Public Report
Cabinet

Committee Name and Date of Committee Meeting
Cabinet – 16 November 2026

Report Title
Medium Term Financial Strategy Update

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

Executive Director Approving Submission of the Report
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Ward(s) Affected
Borough-Wide

Report Summary

The report sets out an update of the Council's Budget and Medium Term Financial Strategy (MTFS) to 2029/30, including the standard technical updates required, recognition of financial pressures impacting the delivery of services and the ongoing impact on the Council's base costs of inflation.

The technical adjustments also include the Council's assessment of the Government's Fair Funding Review 2.0 (FFR). During 2025 Government consulted upon and delivered the Fair Funding Review 2.0. This created a significant shift in how Local Government is funded and how the resources for Local Government are distributed. The focus of funding distribution 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 2026, was a positive one, with an additional £22.6m of funding per year provided to the Council by 2028/29. Though this was a significant shift in direction that the Council welcomed, the funding was necessary to address the demand and market pressures the Council had been seeing in recent years.

The impact of the Fair Funding Review 2.0 was factored into the Budget and Council Tax Report 2026/27 and MTFS update through to 2028/29. Given this provided Councils with funding certainty over a longer period, covering 2026/27 to 2028/29, it is not expected that this funding position will change significantly moving into 2027/28. Government will have provided a Budget announcement on 28th October 2026 that it was not possible to consider at the time of writing this report, followed by an Autumn

Policy Update in November 2026. As such these announcements will be closely considered and any changes announced factored into the Council's Budget and MTFS planning.

The MTFS will be revised further in advance of the Council Budget setting meeting in March 2027, to take account of the Local Government Finance Settlement for 2027/28, when issued, along with budget policy proposals on level of Council Tax, reserves, fees and charges and any budget savings or investments.

The MTFS position may change as the Council gains greater clarity on the impact of current demand and market pressures and the impact of management actions taken to ensure that the 2026/27 financial outturn is balanced by year end. Financial monitoring through to Cabinet for the remainder of the financial year will help to manage and control this position and ensure the MTFS is as robust as possible. The Government's Budget and Autumn Policy update will help, but these announcements will not provide a definitive outcome for the Council. The Provisional Financial Settlement set to be released in mid to late December 2026 is where the Council gains a clear position on any changes to the Council's funding position.

The Budget and Council Tax Report 2026/27 reported that there was a balanced budget for 2026/27 through to 2028/29. It should be noted that 2028/29 was 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 was used to fund additional investment into the Council's Roads Programme 2026/27. As such it was anticipated that the Budget gap for 2029/30 would be at least £10m; however, following the technical review of the MTFS across this longer term period this was revised to £11.5m.

This base position and the financial pressures faced during 2026/27, such as social care pressures, challenges in Waste Management and Home to School Transport present a challenge for the Council in the MTFS period. However, the benefits of the FFR 2.0, the outcome of the national Business Rates Reset and the continued positive delivery against savings plans offer the Council an opportunity to address these financial challenges and consider potential investments. After taking account of these pressures and opportunities, the Council is able to project a broadly positive MTFS position in the short term that would allow the Council to consider potential investment proposals. However, there will need to be consideration given to the projected gap projected for 2029/30.

Financial Year	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**	**2029/30 £'000**
Opening Position – as at Budget and Council Tax Report 2026/27	0	0	0	11,525
Revised Estimated Budget Gap	2,900	-3,711	-2,296	6,072

The current MTFS forecasts present surpluses ahead of a large budget gap in 2029/30. Whilst the Council may wish to utilise its positive short term position to consider investments, it will also need to plan for the 2029/30 challenge. As this

pressure is far enough into the future, it will not necessarily require to be resolved as part of setting the 2027/28 Budget. It is important to note that this position is before budget policy proposals on levels of Council Tax, reserves, fees and charges and any budget savings or investments.

Recommendations

That Cabinet note the MTFS 2026/27 to 2029/30 update.

List of Appendices Included

Appendix 1 Initial Equality Screening Assessment
Appendix 2 Carbon Impact Assessment

Background Papers
Budget and Council Tax 2026/267 and Medium Term Financial Strategy, Council March 2026.
Financial Outturn 2025/26, Cabinet July 2026.
July Financial Monitoring Report, Cabinet September 2026.
September Financial Monitoring Report, Cabinet November 2026.

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No

Council Approval Required
No

Exempt from the Press and Public
No

Medium Term Financial Strategy

1. Background

1.1 The Council's balanced Medium Term Financial Strategy (MTFS) 2026/27 through to 2028/29 was approved at Council in March 2025. Since approval of the MTFS there have been continuing financial challenges as a result of: demand, complexity of care need and market pressures impacting social care services; income pressures within Regeneration and Environment along with operational pressures in Waste Management and Home to School Transport; and the impact of the Local Government Pay Award 2026/27. Inflation remains a challenge, fluctuating through the year from 3% in January, dropping to 2.6% in June then rising back up and reaching a September 2025 Consumer Price Index (CPI) of 3.5%; this increases the Council's base costs which then presents a longer term challenge for the Council.

1.2 The Local Government Association (LGA) Pay Award for 2026/27 was agreed in August 2026 as a 3.3% increase on all the salary values and associated allowances for all grades. The impact of this pay offer is estimated to be £1.6m above the position built into the Council's Budget for 2026/27 and will be funded during 2026/27 through temporary savings from Treasury Management factored into Central Services and inflationary provision built into the Budget that has not been required for other purposes. The ongoing impact has been factored into the Council's Medium Term Financial Strategy as a pressure.

1.3 This update of the MTFS includes resource forecasts based on estimated increases to core funding streams that are inflated annually by CPI (September CPI, 3.5%). These resource assumptions will be reviewed again when the Government's Budget is released on 28th October and when the Provisional Finance Settlement 2027/28 is released in December 2026. The Government's Budget is not expected to reveal significant changes following the outcome of the FFR 2.0. The Provisional Finance Settlement will then further confirm the Council's funding position, setting out the specific amounts of Government funding to be provided to the Council. At this point any changes from the FFR 2.0 position will be confirmed.

1.4 This update of the MTFS also includes the Council's latest financial assumptions, taking into account estimated income from Business Rates and Council Tax, impact of inflation on service cost and demand pressures and the Council's timeline for the delivery of agreed savings across the MTFS. This update will support and inform the detailed budget setting process for 2027/28, alongside taking into account the outcomes of the Finance Settlement and the Council's policy choices and decisions on Council Tax levels. The Council's assumptions on Business Rates collection for 2026/27 had been impacted by the winding-up order made against Speciality Steel, the Council's single biggest rate payer at £2.8m a year. However, this position has improved during the last 12 months with the Government's intervention and the intended acquisition, that will ensure the rates liability is paid during the period of Government occupation of the site.

1.5 The MTFS review sits alongside the September Financial Monitoring 2026/27 report to Cabinet in November 2026, that projects a financial overspend of £2.9m. The Council expects to balance this projected outturn position before the year end; however, there is a risk that the use of the Council's reserves may be required.

Directorates are working on recovery plans to mitigate the financial overspend for 2026/27 as much as possible, to minimise the use of reserves. The Council's recent history and track record reflects an ability to bring back in line this forecast position during the year.

1.6 Within the current forecast overspend of £2.9m for 2026/27, the Directorates have a forecast overspend of £7.9m, with a Central Services underspend of £5.0m. The Directorate pressures are offset by savings generated from the Council's Treasury Management Strategy and savings on inflationary budget assumptions. The Council's overspend position is due to the following overall issues:

- Placement pressures within Children and Young People's Services and Adult Social Care, due to demand and complexity of care requirements.
- Impact of the Local Government Pay Award 2026/27.
- Operational pressures in Waste Management mainly due to increased vehicle hire cost whilst the Council awaits delivery of the new Waste vehicles and delayed delivery of the route optimisation programme.
- Increased demand, market costs and operational pressures across Home to School Transport.
- Whilst much improved, residual pressures against income generation within Markets service and Country Parks.

2. Key Issues

MTFS Update – Planning Assumption

2.1 The MTFS has been updated across the four years 2026/27 to 2029/30 and models the following:

- Government Grant forecasts based on the impact of the FFR 2.0, based on robust information for 2026/27 to 2028/39, with a reasonable assumption made for 2029/30 which will be the first round of the next funding settlement.
- The Council's anticipated resources from Council Tax and Business Rates.
- The planning assumption for Council tax annual increases remains at 3%.
- Pay, Contractual, Price and Income inflation estimates including capital projects and National Living Wage. This includes maintaining the planning assumption of a 2% increase on fees and charges for 2027/28.
- Assumption that the agreed budget savings remain deliverable, within the agreed profile. Work is underway to review this position and has been tracked monthly through the Council's financial monitoring procedures.
- The ongoing costs of decisions made in previous budget rounds including financing costs of capital investment.
- Service demand and cost pressures that have been identified as requiring additional budget support as they cannot be mitigated at least in the short to medium term.

2.2 The Council's collection rates for Council Tax are holding up well in spite of ongoing cost of living difficulties for residents and businesses. In 2025/26 the Council's in-year collection rate of Council Tax remained above 96% at 96.74% and was the 3rd highest in-year rate of all 36 Metropolitan Councils. However, due to the impact of

the winding up order for Speciality Steel, the business rates collection was 95.83%, and as such the Council was 25th on the list of Metropolitan authorities in this area. Given the improved position with the Speciality Steel site and the Government's intended acquisition, the Council's business rates collection for 2026/27 is expected to rise back to its previous strong performance levels. As a result of these two collection rate outcomes overall, the Council Tax assumptions have been maintained at the same level with the Business Rates position softened in the MTFS.

2.3 The estimated impact of inflation and the fluctuations in energy and fuel prices have been factored into the MTFS update. The ongoing legacy of the increased inflation period continues to lead to further market price pressures for the Council's base costs and contracts. In addition, there are continued areas of escalating cost due to service demand and complexity pressures being experienced, in particular in social services, predominantly Children's. These service demand pressures are being reviewed and will need to be continually reviewed as part of the ongoing MTFS and Budget work. Work has been underway throughout 2026/27 to try to better understand the financial and service impacts of these key pressure areas, to better inform the MTFS.

2.4 A significant assumption the Council has made within the current MTFS update is that Government will continue to honour the inflationary uplift in a number of core resources that have historically been inflated by September CPI (noting inflation on business rates is set in regulation). The impact of every 1% of inflation on these core funding streams is the equivalent of £1m extra resource for the Council. As such the Council will need to continue to closely monitor announcements from Government between now and the provisional financial settlement.

Fair Funding Review (FFR) 2.0

2.5 A consultation on the Government's proposed approach to local authority funding reform through the Local Government Finance Settlement from 2026-27 was launched 20th June 2025 and ran through to 15th August 2025. The outcome of the review was announced with the Government's Budget November 2025. The consultation sought views on the approach to determining new funding allocations for local authorities and fire and rescue authorities through the Local Government Finance Settlement.

2.6 The consultation proposed a new methodology for the distribution of a large proportion of funding the Council receives as part of the Local Government Finance Settlement. The FFR 2.0 introduced a significant change in methodology for the distribution of Local Authority funding, known as the Settlement Funding Assessment (SFA). The new methodology delivered a significant shift in the balance of funding back to a needs/demand basis; as such the Council was able to significantly gain from this revised approach.

2.7 This created a significant shift in how Local Government is funded and how the resources for Local Government are distributed. The focus of funding distribution 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 2026, was 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 was

a significant shift in direction that the Council welcomes, the funding was necessary to address the demand and market pressures the Council had been seeing in recent years.

2.8 The Government's intention through the FFR 2.0 was to provide greater certainty to Councils on their available funding over the spending review period (2026/27 to 2028/29). Government therefore provided a 3-year spending period funding position; this creates greater certainty and assists long term planning. There was a clear change in approach towards the funding for Local Authorities and a clear acknowledgement that Local Authorities need more resources to support demand and cost pressures, which is positive for the sector.

New Pressures & Mitigations

2.9 Since the Council's Budget for 2026/27 was approved at Council on the 4th March 2026, there have been some financial challenges that will impact the Council's position for 2026/27 and that will continue to impact the Council's MTFS beyond 2026/27.

2.10 Following review of the 2026/27 position the following financial challenges have been identified and will need to be considered as part of the Council's Budget and MTFS setting process for 2027/28.

- Placement pressures within Children and Young People's Services (CYPS) resulting from market pressures driving up the cost of external placements and inflation driving up the cost of internal placements. The Council has made a significant impact in reducing the cost and volume of placements in recent years. An analysis of Looked After Children (LAC) numbers 2019/20 compared with 2025/26 shows that LAC have reduced by around 130. Had previous numbers of placements still been in place, at today's inflated prices, this would have cost the Council £10m more per year. However, the Council still has a large number of external residential placements, driving the bulk of the £6.0m in year placements overspend.

- The current MTFS position does not provide for increases in the CYPS Placements budget as it is still felt the current CYPS Budget provision is sufficient if the service is able to reduce the external residential placements as planned and complete the in-house residential programme with full occupancy. This position will be closely monitored through the budget setting process. There are, however, budget assumptions for contractual inflation for CYPS Placements built into the MTFS.

- Adult Social Care pressures resulting from market inflation driving up cost of care packages along with growing complexity of care needs and an ageing demographic leading to increased demand. The area of biggest overspend is working age adults with Learning Disabilities. The overspend in Learning Disabilities is largely made up of a small number of individuals with high-cost needs, including in Out of Borough placements that cater for individuals with the most complex needs and high-cost residential care. Work is well underway to understand the drivers behind these costs given the Council spends more per working age adult than the national average. The work will

assess where there are opportunities to ensure the most cost-efficient process is in place, to support the delivery of services within budget and the delivery of the saving of £0.9m approved as part of the Budget and Council Tax Report 2026/27.

- The current MTFS position does not provide for a continuation of the Adult pressures that are being seen in the current financial year. Half of the pressures stem from a £0.9m saving target which has not yet been delivered but which the service is still confident of delivering. The bulk of the remaining pressure relates to the use of agency staff for the in-house care homes, again an issue that it is believed the service can address and reduce the cost pressure. This position will be closely monitored through the budget setting process. There are, however, budget assumptions for contractual inflation for Adults built into the MTFS.

- Home to School Transport pressures within Regeneration and Environment. These pressures are driven by a mix of new demand and operational pressures leading to an in year overspend of £1.1m. The Council's Budget 2026/27 addressed the historical budget challenge here with annual budget investment of £0.5m per year across the MTFS period. However, operational issues and market costs have taken the service further over budget.

- Waste Management service is forecasting to be £1.5m overspent in 2026/27. This is largely caused by overspends on transport, as the service continues to operate with a high number of hire and spare vehicles. It is expected that this position will improve once new refuse collection vehicles arrive next financial year. Work is continuing to achieve the route optimisation saving approved as part of the Budget and Council Tax Report 2025/26, however, difficulties in collection experienced during Autumn 2025/26 has meant that the planned removal of two routes has not yet been possible, though is still intended.

- Impact of the Local Government Association (LGA) Pay Award.

- UK Shared Prosperity Fund (UKSPF) came to an end during 2025/26 and was replaced by a smaller SYMCA Local Growth Fund allocation, with 2026/27 acting as a transition year. However, dialogue is underway with SYMCA regarding the future of this funding source and if the Council wishes to continue this activity, additional funding may be required.

- The Council's income generation position has continued to improve year on year. Whilst the Waterfront Café and Thrybergh Café are having a positive first year in operation, income generation is still behind the budgeted assumptions, including from Waleswood.

- There are financial challenges within the Council's Property and Facilities Management Service in relation to compliance works, repairs and maintenance and potentially further costs to accommodate once a full suite of stock condition surveys are in place. These pressures are currently being

managed within the overall Corporate Services Directorate, through wider savings and mitigating actions.

- The Council carried a Dedicated Schools Grant (DSG) deficit of £23.293m before application of the Safety Valve grants at the end of 2025/26. Government confirmed as part of the Financial Settlement that Councils would receive a High Needs Stability Grant to offset 90% of this overall deficit. However, for Councils that been through the Safety Valve arrangement, the grants they had already received through this process would be factored into that 90%. As such the Council has received £20.530m through the Safety Valve and will receive £434k from the High Needs Stability Grant, leaving a net deficit for the Council as at the end of 2025/26 of £2.239m. It is assumed that Government will continue to fund 90% of DSG deficits moving forwards, meaning that the Council estimate to receive 90% of any in year deficits across 2026/27 and 2027/28, at which point any deficit not covered by grant will have to be funded by reserves (by end of March 2028). The total deficit the Council will have to fund from reserves by the end of March 2028, when the current Statutory Override ends is expected to be in the region of £4m.

- Following on from the end of the DSG Statutory Override ending in March 2028, the Council expects to still be supported by Government funding for 90% of the in year DSG deficits, leaving the Council to fund the remaining 10%. For 2028/29 this is expected to be £1.100m and £1.120m in 2029/30. These two DSG forecasts have been built into the MTFS though it should be noted and understood that the projection of receiving a continued 90% High Needs Stability grant based on in year deficits is the Council's best estimate. It is not a guaranteed position.

Following review of the 2026/27 position the following mitigations have been identified and will need to be considered as part of the Council's Budget and MTFS setting process for 2027/28.

- The Council's funding assumed across the spending review period will be inflated by September's CPI position. The current approved MTFS assumed a flat 2% inflationary position; however now that September's CPI position has been confirmed, funding assumptions, where relevant, have been lifted by 3.5%, generating a further £1m of income into the MTFS.

- The Council's biggest Business Rates payer Speciality Steel had been wound up which was creating a budget pressure on business rates collection. However, the Government have stepped in and whilst that does not mean the site will necessarily become operational it does mean its business rates liability, £3m a year, will be paid. The Council is only directly impacted by 49% of this debt, 1% impact South Yorkshire Fire and Rescue Services and 50% relates to central Government.

- The Government's Business Rates reset is still underway, however, as greater clarity on the process comes to light it is now expected that the impact for the Council will be positive, potentially seeing an increase in business rates retention of £2m. The process was due to complete in the summer of 2026

however Government are now indicating the outcome will be released in late December 2026 as part of the Provisional Financial Settlement.

- The Council's delivery of savings approved as part of previous Budget reports continues to progress well as set out below.

- The Council has reviewed its medium term financial forecasts for the Treasury Management Strategy and is able to release further savings into the MTFS position: £2m in 2027/28 rising to £3m across 2028/29 and 2029/30. These projections should always be treated cautiously, and the Council will need to keep a continued close watching brief on the financial markets as major economic shocks are not in the Council's control.

2.11 The Council's Budget and Council Tax Report 2026/27 outlined that social care cost pressures, Home to School Transport and the Local Government Pay Award presented the most significant risk to the Council's Budget. The legacy of the high inflation period remains with inflation and market pressures at the heart of most of the cost pressures identified above, either increasing the costs of current provision or through exacerbating the impact of rising demand. For example, CYPS placements are reducing in terms of placement numbers, however, inflation and market pressures are causing the base cost of all types of placements to rise significantly.

2.12 These pressures and mitigations are set out in Table 1 below.

Table 1: Revised MTFS Position

Budget and MTFS Update	2027/28	2028/29	2029/30
	£000	£000	£000
Approved MTFS Position per Budget and Council Tax Report 2026/27	**0**	**0**	**11,525**
Revised inflation assumptions: • Revised inflationary adjustments for CYPS Placements and Adults Care Packages • Reviewed inflation on core resources • Reviewed assumption on impact of Spending Review 29/30 • Other inflationary revisions	613	1,928	-1,250
Recovery Grant £9.3m used to remove 2028/29 budget gap. Possible option to change when grant is used.	TBC	TBC	TBC
Public Health Grant reviewed for core contract renewals.	297	290	350
Public Health Grant - held centrally from previous and future grant uplifts.	-297	-290	-350

Business Rates Baseline reset and Business Rates Growth	-2,323	-2,323	-2,323
DSG High Needs deficit projected at the end of 2027/28.	0	20,363	0
DSG High Needs Stability Grant Estimate **(Not confirmed)**	0	-16,354	0
DSG High Needs deficit – reserves required	0	-4,009	0
DSG High Needs deficit pressures 2028/29 onwards	0	11,000	11,200
DSG High Needs deficit pressures - DfE support longer term **(not confirmed)**		-9,900	-10,080
Revised Treasury Management Savings projections	-2,000	-3,000	-3,000
Revised Position	**-3,711**	**-2,296**	**6,072**

2.13 Following the review of the MTFS pressures and mitigations the current MTFS forecasts present surpluses ahead of a large budget gap in 2029/30. The Council may wish to utilise its positive short term position to consider investments but also plan for the 2029/30 challenge. Although there is a more substantial pressure in 2029/30, given the level of change that can happen across this period and the uncertainty that exists within the local authority funding environment, there is no requirement to address this pressure as part of the current Budget and MTFS update. This position will need to take into account the outcomes of the Financial Settlement and choices on budget policy proposals on levels of Council Tax, reserves, fees and charges and any budget savings or investments.

Delivery of Agreed Budget Savings

2.14 The MTFS update assumes delivery of the remaining previously agreed budget savings. The Council's Financial Outturn report 2025/26 reported that £0.4m of prior year savings remained undelivered. In addition, the Budget and Council Tax report 2026/27 included the delivery of £3.2m of new savings, giving £3.6m to be delivered during 2026/27. Currently, £2.5m of delivery has been secured. The table below shows the total amount of all savings to be delivered during 2026/27 and the amount that has been delivered to date.

Table 2: Previously agreed savings

Directorate	2026/27 Saving to be delivered £'000	Secured as at 30th September 2026 £'000	Still to be delivered £'000
Corporate Services	704	704	0
Adult Care, Housing and Public Health	1,089	237	852
Children's and Young People Services	800	800	0
Regeneration and Environment	1,040	720	320
Total	**3,633**	**2,461**	**1,172**

Activity is ongoing to deliver the remaining £1.2m of savings that relate to Working Age Adults £0.9m, Waste Route Optimisation £0.3m and Waleswood £40k.

Summary MTFS 2027/28 to 2029/30

2.15 The MTFS, taking into account the issues described in this report, is summarised in Table 3 below. Following the review of the MTFS pressures and mitigations the current MTFS forecasts present surpluses ahead of a large budget gap in 2029/30. The main drivers of this budget gap are as follows, though as reported above, some of these pressures are mitigated;

- Financing impact of previous Capital Investment Programmes**.**
- Ongoing impact of Local Government Pay Awards.
- End of Treasury Management temporary savings plan - **£4m** per annum.
- Ongoing impact of annual funding improvements being outweighed by the annual projections for demand pressures.

Table 3: Revised MTFS

	2027/28 £000	2028/29 £000	2029/30 £0
Resources			
Council Tax and Business Rates	259,101	264,370	272,721
Government Grant	153,103	155,353	159,812
Total Resources	**412,204**	**419,723**	**432,532**
Expenditure			
Base Budget Requirement at 2026/27 pay and prices	402,023	398,523	410,723
Inflation Provision	13,073	25,392	37,548
New inflationary pressures and opportunities	613	1,928	-1,250
Treasury Management Strategy Savings	-2,000	-3,000	-3,000
Business Rates Reset & Growth	-2,323	-2,323	-2,323
Budget Savings previously approved	-2,893	-3,093	-3,093
Total Expenditure	**408,493**	**417,426**	**438,604**
Funding Gap/-surplus (Pre-Settlement)	**-3,711**	**-2,296**	**6,072**

2.16 It is important to note that this position is before the exact amount of Government grant funding for councils is provided within the Finance Settlement. This is also a technical update of the MTFS before any decisions on levels of Council Tax, reserves, fees and charges and any budget savings or investments.

2.17 Updated MTFS information will therefore form part of the Budget and Council Tax 2027/28 report to Council in March 2027 which will set out the full details of Budget and Council Tax proposals for 2027/28 alongside the final MTFS estimates for the medium term.

2.18 Given the financial position outlined for the Council, work is well underway with Executive Directors to consider opportunities for increasing the operational efficiency and effectiveness of services.

Reserves Position

2.19 In considering the Council's MTFS position it is important to be aware of the Council's reserves position, as set out below in Table 4. The Council's reserves have been steadily built back up in recent years to a robust position and one that covers the Council's key financial risks. The Council's reserves are also, following positive outturn positions in recent years and robust financial management, projected to be £10m higher than they were projected to be when setting the 2023/24 Budget. This level of reserves gives the Council a more robust financial position overall and the ability to potentially manage short term pressures on a temporary basis.

Table 4: Reserves Position

Corporate Reserves	**Projected Balance as at 31 March 2027**	**Budgeted Movement 27/28**	**Projected Balance as at 31 March 2028**	**Budgeted Movement 28/29**	**Projected Balance as at 31 March 2029**
	£m	**£m**	**£m**	**£m**	**£m**
General Fund Minimum Balance	**25.0**	**0.0**	**25.0**	**0.0**	**25.0**
Corporate Reserves					
Budget and Financial Strategy	14.1	4.9	19.0	-11.9	7.1
Local Plan Reserve	2.2	0.0	2.2	0.0	2.2
Business Rates	4.0	0.0	4.0	0.0	4.0
Corporate Revenue Grants Reserve	3.1	0.0	3.1	0.0	3.1
Local Council Tax Support Grant	0.8	0.0	0.8	0.0	0.8
Collection Fund Income Guarantee Grant	0.0	0.0	0.0	0.0	0.0
PFI leisure	0.4	0.0	0.4	0.0	0.4
Selective Licensing Reserve	0.1	0.0	0.1	0.0	0.1
Treasury Management Savings	7.0	0.0	7.0	0.0	7.0
Total	**31.7**	**4.9**	**36.6**	**-11.9**	**24.7**
Total General Fund Reserves	**56.7**	**4.9**	**61.6**	**-11.9**	**49.7**

3. Options considered and recommended proposal

3.1 In refreshing the MTFS the Council has made several financial assumptions as detailed within the main body of this report. Whilst various scenarios for how Government funding could be changed and the Council's costs could vary linked to in-year and potential future cost pressures, the update presented is the Council's current MTFS.

3.2 Given the level of uncertainty within financial markets, global factors and their impact on inflation, energy and the level of Government funding, elements of the MTFS remain complex to project. As such it is expected that when the Government releases the Provisional Financial Settlement for 2027/28, there may be changes to the availability of public sector funding.

4. Consultation on proposal

4.1 The Council consulted on budget proposals for 2026/27 ahead of the approval of the Budget and Council Tax 2026/27 report at Council in March 2026. Consultation on the 2027/28 budget is planned to be undertaken from December 2026 to January 2027, specific dates to be confirmed as the process continues.

5. Timetable and Accountability for Implementing this Decision

5.1 The information, proposals and recommendations will feed into the development of specific budget proposals for 2027/28 within the Budget and Council Tax 2027/28 report to Cabinet in February 2027 and Council in March 2027.

6. Financial and Procurement Advice and Implications

6.1 The financial implications are set out in the report. Following the review of the MTFS pressures and mitigations the current MTFS forecasts present surpluses ahead of a large budget gap in 2029/30. The Council will need to utilise its positive short term position to consider investments but also plan for the 2029/30 challenge. Although there is a more substantial pressure in 2029/30, given the level of change that can happen across this period and the uncertainty that exists within the local authority funding environment, there is no requirement to address this pressure as part of the current Budget and MTFS update. It is however important to note that this position is before the exact amount of Government grant funding for councils is provided within the Finance Settlement. This is also a technical update of the MTFS before any decisions on levels of Council Tax as part of the annual budget-setting process.

6.2 The Council's September financial monitoring projects an overspend of £2.9m, due in the main to pressures in social care demand and complexity, income shortfalls in Regeneration and Environment and the impact of the Local Government Pay Award. The Council is working towards mitigating this remaining forecast overspend with a view to balancing the outturn for 2026/27 so that use of reserves is not required.

6.3 There are no direct procurement implications arising from the recommendations detailed in this report.

7. Legal Advice and Implications

7.1 There are no direct legal implications arising from the recommendations within this report.

8. Human Resources Advice and Implications

8.1 There are no direct HR implications arising from the recommendations in this report.

9. Implications for Children and Young People and Vulnerable Adults

9.1 The implications are as set out in the report.

10. Equalities and Human Rights Advice and Implications

10.1 There are no implications arising from the recommendation in the report.

11. Implications for CO2 Emissions and Climate Change

11.1 Reviewing and updating the Council's MTFS does not in itself affect the Council's carbon emissions, those of its contractors or the Borough of Rotherham. However, cost pressures detailed in the present MTFS review may affect delivery of the Council's climate change commitments. In some cases, there are financial 'co-benefits' of climate change actions: more efficient waste vehicle routes and the delivery of new vehicles should have financial benefits as well as reduced carbon emissions.

12. Implications for Partners

12.1 There are no implications for partners.

13. Risks and Mitigation

13.1 Risks and mitigation are described in the report.

14. Accountable Officers

Rob Mahon, Service Director – Financial Services

Approvals obtained on behalf of Statutory Officers: -

	Named Officer	**Date**
Chief Executive	John Edwards	28/10/26
Executive Director of Finance & Customer Services (S.151 Officer)	Judith Badger	23/10/26
Service Manager, Property and Commercial/Deputy Monitoring Officer, Legal Services	Stuart Fletcher	26/10/26

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