Rates Review will see greater retention of business rates locally through the move to using Gross Business Rates rather than Net Business Rates to calculate the locally retained element. Gross Business Rates is the level of rates to charge prior to the provision of any business rates relief. In addition, it is anticipated that the outcome of the Business Rates Review will also include a level of re-distribution of national growth. The full outcome of the Business Rates Reset will not be known until the summer of 2026 and as such its impact will be considered as part of the 2027/28 Budget process.

- 1.2.21 A further positive to the Council factored into the Budget and MTFs position is the impact of the South Yorkshire Pensions Authority (SYPA) Revaluation process. The revaluation process happens every 3 years and considers the position of the fund, liabilities, investments and risks associated in order to set out the employers' contribution rate for the next 3-year cycle. The employers' contribution rates do not impact payments made to members of the scheme; these are set nationally by Government, along with the associated pay bands. At the 2025 Financial Directors Summit the SYPA confirmed that the funding level was 141%, so well ahead of the target of 120% set at the last revaluation. Whilst this position is positive for the SYPA, it is effectively carrying a 41% surplus of funds above what is required to fund the cost of the scheme's liabilities, i.e. payments to members.

- 1.2.22 The draft outcome of the revaluation process proposed a 1% reduction in the employer's contribution rate, despite the significant surplus that existed. This was felt to be overly cautious and as a result meant that resources that could be used to provide services to Rotherham residents were being held in an overly cautious pension fund position. The Council along with finance leads across the South Yorkshire Local Authorities pushed back on this position and worked with the SYPA to gain a proposed reduction in the contribution rate of 5.2%. This was felt by all parties to be a reasonable approach. The approach does carry a possible risk that the contribution rate may need to be increased in 3 years' time but that is something that the Council can consider as part of its MTFs moving forwards. The impact of this proposal is a reduction in employer contributions of £6.6m per year.
- 1.2.23 There are further positives to flag in terms of the financial position for 2025/26 that impact the Budget for 2026/27. The Waste Route Optimisation saving, although it was delayed in terms of delivery, has been delivered in full with the new more efficient routes implemented. As such the saving of £0.5m is expected to be delivered in full, from 2026/27 onwards. The Homelessness service that was presenting a real problem during 2024/25 due to increased demand and increased use of hotels for short term placements has been brought under control. The Council has taken steps to address these pressures through growth in the volume of temporary accommodation rented from the HRA and through growth in team structure to increase capacity to manage cases more effectively and support prevention. The impact has seen hotel usage fall from a peak of 87 rooms hired on any one night down to 18 rooms at any one time as of January 2026. As such this service no longer presents a budget pressure.
- 1.2.24 Following approval of the 2025/26 Budget the global economic position has remained uncertain stagnating growth and putting pressure on the inflation markets. September CPI fell to 1.7% in 2024 ahead of the Budget 2025/26 but rose shortly after and has remained above 3% during the bulk of 2025, with September CPI at 3.8%. The Council's base costs have continued to significantly rise across the period of high inflation and need to be factored into the Budget and MTFs moving forwards. Energy prices, whilst also positively reducing, are still projected to cost the Council around 35% more in 2025/26 than the outturn position for 2022/23 prior to the significant inflationary increases.
- 1.2.25 The Council continues to make good progress in the delivery of previously approved savings; further details are provided in Section 2.2.

### **1.3 Revenue Budget Position 2025/26**

- 1.3.1 The December revenue financial monitoring position, which was reported to Cabinet on 9 February 2026, on the same agenda as this budget report, shows a forecast year-end overspend of £3.4m. The Directorate overspend of £9.2m is largely due to demand and market pressures in relation to Children's residential placements and placement types, and the complexity of care packages in Adult Social Care. Market prices are increasing at above inflation levels, placing further pressures on the Council's Budget. These pressures

were anticipated and a corporate provision of £5.4m was maintained within Central Services as part of the Budget and Council Tax Report 2025/26.

1.3.2 The forecast position will continue to be monitored closely but it is possible that even with mitigations the Council will need to call on Reserves to achieve a balanced outturn for 2025/26. In order to help mitigate the position, Directors are expected to take all steps to reduce the overall overspend, ensuring grant maximisation, restricting any non-essential expenditure and delaying recruitment where possible.

1.3.3 The Council's overspend position at this point is largely due to the following overall issues:

- Placement pressures within Children and Young People's Services (£5.7m) and Education Inclusion Services of £0.4m.
- The increasing cost and complexity of care packages within Adult Social Care and continuing increases in demand, £4.8m.
- Home to School Transport remains a pressure due to continued rising demand, £0.4m, reflecting the national picture.
- Waste service is forecasting delayed delivery of the £0.5m saving approved as part of the Budget and Council Tax Report 2025/26. As work progresses on the route optimisation plan that will increase the efficiency of waste rounds, the position with regards to the delivery of this saving will become clearer. However, the full year impact of the saving will not be realised in 2025/26.
- Impact of the Local Government Association (LGA) Pay Award.

**Mitigated by:**

- Use of the £5.4m Social Care Contingency approved within the Council's Budget and Council Tax Report 2025/26
- Treasury Management savings generated over and above the £3m built into the Budget and Council Tax Report 2025/26
- Underspends within Finance and Customer Services and Assistant Chief Executive.

1.3.4 This Budget has considered these pressures and addressed the financial implications of them moving forwards.

**1.4 Spending Review 2025, Fair Funding Review 2.0, Autumn Policy Statement and Final Local Government Finance Settlement 2026/27**

1.4.1 Government set out their clear intention to implement a Fair Funding Review for Local Government, something that has been mooted for a number of years, to address the growing disparity and inequality in how Government funding is distributed across the sector. On 11 June 2025 the Chancellor delivered the Spending Review setting out her proposals for delivering a Fair Funding Review for Local Government. This announcement set out the basis of the Fair Funding Review, the aims and a proposed new methodology for calculating a needs basis for Local Authorities and then providing funding based on that need.

1.4.2 The spending review set out plans to reform key public services, including improving productivity and reducing bureaucracy in the NHS, promoting earlier intervention in children's social care, and delivering transformative reforms to sentencing in order to ensure stronger, more effective punishment. These were the headlines for Local Authorities behind the updates provided within the spending review:

- **Increased Funding:**
  - Local authorities will receive an additional **£3.4 billion of grant funding** in 2028-29 compared to 2024-25.
  - This results in an average annual real terms increase in overall local authority core spending power of **3.1%** across the Spending Review period.
- **Financial Sustainability:**
  - The government aims to return local government to a sustainable financial position.
  - Funding will be consolidated to give local authorities greater flexibility to innovate.
  - The Government is committed to multi-year allocations and move to a more up-to-date assessment of each council's needs and resources through the upcoming 2026-27 Local Government Finance Settlement (LGFS).
- **Children's Social Care:**
  - **£555 million** from the Transformation Fund will be invested over the Spending Review period to help more children stay with their families and prevent children from going into care.
- **Adult Social Care:**
  - An increase of over **£4 billion** in funding available for adult social care in 2028-29 compared to 2025-26.
  - This includes an increase to the NHS's minimum contribution to adult social care via the Better Care Fund.
- **Homelessness Prevention:**
  - **£100 million** will be provided for early interventions to prevent homelessness.
  - **£950 million** of capital investment for a fourth round of the Local Authority Housing Fund to increase the supply of good quality temporary accommodation.
- **Waste**
  - Local authorities will continue to receive additional income through the Extended Producer Responsibility scheme for packaging.

1.4.3 The Fair Funding Review set out a proposed new methodology for the allocation of a large proportion of the funding the Council receives as part of the financial settlement. The proposed methodology significantly shifts the balance of funding back to a needs basis and the Council will therefore gain from that basis being an area of high demand and deprivation.

- The FFR 2.0 proposed a significant change in methodology for the distribution of Local Authority funding, known as the Settlement Funding Assessment (SFA).
- This change represents a positive impact for the Council in that the new methodology seeks to redistribute Local Authority funding on the basis of greatest demand, deprivation and ability (or not) to generate Council Tax. For example, areas that have the ability to 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. Conversely, areas that have low level Council Tax income (due to properties predominantly in lower bands) and greater demand for services due in part to deprivation, will receive a greater proportion of SFA grants.
- Given the revised methodology the Council estimated that it would see a significant increase in available funding across the spending review period 2026/27 to 2028/29.
- The Council welcomed this positive movement and the clarity that a three-year spending review period provides to Medium Term Financial Planning, increasing ability to plan ahead.
- The FFR clarified that in launching the new methodology, a series of existing grants provided to Councils as part of the Core Spending Power would be rolled into the Settlement Funding Assessment, the aim being to reduce the level of different grants the Council receives, enabling reduced monitoring constraints, whilst also providing greater flexibility in how the Council's funding can be utilised. A positive step for the sector, as this combines the sector's previous requests to have increased funding certainty along with a reduced volume of different grants.
- The announcements at this point were unclear on the future of the Recovery Grant, a concern as the Council received £8.7m from this fund.
- The new methodology is introduced on a weighted basis 33% change in year 1 2026/27, 66% 2027/28 and 100% implementation 2028/29. Whilst it is understandable that Councils seeing a reduced level of funding will need time to adjust, it is disappointing that the implementation is not proposed to be 100% from 2026/27 given Councils like Rotherham had to manage the impact of austerity in a big bang fashion. This means that Rotherham residents will have to wait 3 years until they see the full benefit of the improved funding methodology.
- The Council's new 'Needs Share' is 0.48%, this means that the Council should gain 0.48% of the total Government grants that sit within the Settlement Funding Assessment. For some grants this means the Council's allocation is lessened but overall, the Council will gain more funding from the new funding formula, as the quantum grant that the Council's 'Needs Share' is applied to is bigger.
- The Dedicated Schools Grant statutory override was extended from March 2026 to March 2028 to recognise that significant Government reform around SEND is required to tackle the national challenge in this area.

- It was expected the Fair Funding Review would generate an additional £18m of funding to the Council per year by the end of the spending review period.
  - £5m in 2026/27
  - £11m in 2027/28
  - £18m in 2028/29

1.4.4 The Autumn Policy Statement was published on 20 November 2025 and provided headline information for local government funding from 2026/27 through to 2028/29. The announcement provided further clarity on the impact of the Fair Funding Review but did not go as far as allowing Councils to calculate the full financial impact of the review. The Policy Statement provided further details on the specific grants that would either be rolled into the FFR 2.0 calculation and provided via uplifted Revenue Support Grant (RSG). It also provided clarity on a number of grants that are rolled in together to form new grant streams, in order to reduce the volume of grants and simplify the financial settlement. Grants previously announced after the Local Government Financial Settlement are to be announced as part of it moving forwards, to increase certainty, such as Public Health Grant.

1.4.5 There was concern at this point that the proposed changes to the Fair Funding Review methodology would detrimentally impact the Council. This was due to the inclusion of housing prices into the calculating of deprivation. The outcome of this was expected to see the Council get a lesser share of the overall allocation due to low house prices and with other areas particularly in central London getting a greater share due to high house prices. Whilst on the face of it this would negatively impact the Council, the Policy Statement did not give enough information to calculate the financial impact. As such the Council would need to continue working on the Budget with a strategy of being able to pivot into either an investment Budget or a savings Budget.

1.4.6 The Recovery Grant was confirmed as staying outside of the Fair Funding Review formula, a real positive for the Council as it currently receives £8.7m which could have been reduced by as much as £5m had this grant been rolled into FFR 2.0.

1.4.7 The Local Authority Better Care Fund will also stay outside the FFR 2.0 formula and not be rolled into the Settlement Funding Assessment for 2026/27. This is a positive initially as Rotherham gains more than 0.48% of this overall pot. However, the intent is to roll this grant in from 2027/28.

1.4.8 Further updates for aims and objectives of the Business Rates Retention System reset were set out as follows;

- Restore balance between funding and rewarding growth, with increased safety nets and phased implementation.
- All resources that Local Government currently have available which are associated with the Business Rates Retention Scheme will remain with Local Government post 1 April 2026. This includes the growth currently retained by authorities over current Baseline Funding Levels, and the grant compensation that has been awarded in respect of

Government relief schemes and for historic under-indexation of business rates multipliers.

- The reset will be implemented in 2026-27, with transitional baselines and compensation for under indexation.
- Baselines for reset will be a combination of NNDR income and S31 grant. However, rates currently retained in designated areas and for relevant renewable energy assessments will be excluded from the reset.
- Compensation for the under indexation of the multipliers and other fixed compensation, e.g. green plant & machinery and fixed small business rates relief will be rolled into RSG.
- Safety Net increased to 100% of authorities' Baseline Funding Level for 2026-27, gradually moving back to 92.5% over the multi-year settlement.
- Significant change to levy on growth. All authorities will pay a levy on growth, retained rates as compared to baseline funding level, at the same rate:
  - Initial growth of up to 110% - 10% levy rate
  - Further growth 110% to 200% - 30% levy rate
  - High growth 200%+ - 45% levy rate
- Intention for regular resets moving forward, reset periods to be agreed with the sector.
- All funded reliefs will be compensated by S31 grant and will flow through collection fund rather than general fund to streamline the accounting and support cashflow.

1.4.9 There were announcements on the grants to be combined together to reduce the volume of grants whilst creating a more simplified approach;

- The Children's Social Care Prevention Grant, Supporting Families Grant, Holiday Activities and Food Programme, Post 16 Pupil Premium Plus Programme and new funding announced for Social Care reform are to be combined to create the **£3.1bn Children, Families and Youth Grant**.
- The Household Support Fund and Discretionary Housing Payments are to be combined to create the new **£2.49bn Crisis and Resilience Fund**.
- The Homelessness Prevention Grant, Rough Sleeping Accommodation Grant, Rough Sleeping Prevention and Recovery Grant and the Domestic Abuse Grant have been combined to create the **£2.45bn Homelessness, Rough Sleeping and Domestic Abuse Grant**.
- The Drug and Alcohol Treatment and Recovery Improvement Grant, Local Stop Smoking Services Grant, Individual Placement and Support Grant and the Swap to Stop programme are to be combined into the **£13.45bn Public Health Grant**.

1.4.10 In addition, a further 17 grants have been rolled into the Fair Funding Review calculation, so from 2026/27 will no longer exist, the main grants to be rolled in are;

- Social Care Grant
- Market Sustainability and Improvement Fund

- Employer National Insurance Contributions
- Temporary Accommodation element of the former Homelessness Prevention Grant
- Local Authority Better Care Fund will be rolled in from 2027/28.

1.4.11 The Government published details of the Provisional Local Government Finance Settlement on 17 December 2025 and Final Settlement on 9 February 2026.

1.4.12 The key headlines from the Settlement are:

- The basic Council Tax referendum principle for 2026/27 is 3% i.e. a maximum increase of 2.99%.
- In addition, social care authorities will be able to increase their Council Tax by up to 2% (over the basic referendum threshold of 3% referred to above) by means of an Adult Social Care Precept for 2026/27.
- Overall, the Final Settlement impact was positive, with the outcome of the FFR 2.0 and the wider changes to the financial settlement leading to an increase in available funding of £7.6m more than had been anticipated in the November 2025 update to Cabinet.
- The Revenue Support Grant is where grants that have been rolled into the new Fair Funding Review distribution methodology will be redistributed to. As such the Provisional Settlement confirmed a large increase in the Revenue Support Grant, which will be £78.5m in 2026/27. It was £19.4m in 2025/26, however, as reported above, it now includes the Social Care Grant and Market Sustainability Grant amongst a number of other grants that have been rolled in. So, comparing year on year is not a genuine like for like.
- The Recovery Grant, worth £600m per year, continues over the multi-year period using the same profile as its 2025/26 distribution; £8.7m per year for the Council.
- There is now a Recovery Grant Uplift worth £440m nationally, which will see additional funding provided to 42 Local Authorities based on demand and deprivation levels. The Council gains a further £10m from this fund, split £3.8m in 2026/27, £4.9m in 2027/28 and £1.3m in 2028/29. The £1.3m in 2028/29 is expected to become permanent. This funding is a real positive and has allowed the Council to address the reported £9.3m Budget gap in 2028/29, through carrying these grant allocations forward through Reserves.
- A High Needs Stability Grant has been confirmed that will address 90% of the long term Dedicated Schools Grant (DSG) deficits that many Local Authorities have built up in their Unusable Reserves. This grant is welcome and will address the Council's deficit before the statutory override of DSG deficits is removed in March 2028, that would mean the Council would have to fund the deficits. While there is limited guidance

on this grant at present, the Council expects this could be as much as £17m for the Council. This would allow the Council to address the historic deficits and the estimated deficits through the current MTFS period.

- In recognition of the complexity of the business rates system, and the need for it to run uninterrupted to ensure a consistent revenue stream for local Councils, Government have moved all local authorities' Business Rates Funding Levels directly to the 2028-29 fair funding shares in 2026-27. As a result, the Council's Top up Grant in 2026/27 is £39.3m, £6.3m higher than anticipated.
- The full impact of the FFR 2.0 and wider changes to the Final Financial Settlement will see the Council's funding position increase by a total of £22.6m by the end of 2028/29. This will unfortunately build up gradually due to most of the FFR 2.0 implementation being weighted by 33.3% a year across 2026/27 to 2027/28. Therefore, the impact will be £13.2m in 2026/27, £20.2m in 2027/28 and £22.6m by 2028/29.
- The Public Health Grant allocation for 2026/27 has been confirmed as part of the Core Spending Power for the first time, giving increased certainty. It has been confirmed at £22.7m for 2026/27, along with allocation of £23m in 2026/27 and £23.3m in 2027/28.

1.4.13 The main elements of funding received from Government are in the form of the Settlement Funding Assessment. This is Government Grant in the form of Revenue Support Grant (RSG) and Business Rates Top-up grant. As part of the Assessment, councils also retain 49% of locally collected business rates. Details of this local funding are set out later in this report. Details of the Government Grant allocations are set out in Table 1 below.

**Table 1 – Settlement Funding Assessment – Government Grants**

<b>Government Grants</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Difference</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Revenue Support Grant*	19,347	78,513	305.8
Business Rates Top-Up Grant	31,801	39,288	23.5
<b>Provisional Settlement – Government Funding</b>	<b>51,148</b>	<b>117,801</b>	<b>130.3</b>

\*As described above there has been a significant increase in Revenue Support Grant due to the new Fair Funding Review 2.0. Revenue Support Grant now includes a host of other grants, such as Social Care Grant, that will no longer exist as a separate grant.

1.4.14 In addition, the Government has previously compensated councils for years in which they apply an indexation cap, (below the annual increase in the Retail Price Index), on Business Rates and the associated Top-up Grant. This additional grant was £0.3m for 2025/26 however as part of the Business Rates Review and Business Rates Reset this grant has been rolled into Revenue

Support Grant to try and simplify the historic position. It is expected that Government may utilise the same process moving forwards, as such this grant may reappear in future years, but this will not be clear until the Business Rates Reset has been fully completed.

1.4.15 The Government will continue to allow councils to utilise the existing capital receipts flexibilities that allow revenue transformational expenditure to be funded by Capital Receipts, up to 2029/30. The Council's proposed Capital Programme will therefore assume the continued use of these flexibilities where it is most financially advantageous to do so up to and including 2026/27.

#### 1.4.16 **Dedicated Schools Grant (DSG)**

1.4.17 The Council also receives funding to deliver education in Rotherham, the Dedicated Schools Grant (DSG). The 2026/27 provisional allocation for Rotherham (before any adjustments) is £391.1m. This is split into four funding blocks comprised of the schools, early years, high needs and the central schools services blocks. The allocation of funding through each funding block is determined by a national funding formula.

1.4.18 The 2026/27 **Schools Block** allocation is £271.9m. This funding is distributed to mainstream schools and academies in the borough based on pupil numbers recorded in the October 2025 census. The allocation is determined using the national funding formula, which applies separate primary and secondary units of funding, along with additional amounts for deprivation, education attainment, sparsity and premises related factors.

1.4.19 The schools block allocation represents an increase of £10.9m compared to 2025/26. However, it includes funding for national insurance contributions (NICs) and teachers pay costs that were previously funded through separate grants but have now been rolled into DSG funding. This ensures that these funding forms part of schools' core budgets going forward.

1.4.20 The 2026/27 **Early Years Block** funding is £49.7m and represents an increase of £7.3m compared to 2025/26. The funding increase is due to increase in the national funding rates and in participation numbers – following the expansion in the entitlements for two-year-olds and children under 2's. The funding allocation includes funding for free childcare entitlement for eligible children and working parents of 3 & 4 year olds (£18.8m); 2 year olds (£14.3m) and Under 2s (£14.0m) in schools, private, voluntary and independent early years settings.

1.4.21 The early years hourly funding rate per pupil has increased to £6.20 for 3 & 4 year olds, £8.50 for 2 year olds and £11.59 for under 2s. In addition, the Early Years block includes a Maintained Nursery School supplementary funding allocation of £1.3m, Early Years Pupil Premium of £0.9m, and Disability Access Fund (DAF) £0.3m to provide additional support to vulnerable pupils.

1.4.22 The **High Needs (HN) Block** allocation for 2026/27 is £67.0m and is used to fund additional education support for pupils with special educational needs and disabilities (SEND) and those that require specialist provision. This is an

increase of £3.9m compared to 2025/26 and reflects additional national funding to help local authorities manage rising SEND-related cost pressures.

- 1.4.23 High Needs Block funding is normally calculated using a national funding formula based on several factors. However, for 2026/27, the DfE has temporarily suspended the High Needs National Funding Formula (NFF). Instead, allocations have been based on each local authority's 2025/26 funding levels, with some adjustments. The Government intends to introduce wider SEND system reforms in early 2026, after which the methodology for allocating high needs funding will be reviewed to align with the new arrangements.
- 1.4.24 The High Needs funding allocation for 2026/27 needs to be considered in the context of rising demand for Education Health Care Plans (EHCPs) and for specialist provision, resulting in significant financial pressures on the High Needs Block. The Council has over the past four years (2022/23 to 2025/26) been implementing several measures as part of the DfE funded Safety Valve Programme to address the pressures in the high needs block and to ensure a sustainable SEND system. However, despite these measures the rising demand for EHCPs and cost pressures mean that financial deficits are projected for 2026/27 and for future years.
- 1.4.25 The **Central Services Schools Block** funding allocation for 2025/26 is £2.5m and comprises of funding for ongoing statutory responsibilities of the local authority in relation to schools. The funding allocation represents an increase of £0.7m compared to the current year mainly due to rolled in grants.
- 1.4.26 DSG Safety Valve Agreement**
- 1.4.27 In March 2022 the Council entered the DfE's Safety Valve Programme which provides support to local authorities which have large DSG deficits. The Safety Valve Agreement provides Rotherham Council with £20.5m cash contribution from the Department for Education over the duration of the agreement. The Safety Valve Agreement and programme comes to an end on 31 March 2026.
- 1.4.28 The DSG cumulative deficit is forecast at £3.7m by the end of 2025/26, which is adrift of the balanced position assumed in the Safety Valve Agreement. The Council has modelled a 5-year high needs plan, which sets out the financial trajectory over the medium term. The financial projections show a cumulative deficit of £7.0m in 2026/27 rising to £16.2m at the end of 2030/31. Whilst the Council is taking all appropriate actions to contain and manage costs, it is unlikely the cumulative deficit will be fully eradicated in the medium term – without structural SEND reforms and Government financial support.
- 1.4.29 In June 2025, the Government announced a 2-year extension (to 2027/28) to the DSG Statutory Override to support local authorities to manage SEND cost pressures and financial deficits. As set out in the Autumn Budget, once the statutory Override ends in 2027/28, SEND funding will be managed within the overall DfE funding envelope. However, in the period to 2027/28, the Government will bring forward arrangements (as part of broader SEND reforms plans) to assist local authorities in managing accrued SEND deficits. The Government expects local authorities to continue to work to keep deficits as

low as possible as any future Government support will not be unlimited. The Government has confirmed that it will bring forward a full Schools White Paper early in 2026, which will set out substantial plans for reform of SEND to deliver a sustainable system and supports children and families effectively.

- 1.4.30 Government have announced as part of the Final Financial Settlement a High Needs Stability Grant that will provide grant to offset 90% of the historic deficits. The Council estimates that this could be as much as £17m and it will be possible to use this funding to address the historic deficit and support the projected annual deficits across the MTFS period.

#### **1.4.31 Schools Pupil Premium**

- 1.4.32 The Schools Pupil Premium is additional funding provided to schools to improve educational outcomes for disadvantaged pupils. Funding rates for the Pupil Premium in the financial year 2026/27 will increase to:

- Disadvantaged children: primary: £1,550 & secondary: £1,100 – paid for all pupils who currently claim free school meals or have claimed in the last six years,
- Pupil Premium Plus: £2,690 - paid for every pupil who is in care of the authority or has left Local Authority care through adoption, a special guardianship order or child arrangement order;
  - service children: £360 - for every pupil with a parent serving in the Forces or who is retired on a Ministry of Defence pension.

#### **1.4.33 Other Schools Grants**

The following funding are yet to be confirmed for 2026/27:

- Universal Infant Free School Meals Grant supports schools in delivering the legal requirement to offer free school meals to all infant pupils. For the current 2025/26 academic year, each meal taken by an eligible pupil (applies to infants in reception, Year 1 and Year 2) attracts £2.61. The funding allocation assumes that pupils will take 190 school meals over an academic year, equating to £495.90 per eligible pupil.
- The free school meals expansion from September 2026 means many more pupils (from households on universal credit) will be eligible for free meals starting in the 2026/27 school year. It is currently uncertain how the UIFSM rate will be uplifted for 2026/27 or how the increase would be addressed.
- Year 7 Numeracy and Literacy Catch up premium is an allocation for each pupil underachieving as recorded on census.
- PE and Sport Premium for Primary schools is used for the engagement of all pupils in regular physical activity.

## **2. Budget 2026/27 and Medium Term Financial Strategy to 2028/29**

### **2.1 Budget Approach**

2.1.1 The Council's focus is on delivering the priorities set out within the Council Plan 2025 to 2030: Forging ahead. The Council is also focusing on its leadership role across the Borough, particularly where it can have greater influence. Partnership working is recognised across all services as being essential to the future of the borough; combining knowledge, ideas, expertise and resources to deliver tangible improvements, deliver efficiencies and economies of scale, and helping to strengthen communities. The Council Plan was approved at Council on the 21 May 2025, setting out the Council's strategic themes:

- Places are thriving, safe, and clean,
- An economy that works for everyone,
- Children and young people achieve their potential,
- Residents live well,
- One Council that listens and learns.

2.1.2 All directorates will continue to work together to achieve the commitments set out within each of the themes.

2.1.3 The Council's MTFS update report to Cabinet in November 2025 provided a three-year outlook of the Council's anticipated resources and budget requirement. The report set out a series of technical MTFS adjustments and refinements to bring it up to date and reflect the impact inflation, market pressures and demand were having on the budget position up to 2028/29. The update also gave an indication of the expected impact of Government's Fair Funding Review 2.0.

2.1.4 The result of this MTFS review, alongside the Financial Monitoring 2025/26 report to Cabinet in November, envisaged a financial overspend that would require the use of the Council's Reserves to achieve a balanced financial outturn position for 2025/26. The forecast overspend at the time of the MTFS review was £0.9m for 2025/26. However, Directorates were asked to make every effort to reduce spending where possible to mitigate the financial impact on Reserves. The MTFS included in this report is further updated following the release of the Final Financial Settlement for 2026/27 and funding assumptions for 2026/27 to 2028/29 as Government have provided a multi-year settlement.

2.1.5 The Council's Reserves position is set out in detail in Section 2.8. The Council's Budget for 2025/26 assumed the use of £0.4m from Treasury Management Reserve to support the Council's Budget. This Reserve was built up in previous years to £12.4m from savings generated through the Council's Treasury Management Strategy and has been gradually played back into the Budget. The Treasury Management Strategy is forecast to make significant savings during 2025/26 that support the impact of the Local Government Pay Award and wider inflationary pressures across the Council. The savings have been generated on top of the Budgeted saving of £3m from Treasury Management in 2025/26. The savings are generated through the Council's Treasury Management Strategy of minimising cash balances and borrowing

short term to minimise interest rates costs. It should be stressed this is not cash that is free to spend, it is simply cash in the Council's bank as a result of the timing between funding/income arriving into the Council's account and being physically spent.

- 2.1.6 Whilst the Council is carrying out work to reduce the outturn position and tackle the cost pressures faced, it is possible, that the Council will have an overspend at outturn that will require funding from Reserves. This will come from the Treasury Management Savings Reserve or the Budget and Financial Strategy Reserve. Should the Council not be able to reduce the overspend further by the end of the financial year, the overspend will be funded by one of these two Reserves.
- 2.1.7 Following the technical updates to the Council's MTFS position made to support the MTFS Update for November Cabinet, the Council reported the following budget position per year. In 2026/27 a budget surplus of £0.7m, £0.6m in 2027/28 and a budget gap of £7.3m in 2028/29. This position was following identified pressures such as uplifting inflation assumptions for Adult Social Care Providers to 4%, given recent trend, factoring in the impact of the Local Government Pay Award, large business rate write offs out of the Council's control such as Speciality Steel and inflation remaining above 2% driving up the costs of goods and services the Council has to access and what suppliers charge.
- 2.1.8 Additionally, the Council considered in the MTFS update the need to uplift the Children's Social Care placement budgets. The Directorate set out to deliver a saving of £10m through a mix of demand, market management and a review of Social Care Pathways as part of the 2019/20 Budget. This has been a challenging saving to deliver, though the Council has made the necessary reduction in Looked After Children (LAC) numbers. However, market prices have inflated so significantly across this period that the Directorate's budgets have been consistently overspent despite the positive reduction in LAC placements and the reviews of the placement mix. An external review of inflation in national CYPS placement markets across 2019/20 to 2024/25 showed a 52% increase in costs, the Council comparator was 29%. As such the Council's assessment in the November MTFS update was that some level of increase in CYPS budgets would be required. The current overspend has been managed through a Budget Contingency for Social Care, held centrally.
- 2.1.9 However, there were a number of opportunities built into the November MTFS update that mitigated these pressures, allowing the Council to present at that point surplus Budgets for the next two financial years. The Fair Funding Review 2.0, which the Council anticipated would generate a £18m uplift in funding by the end of the MTFS period of 2026/27 to 2028/29 and the outcome of the South Yorkshire Pensions Revaluation process which was estimated to save £6m per year from 2026/27 were the most significant opportunities. Increased grant from the Extended Producer Responsibility (EPR) scheme and the impact of September CPI being 3.8%, so above the 2% assumed in the MTFS, increased the funding assumed from Government, as September CPI drives annual increases in many Government grants.

- 2.1.10 Further, Government's Autumn Statement and Autumn Policy update indicated that the Council would receive a positive outcome from the Fair Funding Review 2.0 in the Provisional Financial Settlement. However, at this time there was growing concern that the pressure building up from Local Authorities who were set to see reduced funding as part of the Fair Funding Review would see the Council's projected impact reduced, due to the proposed inclusion of housing price indices into the Fair Funding Review assessment of need formula. Its inclusion would of course pull more funding towards more affluent areas, where housing prices are higher. Due to this level of concern the Council could not be firm about its funding position until greater clarity was provided within the Provisional Financial Settlement. As such the Council has had to plan its Budget and MTFS updates on the basis that it could pivot either way, either into an investment Budget or savings Budget.
- 2.1.11 The Council's MTFS has been further refined since the November update to Cabinet to factor in refined inflation, demand and funding assumptions following the Provisional Settlement. The Real Living Wage (RLW), announced in November 2025, increased by 6.75%, a large increase given inflation was 3.8%. As the Council is an accredited RLW employer, along with addressing the removal of SCP2 for 2026/27, the Council would need to invest £1.5m into its staffing structure in order to ensure all employees are paid at least the RLW. The review of CYPS placement inflation was completed leading to the proposed Budget increasing by a further £833k to £2.8m for 2026/27. Adults Social Care demand and inflation review was completed with the requirement to increase the MTFS provision by £3.6m to a total uplift of £8.6m, largely due to increased complexity of care and the impact of the RLW uplift on the supply market. A Social Care Contingency will no longer be required in the Budget as the uplifts have been provided direct to services.
- 2.1.12 There have been further refinements to factor in increased savings from the pensions revaluation process, the Council's contribution rate will be reduced by 5.2%, rather than the assumed 5% following the final reports from the actuary. This generates an additional £622k of saving from this process, taking the overall saving per year to £6.6m. The Council also recognised in the MTFS that given the success of the Bulky Waste discount approved in the Budget and Council Tax Report 2025/26, additional budget of £178k needs to be provided to the service to cover additional costs from increased demand for the service. There were other minor adjustments to the MTFS ahead of announcement of the Final Financial Settlement 2026/27.
- 2.1.13 The Provisional Settlement for 2026/27, as detailed in Section 1.4, confirmed many of the Council's resource assumptions around new grants and the impacts of the Fair Funding Review 2.0. However, as part of the Fair Funding Review 2.0 Government are also carrying out a Business Rates Baseline review and reset, this has not been reviewed since they were originally set in April 2013. Given the Fair Funding Review and the changes to Business Rates, there is a large volume of change in the process at one time and there are many Councils that will be seeing reduced resources moving forwards. Government have tried to mitigate the impact by paying Business Rates Top Up Grant at 2028/29 levels from 2026/27. As such the Council is getting significant additional funding from the Top Up Grant much earlier than

anticipated. The impact of the Provisional Settlement 2026/27 on the MTFS is an improvement of £3.6m for 2026/27. The positives of the Provisional Financial Settlement have also allowed the Council to gain greater confidence over the funding position moving forwards, with a 3 year financial settlement provided and a series of grants rolled in together to simplify the funding for Local Authorities.

2.1.14 However, the benefits from the Provisional Settlement were not sufficient to cover all the cost increases and pressures across the full MTFS period, prior to the Budget proposals set out within this report. Following the MTFS updates post the November 2025 Cabinet report and Provisional Settlement, there was a Budget Gap of £914k for 2026/26, £1.1m in 2027/28 and £10.4m in 2028/29. This position was presented to OSMB as a point in time in the Budget setting process. The MTFS is always under review and technical adjustments are made as required. These budget gaps for 2026/27 and 2027/28 would need to be addressed as part of the Budget proposals for 2026/27, however, the 2028/29 Budget gap, whilst concerning, is something that the Council could take more time to address. It is estimated that this position will improve as further clarity on the impact of the Business Rates Review emerges, as this process continues to run into 2026/27 when the rates will be reviewed again.

2.1.15 A series of new Budget savings have been proposed totalling £3.2m in 2026/27 to address the Budget gap. In addition, a series of Revenue Investments totalling £2.8m and Capital Budget investments with associated revenue charges, are proposed as part of this Budget report. A number of Fees and Charges exemptions are requested outside of the normal Fees and Charges 2% uplift and the Fees and Charges are proposed to be increased by 3.8% in line with September CPI.

2.1.16 The Final Financial Settlement improved the Council's position further still, with the announcement of £10m additional grant through the new Recovery Grant Uplift. This additional £10m has allowed the Council to address the Budget gap in the 2028/29 financial year, which had been reported to 9 February Cabinet as £9.3m, with the remaining funding being used to support an enhanced Roads programme in 2026/27. Factoring in the impact of inflation, demand and cost pressures, MTFS assumptions and the impact of the Final Financial Settlement, and the Council's Budget proposals the Council's Funding Gap for the MTFS period is;

**Table 2 Medium Term Financial Strategy 2026/27 to 2028/29.**

<b>Medium Term Financial Strategy Position</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	£000	£000	£000
<b>Budget Gap / Surplus(-)</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>

\*It is important to note that 2028/29 has been balanced through the Recovery Grant Uplift, as such the Council estimates that the 2029/30 financial year will be at least an £8m Budget gap when the MTFS is moved that far on. As the pressures creating the 2028/29 £9.3m gap will still remain, the Recovery Grant Uplift grant that has been used to address them will only be £1.3m per year moving forwards.

- 2.1.17 The Budget and Council Tax Report 2025/26 agreed at Council in March 2025 noted that £7.9m of approved budget savings and cost reductions were still to be delivered. Of these, £576k remains to be delivered across 2026/27 if not fully delivered in the remainder of 2025/26. These approved budget savings are an essential part of the Council's approved MTFs position. The Council's delivery of these savings represents a clear sign of the robust process of assessment and monitoring the Council uses to ensure delivery is achieved. Further detail is provided later in this report.
- 2.1.18 The ongoing financial challenges faced by the Council are similar to those of other local authorities. The financial pressures faced by local authorities are largely as a result of previous reductions to Government funding, funding not keeping up with inflationary pressures, increased demand for social care, market cost pressures and more recently the significant impact of inflation and energy prices. The funding uplift provided through the Fair Funding Review for 2026/27 was therefore welcome though it does not fully move the Council to a position where it can start reinvesting in services without the need for savings.
- 2.1.19 These financial challenges mean that the Council must be responsible in its budget setting approach, prioritising investment and savings proposals that best contribute to the Council's priorities as identified within the Council Plan, to ensure that they best meet the needs of Rotherham's residents and ensure that best value is demonstrated across the breadth of Council services. In addition, the Council must consider levels of uncertainty and where possible make provision for risks.
- 2.1.20 It is also important to underline the spending level of the Council despite the previous funding cuts. With a current proposed revenue budget of £394.259m in 2026/27 together with proposed capital expenditure of £168.4m for 2026/27, the Council will remain a key lever for growth and investment in Rotherham and through the wider South Yorkshire Mayoral Combined Authority (SYMCA). The challenge is to ensure the sustainability of the Council to deliver against the Council's stated priorities. This means making carefully considered investment and savings decisions through to 2029. The Capital Programme which has been updated within this report includes a total of £768.4m of planned capital investment across the current year and up to 2029/30.
- 2.1.21 Looking ahead the Council will need to closely consider the level of prudential borrowing it incurs post the 2026/27 Budget to ensure that the Council's overall debt position is manageable. This is essential to ensure it can be sustainably financed within the Council's Treasury Management Budgets (revenue) and to help guard against interest rate risk.
- 2.1.22 This budget strategy is set against inflation, increasing complexity of care, demand pressures and cost challenges facing Rotherham. Residents are living longer, but with more long term conditions which is stretching already squeezed health and social care budgets. Rotherham's schools are performing well but there is a strain on school budgets. Much work has been done and continues to develop a sustainable approach for the Dedicated Schools Grant budget which will need to continue if the Council is to make the most of the

outcomes from the Safety Valve arrangement and prevent any impact of the pressures from Dedicated Schools Grant deficits impacting the General Fund.

2.1.23 The key aspects of directorate budgets and service delivery are considered as part of the Council’s budget and financial strategy, summarised in Appendix 8.

## 2.2 Previous Budget Savings

2.2.1 The Council’s Budget and Council Tax report 2025/26 included the delivery of £7.925m savings, made up of £5.333m existing savings still to be delivered and £2.592m of new savings, approved in the Budget report. This position was further improved following the end of the 2024/25 financial year, which comes after the 2025/26 Budget is approved at March Council. As at the financial year end 2024/25 following the delivery of a further £431k of the existing savings, the Council had £7.494m of savings still to be delivered as shown below. Financial Monitoring reports to Cabinet during 2025/26 have monitored progress against these savings, at present, £6.918m of delivery has been secured.

2.2.2 During 2025/26 the Council reviewed the CYPS placements savings that were originally approved as part of 2019/20 Budget setting. This review focussed on looking back across this period to assess if the Council has made the savings that it originally set out to achieve and if those savings have impacted positively on the Council’s placements costs. The result of the review shows that the Council has reduced Looked After Children (LAC) placements across this period by in excess of 120 placements. The challenge across this period is that market costs in this sector, in particular on residential placements, have risen dramatically and continue to do so. As a comparison, had the Council still had that same level of placements that it held in 2019/20, at today’s prices, the Council would be spending around £10m more per year. As such the Council is able to record these savings as delivered as the key actions have been achieved. The remaining pressures within CYPS relate more towards the impact of rising market prices, lack of real growth in the Council’s fostering placements and the need to complete the in-house residential programme.

**Table 3 – Progress against £7.494m previously approved savings**

<b>Directorate</b>	<b>2025/26 Saving to be delivered</b>	<b>Secured as at 31<sup>st</sup> December 2025</b>	<b>Still to be delivered</b>
Adult Care, Housing and Public Health (ACH&PH)	600	400	200
Children’s and Young Peoples Services (CYPS)	6,163	6,163	0
Regeneration and Environment (R&E)	731	355	376
<b>Total</b>	<b>7,494</b>	<b>6,918</b>	<b>576</b>

2.2.3 It is anticipated that the remaining saving in Adult Care, Housing & Public Health that relates to fee uplifts following a number of years where prices were held will be delivered. The key actions have been implemented and a Cabinet report has been approved on the revised non-residential charging policy that should help sustain the saving. The savings in R&E still to be delivered relate in the main to the implementation of the route optimisation programme in waste management, £200k. This work has progressed and the actions have been fully delivered, however, the full year impact of the efficiencies will not be realised until 2026/27. There are also savings of £176k linked to income generation at the Country Parks and Waleswood, these are expected to be achieved in 2026/27 once the full year impact of key capital investments at these sites takes effect.

2.2.4 As part of the Budget and Council Tax Report 2026/27, to support the wider financial challenges facing the Council a series of new savings and efficiencies have been put forward for approval. They are savings that the Council feels it can and should make and so their delivery will help provide a more robust financial position for the Council moving forwards, these savings are detailed later in this report.

## **2.3 Fees and Charges**

2.3.1 The Council has a policy to increase fees and charges to ensure that services which the Council provides are kept broadly in line with increases in the cost of providing those services. The Medium Term Financial Strategy agreed at Council in March 2025 included an assumed increase in fees and charges of 2%, for 2026/27. The updated Medium Term Financial Strategy agreed at Cabinet in November 2025 maintained that position although flagged that inflation at September 2025 was at 3.8%. Since the November 2025 MTFS update further pressures have been identified. As such it is proposed that all income budgets for fees and charges which are determined by the Council will be uplifted by 3.8% in line with Septembers CPI, except where an exception has been proposed.

2.3.2 The majority of these exceptions relate to the following issues:

- A need to freeze charges to maintain or attract new customers.
- Statutory rules that set the charge rates, preventing any increase being made.
- Other proposals to freeze charges linked to specific scenarios such as Markets, given the transition that will take place whilst the project that will re-locate Markets while investment into the regeneration of the market takes place.

2.3.3 The following exemptions are proposed:

- Civic Theatre – The Civic Theatre is seeking an exemption from the annual fees and charges inflation increase, in order to enable it to work towards a self-financing model. Prices will rise but the Council will not increase the income budgets in this area, allowing the service to meet

its income budgets. This relates to charges for booking the venue to put on performances rather than the price of event tickets to the public.

- Museums photocopying and postage, to freeze the charges to keep them reasonable, postage set by Royal Mail.
- Museum visits from school bookings to be increased to ensure full cost recovery.
- Music Service - The service is seeking an exemption from the annual fees and charges inflation increase, in order to enable it to work towards a self-financing model. Prices will rise but the Council will not increase the income budgets in this area, allowing the service to meet its current income budgets.
- Centenary Market Price Freeze to continue during redevelopment.
- Furnished Homes price freeze, no increase is required to gain full cost recovery.
- Parking Services - Price freeze to encourage visitors to the town centre at Drummond Street, Wellgate North, Wellgate Multi Storey, Douglas Street, Unity Place, Westgate, Clifton Hall, and Scala, ahead of the major developments planned in future years.
- Parking Services – First hour free to encourage visitors to the town centre at Drummond Street, Wellgate North, Wellgate Multi Storey, Douglas Street, Unity Place, Westgate, Clifton Hall and Scala (Monday to Friday inclusive)
- The parking charges for Forge Island were updated by an officer decision prior to this Budget Report; the decision was taken on 24 December 2025.
- Adult Services care packages customer contributions from those eligible to pay are proposed to be increased to match increased costs.
- Garden Waste service is set prior to February 2026 to enable the service to commence in line with the Garden Waste service delivery. The increase in the base rate will exceed the corporate approach to ensure full cost recovery following significant increases in disposal costs. However, there will be a concession in 2026/27 for those customers impacted by the disruption in service during 2025/26 to freeze the charge at the current price and offer an additional £10 per bin discount.
- School Catering - Food prices and staff costs have risen significantly over the last 3 years and as such the fees charged for the service do not recover the costs of providing the service. This position has improved following above inflation increases in the last two years; fees will be increased up to 10% during 2026/27.
- Cleaning Service – Staff costs have risen sharply in recent years along with material costs as such the service is currently being subsidised by the Council. Therefore, a fees and charges increase of up to 15% to cover operational costs will be applied.
- School Crossing Patrol – on a similar basis this service will be increased by up to 7.5%.
- Education Psychology Service fees will be increased by 8.2% to ensure full cost recovery.
- Crowden Outdoor Learning Facilities, a greater increase in fees is required to cover cost of service provision (7.5% increase required)

- Legal Services require a 4% increase to ensure charges are kept in line with the cost of providing these services.
- HR & payroll system charge to Doncaster MBC, is a service contract charge and is linked to RPI-X February, as such the Council does not control the inflation level.
- Schools Insurance Scheme will end due to low customer numbers. The income budget associated will be removed.
- A number of minor exemptions small in value.

2.3.4 The following exemptions relate to services where statutory rules apply and the impact of these exemptions is factored into the budget.

- Licensing through the 2003 Licensing Act.
- Regulation and Enforcement (Water samples, Fixed Penalty Notices and Pollution Control Permits).
- Planning application fees.
- Blue Badge Scheme.
- Electoral Services – access to electoral register records.
- Registration Services – registrar fees for births, deaths and marriages.
- Highways Inspections - permits.
- Parking Services – charges for untaxed/abandoned vehicles.

2.3.5 All of the above exceptions have been taken into account within the proposed budget. Any alternative decisions will, therefore, have a financial impact on the Council's Budget. The financial impact of the proposals to freeze some fees and charges is £512k.

## **2.4 Fee uplifts for Independent Adult Care Sector Provision & Children's Social Care Placements**

2.4.1 Investment into Adult Social Care is a key part of this budget in order to meet the challenges of escalating cost pressures within this service, relating to inflation and rising demand and complexity for adult care. The Council will therefore provide around £8m investment in the delivery of Adult Social Care services. The Council has an ambition that all workers are paid the Real Living Wage where directly employed or through a commissioned service.

2.4.2 The total uplift proposed for each sector is based on a weighted average cost based on salary costs and CPI. A cost of care exercise was undertaken across the range of providers, and this has informed the rates of pay that are being proposed.

2.4.3 The Council consults with providers each year to assess the fees it pays for adult care services. The following paragraphs provide a summary of the issues facing different segments of the care market as well as the proposed fee uplifts.

#### **2.4.4 Residential and Nursing Care Homes**

2.4.5 There are a total of 33 independent sector care homes contracted to support older people in Rotherham, 14 of which provide nursing care.

2.4.6 The independent sector care home market in Rotherham supplies 1,695 beds. In Rotherham, there is a long-term trend moving away from traditional care home provision that mirrors the national picture. People are being supported at home for as long as possible and are entering 24-hour care for the last 2 to 3 years of their life when the complexity of needs has increased, and they are unable to manage their long-term conditions in their own home.

2.4.7 The pressures that the older people's care home market faces are well documented and are highlighted below:

- The lack of nurses and enhanced terms and conditions of employment (pay, pensions, workplace support) offered by the NHS are a challenge for the independent sector market, who are not able to compete to attract qualified nurses to work in care homes.
- Increasing use and high cost of agency nurses is having a negative impact on patient flow from the hospital and the ability to continue to provide and maintain a quality service.
- The National Living Wage will increase by 4.1% to £12.71 in April 2026. The Real Living Wage for 2026/27 increased by 6.75% to £13.45 (announced November 2025).
- The care market is restricted in its ability to compete financially with the retail and hospitality sector as they are currently offering joining bonuses and increased wage rates.
- A high degree of staff turnover has resulted in a significant increase in recruitment and retention costs.
- Increasing care requirements of residents with complex needs results in an intense demand on staff resource.
- The financial landscape for care homes has changed dramatically due to inflationary pressures, particularly in areas such as staffing, utilities, food, medical supplies and insurance which have significantly increased operational costs.
- The highest cost pressure year on year is the care home workforce with circa 70% of costs contributing towards staffing pay and benefits.

2.4.8 Over the five-year period 2019 to 2024 the capacity in nursing with dementia support and nursing care beds reduced by around 40%. Providers converted nursing with dementia support beds to residential care resulting in a lack of provision of vacant beds in nursing and nursing with dementia support. This can result in causing delays in hospital discharges, reduces choice and can lead to placing people out of the borough at a higher cost and further away from friends and family, and support networks.

2.4.9 The following table details the proposed fees for 2026/27. The total increase in fees of 4.5% aims to address the current costs of delivery and provide funding for inflation. This approach aims to ensure a sustainable price for the different types of residential care that the Council purchases.

<b>2026/27 Proposed Fees</b>	<b>Residential</b>	<b>Residential with dementia</b>	<b>Nursing Care*</b>	<b>Nursing with dementia*</b>
Rotherham	£720	£750	£788	£875

\*Excluding Funded Nursing Care element

#### **2.4.10 Home Care**

2.4.11 The purpose of a home care and support service is to enable people to remain living at home for as long as possible. The availability of quality home care services is key to supporting people's independence at home in the communities they know.

2.4.12 Around 1,500 people access the Home Care and Support Service, an increase of about 7% from the previous year and approximately 79% of people accessing the service are over the age of 65. Around 19,900 hours of service are delivered per week which makes a major contribution to supporting people to remain in their own homes.

2.4.13 There are a number of pressures faced by the sector including:

- Changes arising from the Employment Rights Act
- The National Living Wage will increase by 4.1% to £12.71 in April 2026. The Real Living Wage for 2026/27 increased by 6.75% to £13.45.

2.4.14 The Home Care and Support Service is provided through a Flexible Purchasing System (FPS). Currently there are 21 providers responding to requests for service.

2.4.15 The current average hourly rate is £25.67. It is proposed that the rates are increased by an average rate of 4.5%.

#### **2.4.16 Learning Disability and under 65 Specialist Services**

2.4.17 The Council provides financial support to approximately 851 learning disabled people of all ages, with an ageing demographic and increased complexity for young people transitioning into adult services. There are 138 physically disabled people (aged 18-64), 331 people with mental ill health (aged 18-64) and 13 (aged 18-64) people whose primary support need is sensory impairment, currently receiving Council support.

2.4.18 The pressures that the Learning Disabilities and Under 65's Specialist Services face are in line with those faced in Older People's Services, and are highlighted below:

- The lack of nurses and enhanced terms and conditions of employment (pay, pensions, workplace support) offered by the NHS are a challenge for the independent sector market who are not able to compete to attract qualified nurses to work in care homes.
- High cost of agency staff for both Carer and Nursing roles.
- The National Living Wage will increase by 4.1% to £12.71 in April 2026. The Real Living Wage for 2026/27 increased by 6.75% to £13.45.
- Challenges in relation to attracting and retaining staff when pay rates in retail and hospitality are higher for less demanding roles.
- The high degree of staff turnover within the sector results in a significant number of recruitment processes and the costs associated with this.

2.4.19 The costs of services reflect bespoke provision to meet individual needs and have arisen incrementally creating a range of accommodation costs and hourly rates. However, due to pressures such as the increase in the National and Real Living Wage, it is proposed to uplift fees to ensure the continued sustainability of services. The fee uplift for each service is shown below.

<b>Learning Disabilities</b>	<b>Percentage uplift</b>
Supported Living	4.5%
Residential Care	4.5%
Day Care	4.5%
<b>Other 18-64</b>	
Care Homes	4.5%
Supported Living	4.5%

## 2.4.20 Direct Payments

2.4.21 Recognising that a significant proportion of people in receipt of Direct Payments exercise choice to directly purchase other services from a range of providers at varying levels of costs, it is proposed to apply a 4.5% increase to the personal budgets. This will continue to support the wider home care and day care market, ensuring that choice is available outside of the Council commissioned services.

2.4.22 Discussions with care providers have highlighted that the ability to pay staff a competitive rate continues to be a key issue, especially in view of the significant wage inflation within retail, hospitality, and the NHS. The purpose of the funding is to support the continued workforce challenges across the Adult Social Care market, by encouraging people to remain in or join the sector with competitive rates of pay.

## 2.4.23 Children in Care placements inflationary uplift

2.4.24 A 4% inflation uplift has been assumed in the budget to cover the anticipated inflationary pressures relating to the range of children in care placements. The following summarises the approach that would be taken to determine the inflation uplift costs for the main children social care placements for 2026/27.

#### 2.4.25 **In-house foster and kinship carers**

2.4.26 The Government sets a National Minimum Allowance (NMA) for weekly child maintenance fostering rates based on age bands, which are increased annually in line with inflation and earnings forecasts as well as what is considered affordable for local authorities. The Government (in the published Provisional Local Government Finance Settlement) has confirmed the uplift in the NMA by 3.35% for foster carers in England for 2026/27. In addition, the Government has committed to a minimum annual uplift of 2.5% for 2027/28 and 2028/29, with the final figures confirmed at the settlement each year.

2.4.27 The NMA rate is used to calculate payments for in-house foster carer, family & friends (Reg 24 & S38/6) allowance, Special Guardianship Orders (SGO), and Child Arrangement Orders (CAO). Cabinet agreed in October 2022 for increases in foster carers skills payments to be aligned to the annual inflationary uplift in the NMA rate.

#### 2.4.28 **External residential & foster care provision**

2.4.29 The Council has 193 children in care (at December 2025) placed with external residential and independent fostering agencies at a total forecast cost of £24.3m. Since April 2020, Rotherham has called off and used the rates from the White Rose Frameworks for Independent Fostering (IFA) and residential care providers that are in the framework contract. The White Rose Consortium have their own process for reviewing and agreeing price increases for providers. A 4% uplift has been assumed for residential home providers in and outside the framework, pending confirmation of the actual rate increase by the White Rose consortium.

#### 2.4.30 **Care leavers allowances and support**

2.4.31 The Council provides financial support (via the Local Offer) and allowances to care leavers aimed at helping young people transition to independence, to set up their first home, and with education related costs. Given financial support and allowances are meant to support care leavers with living costs, Cabinet recently agreed that these allowances should be uplifted annually in line with the Council's inflation assumption.

### 2.5 **Council Tax Proposals for 2026/27**

2.5.1 The Government have confirmed that the basic referendum principle for 2026/27 is 3% i.e. a maximum 2.99% increase in the basic rate of Council Tax. Social Care authorities will also be able to increase their Council Tax by a Social Care precept of up to 2% for 2026/27 (over the basic referendum threshold of 3%). Therefore, the total that the Council could increase Council Tax by is 4.99%, without requiring a referendum.

2.5.2 The Council is proposing to increase its own Council Tax (i.e. excluding Parish, Fire and Police precepts) by 3.95%, comprising a 1.95% increase in the basic rate of Council Tax and a 2% Adult Social Care Precept.

- 2.5.3 The proposed 1.95% increase on the basic rate of Council Tax will raise an additional £2.8m in 2026/27. In addition, a 2% increase in the Adult Social Care Precept will raise a further £2.9m in 2026/27 to contribute to funding increased costs of adult social care.
- 2.5.4 A 3.95% increase on the tax levied in 2026/27 would mean a Band D Council Tax (for the Rotherham Council element only) of £1,944.52. Details of the proposed increases on all Council Tax bandings are set out in Table 4 below. Over 50% of properties in the Borough are Band A.

**Table 4 – Council Tax Bands and Amounts (Rotherham Council element only)**

<b>Council Tax Band</b>	<b>2025/26 £</b>	<b>2026/27 £</b>
A	1,247.09	1,296.34
B	1,454.93	1,512.41
C	1,662.79	1,728.47
D	1,870.63	1,944.52
E	2,286.32	2,376.64
F	2,702.02	2,808.75
G	3,117.72	3,240.86
H	3,741.26	3,889.04

- 2.5.5 The budget for 2026/27 also takes account of a planned use of £4.2m of surplus from the Council’s Collection Fund for Council Tax. This is a direct result of the Council continuing to achieve a high performance in collecting Council Tax and minimising cumulative arrears. However, it is considered that the continuing impact of high inflation on the cost of living for residents and wider economic pressures on the Borough into 2026/27 may result in a negative effect on the in-year Council Tax collection rate. Consequently the 96% in-year collection rate budgeted for in 2025/26 has been maintained for the 2026/27 taxbase rather than the 97% rate used in previous years’ taxbase calculations, prior to Covid 19.
- 2.5.6 The proposed increase will help to support the delivery of valuable frontline services, particularly services for vulnerable children and adults at a time when demand for these services continues to increase. This includes some additional investments in services which are set out in Paragraph 2.7.
- 2.5.7 As required by legislation (the Local Government Finance Act 1992) the Budget Report to Council on 5<sup>th</sup> March 2026 will include a Statutory Resolution of Council Tax setting out details of the proposed Council Tax calculations for 2026/27 for the Council, Parishes and including the precepts from the South Yorkshire Police and Crime Commissioner and South Yorkshire Fire and Rescue Authority as advised to the Council.
- 2.5.8 The annual determination of the Council Tax Base, which is a technical based calculation, is delegated by Council to the Executive Director Corporate Services (Section 151 Officer). The Council’s Tax Base for 2026/27 has been

determined as 74,255.73 Band D equivalent properties, after adjusting for the anticipated rate of collection, the impact of the Council's Local Council Tax Support Scheme and discretionary discounts and exemptions for empty properties and second homes.

2.5.9 Based on the growth in the number of properties in the Tax Base and the proposed increase in Council Tax by 3.95%, this will generate a total Council Tax of £144.4m available to support the Council to fund services in 2026/27. Details of the Council Tax Base for 2026/27 are set out in Appendix 1.

#### **2.5.10 Council Tax Support Scheme 2026/27**

2.5.11 The Council Tax Support Scheme was thoroughly reviewed during 2024/25 and following a public consultation it was decided to make changes to the income taper for 2025/26.

2.5.12 The Taper is the rate at which Council Tax Support is reduced for an applicant whose income is above the applicable amount. The applicable amount is the income level that the Government expects the applicant to be able to live on and is the sum of three allowances for claimant/partner, dependent children and any special needs. The Taper was reduced back to 20% for the 2025/26 scheme moving forwards.

2.5.13 A reduction in the taper would assist those whose income is slightly above their applicable amount and could incentivise claimants to take up employment or remain in their current employment.

2.5.14 No further changes are proposed for the delivery of the 2026/27 scheme.

#### **2.5.15 Local Council Tax Support (LCTS) Top Up Scheme 2026/27**

2.5.16 The Council is aware that residents will still be facing increased household costs following a long period of high inflation and energy prices. In recognition of this the Council proposes to again provide a further Local Council Tax Support Top Up scheme across the financial year 2026/27. The scheme will provide an expected additional award of £131.44 for 2026/27, on top of the 2026/27 Council Tax support to working age claimants provided via the Council's Local Council Tax Support scheme for 2026/27. Based on current caseloads this is expected to provide additional support to approximately 14,400 households. Where a claimant has a bill of £131.44 or less, then the bill will be reduced to zero. This means that for a working age household in receipt of maximum Council Tax support in a non-parished area Band A property, there will be no bill to pay for 2026/27 Council Tax. Based on current caseloads this is estimated to be approximately 11,000 households. The application of the scheme will include all those becoming eligible up to and including 31 March 2027. The precise value of the award will be confirmed once the Police and Fire Precepts are confirmed.

2.5.17 The estimated scheme costs are between £1.7m and £1.9m and will be funded through the Council's Crisis Resilience Fund (CRF) allocation for 2026/27. Whilst the Government guidance is not yet confirmed it is expected that it will

be acceptable to continue to fund the LCTS Top Up from this grant. The funding stream has been rebranded from the Household Support Fund to Crisis Resilience Fund and the Council has been part of the consultation process. The actual cost will not be known until the end of the 2026/27 financial year.

2.5.18 The scheme will replicate the criteria implemented in 2025/26. For 2026/27, the scheme will provide an expected £131.44 of additional Council Tax Support (subject to confirmation of the Police and Fire Precepts), based on the following criteria;

- That an expected additional award of £131.44 Council Tax Support will be made to those people of working age who are in receipt of Local Council Tax Support as at 1 April 2026.
- That where a claimant has a Council Tax bill of £131.44 or less, their bill will be reduced to zero.
- That the remaining funding will be utilised to fund the cost of new claimants becoming eligible for Local Council Tax Support including the application of the relevant proportion of the additional expected £131.44 support.
- That the additional support will apply to all those becoming eligible up to and including 31 March 2027.

#### 2.5.19 **Council Tax Premiums**

2.5.20 The Levelling up and Regeneration Act which received Royal Assent in October 2023 made provision for Councils to apply a premium to second homes of up to 100% (the total bill therefore being double the normal amount for the relevant Council Tax band). Unlike the empty homes premium, there is no initial grace period, the premium can be applied as soon as the property meets the definition of a second home.

2.5.21 The proposed changes came into effect from 1 April 2025, however, Councils would have to make a decision 12 months before it came into effect. The Council therefore made a decision to implement the premium on second homes as part of the Budget and Council Tax Report 2025/26; this means that the charges will be implemented from 1 April 2026.

## 2.6 **Proposed Revenue Budget 2026/27 and Medium Term Financial Strategy to 2028/29**

2.6.1 The Council's Medium Term Financial Strategy (MTFS) sets out a framework for understanding the challenges the Council faces and supports corporate planning. It helps the Council to shape its finances over the medium term by examining the projected resources available to meet the priorities as set out in its Council Plan.

2.6.2 An update of the MTFS was submitted to Cabinet in November 2025 reflecting a broadly balanced budget for 2026/27 and 2027/28 but a financial challenge in 2028/29. The MTFS has since been further updated to reflect for inflationary updates like the Real Living Wage, the outcomes of the Final Local Government Finance Settlement 2026/27 and the budget proposals as set out

in this report. It includes funding and expenditure projections up to the 2028/29 financial year which show a balanced position up to 2028/29. The outcome of the Business Rates Review process will not fully complete until the summer of 2026 and the Council expects to see positive outcomes from this process that will improve the Council's business rates income projections from 2027/28 onwards. In addition, the MTFS will be kept under review which will include reflecting the impact of future years' annual Finance Settlements.

2.6.3 Taking into account Government funding notified for 2026/27 to 2028/29 within the Provisional Local Government Finance Settlement, estimates of Government funding for future years and the Council's own resources, the proposed budget for 2026/27 and an updated MTFS over the following two years is set out below in Table 5.

**Table 5 - Budget and MTFS 2026/27 to 2028/29**

<b><u>Resources</u></b>	<b>2026/27 Estimated £000</b>	<b>2027/28 Estimated £000</b>	<b>2028/29 Estimated £000</b>
<b><u>Government Funding</u></b>			
Revenue Support Grant	78,513	102,260	108,452
Business Rates Top-Up Grant & S31 Grant as compensation for multiplier cap on Top-Up Grant	39,288	40,074	40,875
Public Health Grant	22,681	22,978	23,268
Local Authority Better Care Fund	17,864	0	0
Recovery Grant	8,771	8,771	8,771
Recovery Grant Uplift	3,756	4,899	1,346
Extended Producer Responsibility	5,983	5,983	5,983
Families First Partnership (within Children, Families and Youth Grant)	5,268	5,268	4,500
Domestic Abuse Safe Accommodation Grant	2,703	2,944	3,033
<b>Total Government Funding</b>	<b>184,826</b>	<b>193,177</b>	<b>196,228</b>
Retained Business Rates & S31 Grants as compensation for Government determined business rates reliefs	60,841	62,058	63,299
Council Tax Collection Fund – annual review and use of surplus	4,200	5,800	3,000
Council Tax and Adult Social Care Precept	144,392	150,168	156,174
<b>Total Council Resources</b>	<b>209,433</b>	<b>218,026</b>	<b>222,473</b>
<b>Total Resources</b>	<b>394,259</b>	<b>411,202</b>	<b>418,702</b>

<b><u>Expenditure</u></b>	<b>2026/27 Estimated £000</b>	<b>2027/28 Estimated £000</b>	<b>2028/29 Estimated £000</b>
Base Budget Requirement at 2025/26 pay and prices	355,195	357,454	361,981
Provision for pay, price and fees and charges income inflation	24,199	35,493	46,659
Adult Care – care transitions and demand & inflation	8,750	9,750	10,750
Children, Families and Youth Grant rolled into Core Spending Power	5,268	5,268	4,500
Homelessness, Rough Sleeping and Domestic Abuse Grant rolled into Core Spending Power	2,703	2,944	3,033
Pensions Revaluation	-6,622	-6,622	-6,622
CYPS Placements Uplift	2,833	2,833	2,833
Home to School Uplift	500	1,000	1,500
Impact of Spinal Column Point 2 removal and Real Living Wage 6.75% increase on staffing structure.	1,673	1,673	1,673
Bulky Waste Uplift	177	177	177
Net impact of Fees and Charges increase to 3.8% (above 2% assumed) and exemptions agreed.	21	21	21
Revenue budget investment 2026/27	3,553	2,632	2,632
Revenue Savings 2026/27	-3,193	-2,893	-3,093
Capital Investment to 2026/27– financing costs	408	572	590
Use of savings and contingencies within Budget/MTFS Strategy:			
Treasury Management Savings	-4,240	-4,000	0
Transfers to Reserves	3,034	4,899	0
Use of Reserves to support 28/29 Budget	0	0	-7,933
<b>Total Expenditure Budgets</b>	<b>394,259</b>	<b>411,202</b>	<b>418,702</b>
<b>Gap</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*Notes :

- The Government funding position reflects the outcome of the Fair Funding Review 2.0 and therefore a number of grants are no longer shown such as Social Care Grant and Market Sustainability Grant.

2.6.4 Set out below in Table 6 is the proposed Net Revenue Budget for 2026/27 including the Directorate Cash Limit Budgets utilising the available

resources and based on approval and implementation of the proposed budget included within this report and detailed above in Table 5. Central Services holds Budget uplifts temporarily like inflationary increases for Children’s Social Care and pay award until the specifics of these adjustments are ready to be made.

**Table 6 Net Revenue Budget by Directorate**

	<b>Proposed Budget 2026/27</b>
	<b>£'000</b>
Adult Care, Housing & Public Health	149,090
Children & Young People’s Service	78,416
Regeneration & Environment Services	56,749
Corporate Services	41,192
Policy, Strategy and Engagement	6,332
Central Services	62,480
<b>TOTAL NET REVENUE BUDGET</b>	<b>394,259</b>

2.6.5 The proposed Central Services budget (£59m) shown in the table above includes the following key budgets and provisions:

- Levies – Integrated Transport Authority, Coroners, Environment Agency, Apprentice (£12.3m)
- Capital Financing (£22.3m)
- PFI Grants (cr £3.8m)
- Inflation provision for pay, price and fees and charges, (£31.7m).

## 2.7 Proposed Budget Investments & New Revenue Savings

2.7.1 Table 7 below sets out the revenue budget investment proposals that total £3.553m for 2026/27, reducing to £2.632m from 2027/28 onwards. Further details of all these investment proposals are provided in Appendix 2.

**Table 7 Proposed Revenue Budget Investments**

Unique Ref	Revenue Budget Investment	2026/27	2027/28
		£'000	£'000
<b>Places are thriving, safe, and clean,</b>			
R&E 001	Events Team	119	119
R&E 002	Supporting Our High Streets	304	304
R&E 003	Selective Licensing Community Impact	362	362
R&E 004	Improved safety and maintenance at Rother Valley Country Park	182	182
R&E 005	Road Safety Education - Young Driver Co-ordinator	20	20
R&E 006	Roadside Cleansing - phase 2	272	272

R&E 008	Household Waste Recycling Centres	129	129
R&E 009	Roads Programme – Top Up*	721	0
<b>An economy that works for everyone,</b>			
ACHPH 001	Welfare Rights Service	135	135
<b>Children and young people achieve their potential,</b>			
CYPS 001	Expanding the Healthy Holidays Programme	350	350
CYPS 002	Increased funding for School Uniform support	26	26
CYPS 003	Increased Universal Youth Work Offer	100	100
CYPS 004	Educational Psychology	453	453
<b>Residents live well,</b>			
R&E 007	Over 65's Discounted Swimming	200	0
<b>One Council that listens and learns.</b>			
CS 001	Internal Audit	55	55
CS 002	Digital Services – Cyber Security	125	125
<b>Total</b>		<b>3,553</b>	<b>2,632</b>

\*Note R&E 009 Roads Programme – Top Up has been added in due to additional funding announced at Final Financial Settlement, it does not require a separate investment template as it is a top up to a programme the Council delivers annually.

## 2.7.2 Children and Young People Achieve

**Council Plan commitment: children and young people have fun things to do**

2.7.3 In the consultation to refresh the Council Plan, the number one issue highlighted by the Children and Young People's Partnership Board, was the need to create more fun things for children and young people to do. Consequently, this was made as a key commitment within the Council Plan agreed in May. Meanwhile, through the consultation process for this budget, respondents suggested that there should be more activities for children and young people to do in the borough. Through this budget a series of investments are recommended to further ensure the delivery of this commitment, creating more opportunities for children and young people across the borough.

2.7.4 To provide more fun things for children and young people to do, 10,000 additional places on the Healthy Holidays Programme will be created through a £350,000 investment. Benefitting 2,500 children and young people, this will extend the existing programme that was developed to support families with the increased costs of food, activities and childcare during the school holidays. The

programme supports vulnerable children and young people in accessing a healthy lifestyle, positive and engaging activities, and social inclusion.

- 2.7.5 With the current provision operating in the Easter, summer and winter school holidays, there is an option to extend the programme into half term holidays. Other options also include making some current paid-for places free for parents and/or increasing the number of available places in existing sessions. Mechanisms will also be considered to explore provision and delivery from the SEND hub, ensuring that the programme is inclusive.
- 2.7.6 Complementing this and to ensure that children and young people have access to safe spaces and engaging activities in all wards across Rotherham, additional investment of £100,000 will also expand the Universal Youth Work offer across the borough. Since its establishment in 2021, this offer has focused on developing and broadening opportunities for young people by providing places to go and things to do, whilst promoting personal, educational, creative, and social development.
- 2.7.7 Delivered through a range of partners including constituted voluntary groups, charities, private sector organisations, schools, and faith groups, in recent years with rising costs potential provision has outpaced available funding. This additional investment will increase the current Universal Youth Work offer by 425 sessions, equating to an additional 6375 places that young people can access.
- 2.7.8 **Council Plan commitment: enabling children and young people to thrive**
- 2.7.9 Inclusive SEND provision in the borough, is a core priority for our children and young people as set out in the Council Plan. As part of this process, educational psychologists (EPs) play a vital role in improving learning, communication, and emotional well-being for children and young people. They work collaboratively with students, parents, and educators to:
- Assess learning difficulties (e.g., dyslexia), behavioural challenges (e.g., ADHD), and developmental disorders (e.g., autism).
  - Develop tailored interventions and provide consultation and training.
  - Support schools during critical incidents and contribute to research and systemic improvement.
- 2.7.10 Demand for these services to support Rotherham's children and young people has significantly increased. For example, Education, Health and Care plans have nearly doubled from 2,060 in January 2019 to 3,961 in October 2025. This reflects the increased identification of SEND and parental requests for assessments, many of which require additional time due to lack of prior involvement. Meeting the statutory six-week time limit for EP advice has become increasingly challenging.
- 2.7.11 The proposed investment of £453,000 will enable a sustainable model that delivers statutory obligations, targeted interventions, and a reduced but viable traded offer:
- Statutory Work: increase capacity to 1,800 activity days per year, supporting 100% compliance with statutory deadlines.

- Targeted Intervention: introduce a new offer focused on inclusion and early help in schools with the greatest need, reducing future statutory demand.
- Traded Services: maintain a reduced offer (1,221 activity days), balancing income generation with statutory priorities.

2.7.12 Improving the timeliness of EP advice brings substantial benefits. Schools and educational professionals can intervene earlier, which helps prevent issues from escalating and improves long-term outcomes for children and young people. Timely advice also enables quicker access to appropriate services and targeted interventions. For parents, an EP assessment offers clarity and reassurance about their child's needs, empowering them to make informed decisions about education and support.

2.7.13 **Places are thriving, safe and clean**

2.7.14 By realising this outcome within the Council Plan, quality of life for residents will be improved, making the borough a better place to live. This means creating places for people to go and providing things for people to do. It also supports people to feel safe, with clean streets and improvements delivered to our roads and pavements.

2.7.15 **Council Plan commitment: creating vibrant communities**

2.7.16 As part of the Council's commitment to creating vibrant communities in the Council Plan, the Council is delivering inclusive events and activities that bring people together, reducing social isolation and enabling people to have an active cultural life. As set out within the Council Plan, the Council's ambition is for Rotherham to be the best it can, by making sure as many people as possible who live in Rotherham can take part in high quality cultural, leisure and sporting activities.

2.7.17 The Council continues to invest in its high streets across the Borough. Following on from the shop unit grants programme and the Street Safe Team, the Council is looking to maximise engagement and impact in High Street areas in the Town Centre, Swinton, Wath, Maltby and Dinnington.

2.7.18 The purpose of the proposed £304,000 investment is to introduce 3 new Business Support Officers to engage with businesses in these areas to ensure that resources are focussed on tackling the issues that matter most and so that successes can be effectively communicated. As well as providing a visible presence, and becoming known, in the various locations they will provide initial business advice, help to co-ordinate local promotions, signpost to other services (e.g. grant opportunities) and co-ordinate with other Council departments. They will also have access to a small budget in each of the five locations to support local activities e.g. promotional campaigns or local events.

2.7.19 Alongside this and to enable more residents to take part in sporting activities, the Council will also pilot a 50% discount to the over 65s at the 4 leisure centres across the borough, for 'pay as you go' swimming. Reducing the price by 50%

from the current £4.30 will encourage more people to take part in this activity, promoting health and wellbeing.

2.7.20 Finally, the Council is delivering an inclusive programme of events across the borough, working closely with local organisations to bring communities together. The development of the events programme has generated significant benefits including:

- Increasing audiences for town centre events by 13% year-on-year from 2021 to 2025.
- Rotherham Show, the largest free cultural festival in the north of England, reaching its largest audience to date in 2025 with 95,500 visitors.
- Bringing significant return on investment for the local economy with town centre events generating a £5.74 return for every £1 the Council invests and Rotherham Show generating a return of £13.06 for every £1 invested by the Council.

2.7.21 A budget investment of £119,000 will enable the team to balance the safe delivery of events with the fundraising challenge and begin to stabilise the events programme. This will establish dedicated capacity to focus on compliance, safety, security and risk management of events, alongside community engagement and outreach across events in the town centre and green spaces.

2.7.22 **Council Plan commitment: better public spaces**

2.7.23 Improving the Council's country parks, provides a further opportunity to create places for people to go and enjoy in the borough. As Rotherham's busiest Country Park, Rother Valley now attracts 950,000 people each year. Since Covid, visitors by car have increased threefold. These numbers are expected to increase with the opening of the new café and associated facilities later this year.

2.7.24 An investment of £182,000 is therefore proposed in site maintenance including rangers, cleaning, security and traffic management. This will improve the quality, safety, and accessibility of the Country Park, supporting cleaner environments and safer public spaces. It will also provide greater opportunities for community engagement, allowing for expanded outdoor learning programmes, volunteering opportunities, and activities with schools and youth services.

2.7.25 **Cleaner streets**

2.7.26 Within the responses to the budget consultation, the second most frequently mentioned spending priority was street cleanliness / waste management. Through the budget investment in 2025/26, the Roadside Cleaning Team was established in October 2025, with the rural verge programme then commencing. In the intervening period, on average 1.5 tonnes per week of litter removed.

- 2.7.27 To maintain momentum and widen the impact being generated, it is proposed to double the resource in the team through a £272,000 investment. It is anticipated that this will provide increased cleansing coverage of rural gateways and verges and lead to a significant reduction in litter and fly-tipping in hard-to-reach areas.
- 2.7.28 In advance of household waste recycling centres being brought back in-house from October 2026, additional funding has been invested in the sites and equipment to improve their condition ahead of the handover. As the service moves in-house, the Council is considering additional service enhancements that can be made to improve the service and the customer experience, and this will also include an on-site re-use facility to provide low cost, good quality second hand items that would otherwise be destroyed.
- 2.7.29 It is proposed to invest £129,000 to improve the support offered to customers at Household Waste Recycling Centres. A £721k top up to the Council's Roads Programme 2026/27 is proposed from additional funding gained in the Final Financial Settlement.
- 2.7.30 **Residents live well**
- 2.7.31 **Council Plan commitment: assisting people to live independent, safe and well**
- 2.7.32 **Nobody left behind**
- 2.7.33 Inclusive growth, where no one is left behind, is at the centre of the vision of our Council Plan. As part of the Council's approach, it has sought to support residents when they need it the most. This has been particularly important when the cost of living has been high for a number of years and when the borough has a higher proportion of more deprived communities when compared to the national average.
- 2.7.34 In the 2025/26 budget the Council agreed to double the support being provided to eligible families struggling with the cost of school uniforms. This involved increasing the amount of the voucher being provided to families of children in transition years from £35 to £70. With a change in the number of families eligible to receive this support in 2026, it is proposed to increase the funding available by £26,000 to ensure that all eligible families can benefit from the scheme.
- 2.7.35 Macmillan Cancer Support currently funds a small team in the Council to provide specialist welfare benefits advice in Rotherham for people who have received a cancer diagnosis. During 2024/25, the team assisted with £3.7million in benefit claims and secured one-off payments for back pay of benefit exceeding £342,000. However, due to falling donations since the pandemic, Macmillan is no longer able to fund this support beyond the end of May. Due to the specialist nature of this advice and the ongoing need to support residents experiencing cancer diagnosis it is proposed to invest £135,000 to continue to provide this service in the borough.

2.7.36 Investment will be made to the Selective Licensing scheme, the investment will maximise the impact of enforcement and regulatory activity, provide additional direct support to tenants, as well as providing increased capacity to ensure the stakeholder consultative groups are well run and well supported, overseeing the associated capital bid for physical improvements, and resulting spend. The proposal will also look at providing and enhancing wider service provision, utilising other funding sources, such as homeless prevention by providing increased tenancy advice and support, improving drop-ins and engagement of statutory services and providing a more holistic offer to align with the designations and their intended outcomes.

2.7.37 Table 8 below sets out the revenue budget savings proposals that total £3.193m for 2026/27 onwards. These savings have been developed to support the wider Budget position and acknowledge that some services can be operated more efficiently, be reduced or removed. Further details of all these savings proposals are provided in Appendix 4.

**Table 8 Proposed Revenue Savings Proposals**

Ref per template	Revenue Budget Savings Proposals	2026/27 £'000	2027/28 £'000	2028/29 £'000
<b>Adult Care, Housing and Public Health</b>				
ACH&PH 01	Extra Care Housing (in-sourcing support)	0	200	400
ACH&PH 02	Review of Working Age Adult Spend	900	900	900
ACH&PH 03	Housing First – Funding via the Homelessness Prevention Grant	189	189	189
<b>Children and Young People's Services</b>				
CYPS 01	Mainstreaming 2025/26 CYPS Temporary Savings	400	400	400
CYPS 02	Maximising Children Services Grant Funding	400	400	400
<b>Corporate Services</b>				
CS 01	Customer Service Reduction in Opening Hours	67	67	67
CS 02	Registrars Income	45	45	45
<b>Regeneration and Environment</b>				
R&E 01	Extension of temporary saving (Regen Capitalisation)	100	100	100
R&E 02	Streetworks - Temporary Increased Income	500	0	0
<b>Central Services</b>				
CEN 01	Treasury Management	592	592	592
	<b>Total Requirement</b>	<b>3,193</b>	<b>2,893</b>	<b>3,093</b>

## 2.8 Reserves and Balances within the Council's Budget Strategy

2.8.1 In setting the Budget for 2025/26 the Council anticipated that corporate Reserves at the 31 March 2025 would be £50.6m. However, following outturn

position for 2024/25, the Reserves on the 31 March 2025 were £55.3m, an increase of £4.7m. This was mainly because a lower level of Reserves were required to balance the outturn position following steps the Council took during the final quarter of 2024/25 to reduce the forecast overspend from £3.1m to £0.3m. The improved position is due in the main to the following;

- The Council took steps to improve the outturn position from a £3.1m overspend to a £0.3m overspend during the final quarter of 2024/25, through grant maximisation and halting or delaying non-essential spend and recruitment.
- The £0.7m Collection Fund Income Guarantee Grant was not required as spend on the Local Council Tax Support Top Up was able to be funded from Household Support Fund.
- The Council's Corporate Grants Reserve was increased by £0.6m, as a result of movements in multiple grant streams, these are specific ring-fenced grants.
- There was less than expected use of the Treasury Management Savings Reserve, £0.4m.
- A £0.3m PFI Leisure Reserve was created to appropriately manage timing of payments as part of contractual arrangements.

2.8.2 This improved position places the Council in a more robust financial position to manage the challenges faced during 2025/26 and in setting the Budget for 2026/27.

2.8.3 During 2025/26 whilst the Council has faced significant financial challenges, referenced earlier in this report, the Council has continued to generate significant savings through its Treasury Management Strategy and planned for the impact of Social Care pressures through the creation of a Social Care Contingency. These actions have been significant enough to mitigate a large proportion of the pressures in year. However, it is still anticipated that the Council will require additional Reserves to balance the outturn position for 2025/26; it is projected this call on Reserves will be £3.4m and come from the Budget and Financial Strategy Reserve.

2.8.4 The Council's balance of Corporate Reserves as at 31<sup>st</sup> March 2025 was £55.3m. Following a further review of the Reserves Strategy, taking into account the financial outturn for 2024/25, the forecast financial outturn for 2025/26 and the proposed Reserves use during 2026/27, 2027/28 and 2028/29, the following updated Reserves Strategy is proposed for Reserves movements during the period 2025/26 to 2028/29:

- The Council received £2.8m Local Council Tax Support Grant to mitigate the financial impact of Covid-19 on future Council Tax income. This grant was transferred to Reserves in 2021/22 with £1.6m of this Reserve used in 2022/23 as planned, with the balance of £1.2m earmarked for a Local Council Tax Support Top Up scheme during 2024/25 and 2025/26. It is now expected that an estimated £0.6m of this grant can be carried forward into 2026/27 due to utilising the Household Support Fund to cover part of the costs of the LCTS Top Up scheme in

2025/26. As such, the grant will remain available to support a Local Council Tax Support Top Up scheme in 2027/28, should it be required.

- The Spending Review 2021 confirmed Government would compensate local authorities for 75% of irrecoverable losses in Council Tax in respect of 2020/21. From this the Council gained £0.7m that transferred to Reserves in 2021/22 and was earmarked to support the Local Council Tax Support Top Up scheme during 2024/25. However, the Council was able to use the underspends on the Household Support Grant, as such this grant is now expected to be used to fund the Local Council Tax Support Top Up Scheme during 2025/26.
- The Corporate Revenue Grants Reserve now stands at £3.1m though it is made up of ringfenced grants that are expected to be used across the MTFS period; though at present the Council are unable to project specifically when.
- Treasury Management Savings Reserve has been built up over a number of years where the Council has generated significant savings through its Treasury Management Strategy. The Reserve is to be used to support the budget across the medium term as agreed at Council in February 2024. The Council has a current balance of £7.8m, from which it planned to use £0.4m in 2025/26 as part of the Budget and Council Tax Report 2025/26. This position has not changed.
- A new PFI Leisure Reserve was created to manage the requirement to carry over between years balances in relation to the Leisure PFI, to ensure payments are made within the requirements set out in the contract. This Reserve of £0.3m is projected to be reduced by £0.1m in 2025/26 and £0.2m in 2026/27.
- There is a Business Rates Reserve of £4m held for any impacts of the Business Rates revaluation process and to cover off any shocks to the Council's Business Rates income as a result of large business failure.
- The Council's Budget and Financial Strategy Reserve stands at £13.6m and it is expected to be reduced by £3.4m to fund the 2025/26 overspend position and proposed by a further £2.2m to create the new Local Plan Reserve; reducing this reserve to £8.0m. In addition, the Recovery Grant Uplift announced at Final Settlement will be transferred through this Reserve so that it can be earmarked for use in 2028/29 to support the Budget. This will mean the Reserve will increase to £11.0m at the end of 2026/27, then £15.9m at the end of 2027/28, before £7.9m is drawn down to support the Budget in 2028/29. The Reserve will end the MTFS period back at £8.0m.
- The Budget and Financial Strategy Reserve is still required to cover the Council against the significant budget and MTFS pressures that are facing local authorities at present; whilst the Government's Fair Funding Review has been positive for the Council it does not completely address

the financial challenges the Council faces due to Social Care demand and market pressures. Also, whilst Government have provided a 3-year financial settlement, there is some concern as to whether or not this position can be held, given national economic challenges and pressures from across the Local Authority sector. As such, the Council's Budget and Financial Strategy Reserve will be maintained.

- A Local Plan Reserve of £2.2m has been created to manage the costs the Council will need to incur in order to create the new Local Plan. These costs will span a number of years and the Council's Budget will need to be able to have flexibility to respond to the financial challenges of the Local Plan; as such it is best to fund these costs from a Reserve rather than placing amounts into base Budget. The Council will need to establish a formal process for services accessing this Reserve, via Officer Decision Reports, to ensure appropriate expenditure controls and challenges are in place.

2.8.5 Taken alongside the Council's proposed budget for 2026/27 and the MTFs to 2028/29, this Reserves position is considered to be sustainable for the medium term. Future decisions on Reserves would then continue be taken as part of the annual budget setting process.

2.8.6 The table below summarises the Reserves balances over the medium term and includes the budgeted transfers to and from Reserves as outlined in section 2.8.3.

**Table 9 – Forecast Balances of Reserves**

	Balance as at 31 March 2025	Projected Balance as at 31 March 2026	Projected Balance as at 31 March 2027	Projected Balance as at 31 March 2028	Projected Balance as at 31 March 2029
	£m	£m	£m	£m	£m
<b>General Fund Minimum Balance</b>	25.0	25.0	25.0	25.0	25.0
<b>Corporate Reserves</b>					
Budget and Financial Strategy	13.6	8.0	11.0	15.9	8.0
Local Plan Reserve	0.0	2.2	2.2	2.2	2.2
Business Rates	4.0	4.0	4.0	4.0	4.0
Corporate Revenue Grants Reserve	3.1	3.1	3.1	3.1	3.1
Local Council Tax Support Grant	0.8	0.6	0.6	0.6	0.6

Collection Fund Income Guarantee Grant	0.7	0.0	0.0	0.0	0.0
PFI Reserve - Leisure	0.3	0.2	0.0	0.0	0.0
Treasury Management Savings	7.8	7.4	7.4	7.4	7.4
<b>Total</b>	<b>30.3</b>	<b>25.5</b>	<b>28.3</b>	<b>33.2</b>	<b>25.3</b>
<b>Total General Fund Reserves</b>	<b>55.3</b>	<b>50.5</b>	<b>53.3</b>	<b>58.2</b>	<b>50.3</b>

2.8.7 Whilst the proposed Budget and MTFS position proposes a use of £5.0m of Reserves across the period 2025/26 to 2028/29, it is also worth noting that the Council's projected balance of Reserves as at the end of 2028/29 is £6.6m higher than it was expected to be when the Council agreed its Budget for 2023/24. This improvement, given the significant challenges facing Local Authority finances, is testament to the Council's robust financial management and decision making across this period. It also shows the Council's plans on Reserves and Budgets are holding firm as despite being a further two years on, the Council's Reserves are projected to be stronger.

## 2.9 Community Leadership Fund (CLF)

2.9.1 Following the May 2024 elections a new cycle of Community Leadership Funding commenced. The allocations per member/ward remain on the same basis as previously provided, as set out below.

2.9.2 The 2024/25 Budget approved by Council, included revenue and capital budgets that are devolved to individual Elected Members (Community Leadership Fund) or the ward as a whole (Capital Budget). These are provided to members to deliver revenue and capital projects within their wards during their time in office. As such any unspent balance of CLF or capital can be carried forward at the year end, for all financial years except for local election years. For example, in the current election cycle, these budgets can only be carried forward at the end of the following years, into the next financial year:

- 2025/26
- 2026/27

2.9.3 Each Elected Member will receive £1,584 Community Leadership Fund. This is Revenue funding. Two-member Wards will receive £7,120 Capital Budget. Three-member wards will receive £10,680 Capital Budget.

2.9.4 Where carry forward is required those balances will be transferred to the Corporate Revenue Grants Reserve or held within Capital Grants Unapplied.

## **2.10 Business Rates Reliefs**

### **2.10.1 Revaluation 2026 and Transitional Relief**

2.10.2 From 1 April 2026, the rateable values of all non-domestic properties in England were updated by the Valuation Office Agency to reflect the property market as at 1 April 2024. This ensures business rates bills are fairly distributed across all non-domestic properties and reflect changes in market conditions since the last revaluation.

2.10.3 A new Transitional Relief Scheme is being introduced from 1 April 2026 which will provide relief to those ratepayers who are facing higher bills as a result of the revaluation.

2.10.4 At Autumn Budget 2025, Government announced the introduction of a transitional relief supplement which will see each ratepayer being charged an additional 1 pence in the pound for 2026/27 only. The transitional relief scheme has been designed in such a way so that any ratepayer who qualifies for transitional relief will receive additional relief to offset the impact of the supplement

### **2.10.5 2026/27 Retail, Hospitality and Leisure (RHL) relief scheme**

2.10.6 The following updates should be noted in regard to the Retail, Hospitality and Leisure (RHL) relief scheme.

- From 1 April 2026 Government have withdrawn RHL relief and replaced it with the introduction of specific multipliers for those properties that meet the definition of retail, hospitality and leisure.
- The change widens entitlement to support for the RHL sector as this new arrangement sits outside of the subsidy control regime, meaning more businesses can qualify for this support.
- In addition to the RHL multipliers, from 1 April 2026 Government have introduced a high-value multiplier which will apply to any property with a rateable value in excess of £500,000. Based on the initial draft 2026 rating list, this will affect 53 of the 7,873 properties shown in our local rating list.
- The multipliers for 2026/27 are as follows:
  - Small Business RHL – 0.382 (new for 2026/27)
  - Small Business – 0.432 (25/26 – 0.499)
  - Standard RHL – 0.43 (new for 2026/27)
  - Standard – 0.480 (25/26 – 0.512)

### **2.10.7 2026/27 Supporting Small Business (SSB) Relief Scheme**

2.10.8 In the Autumn Statement 2025 the Chancellor announced a new Supporting Small Business (SSB) relief scheme which will cap bill increases at the higher of £800 per year for any business losing eligibility for Small Business Rate

Relief, Retail, hospitality and leisure relief or Rural Rate Relief at the 2026 revaluation.

- 2.10.9 The Government anticipates that local authorities will include details of the relief to be provided to eligible ratepayers for 2026/27 in their bills for the beginning of the 2026/27 billing cycle.
- 2.10.10 Council is recommended to note that these business rates reliefs are applied for 2026/27 in line with Government guidance. In addition, should Government introduce other rates reliefs, the reliefs will be applied in line with Government guidance. Backdating of applications for discretionary relief will be restricted to the 1 April of the previous financial year from the date the application was received or eligibility became known.

## **2.11 Procurement – Supplier Faster Payments**

- 2.11.1 Since April 2020 the Council has adopted a range of principles and measures to provide faster payment (i.e. payment earlier than the standard 30-day payment terms) to Suppliers, where invoices have been reconciled, with a targeted approach to support local suppliers and Small to Medium Enterprises (SMEs). This was done initially to provide support during the Covid-19 pandemic to ensure cash-flow within businesses was maintained to avoid supply chain collapse and help protect jobs. The Council has however recognised the economy has not recovered or returned to pre-pandemic levels and is still facing significant financial pressures resulting from rising inflation. It is proposed that these principles and measures are maintained for a further 12-month period covering the 2026/27 financial year.

## **2.12 Capital Strategy/Capital Programme Update**

- 2.12.1 The Capital Strategy and proposed Capital Programme to 2029/30, which sets out the Council's future capital investment plans, will ensure that investment decisions are clearly aligned with the Council's strategic priorities. The Capital Programme covers 2025/26 through 2029/30, so that the Council has a Capital Programme, that covers the Council's MTFS period. For the financial years from 2025/26 to 2029/30 the inclusion of capital grants are largely based on estimates and will be updated as Government confirm annual allocations, in line with the Council Financial & Procurement Procedure Rules.
- 2.12.2 The Council's Capital Strategy and Capital Programme to 2028/29 was approved by Council in February 2025 within the Budget and Council Tax 2025/26 Report. This has been further refreshed and updated as part of this Budget report and the reporting to Cabinet and Council carried out during 2025/26.
- 2.12.3 The Financial Outturn 2024/25 report approved by Cabinet in July 2025 set out an updated Capital Programme taking into account slippage on capital schemes during 2024/25 which was mostly re-profiled into future years.

2.12.4 Further individual new capital projects already approved during 2025/26 are incorporated into the updated Capital Programme which is set out in Appendices 3C to 3F.

2.12.5 This report proposes a number of further additions to the Capital Programme to 2029/30 which are set out in Appendix 3A. It is proposed that these priority capital investment schemes will be added to the Council's Capital Programme following Council approval.

2.12.6 **Priority Capital Investment – General Fund**

2.12.7 A number of new capital schemes are being proposed for inclusion into the Capital Programme 2025/26 to 2029/30. A list of the new schemes is provided at Appendix 3A and 3B, along with a summary view of the scheme business case. These new proposals will be funded by £7.065m of corporate resources, with the revenue implications of this built into the Council's proposed Budget and Treasury Management Strategy. They are listed below:

**Table 10 Proposed Capital Budget Investments**

Directorate	New Capital Proposal	Corporate Resource Required £'000s
<b>Children and young people achieve their potential</b>		
CAP1	Children's Services Outreach and Engagement Vehicles	280
CAP2	Crowden Capital Investment	30
<b>Places are thriving, safe, and clean</b>		
CAP3	Green Spaces Fleet and Machinery Replacement	403
CAP4	Ward Road Safety Plans	160
CAP5	Old Flatts Bridge Parapet Repair	1,900
CAP6	Structures 2026/27 Maintenance	1,000
CAP7	Fleet Bridge Reconstruction Design	600
CAP8	Pedestrians Crossings Programme Pipeline	268
CAP9	Transportation Minor Works Programme Extension	324
CAP10	Selective Licensing Community Impact	500
CAP11	Treeton Lane Crossroads - Design Works	150
<b>Residents live well</b>		
CAP12	Herringthorpe Athletics Track resurface	450
CAP13	Ulley Country Park Building Replacement	1,000
	<b>Total</b>	<b>7,065</b>

- 2.12.8 **Children and young people achieve**
- 2.12.9 ***Council Plan commitment: Ensuring children and young people have fun things to do***
- 2.12.10 To ensure that our children and young people are connected to the additional opportunities being created through the additional revenue proposals, investment of £280,000 will also be made to replace four existing vehicles used by the Outreach and Engagement Services. These vehicles are essential in enabling Outreach and Engagement Teams to deliver targeted, detached, and mobile youth work across the borough, particularly in some of the most seldom heard communities.
- 2.12.11 The vehicles provide flexible support beyond youth work, including use at community events, toddler groups, and during local emergencies, while offering a visible and reassuring presence for residents. The minibus and mobile vehicles also enable regular trips and group activities for young people, serve as a shared resource across Children's Services, and assist staff with essential duties such as home visits, engagement work, and helping families connect with Family Hubs.
- 2.12.12 Through this budget, additional capital investment will also be made to extend the successful play areas programme. The Council is considering enabling this through the provision of £750,000 of funding to the borough as part of the Government's Pride in Place Impact fund in 2025/26 and 2026/27, this will mean that the play programme can be extended by a further year, providing additional opportunities for children and young people. If this grant plan is not possible additional funding will be provided through the Council's Capital Contingency Fund.
- 2.12.13 **Places are thriving, safe and clean**
- 2.12.14 ***Council Plan commitment: Creating vibrant communities***
- 2.12.15 To support this ambition of creating vibrant communities, the Council will invest £450,000 to resurface the athletics track at Herringthorpe stadium. The track, now 35 years old, has never been resurfaced and is at the end of its functional lifespan.
- 2.12.16 As the only athletics track of its kind in Rotherham, it serves as a hub for sport, health, education, and community engagement. This investment will also maximise the benefit of previous Council investment in facilities at the site, for example, improvements to the changing rooms, lighting and accessibility, ensuring that the track can remain in use, as asset to the local community.
- 2.12.17 ***Council Plan commitment: better public spaces***
- 2.12.18 Improving country parks, provides a further opportunity to create places for people to go and enjoy in the borough. Building on the new and improved facilities being delivered at Rotherham Valley and Thrybergh Country Parks, a £1m investment is proposed for a replacement building at Ulley Country Park.

- 2.12.19 With the existing Visitor Centre and Boat House at Ulley having exceeded their lifespan and requiring significant investment to ensure structural stability, compliance and sustainability, with reactive repairs poor value for money, there is a need for a new facility. The new facility will improve the visitor experience, encouraging more people to spend longer at the park, as well as providing a modern, inclusive community space with a refreshed catering offer and training provision.
- 2.12.20 ***Better and safer roads***
- 2.12.21 As part of the consultation on the budget, the most frequently mentioned spending priority from participants was the maintenance of roads and pavements (35 mentions), with comments mostly related to repairing potholes and improving the general condition of roads and pavements. This was also identified as a priority to be improved within the Council Plan consultation. In 2026/27 the Council will benefit from its share of £7m of additional funding from government that has been allocated to the South Yorkshire Mayoral Combined Authority to improve roads across the borough.
- 2.12.22 Collectively, through an investment of £4.4m, a series of improvements will be made to highways across the borough. Comprising a number of schemes and programmes, this reflects the Council Plan commitment to keeping communities and neighbourhoods safe and well connected by ensuring roads and footways are well maintained.
- 2.12.23 At £1.9m the largest of these investments will be made to repair the parapet Old Flatts Bridge on the A630. These works are required to repair the structure here and enable a new parapet to be installed, meeting the required safety standards to protect motorists from the railway line operating beneath the bridge.
- 2.12.24 A further investment of £1m is proposed to deliver a programme of maintenance to structures across the borough's highway network. This additional funding will enable programmed work to be undertaken to improve the condition of highways structures and assets.
- 2.12.25 Alongside this, £324,000 of investment is proposed for minor traffic works, enabling the Council to respond to concerns raised by residents in relation to their local area.
- 2.12.26 As part of the programme of investment into roads across the borough, additional design work will be undertaken on a number of schemes to help bring forward proposals for future funding. This includes:
- £150,000 to design a scheme for safety improvements at the junction of Treeton Lane and Main Street, Aughton.
  - £600,000 to design a new bridge to replace the existing Fleet Bridge, which carries Rotherham Road, Swallownest, over the River Rother.
  - £268,000 to design five additional schemes from the prioritised programme of pedestrian crossings.

- 2.12.27 Finally, £160,000 will be invested over two years from 2026/27 to develop Ward Road Safety Plans in each of Rotherham's 25 wards. The work is intended to develop a pipeline of schemes to both address the incidence of death or serious injury on Rotherham's Roads, but also to develop a more effective programme of works to address concerns raised.
- 2.12.28 **Residents live well**
- 2.12.29 ***Council Plan commitment: good quality, affordable homes for all***
- 2.12.30 Proposals regarding Selective Licensing to protect private tenants and landlords, were approved by Cabinet in October 2025 and the scheme will commence in February 2026 after a mandated 3-month period. Given the feedback received through the consultation on these proposals, it is proposed to invest £500,000 over 5 years from 2026/27. This will enable small scale capital improvements to be made in the relevant areas that will arise from discussion with Ward Members, residents, tenants and landlords through the new area based consultative groups.
- 2.12.31 This could be used to fund a range of physical interventions relating to designing out crime opportunities, place-based environmental improvements such as new or improved community spaces, or investing in new infrastructure, such as litter bin capacity. The funding will be for community-based projects and not to fund any works required on individual properties, which remain the responsibility of the homeowner or landlord. This investment will also be supported by the revenue investment into the same service.
- 2.12.32 **Annual Ongoing Expenditure Commitments - General Fund**
- 2.12.33 A number of new capital schemes are being added to the Capital Programme 2025/26 to 2029/30 to finance essential annual capital investments. These investments are essential to the Council's operations and therefore are not proposed as investment decisions as they have to take place, for example the Council needs to have IT systems and networks, which make up some of the new capital investment proposals, or the Council needs to maintain the quality of its operational buildings. A list of these essential investments is provided at Appendix 3A. These new proposals will be funded by £14.566m of corporate resources, with the revenue implications of this built into the Council's proposed Budget and Treasury Management Strategy.
- 2.12.34 With regards to the Council's capital spending plans, the Council will need to closely consider the level of prudential borrowing it incurs moving forwards post the 2026/27 Budget to ensure that the Council's overall debt position is manageable, can be sustainably financed within the Council's Treasury Management Budgets (revenue) and to help guard against interest rate risk. Therefore, moving forwards the Council will need to look to ensure that its Minimum Revenue Provision (MRP), the process at which the Council sets aside funding for the repayment of debt, exceeds the annual level of borrowing undertaken, so that the total debt position starts to be reduced.

2.12.35 The Council's approach to future borrowing is covered in the Treasury Management Strategy at Appendix 9. It should be noted that this will be a strategy for future rounds of capital investment and Budget setting rather than for the current 2026/27 Budget and MTFS update where the level of capital borrowing has been factored into the revenue budget projections.

#### 2.12.36 **Housing Revenue Account (HRA)**

2.12.37 The Housing Revenue Account Capital Programme has also been updated to 2029/30, in line with the updated HRA Business Plan approved by Cabinet on 15<sup>th</sup> December 2025 and by Council on 14<sup>th</sup> January 2026. HRA capital programme information is set out in Appendices 3E and 3F.

#### 2.12.38 **Housing Capital Programme**

2.12.39 The Council has a statutory duty to maintain its council stock under the Housing Act 1985. To execute this an annual capital budget is allocated via the HRA Business Plan so that investment can be delivered across the portfolio.

2.12.40 The Council is required to maintain its stock to several different standards; in relation to Asset Management the following key areas must be adhered to:

- Decent Homes Standard
- Various Health and Safety Legislation including but not restricted to:
  - Fire Safety
  - Gas Safety
  - Electrical Safety
  - Asbestos Management

In addition to this the aim is to also:

- Improve energy efficiency of tenants' homes
- Invest in communal and external environment

2.12.41 In 2026/ 27 it is proposed to invest £43.0m in the Council's housing stock. This will pay for items such as new kitchens, bathrooms, boilers and roofs. This will maintain decency and it is more cost effective to do these on a planned programme of works. Investment will also take place to ensure homes are thermally efficient which will result in more homes meeting Energy Performance Certificate (EPC) Band C. This also includes investment in the estate and environmental improvements programme.

2.12.42 A capital provision of £98.6m has been included within the 2026/27 HRA Business Plan for 2026/27 to 2029/30 for the Housing Delivery Programme. This includes £63.8m to deliver the existing pipeline of projects for hundreds of new homes by the end of 2027/28 and a further £34.8m to ensure the continuation of the Housing Delivery Programme beyond 2027/28. For the purposes of the HRA Business Plan, investment has been assumed to support delivery of an additional 465 new homes from 2026/27 onwards

2.12.43 A summary of the proposed investment in the 2026-27 Housing capital Programme is shown in the table below.

<b>Description</b>	<b>Budget £m</b>
HRA Borrowing	28.176
HRA – Revenue Contribution	11.240
Capital Receipts (HRA)	4.660
Major Repairs Allowance	27.546
General Fund	4.114
Grants	3.107
<b>Total</b>	<b>78.843</b>

2.12.44 The HRA programme for 2025/26 has been included into the capital programme with a more detailed breakdown as shown at Appendix 3E and 3F.

2.12.45 **Capital Strategy**

2.12.46 The Capital Strategy will deliver a Capital Programme that is affordable and sustainable and contributes to the Borough's economic growth. It will also ensure that the Council is able to fully contribute to the delivery of the South Yorkshire Mayoral Combined Authority (SYMCA) Strategic Economic Plan and maximise the potential for securing capital funding from the SYMCA. The Council will continue to build upon the successes of recent years in the development and approval of funding bids, such as Towns Fund and Levelling Up Fund in order to maximise the impact that the Council can have on the borough through capital investment.

2.12.47 The revenue impact of the Capital Strategy is reflected in this report and the prudential borrowing requirement arising from the Capital Programme is reflected in the Prudential Indicators and Treasury Management and Investment Strategy.

2.12.48 **Proposed Capital Programme 2025/26 to 2029/30**

2.12.49 The Capital Programme is now extended to include 2029/30, to reset the Capital Programme to five years (current year + four years). As a result, the Programme now includes £21.777m of new capital investment proposals to be funded by corporate resources of £21.631m and a contribution from HRA £0.146m that are being proposed for approval as part of this Council's Budget and Council Tax Report 2026/27.

2.12.50 In addition, the Programme will also now include a further year of the HRA programme, £127.479m for 2029/30. Finally, in adding the additional year to the Capital Programme further estimates of capital grant funding have been added. The overall Capital Programme for the period 2025/26 to 2029/30 is now £768.429m, General Fund programme of £344.970m and HRA Programme of £423.459m. The table below indicates the split of the Capital Programme across the Council's Directorates.

**Table 11 – Proposed Capital Programme 2025/26 to 2029/30**

Directorate	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m	Total Budget £m
<b>General Fund Capital Programme</b>						
<b>Children and Young People's Services</b>	9.586	14.133	6.283	16.100	2.910	49.011
<b>Regeneration and Environment</b>	66.939	91.121	21.620	6.521	2.582	188.783
<b>Adult Care &amp; Housing</b>	11.727	7.098	6.394	6.927	1.760	33.907
<b>Policy, Strategy and Engagement</b>	0.439	0.255	0.210	0.210	0.210	1.324
<b>Corporate Services</b>	12.633	19.456	12.791	19.451	7.615	71.946
<b>Total General Fund Capital</b>	<b>101.324</b>	<b>132.063</b>	<b>47.298</b>	<b>49.209</b>	<b>15.077</b>	<b>344.970</b>
<b>Total HRA Capital</b>						
	67.065	78.843	52.207	97.866	127.479	423.459
<b>Total RMBC Capital Programme</b>						
	<b>168.388</b>	<b>210.906</b>	<b>99.505</b>	<b>147.075</b>	<b>142.556</b>	<b>768.429</b>

2.12.51 The Council is currently working through how it will utilise the Pride in Place Impact Fund (PiPiF), a grant of £1.5m that will need to be fully spent by the end of March 2027. The Council is considering to using the grant to fund the existing Children's Playground Programme, which is currently funded by £919k of Council borrowing. This will enable the Council to carry out the planned works funded by the PiPiF and then carry out a further £919k of playground investment utilising the Council borrowing that will be freed up by the use of the grant. As the Council wishes to maximise the investment into playgrounds across the borough, should the PiPiF proposal not be possible the extra investment in playgrounds will be allocated from the Council's Capital Contingency Fund.

2.12.52 **Funding the Capital Programme**

2.12.53 Appendices 3C & 3E shows how the Council proposes to fund the projects and changes to the Capital Programme for which approval is being sought, together with the funding of the existing approved Capital Programme projects. As indicated above, the Council's Revenue Budget and Medium Term Financial Strategy contains provision for the revenue implications of the Capital Programme including prudential borrowing costs.

2.12.54 The Council held no General Fund capital receipts and £20.4m of Right to Buy (RTB) receipts as at 31<sup>st</sup> March 2025. In addition, the Council anticipates further capital receipts to be generated across the Capital Programme period 2025/26 to 2029/30. The planned use of HRA receipts within the HRA programme is £43.9m, this is based on the continuing sale of properties under Right to Buy (RTB), and private sales generated through the Council's new build housing schemes. General Fund capital receipts generated are predominantly used to fund short life assets to minimise short life borrowing.

2.12.55 The table below shows how each year of the Capital Programme will be funded:

**Table 12 – Funding of the Proposed Capital Programme 2025/26 to 2029/30**

<b>Funding Stream</b>	<b>2025/26 Budget £m</b>	<b>2026/27 Budget £m</b>	<b>2027/28 Budget £m</b>	<b>2028/29 Budget £m</b>	<b>2029/30 Budget £m</b>	<b>Total Budget £m</b>
Grants and Contributions	46.149	60.838	11.685	15.678	0.000	134.350
Unsupported Borrowing	54.111	70.938	33.970	33.385	15.077	207.482
Capital Receipts	0.926	0.146	1.500	0.000	0.000	2.573
HRA Contribution	0.137	0.140	0.143	0.146	0.000	0.566
<b>Total Funding - General Fund</b>	<b>101.324</b>	<b>132.063</b>	<b>47.298</b>	<b>49.209</b>	<b>15.077</b>	<b>344.970</b>
Grants and Contributions	8.842	3.108	0.000	21.003	11.358	44.310
Unsupported Borrowing	14.647	28.176	11.712	16.176	59.312	130.022
Housing Major Repairs Allowance	34.497	27.546	30.816	32.284	29.555	154.698
Capital Receipts	4.032	8.774	3.680	21.892	16.434	54.811
Revenue Contribution	5.047	11.240	6.000	6.511	10.821	39.618

<b>Total Funding - HRA</b>	<b>67.065</b>	<b>78.843</b>	<b>52.207</b>	<b>97.866</b>	<b>127.479</b>	<b>423.459</b>
<b>Total</b>	<b>168.388</b>	<b>210.906</b>	<b>99.505</b>	<b>147.075</b>	<b>142.556</b>	<b>768.429</b>

2.12.56 The Council's funding strategy in respect of the Capital Programme will be based on the following key principles:

- (i) Capitalisation opportunities will be maximised, where accounting rules allow.
- (ii) The Government's capital receipts flexibilities will be maximised to fund revenue transformational expenditure, if required. As a general principle, capital receipts will be earmarked to minimise revenue costs.
- (iii) All decisions on capital financing are delegated to the Council's Section 151 Officer as agreed by Council.

## **2.13 Treasury Management Issues**

2.13.1 Treasury Management is the management of the Council's cash flows, its banking, money market and capital transactions, the effective control of risks associated with these activities and the pursuit of optimum performance associated with those risks.

2.13.2 The Treasury Strategy has associated Prudential Indicators (PIs) which have to be approved by Council prior to 1 April each financial year in order to comply with the various statutory frameworks within which the treasury function has to operate.

2.13.3 The Prudential Code requires the Council to approve and monitor a minimum number of PIs in order to inform the capital decision making process and support capital investment decisions. These PIs are mandatory.

2.13.4 The Capital Finance Regulations 2008 require the Council to approve a Minimum Revenue Provision (MRP) statement which sets out the methods the Council will use to determine the appropriate amount of MRP to charge against the revenue budget.

2.13.5 The Treasury Management Strategy is integral to the overall Budget Strategy and to the management of the Capital Programme.

2.13.6 Details of the Treasury Management issues are contained in Appendix 9. However, the key issues that the Council's Treasury Management service will monitor closely is the current increase in the Bank of England Base Rate and its impact on the cost of borrowing. The Council's approach and mitigation of this issue is covered within Appendix 9.

## **2.14 Report of the Executive Director - Corporate Services (the Council's Responsible Financial Officer)**

2.14.1 Section 25 of The Local Government Act 2003 requires the 'Chief Financial Officer' (The Executive Director Corporate Services at Rotherham Council) to report to Council on the following matters in making decisions on the budget and financial strategy:

- the robustness of the estimates made for the purposes of the calculations;
- the adequacy of the proposed financial Reserves.

2.14.2 In addition, it is recognised as good financial management for the Council to identify target levels for Reserves and balances that are based on a thorough understanding of its needs and risks.

2.14.3 The contents of this Budget and Financial Strategy report is the mechanism by which positive assurances are made by the Executive Director of Corporate Services about the adequacy of the proposed financial Reserves.

2.14.4 The Executive Director Corporate Services gives her assurance that the budget estimates for 2026/27 are robust overall when considered in conjunction with the budget proposals identified in the report, the Reserves Strategy and medium term financial projections. The Council faces ongoing financial pressures, especially in respect of social care and Home to School Transport, along with continuing economic uncertainty. However, this Budget addresses the most significant areas, where they can be reasonably quantified, but with clear expectations that ongoing pressures are managed robustly by responsible officers. However, ongoing risk does remain due to the unpredictability of individual and personal resident needs that have to be met.

2.14.5 The Council has also demonstrated over recent years, an ability to manage difficult financial challenges. Along with managing year on year cost pressures within overall budgets, it has developed a robust Medium Term Financial Strategy which has included rebuilding Reserves levels to create a more sustainable financial platform for the future. This means the Council has been able to withstand the huge and unexpected inflationary impact on budgets over recent years through a combination of active cost reduction measures, the use of some of those accumulated Reserves and through its Treasury Management Strategy.

2.14.6 The improved financial settlement following the Fair Funding Review has enabled the Council to not only build into its budget the ongoing impact of those, but to fund some substantial service demand pressures. As such, the Council is able to set a balanced budget for 2026/27 without being forced to implement cuts to front line services and hence where reductions have been proposed, these are considered low impact or as a result of alternative means of delivery or genuine efficiencies. There is also a balanced MTFFS position up to and including 2028/29 albeit an expected budget gap in 2029/30 in the region of £8m, which will need to be addressed. The remaining Reserves ensure that the Medium Term Financial Strategy is robust despite ongoing

risks caused by economic volatility and the exceptional pressures on social care services.

2.14.7 This assurance is predicated on Directorates continuing to progress all appropriate actions to reduce their spending for the remainder of the year, including delivery of the agreed savings and cost reductions, in particular:

- Reducing the number of exceptionally high cost placements and also reducing the unit cost of placements, within Children's Social Care.
- Successful management of the demand, market and provider pressures in Adult Social Care within the increased budget allocation, ensuring appropriate care and support is in place in accordance with the service development programme.
- A successful management and resolution to the remaining budget pressures within the Regeneration and Environment Directorate.

2.14.8 The key fundamental principles of the report's recommendations which the Executive Director Corporate Services has considered in giving this assurance are:

- That the budget strategy for 2026/27 is approved as set out in the report.
- That Directorates manage their finances within the clearly defined cash-limits approved as part of this Budget. Whilst the budget risk is recognised, Executive Directors must bring forward options to mitigate any cost overruns in accordance with Financial Procedure Rules in order that formal decisions can be made where necessary.
- That Council approves the updates to the Medium Term Financial Strategy to 2028/29 and agrees to the proposals to manage a balanced budget in 2026/27.
- That the revised Reserves Strategy is approved which will see the General Reserves Minimum Balance remain at £25.0m over the Medium Term Financial Strategy period. It is not to be called upon for further purposes save in exceptional circumstances with the agreement of the Leader of the Council, Chief Executive and the Executive Director Corporate Services and approved by the appropriate body of the Council in accordance with the Constitution.

2.14.9 The Reserves position will need to be kept under review to ensure that the Council maintains a robust budget and sound financial base.

2.14.10 The Council continues to operate in a tight financial climate by continuing to exercise tight spending controls including the application of stringent recruitment and procurement controls. A significant degree of the Council's projected outturn position for 2025/26 relates to cost overruns in children's and adults social care. Whilst these are national problems, it is important that the

costs are reduced as much as possible if the Council is to remain financially stable and sustainable.

2.14.11 Services have achieved necessary and substantial levels of budget savings and cost reductions in recent years and now need to conclude that delivery for the remaining outstanding items.

2.14.12 Reserves levels, whilst not high, are sufficient to enable the Council to manage its risks over the medium term. Through being aware of the current challenges the Council has been able to plan for and set a budget which retains a sufficient balance in Reserves to ensure that the impact of any further unexpected volatility can be mitigated without impact on services to residents.

### **3. Options considered and recommended proposal**

3.1 These are set out in Section 2 above.

### **4. Consultation on proposal**

4.1 From 28 November 2025 to 9 January 2026, the Council held an online consultation which provided broad information on income and expenditure as well as a link to the March 2025 Budget Report. The Council also consulted individually with key partners. There were 89 responses from the public. The report on the consultation is attached at Appendix 5.

4.2 The Council's Overview and Scrutiny Management Board (OSMB) considered this report including the outcomes of the consultation at its meeting on 4 February 2026.

4.3 With regard to the proposed changes to the Capital Strategy and Capital Programme, engagement has taken place with elected Members and officers engaged in capital projects across Directorates.

### **5. Timetable and Accountability for Implementing this Decision**

5.1 The Council is required to set its annual budget before the 11 March each year. Executive Directors are responsible for ensuring the delivery of savings proposals within their Directorate Cash Limit approvals.

5.2 The delivery of savings will be closely monitored through the Council's financial monitoring arrangements and reported to Cabinet throughout the year. Should it be necessary remedial actions to be identified and implemented to maintain spend within the approved budget limit.

### **6. Financial and Procurement Advice and Implications**

6.1 The financial implications are set out in detail in Section 2 above.

6.2 In summary, the report recommends a 1.95% increase in the basic rate of Council Tax (excludes precepting bodies) and a 2% Adult Social Care Precept

on Council Tax. The report proposes a General Fund Revenue Budget for the Council for 2026/27 of £394.259m.

- 6.3 It should be noted that the proposed revenue budget includes:
- Provision for pay awards and major contractual inflation.
  - In line with Council policy, it is expected that any other inflationary pressures will be contained within Directorate Cash Limit budgets.
  - Income inflation – a 3.8% overall increase to income budgets for 2026/27 and 2% thereafter for Council Fees and Charges in line with the Council's Medium Term Financial Strategy.
- 6.4 Any revenue implications from the approved Capital Programme are fully reflected in the Council's 2026/27 Revenue Budget, its Medium Term Financial Strategy and the Prudential Indicators and Treasury Management and Investment Strategy.
- 6.5 All procurement activity (revenue and capital) must be procured in compliance with relevant legislation (the Public Contracts Regulations 2015 (as amended), the Procurement Act 2023 or the Health Care Services (Provider Selection Regime) Regulations 2023) and the Council's own Financial and Procurement Procedure Rules. Consideration must be given through the Council's pre-procurement activity to determine the most appropriate route to market and how the contract will be managed, along with all associated implications that need to be addressed either through the tender process and/or resulting contract which is awarded.
- 6.6 Treasury Management forms an integral part of the Council's overall financial arrangements. The assumptions supporting the capital financing budget for 2026/27 and for the future years covered by the MTFS of the Council have been reviewed in light of the current economic and financial conditions and the revised future years' Capital Programme.
- 6.7 The proposed Treasury Management and Investment Strategy is not forecast to have any further revenue consequences other than those identified and planned for in both the Council's 2026/27 Revenue Budget and approved MTFS.

## **7. Legal Advice and Implications**

- 7.1 When setting the budget, the Council must be mindful of the potential impact on service users. In particular, Section 149 of the Equality Act 2010 imposes an obligation on Members to have due regard to protecting and promoting the welfare and interests of persons who share a relevant protected characteristic (age; disability; gender re-assignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation). Case law has clarified that there is no obligation on a local authority to carry out an equality impact analysis of the high level strategic budget setting process. Once the budget has been set and as spending decisions are made service by service, and as policies are developed within the constraints of the budgetary framework, proposals will be further considered by Members and

will be subject to an appropriate and proportionate assessment of any equality implications.

- 7.2 In coming to decisions in relation to the revenue budget and Council Tax the Council has various legal and fiduciary duties. The Council is required by the Local Government Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation of the council tax requirement and the setting of the overall budget and Council Tax. The amount of the council tax requirement must be sufficient to meet the Council's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.
- 7.3 In exercising its fiduciary duty the Council should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term; that the proposals strike a fair balance between the interests of Council Tax payers and ratepayers on the one hand and the community's interests in adequate and efficient services on the other; and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties. Officers have addressed the duty to strike a fair balance between different elements of the community and the interests of Council Tax and Business Rate payers in developing the budget proposals set out in this report.
- 7.4 All capital projects require input from Legal Services in relation to contracts. The Council must ensure that robust contractual arrangements are put in place, specifications are clearly defined, and it is clear which project risks are the responsibility of the Contractor and which remain with the Council. This is to avoid potential contractual disputes and limit the financial impact on the Council arising from them.
- 7.5 It is a requirement that changes to the Council's prudential indicators are approved by Council.
- 7.6 It is also a requirement that the Council's Minimum Revenue Provision Policy Statement for each financial year is approved by Council.

## **8. Human Resources Advice and Implications**

- 8.1 The Council's headcount at 31 March 2025 was 5,242 (this figure does not include schools) and reflects increases in staffing levels in line with the proposals detailed in the previous budget report. The revenue budget investment proposals included within this report may increase the headcount should they be approved.
- 8.2 Where any savings proposal is anticipated to have an impact on staff, any change will be subject to the Council's consultation procedures.

## **9. Implications for Children and Young People and Vulnerable Adults**

- 9.1 As detailed within Section 2.

9.2 The Budget proposals continue to support and protect the most vulnerable children and adults in Rotherham and the income generated from the 2% Adult Social Care Precept on Council Tax will be directly allocated to the Adult Social Care budget.

## **10. Equalities and Human Rights Advice and Implications**

10.1 The proposals contained within the budget have been developed with the aim of minimising the impact on residents and the services they receive and the impact on the Council's employees.

10.2 As such these additional savings proposals will be considered using their own EIA and following the Council's Human Resource policies and procedures to ensure that appropriate engagement, consultation and support is provided to impacted staff. In addition, any likely impacts on residents will be assessed by individual services to ensure that any that are disproportionate in relation to protected groups, are considered and mitigated against where possible.

## **11. Implications for CO2 Emissions and Climate Change**

11.1 The potential impact on the level of CO2 emissions and climate change of the Council's Budget and in particular the new investments proposed within this report are outlined in appendix 12. Each of the investment proposals will need to consider the impact on CO2 emissions and climate change as the business cases for these investments are developed further.

## **12. Implications for Partners**

12.1 Where the Council is working with partner organisations on specific proposals, for example in Health, the Police and other government agencies, these proposals have been developed in conjunction with these organisations.

## **13. Risks and Mitigation**

13.1 To any extent that approved budget savings or compensating mitigations are not achieved, this will require a drawdown on Reserves. The Reserves strategy shows that there is a sufficient balance of Reserves to mitigate overall budget risk, however, a continued call on the Reserves over and above that planned over the medium term would be financially unsustainable.

13.2 The Capital Programme is funded through a number of sources: Prudential borrowing, capital grants and contributions, revenue contributions and capital receipts. The Council will need to closely consider the level of prudential borrowing it incurs moving forwards post the 2026/27 Budget to ensure that the Council's overall debt position is manageable, can be financed within the Council's Treasury Management Budgets and to help guard against interest rate risk. There is also potential risk that the future years' funding from Government Grants and external sources may vary from that estimated.

13.3 Financial Services work closely with Senior Officers and Project Managers to monitor project expenditure and performance through the Capital Programme

Monitoring and Delivery Board (CPM&DB). Improvements, like this, introduced to the Capital Programme governance arrangements and enhanced reporting requirements help to ensure that Members will receive early notice of any specific project issues. This will enable early intervention to take place to bring projects back on timetable and cost, or if necessary, agree an additional capital programme funding approval. Where elements of the Programme are reliant on future grant funding, future projects will be continually reviewed to match the programme against funding availability.

13.4 The proposed Treasury Management and Investment Strategy seeks to minimise the risks inherent in operating a Treasury Management function during these difficult economic and financial conditions.

13.5 Operational Treasury Management guidelines will continue to be kept in place and reviewed to ensure they are appropriate given the circumstances faced, supported by regular monitoring to ensure that any risks and uncertainties are addressed at an early stage and hence kept to a minimum.

**14. Accountable Officers**

Judith Badger, Executive Director of Corporate Services  
 Rob Mahon, Service Director of Financial Services

Approvals obtained on behalf of Statutory Officers: -

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	John Edwards	23/02/26
Executive Director of Corporate Services (S.151 Officer)	Judith Badger	23/02/26
Service Director of Legal Services (Monitoring Officer)	Phil Horsfield	24/02/26

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