

Medium Term Financial Strategy 2025/26 to 2034/35



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FOREWORD

I am pleased to introduce Solihull Council's updated Medium Term Financial Strategy (MTFS), which covers the period from 2025/26 to 2027/28. The MTFS supports the Council Plan, which is our key strategic document for identifying our vision, ambitions and priorities, and sets out the approach the Council is taking to deliver these priorities and manage our finances over the next three years.

Like last year, this budget round has continued to be very challenging. Funding pressures continue to rise across our services, against a backdrop of severe resource constraints. Despite an increase in several government grants in this year's finance settlement, the outlook for local government funding remains uncertain and national funding mechanisms have meant Solihull has received less than the national average in overall funding. As an example, Solihull Council was only one of three metropolitan councils out of 36 that received nothing from the new £600m Recovery Grant.

Our external auditors and the Chartered Institute of Public Finance and Accountancy (CIPFA) have both independently judged that the Council has effective governance and good financial management, which has historically held us in good stead. However, the scale of the financial challenge over the medium term is such that we must look at doing things differently moving forward. In the short term, as set out in this MTFS, we have had to balance the 2025/26 budget with exceptional financial support (EFS) from the government.

In his response to our EFS application, the local government minister acknowledged that this is a difficult time for the Council and that difficult decisions had been taken locally before the request for EFS was made. The government has recognised that this support is essential for us at the present time and has agreed our application in principle. This will buy us further time to review our operating model so that we can drive out further significant savings to balance the books in 2026/27 and 2027/28.

The government has also committed to the wider reform of local government finance from 2026/27. We will continue to lobby the government, on our own behalf and with others across the sector, for adequate funding and a fair means of distribution that together can restore local government to sustainability.

We have continued to maintain significant financial investment to support the on-going recovery of children's services, which is delivering improvements based on positive feedback from our Commissioner and Ofsted in their monitoring visits. At the same time, we are also seeing growth in demand for adult social care and significant pressures around social care provider costs due to inflation, increases in the national living wage and recent employer national insurance increases. We have also seen higher than usual volatility in business rates that has created an additional short term funding pressure.

As elected members, we must balance consideration for the impact of council tax increases on our residents with the need to maintain investment in the vital services we provide. We are taking a range of actions across all our services to mitigate costs in order that we can live within the funding available to us. Although inflation has continued to fall, we know many of our residents continue to struggle with the cost of living and we continue to work with partners to support those who need our help.

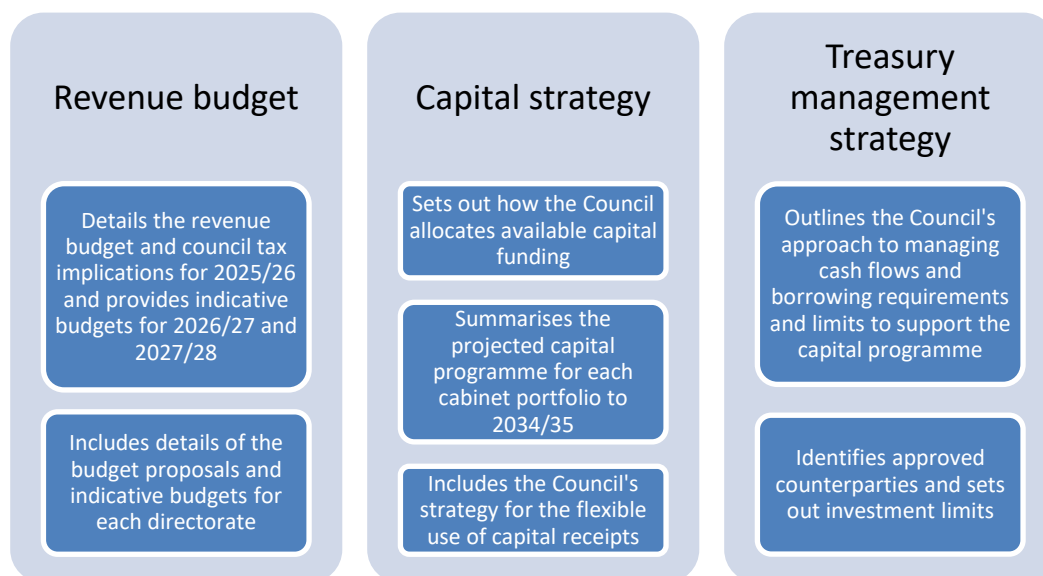
The strategy also sets out to maximise the capital funding which is available to the authority from a range of different sources. It targets those resources at key investment projects which support the delivery of our priorities across the Council's services.

I am proud of our Council and of our borough. Our ambitious approach to our economy, our bold environmental programme, vibrant communities, passionate and committed staff and elected members and good partnerships provide a firm footing for the delivery of the Council Plan, and this MTFS sets out the resourcing to support that plan.

Councillor Ian Courts
Leader of the Council

1. INTRODUCTION AND OBJECTIVES

1.1.1 The strategic direction for the authority is set by the Council Plan. A new five-year plan is under development at the time of writing, with the intention of presenting it to members for approval in July 2025. In the context of the financial challenges facing the Council, which are outlined in this document, these timescales reflect the careful consideration being given to balancing priorities with available resources. The MTFs complements the Council Plan by defining the financial framework within which these priorities will be delivered. It outlines the factors which are expected to drive future costs and sets out the funding projections and our strategy for addressing the funding gap. There are three supporting strands to this strategy, which can also be read as standalone documents:



1.1.2 In addition, as part of our plan for achieving net zero carbon emissions by 2030, we set an annual carbon budget alongside our financial budget.

1.1.3 The core principles underlying the medium term strategy are that:

- The Council will seek to regain a sustainable financial position over the course of the planning period. This is expected to require annual council tax increases in line with the maximum referendum thresholds.
- We have a “one Council, one budget” approach, which means that everyone at the Council has a role to play in restoring financial sustainability and we will all work together to achieve this.
- The Council will aim to maintain appropriate quality services which enable people to live good, healthy lives, although they may be delivered differently.
- The deployment of the Council’s limited resources will be focused on those activities which contribute most to maintaining good outcomes for local people and deliver statutory responsibilities, whilst also achieving financial sustainability.

1.1.4 The MTFs supports the medium-term policy and financial planning process at the heart of setting revenue and capital budgets. The main objectives of this strategy are:

- To provide a sustainable financial base from which to deliver the Council's priorities as set out in the Council Plan.

- To ensure that the Council's strategic priorities are reflected in its capital programme and also that the capital programme is affordable.
 - To ensure that cash flows are adequately planned so that cash is available when required and the Council can meet its capital spending obligations.
 - To set a sound financial planning framework to underpin the effective financial management of the Council.
- 1.1.5 The MTFS approved in February 2024 noted the seriousness of the financial challenge facing the Council and outlined the Council's approach to meeting the forecast budget gap in 2025/26 and beyond. In March 2024 the Chief Executive convened a Financial Sustainability Board (FSB) of senior officers to oversee a programme of work to develop savings proposals to meet the funding gap. This work programme identified substantial savings for 2025/26 and beyond, but at the same time cost and funding pressures continued to increase.
- 1.1.6 Grant Thornton's external audit of the Council's financial statements for 2023/24 concluded that the Council has effective governance arrangements in place, with a robust risk management process, and it works effectively in partnership with a range of regional organisations. The auditors' report did however identify a significant weakness in financial sustainability arrangements and recommended that "the Council continues and accelerates its current package of activities to address the significant structural budget deficit and reach a sustainable financial position in the medium term".
- 1.1.7 In autumn 2024, the Council commissioned CIPFA to undertake an independent review of the Council's financial position and governance arrangements. The review concluded that:
- No deficiencies were identified in financial or risk management arrangements.
 - No governance issues were identified and relations between members and officers are good.
 - The Council is generally low cost but with higher-than-expected cost outliers in children's services and highways.
 - The Council's arrangements for funding its capital programme are sound.
 - The Council is compliant with the CIPFA Prudential Code and the treasury management code.
- 1.1.8 The CIPFA review did however identify a significant risk in respect of the Council's financial sustainability, observing that the Council must "place greater emphasis on the need for quantifying and delivering its financial sustainability plan". The review recommended that the Council apply for Exceptional Financial Support (EFS) from the government to manage the forecast overspend for 2024/25 and balance the budget for 2025/26, noting that without EFS the Council was at risk of moving to a financially unsustainable position.
- 1.1.9 The government's EFS scheme allows local authorities to apply for capitalisation directions (approval to capitalise revenue expenditure) and/or the ability to increase council tax above referendum limits in order to manage short term financial challenges. In December 2024 the Council formally applied for Exceptional Financial Support (EFS) totalling £48.273 million over 2024/25 and 2025/26, and this application was agreed in principle in February 2025. The Council's application was focused on the additional investment made in children's services and on the in-year pressures on business rates income, which together have affected the Council's sustainability and depleted reserve balances in recent years.

1.1.10 EFS does not provide a permanent solution to the financial position, but it is a mechanism to provide the Council with more time to deliver a transformation programme that will generate sustainable mitigations to our financial pressures. With that in mind, the Council's EFS application has enabled the Council to balance the forecast position for 2024/25 and 2025/26, whilst also creating a £10 million fund to initiate the level of transformation required to begin to restore financial sustainability over the medium term.

1.1.11 The FSB was superseded by a Corporate Delivery Board from February 2025, to oversee a programme of change in how we deliver services, with the objectives of addressing our financial challenges, helping to manage demand and respond to the changing characteristics of the borough. This Board will manage seven workstreams which together contribute to the Council Transformation Plan.

2. COST DRIVERS

2.1 The economy

2.1.1 Economic conditions, both locally and nationally, are a key factor in the cost of the Council's services:

- Demand for a range of services (such as social care, council tax support, homelessness, housing, drug and alcohol services and domestic abuse) increases when the economic climate is challenging.
- Income from sales, fees and charges (e.g. for planning applications, car parking and other discretionary activities) is lower when residents are facing cost of living pressures.
- Inflation affects the cost of delivering council services, impacts on the Council's ability to deliver major capital investments and puts upward pressure on pay costs.
- In addition, as outlined in section 3.1 below, council tax income is affected by rates of housebuilding in the borough and the number of people claiming council tax support, and business rates income is affected by business closures, contractions and relocations. Collection rates may also be affected in an economic downturn.

2.1.2 Inflation is a key variable for the MTFS. We budget for contractual inflation (both for general contracts and for our strategic contracts, utilities inflation and income inflation (for sales, fees and charges):

- Our assumptions in respect of contractual inflation for each of the three years are based on forecasts for consumer price inflation and retail price inflation made by the Office for Budget Responsibility (OBR) which were published alongside the Autumn Budget in October 2024, unless more specific indices apply in which case tailored assumptions are made.
- The Council benefits from bulk advance purchasing arrangements for gas and electricity and therefore has a degree of certainty over the forecast prices for utilities for 2025/26, although there is substantially less certainty for future years and the number and range of properties involved makes accurate forecasting of total cost difficult.
- The MTFS assumes that income from sales, fees and charges will increase in line with projected council tax increases from 2025/26. While higher than projected consumer price inflation, this is in recognition of the difficult financial circumstances facing the Council, but the increases applied to specific fees and charges may vary from this headline assumption.

- 2.1.3 Local government pay is agreed nationally between the National Joint Council for Local Government Services (NJC) and the trade unions. Because of the complexity of the negotiations, agreement on the pay award for a year is not usually reached until partway through the year, meaning there is always a risk in the pay assumptions in the MTFs. In recent years, the in-year cost of the pay award in excess of the base MTFs assumption of 2.0% has been managed through reserves, but for 2025/26 a higher increase of 2.8% has been assumed to mitigate the risk of an in-year pressure. The assumption for future years (currently 2.0%) will be revisited as part of next year's budget process.
- 2.1.4 Increases in the national living wage, while having a limited impact on the Council's own pay budget, affect the cost of services provided by third parties, particularly in adult social care. For this year's budget process, the changes to employers' national insurance contributions announced in the Autumn Budget are also expected to have a significant impact on both direct and indirect costs. The government has committed to providing a level of grant funding towards the direct cost of these changes, but it is anticipated that a significant shortfall will remain.

2.2 Demographic change

- 2.2.1 Population growth puts pressure on universal services, such as transport and public service infrastructure. In addition, certain sectors of the population are growing faster than others, putting pressure on social care and education services in particular:
- Solihull's ageing population is higher than the national average and numbers of older people are expected to increase faster than the increase in the general population.
 - Adults with long term health conditions and disabilities are living longer, which is increasing the number of people being supported at any one time.
 - The number of children moving into the borough's schools has also increased, with over 2,500 in-year admissions in 2023/24, putting pressure on school places and increasing transport costs.
- 2.2.2 In addition, we are seeing increased complexity of need in all adult age groups and across the children we support through education and social care services. The Council is experiencing year-on-year increases in requests for Education, Health and Care Plans (EHCPs) and high-cost specialist education placements out of the borough, which also increases transport costs, and in recent years there has been a sustained increase in the number of children requiring support for behavioural and mental health difficulties. The position is exacerbated by market challenges in respect of the availability, stability and price of placements for vulnerable people.

2.3 Service design

- 2.3.1 How services are delivered clearly has an impact on cost and this is the focus of many of the mitigations included in the MTFs. It will also be a critical aspect of our response to the future budget challenge, which will explore:
- Different ways of serving customers through digital transformation.
 - Simplifying and aligning methods of service delivery across the Council and with partners to reduce bureaucracy and remove duplication.
 - Reducing service demand through effective prevention, early intervention and a 'first response' which minimises need for higher cost or longer-term service provision.

2.3.2 While many of the pressures faced by Solihull are common across all local authorities, our particular challenge has been the improvement journey for Children's Services, which has necessitated on-going additional investment of £20.5 million in 2022/23 and 2023/24, and one-off investment of £11.1 million plus a further £24.6 million cover for pressures in 2024/25 and 2025/26, in order to stabilise the service and achieve the changes required to deliver our improvement priorities and satisfy external commissioner expectations. Financing this level of essential investment has severely tested our financial resilience.

2.3.3 The Council supports a relatively large number of children and costs, particularly for the most complex cases, remain high. The cost of turning around a service rated "inadequate" is inevitably high, but numbers of children in care have already begun to fall, and it is anticipated that once our preventative offer is well-established, costs will begin to reduce accordingly.

2.4 Other external factors

2.4.1 There are a number of other factors outside the Council's control which can affect our costs, whether directly or indirectly:

- Recruitment challenges: a shortage of some key workforce skills and particular professionals leads to higher reliance on more expensive agency workers and contractors to deliver essential service capacity.
- New expectations and statutory responsibilities for local authorities: recent examples include updates to the Statutory Youth Offer, increased housing regulation and new requirements around the disposal of items containing persistent organic pollutants.
- The intensification in the inspection regime, for example in adult social care and Special Educational Needs and Disabilities (SEND) represents an increased – and unfunded – administrative burden for local authorities.
- Pressures on other public services can also affect local government – for example, increased waiting lists and delayed access to health services can increase demand for social care, and budget shortfalls elsewhere may reduce the resources available for joint-funding arrangements or partnership activity.

2.4.2 There are detailed models underpinning the forecasts for such demand-driven budgets as adults and children's social care, special educational needs and disability services, home to school transport, waste collection and disposal and homelessness, which inform the service pressures built into the MTFS.

3. RESOURCING

3.1 Revenue

3.1.1 Solihull's net revenue spending is funded from two main sources, council tax and a share of business rates income.

Council Tax

3.1.2 Council tax income funds 70% of the net revenue budget in 2025/26. Solihull has a strong tax base and sustainable economic development in the borough is encouraging appropriate housing development which will further strengthen that base. The MTFS assumes growth in the council tax base equating to 1.24% in 2025/26 and 0.43% in 2026/27 before settling at 0.50% per annum thereafter. This compares to an average increase over the last five years of 0.69%. For 2025/26, the taxbase growth includes the estimated impact of changes to the council tax reduction

scheme from April 2025 and of a review of single person discount eligibility. Tax base growth projections will need to be revisited in future iterations of the MTFS to reflect the increased housebuilding targets set nationally.

- 3.1.3 Solihull's Band D council tax is relatively low for a metropolitan district (5th lowest of the 36 metropolitan districts in 2024/25) and this position is unlikely to change in the current environment, where in order to manage their financial position, the majority of councils need to increase council tax by the maximum allowable before a referendum has to be held.
- 3.1.4 The level of increase ultimately recommended to Full Council each year will be determined through the budget process, but for planning purposes and given the Council's financial challenges, the MTFS assumes a 4.99% increase in 2026/27 and 2027/28 in line with anticipated referendum thresholds set by the government.
- 3.1.5 The government intends to reform local government funding from April 2026, including revising how relative needs and relative resources are assessed. The initial consultation includes a proposal to use a notional council tax level in the assessment of relative resources, which is likely to disadvantage those councils like Solihull with council tax levels significantly below average. The Council will continue to make the case to government that resource assessments should be based on actual not notional income, but this presents a risk in terms of future funding assumptions.
- 3.1.6 As with council tax income, economic development is key to the sustainability of the business rates tax base, which is reviewed each year to reflect the latest intelligence on business relocations, expansions and closures. Strategic action taken by the Council to support economic activity in the borough is key to influencing growth in the tax base.

Business Rates

- 3.1.7 The rate of increase in business rates income each year is determined by the business rate multipliers, which are set by the government based on CPI in the preceding September. The MTFS assumptions for 2026/27 onwards are based on inflation forecasts from the Office of Budget Responsibility (OBR), published alongside the Autumn Budget in October 2024.
- 3.1.8 As part of the West Midlands Trailblazer devolution deal, the seven West Midlands metropolitan districts will continue to retain 99% of business rates growth until 2033/34. Despite that guarantee, business rates income is much more volatile than council tax income, with the outcome of appeals and the impact of reliefs particularly difficult to forecast. For example, the 2023/24 final position on our share of business rates income was a net deficit of £11.952 million, £6.704m worse than the deficit forecast as part of the 2024/25 budget. This was primarily as a result of late adjustments to property valuations from appeals and premises being taken out of commission for refurbishment which impacted on the income receivable. Under collection fund accounting regulations, most of this deficit will be funded in 2025/26.
- 3.1.9 Alongside the ten-year business rates retention arrangements, the government also designated three Growth Zones within the West Midlands from 1 April 2024, including the East Birmingham and North Solihull Growth Zone, which is partly within the Council's area. Growth within this site will be retained by the Council for 25 years and will be exempt from system-wide resets of business rates.
- 3.1.10 Since the 2023/24 budget, the MTFS has assumed the full benefit from increased business rates retention under the devolution deal is included in the base budget, rather than setting aside the additional element as windfall income for future years. Consequently, the impact of fluctuations in business rates income has also been

more significant to the MTFS than it was historically, compounded by the reserves historically used to manage such fluctuations now being fully used. Additional allowance for volatility has been made in updating the business rates forecasts and the provision for business rates appeals in the new MTFS.

3.1.11 As part of its wider reforms to local government funding, the government has committed to reset the baselines used to measure business rates growth from 2026/27. This means that all business rates growth since 2013/14 will be redistributed nationally from April 2026 based on an updated assessment of relative needs and resources. Local authorities will then retain growth above the new baselines going forward. There is currently insufficient information for the potential impact to be quantified, but for 2025/26 Solihull's forecast business rates growth is over £33 million more than its baseline, so it is clear this represents a significant risk for the MTFS. More information will be made available during the course of 2025, and this will be a central consideration for the 2026/27 budget process.

Grants

3.1.12 The MTFS also includes funding from a number of non-ring-fenced grants:

- £19 million in funding in 2025/26 for government policy decisions affecting business rates income. The value of these grants represents the cumulative impact of government policy decisions since 2013/14 and will vary each year depending on the business rates reliefs announced, until the business rates system is reset.
- The social care grant (for both adults' and children's services) will increase from £16.781 million to £19.611 million in 2025/26 (including rolled-in funding). It had previously been assumed that this grant would reduce from October 2025 in order to divert funding to social care charging reform, but as those reforms have now been cancelled it is assumed this grant will continue at current levels over the period of the MTFS.
- A new children's social care preventative grant of £1.120 million has been introduced from 2025/26.
- The New Homes Bonus (NHB) grant is based on the number of new properties built and the number of long-term empty properties brought back into use in an area. Solihull will receive NHB payments totalling £0.403 million in 2025/26. The government has signalled its intention to review the NHB as part of its wider review of local government funding.

3.1.13 The MTFS assumes that the social care and new children's preventative grants will continue at existing levels, but that the New Homes Bonus will end in March 2026. In reality, future funding streams are likely to be considered by government alongside its review of local government funding. The government has also indicated that it expects to make transitional grant available for a period from 2026/27 to support those authorities most affected by the outcome of its funding reforms.

3.1.14 The Council also receives a significant amount (£243 million in 2023/24) in revenue grants ring-fenced to specific services, around half of which relates to education services. Other significant grants include the Public Health grant, which is intended to support local authorities in their statutory duty to improve the public health of their populations. The Council's spending on public health is largely committed to contracts for specific services, which has meant that managing the impact of funding reductions in recent years has been challenging. For the purposes of the MTFS, most specific service grants are shown as having a net nil budget, as the income is matched against an equivalent amount of forecast expenditure. If grant income is

lost, then the associated service will need to downsize proportionately where practical.

Other Income

- 3.1.15 Other important funding streams include income from sales, fees and charges. Such income supports the expenditure of individual service areas, and each service area has responsibility for determining appropriate fees and charges (unless they are determined outside the Council) for recommendation to Full Cabinet for approval. The MTFS assumes a general inflationary increase for fees and charges income, which from 2025/26 has been linked to the projected increase in council tax. However, increases in the fees and charges set for individual services vary depending on any statutory requirements, specific market considerations and also on the objectives a particular service may be trying to achieve through its charging structure (for example to encourage or discourage certain behaviour). The general principle for discretionary charges is that they should cover the cost of providing a service (including related overheads) rather than generate a profit.
- 3.1.16 The Council also receives income from its investments. As outlined in the Treasury Management Strategy, surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, with security and liquidity taking priority over investment return. For 2025/26, the target rate of return on investments is 4.0%, which will be monitored throughout the year. As at 31 December 2024, the Council held investments totalling £29.5 million.
- 3.1.17 The Council presents its revenue budgets as net of specific grants and other income.

3.2 Capital

- 3.2.1 Funding for the capital programme primarily consists of a combination of prudential borrowing, specific capital grants and capital receipts from the sale of council assets. The Council's capital programme is divided into two parts:
- the corporate programme, which is funded from prudential borrowing and receipts from the disposal of assets; and
 - the self-funded programme, which is supported by grant allocations and any revenue or third-party contributions.
- 3.2.2 Prudential borrowing provides some flexibility in relation to funding for the capital programme. It has been used to support the delivery of major projects such as the North Solihull Regeneration programme, the enhancement of council properties and ICT projects. The current MTFS includes £108,000 of additional revenue funding over the period to support prudential borrowing.
- 3.2.3 Increasingly, large capital projects are dependent on external grants, specific government funding or partnership arrangements and for a significant proportion of our capital programme, the strategy moving forward will be largely driven by the value of external funding we can secure, and internally funded borrowing will be restricted by revenue affordability. Examples in the capital programme include HS2 infrastructure works, food waste collection implementation and the Kingshurst town centre project. Specific grants and third-party contributions are usually subject to conditions determining the purposes for which they must be used. Service areas may also make contributions to specific capital projects from their revenue budgets – in 2025/26 these budgeted revenue contributions will be replaced with prudential borrowing wherever possible in order to release additional resources for the MTFS.

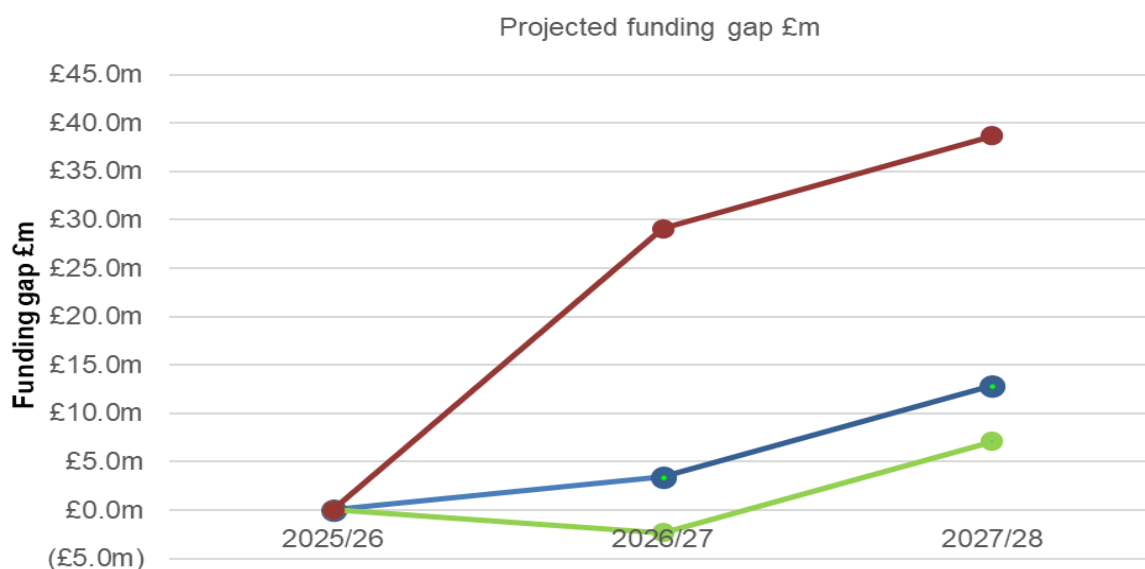
- 3.2.4 The Council charges a community infrastructure levy (CIL) on new developments. Income raised from CIL can be used to support development by funding infrastructure improvements across the borough. This can include transport schemes, flood defences, schools, health and social care facilities, parks and green spaces and cultural and sports facilities.
- 3.2.5 The Corporate Capital Strategy is supported by the Council's corporate Asset Management Plan which includes an objective to optimise the Council's land and property portfolio through proactive estate management and effective corporate arrangements for the acquisition and disposal of land and property assets. Our revenue savings programme assumes a level of capital receipts will be realised over the MTFS period and used to fund transformational expenditure under existing flexibilities. The Flexible Use of Capital Receipts Strategy, which is part of the Corporate Capital Strategy, outlines the Council's approach to this.
- 3.2.6 The Council will continue to realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to the prevailing market conditions. Full Cabinet is responsible for deciding how corporate capital receipts are to be utilised in line with Council objectives and the Corporate Capital Strategy, but our financial position means that the use of capital receipts to fund transformational activity is likely to remain a key element of the MTFS while financial sustainability is restored.
- 3.2.7 We are undertaking a more comprehensive review of assets to support our financial sustainability which will include:
- Review of operational assets to reduce operating costs, either by rationalising, commercialising or releasing for disposal
 - Review of income generating non-operational assets to identify opportunities for capital receipts where the income foregone is less than equivalent borrowing costs
 - Review of non-operational assets that are not income generating to identify further capital receipts potential.
 - Review of community-based delivery to understand asset requirements and opportunities for delivery with partners.

3.3 Key sensitivities

- 3.3.1 The table below summarises the main assumptions underlying the MTFS. The impact of any variation from these assumptions during 2025/26 will need to be managed in-year; however the projections for 2026/27 are particularly key as it is these assumptions that have determined the extent of the funding challenge ahead. The table also shows the estimated impact on the 2026/27 funding gap of the outcome being +/- 1 percentage point different from the MTFS assumption for that year, to give an indication of relative scale.

	2025/26	2026/27	2027/28	Impact of 1% variation in 2026/27 £'000
Council tax base growth	1.24%	0.43%	0.50%	1,486
Business rates tax base growth	(0.48%)	1.03%	0.49%	1,287
Business rates multiplier increase	1.65%	2.16%	1.94%	1,442
Pay inflation	2.80%	2.00%	2.00%	1,220
Contractual inflation – core	2.59%	2.18%	2.11%	250
Contractual inflation - specific contracts	3.02%	3.03%	2.88%	203
Sales, fees and charges inflation	4.99%	4.99%	4.99%	110
Transport levy	3.00%	3.00%	3.00%	90
Grants within core spending power (excl. business rates)	12.15%	(1.23%)	0.00%	329

3.3.2 The chart below shows the projected funding gap over the MTS period based on the current assumptions in the MTFs (the blue line). The chart also shows the impact of varying some of the key assumptions under ‘best case’ (green line) and ‘worst case’ (red line) scenarios. Clearly in reality it would be unlikely that all the assumptions in either scenario would be realised at once, but as headlines these give an indication of the potential level of variability within the MTFs assumptions.



3.3.3 The key assumptions varied in each scenario in 2026/27 and 2027/28 (compared to those used in the MTFs) are summarised in the table below. The most significant variables by value in this analysis are the “other cost pressures”, reflecting the risk of emerging service pressures in excess of the amounts already provided in the MTFs, and business rates income, where volatility is compounded by a significant risk in respect of the forthcoming business rates reset.

	2026/27			2027/28		
	Base £'000	Best case £'000	Worst case £'000	Base £'000	Best case £'000	Worst case £'000
Pay inflation	7,561	6,951	10,003	10,049	9,427	12,537
Non pay inflation	10,468	9,422	11,514	14,704	13,618	15,790
Other cost pressures	7,570	6,813	10,977	8,353	7,518	12,112
Savings	(12,230)	(13,488)	(10,972)	(14,493)	(15,716)	(13,270)
Grants	1,745	30	3,460	1,745	50	3,440
Business rates retained income	(2,025)	(2,025)	12,473	(3,747)	(3,747)	11,095
Council tax - tax base	(2,268)	(2,640)	(965)	(3,013)	(3,307)	(2,267)
Other items	(7,384)	(7,384)	(7,384)	(755)	(755)	(755)
Funding gap	3,437	(2,321)	29,106	12,843	7,088	38,682

3.3.4 There are significant uncertainties in many of the assumptions in the MTFS and so any projections are speculative and should be treated with caution.

4. THE COUNCIL'S RESPONSE

4.1 Savings challenge

4.1.1 The funding envelope available to the Council is determined by the forecast income from council tax and retained business rates. Despite the identification of substantial savings for 2025/26 and beyond, a significant gap between forecast expenditure and forecast resources remains across the MTFS period. Although there are further potential savings which are still being developed and have yet to be quantified, the scale of the gap, the immediacy of the challenge and the relatively low level of reserves available to the Council meant that a temporary solution was required in order to allow more time for the development and implementation of a more transformative approach.

4.1.2 The table below shows the indicative budgets for each year of the MTFS period, the movement in forecast income and expenditure compared to the 2024/25 base budget, and the resulting funding gap. In addition to showing the amount of EFS applied to fund the net gap in 2025/26, the table includes the associated borrowing costs and the creation of a £10 million transformation fund, to support the Council's drive towards financial sustainability.

	2025/26 £'000	2026/27 £'000	2027/28 £'000
Base budget 2024/25	199,904	199,904	199,904
(Increase)/decrease in council tax income	8,380	15,874	24,106
(Increase)/decrease in retained business rates income	(5,696)	6,540	8,416
Indicative budget	202,588	222,318	232,426
Increase/(decrease) in forecast net expenditure			

	2025/26 £'000	2026/27 £'000	2027/28 £'000
Pay inflation	5,119	7,561	10,049
Non pay inflation	5,052	10,468	14,704
Other cost pressures	9,370	7,570	8,353
Pressure from use of one-off savings in previous years	14,462	13,914	17,578
New savings proposals	(12,576)	(12,230)	(14,493)
(Increase)/decrease in grants	(5,153)	1,745	1,745
Movements to/(from) reserves	7,348	3,385	3,539
Exceptional financial support impact	(20,938)	(6,562)	3,890
	2,684	25,851	45,365
Savings required to meet indicative budget	0	(3,437)	(12,843)

4.1.3 The Council's application for EFS will allow revenue expenditure in 2024/25 and 2025/26 to be capitalised and funded from capital receipts and/or borrowing. The actual capitalisation will be undertaken at the end of the relevant financial year once the outturn position has been reported to and validated by the Ministry for Housing, Communities and Local Government.

5. RISK MANAGEMENT AND RESERVES

5.1 Strategic Financial Risks

5.1.1 In setting the revenue and capital budgets, the Council takes account of the known key financial risks that may affect its plans. The overarching risk of failure to deliver the MTFS due to pressures in children's services, pressures in social care and inflationary pressures is included on the corporate risk register as a net red risk. The table below summarises the mitigating actions that are in place or in progress.

Mitigating action in place / in progress (extracted from the corporate risk register)	Provision through the MTFS
<ul style="list-style-type: none"> • Strict monitoring of budget delivery by CLT and Cabinet • Consolidated risk reserve • Regular lobbying of government for further funding • Some service specific reserves are in place • Explore transformation options and income generating opportunities, including grants and external funding • Use of capital receipts flexibility to fund revenue expenditure • Fundamental review of the level of affordable services to help identify future savings • Commit to the delivery of savings agreed by the FSB through the formal budget setting process • Establish new transformation programme infrastructure and governance to deliver MTFS savings under the Corporate Delivery Board • Continue work on further savings options and budget mitigations to address future financial gaps in 2026/27 and beyond • Seek Exceptional Financial Support from MHCLG 	<p>Significant additional funding for pressures built into MTFS</p> <p>Allowance for inflation based on OBR forecasts</p> <p>Consolidated risk reserve available if required</p>

- 5.1.2 An assessment of specific budget risks has been undertaken in order to determine the minimum balance the Council needs to hold in its consolidated risk reserve. This is attached at Appendix D.
- 5.1.3 As outlined in section 3 above, the government has committed to reforming local government funding, with an initial consultation on the broad principles for reform launched alongside the provisional finance settlement in December 2024. The consultation will build on the previous government's Fair Funding Review and will include updated assessments of relative need and relative resources. This will inform the reset of business rates baselines, under which growth since the introduction of business rates retention in April 2013 will be redistributed nationally. The assessment of relative need is likely to consist of tailored formulae using a basket of indicators for adults' and children's social care and highways, and a more generalised formula assuming standard cost drivers for other services. It will also include updated area cost adjustments to reflect the differing costs of service delivery in different localities. The initial consultation indicated that the resource assessment could use a notional council tax charge to measure relative ability to generate council tax income, which the Council is strongly opposed to on the basis that it overestimates the resources available to authorities with relatively low council tax charges. As with any funding reform, there is a risk that the Council will lose funding as a result of the proposed changes.
- 5.1.4 There is also a risk that from 2026/27 the Council will be required to meet the cost of the deficit on Dedicated Schools Grant (DSG) budgets from general fund resources. The deficit, which largely relates to pressures against the High Needs Block as a result of rising numbers of pupils with Education, Health and Care Plans, already exceeds available general fund reserves and is forecast to continue to grow each year, with the latest forecasts projecting a deficit in excess of £46 million by March 2027.
- 5.1.5 The statutory override that permits local authorities to ring-fence the deficit in an unusable reserve is set to end in March 2026. Unless the government acts to further extend the statutory override or otherwise address the funding of accumulated deficits across the sector, these deficits will impact on councils' general fund budgets from 2026/27. As the Council would be unable to fund the accumulated DSG deficit in this scenario, this would trigger the issue of a section 114 notice for Solihull. However, given the scale of this issue, with deficits estimated to exceed £1.9 billion nationally, it is likely that some government intervention will be necessary. In the meantime, the Council continues to engage with the Department for Education on the management and mitigation of the forecast deficit, through the department's Delivering Better Value programme.
- 5.1.6 The Chartered Institute of Public Finance and Accountancy (CIPFA) maintains an index of financial resilience for English councils which assesses each authority against a number of indicators, most notably relating to reserves, debt and interest payable and relative spend on social care, in order to illustrate each council's financial position relative to that of their statistical 'nearest neighbours'. The index was developed with the intention of highlighting areas of potential risk to councils' financial stability and informing the judgement of the chief finance officer on the robustness of budgets. CIPFA acknowledges that the index should not however be viewed in isolation and its interpretation will depend to a large degree on the local context specific to each authority.

5.1.7 The index is based largely on outturn figures reported through government returns, which means that there is a lag between spending decisions being made and the effect being visible in the index. The latest version of the index, which uses outturn data for 2023/24, shows the following for the measures considered most relevant by CIPFA:

- Reserves: Solihull falls in the average risk category compared to our nearest neighbours in respect of the overall level of reserves, but higher risk in terms of the change in reserves, particularly in respect of unallocated reserves. This reflects the significant usage of reserves in recent years and supports the view that existing reserve levels should be protected as far as possible from further reductions.
- Social care ratio: the index suggests that spend on adult social care as a proportion of net revenue expenditure remains lower than average compared to our nearest neighbours, while spend on children's social care is the second highest in the group (a slight improvement from 2022/23 when Solihull's spend placed it highest in its group). The latter reflects the significant increase in funding allocated to support the improvement journey in children's services, but it should be noted that these measures are fairly crude and much more detailed benchmarking is utilised in the Council to assess relative performance in both adults' and children's services.
- Debt and interest payable: the index suggests that levels of gross external debt remain average for the comparator group but that interest payable as a proportion of net revenue expenditure is above average, albeit lower than in 2022/23, at 5.4%.

5.2 Reserves

5.2.1 The Council is required to maintain adequate financial reserves to meet the needs of the organisation. The reserves we hold can be classified as either risk reserves, which are held to cushion the impact of uneven cash flows or unexpected events, or as specific reserves which are earmarked for a particular purpose.

5.2.2 The Council will seek to optimise the use of its reserve balances in delivering priorities, making decisions on a corporate basis and observing opportunities to maintain an appropriate balance between short term expenditure and long term investment. In recent years, the Council's budget has been supported by both the release of surplus earmarked reserves through the budget process and by the use of corporate reserves to manage short-term pressures. However, as outlined above, there are considerable risks around a number of key assumptions underpinning the MTFS and lower reserves balances do limit an authority's flexibility to respond to unforeseen pressures.

5.2.3 In their Value for Money report on the 2023/24 accounts, the Council's external auditors recommended that "the Council should consider planning for the replenishment of reserves, which may be achievable in three to five years". This recommendation was echoed by CIPFA's assurance review, which also however noted that this would be difficult until the Council has reached "a financial equilibrium where spending resources match demand".

5.2.4 The Council maintains a consolidated risk reserve (previously the budget strategy reserve and working balances) for the purpose of protecting against the non-delivery of targeted savings and the risk of inflation (including the pay award) being higher than forecast and to manage any shortfalls against grant or business rates projections.

5.2.5 The Council's approach to reserves is informed by:

- The need to maintain a consolidated risk reserve of at least £13.5 million, as recommended by the Director of Resources, to mitigate the key budget risks faced by the Council. This recommendation is informed by the risk assessment attached at Appendix D.
- The requirement to hold some earmarked reserves to protect against specific known or potential liabilities, at a level consistent with adequate coverage of those liabilities and reviewed annually as part of the budget process.
- The intention over the medium to longer term to, as recommended by Grant Thornton and CIPFA, replenish reserve levels in line with the assessment of those known or potential liabilities, once the financial position allows.
- A general assumption, to be applied flexibly subject to specific financial circumstances, that one-off resources will not be used to support on-going expenditure. Should exceptional circumstances require a temporary departure from this assumption, the protection of the consolidated risk reserves will remain imperative.
- The awareness that there is an opportunity cost of holding reserves (in that these funds cannot then be spent on anything else) – it is therefore critical that reserves continue to be reviewed each year to confirm that they are still required and that the level is still appropriate.

5.2.6 A summary of the forecast position as at January 2025 (including the reserves usage recommended through the MTFs process) is attached at Appendix C.

5.2.7 The Council also maintains capital reserves:

- The capital receipts reserve holds all receipts from the disposal of non-current assets, which can be used to finance new capital investment, to repay debt or to fund the revenue costs of transformation projects under the Flexible Use of Capital Receipts Strategy.
- The major repairs reserve is held to meet the capital investment requirements of the Council's housing programme.
- The capital grants unapplied reserve holds capital grants without conditions, or where conditions have been satisfied but the grant has yet to be used to finance capital expenditure.

5.2.8 The Director of Resources, as the Section 151 Officer, has taken the findings of CIPFA's financial resilience index into account, together with the MTFs itself and the information provided through the budget and scrutiny process, in order to reach his conclusion under section 25 of the Local Government Act 2003 that, for the financial year 2024/25, he is satisfied with the robustness of the revenue estimates and the adequacy of the proposed financial reserves. The full section 25 statement, which Full Council legally have to take into account when approving the budget and MTFs, was reported to Full Cabinet and Full Council in February 2025. Further work is needed to be able to give this assurance for future years.

6. CARBON REDUCTION

6.1 Background

6.1.1 In October 2019, the Council pledged to be "net zero carbon" as an authority by 2030 and committed to setting annual carbon emission reduction budgets. The basic approach to achieving this goal is firstly to reduce energy consumption, then switching to renewable energy sources. Once these changes have been made, any

hard-to-eliminate emissions can be offset through the purchase of offset credits (an offset credit is created by removing the equivalent amount of carbon from the atmosphere).

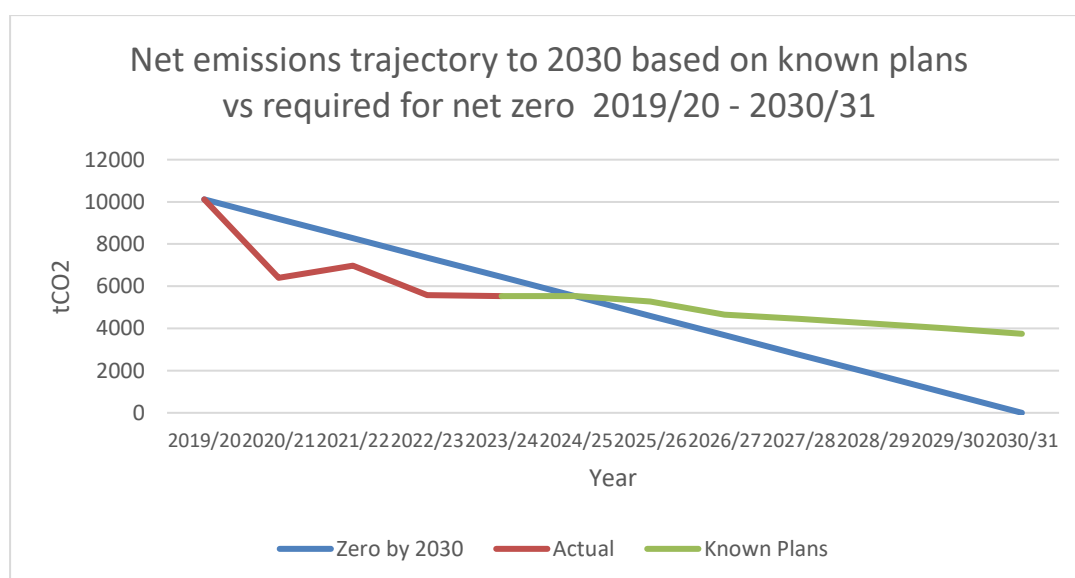
6.2 Progress to date

6.2.1 The Council has made good progress towards the 2030 target, mostly achieved by progress in two key areas: switching to a zero-carbon tariff and low carbon fuels. The carbon budget for 2025/26 is summarised in the table below, compared to the actual and forecast outturn position for the two previous years and to the 2030 target.

	2023/24 outturn (tonnes)	2024/25 budget (tonnes)	2025/26 budget (tonnes)	2030 target (tonnes)
Corporate properties	2,278	2,200	2,100	1,500
Leisure contract	1,484	1,400	1,340	900
Strategic environment contract	237	235	225	165
SMBC vehicles	273	260	240	200
Schools transport service	1,260	1,260	1,260	945
Climate Change Investment Plan – options to be identified	0	0	0	(3,710)
Total	5,532	5,355	5,165	0

6.3 Target for 2030

6.3.1 Based on known carbon reduction plans, the Council’s net zero by 2030 target will not be achievable through operational carbon reduction measures alone. The chart below shows the trajectory to reach net zero, the actual performance to date and the likely trajectory based on current plans. To date, the Council’s performance has been ahead of requirements but based on known actions the level of reduction seen in recent years is unlikely to be sustained, leaving an estimated 3,710 tonnes of carbon as residual emissions in 2030.



6.3.2 The Council has developed a climate change investment plan to achieve the net zero target, prioritising projects which would improve the sustainability of the Council and the wider borough. Given the wider financial context for the authority, officers are exploring external funding opportunities to support the delivery of this plan.

7. CONCLUSIONS

7.1.1 The Council is committed to holding children and young people at the heart of all we do, promoting their wellbeing and helping them to achieve their potential. This MTFS provides the financial resources required to fund our improvement journey whilst also seeking to protect other key services on which our residents and businesses depend.

7.1.2 The Council has been able to set a balanced budget for 2025/26 through the use of exceptional financial support but, in the context of limited resources, the sustained demand on council services means that the indicative budgets for 2026/27 and 2027/28 currently include savings targets where delivery options have yet to be identified. As outlined in the strategy, the development and implementation of the Council's transformation plan from 2025/26 will seek to address the ongoing challenges on a permanent basis in order to support the delivery of the Council's priorities within available resources.

8. GLOSSARY

Adult Social Care Precept

A flexibility introduced by the government in 2016/17 to allow local authorities to increase council tax, in addition to the general amount of council tax, to be spent entirely on adult social care services.

Annual Percentage Rate (APR)

An annual rate of interest charged for borrowing or earned through an investment.

Asset

An item that the Council has acquired or purchased and that has a monetary value. It can be a physical asset such as land and buildings or a right to an asset such as a copyright or licence to use IT software.

Business Rates

A charge on local businesses, at a rate set by the government, collected by local authorities. Under the West Midlands Trailblazer devolution deal Solihull will continue to pay 1% of the income collected to the West Midlands Fire and Rescue Authority and also to pay a tariff to central government. The Council also pays a share of growth to the West Midlands Combined Authority.

Capital Expenditure

Spending on items that are expected to provide benefit for at least a year (known as assets), such as roads and buildings.

Capital Financing Requirement (CFR)

This is the underlying need to borrow for a capital purpose. Essentially the Council has undertaken expenditure on capital items over time. Some expenditure is funded immediately from capital receipts and grants etc. The remaining balance is the CFR. This provides a measure of the Council's level of long-term debt used to finance capital expenditure.

Capital Receipts

Money received from the sale of assets, land or the repayment of loans. The Council is allowed to use capital receipts earned to fund capital expenditure.

Council Plan

The Council's key strategic document for identifying our vision, ambitions and priorities as a council. The current Council Plan is available at <https://www.solihull.gov.uk/About-the-Council/The-Council-plan>.

Council Tax

A tax paid by residents of the borough to the Council, based on the value of their property, to be spent on local services. The level of council tax income required is determined by the difference between the funding received from retained business rates and what the Council has set as a budget for the year.

Counterparties

The persons or institutions entering into any financial contract are known as counterparties.

Dedicated Schools Grant

Schools are funded separately from other council services. The Council receives a Dedicated Schools Grant (DSG) direct from the government, which is paid over to schools.

Exceptional Financial Support (EFS)

A framework operated by the government to support local authorities with specific and evidenced financial concerns affecting their ability to set or maintain a balanced budget.

EFS can take two forms: firstly, tailored referendum thresholds to allow a council to increase council tax by more than the standard percentage; and secondly, capitalisation directions which allow a council to fund revenue expenditure through borrowing and/or the use of capital receipts.

Housing Revenue Account (HRA)

A statutory account that contains all expenditure and income relating to the provision of Council Housing for rent. The HRA is a ring-fenced account outside the general fund.

Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Investment Property

Interest in land and/or buildings which are held for their investment potential rather than for operational purposes.

Liquidity

The ability or ease to buy or sell a security, at a competitive price. The more liquid an asset, the easier it can be bought or sold.

Prudential Borrowing

The set of rules governing local authority borrowing. Borrowing must conform to the Prudential Code, the statutory code of practice for capital finance in local authorities, which requires that borrowing undertaken is affordable and prudential.

Prudential Indicators

A set of indicators required by the prudential code designed to evaluate financial decisions and aid decision making.

Public Works Loan Board (PWLB)

A statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury, which issues loans to local authorities.

APPENDIX A – SUMMARY REVENUE BUDGET

	2025/26	2026/27	2027/28
	£'000	£'000	£'000
Base Budget 2024/25	199,904	199,904	199,904
Inflation			
Adult Social Care	2,954	5,338	7,484
Children's Services	3,507	6,036	8,352
Economy & Infrastructure	1,322	2,632	3,634
Public Health	461	740	1,018
Resources	1,943	3,287	4,269
Corporate	(16)	(4)	(4)
Other cost pressures			
Adult Social Care	5,022	2,159	4,645
Children's Services	5,104	3,551	2,186
Economy & Infrastructure	(1,429)	(1,480)	(1,485)
Public Health	0	0	0
Resources	1,979	2,462	2,616
Corporate	(1,306)	878	391
Pressures from use of one-off savings in previous years			
Adult Social Care	(196)	(224)	1,921
Children's Services	(1,903)	(2,730)	(2,693)
Economy & Infrastructure	3,028	2,968	2,968
Public Health	100	350	350
Resources	6,403	6,520	8,002
Corporate	7,030	7,030	7,030
New savings proposals			
Adult Social Care	0	0	0
Children's Services	(300)	(600)	(600)
Economy & Infrastructure	(2,009)	(3,480)	(3,703)
Public Health	(577)	(712)	(712)
Resources	(1,718)	(1,953)	(2,013)
Corporate	(7,972)	(5,485)	(7,465)
(Increase)/decrease in grants			
Grants within core spending power	(3,326)	3,572	3,572
Funding for employers' NI costs	(1,827)	(1,827)	(1,827)
Movements to/from reserves			
Contribution to/ (from) corporate risk reserve	500	0	0
Contribution to/ (from) other corporate reserves/ contingencies	3,309	(154)	0
Add back corporate reserves used in 2024/25	3,539	3,539	3,539
Savings to be identified	0	(3,437)	(12,843)
Exceptional financial support impact	(20,938)	(6,562)	3,890
Net Budget	202,588	222,318	232,426
Business rates retained income	(69,013)	(72,488)	(74,210)

	2025/26	2026/27	2027/28
	£'000	£'000	£'000
Council tax	(141,561)	(149,270)	(157,502)
Collection fund (surplus)/ deficit (other years)	7,986	(560)	(714)
Total Funding	(202,588)	(222,318)	(232,426)
Assumed increase in general council tax	2.99%	2.99%	2.99%
Assumed increase in adult social care precept	2.00%	2.00%	2.00%

Summary of indicative budgets by directorate

	Base Budget 2024/25	Indicative budget 2025/26	Indicative budget 2026/27	Indicative budget 2027/28
	£'000	£'000	£'000	£'000
Adult Social Care	77,585	85,365	84,858	91,635
Children's Services	69,072	75,718	75,567	76,555
Economy & Infrastructure	35,347	36,259	35,987	36,761
Public Health	2,439	2,423	2,817	3,095
Resources	43,680	53,567	57,886	60,444
Corporate	(28,219)	(50,744)	(34,797)	(36,064)
Total	199,904	202,588	222,318	232,426

APPENDIX B – TEN YEAR CAPITAL PROJECTIONS

Summary of Corporate Capital Programme												
Cabinet Portfolio	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care and Health	5.150	2.485	0.094	2.485	2.485	2.485	2.485	2.485	2.485	2.485	2.485	27.609
Children and Education	24.171	27.483	8.038	8.400	7.900	5.400	2.900	2.900	2.900	2.900	2.900	95.892
Communities	0.803	2.250	0.698	0.000	0.000	6.501	0.170	0.000	0.000	4.000	4.000	18.422
Environment and Infrastructure	19.449	33.520	58.448	22.196	23.680	42.930	17.956	5.656	5.056	5.056	10.056	244.003
Housing	3.581	0.100	0.000	0.216	0.216	0.216	0.216	0.216	0.216	0.216	0.216	5.409
Resources	5.621	25.727	4.550	2.850	2.850	7.350	2.850	2.850	2.850	2.850	2.850	63.198
Total Cabinet Portfolios	58.775	91.565	71.828	36.147	37.131	64.882	26.577	14.107	13.507	17.507	22.507	454.533
Housing Revenue Account	21.685	31.736	18.021	18.690	22.531	23.708	21.630	23.581	24.843	26.127	27.448	260.000
Total Council Capital Programme	80.460	123.301	89.849	54.837	59.662	88.590	48.207	37.688	38.350	43.634	49.955	714.533

APPENDIX C – SUMMARY REVENUE RESERVES

Forecast as at January 2025 (including the use of reserves proposed through the 2025/26 budget process)

Directorate	Forecast balance as at 1 April 2025	Planned / Forecast (contribution)/use			Forecast Balance at March 2028
		2025/26	2026/27	2027/28	
	£000	£000	£000	£000	£000
Adult Social Care	(1,305)	316	250	250	(489)
Children's Services	(470)	470	0	0	0
Economy and Infrastructure	(3,290)	990	437	(45)	(1,908)
Public Health	(3,077)	1,141	1,430	0	(506)
Resources	(10,481)	(460)	809	592	(9,540)
Corporate and technical	(166)	(15)	(1,663)	(85)	(1,929)
Subtotal available reserves	(18,789)	2,442	1,263	712	(14,372)
Consolidated risk reserve	(13,000)	(500)	0	0	(13,500)
Legally/contractually restricted reserves	(7,498)	3,182	403	167	(3,746)
Total reserves (excluding Dedicated Schools Grant)	(39,287)	5,124	1,666	879	(31,618)

APPENDIX D – RISK ASSESSED MINIMUM LEVEL OF RESERVES

Risk Assessment and the Impact on Reserve Levels

Very Low
Low
Medium
Very High

Very Low
Low
Medium
Very High

Risk Area	Quantified Risks	Gross Rating			Mitigations	Net Rating			Max Cost of Risk £000s	Probability	Provision for 2025/26 £000s
		Impact	Likelihood	Score		Impact	Likelihood	Score			
MTFS Savings	MTFS Savings are not delivered, part delivered or not delivered on time	5	2	10	FSB monitor savings targets. All targets are given owners who are responsible. Any delays or non delivery are rectified immediately. Savings targets are only set when they are robust and considered deliverable.	3	2	6	6,000	10%	600
Pressures & Mitigations	Adult Social Care National Living Wage Demographic change Cost of Care increases	5	3	15	Assumptions are made as part of the annual MTFS cycle that factors in these items at a point in time and the assumptions are based on information available at that time. Scenario modelling done to analyse potential scenarios.	3	2	6	19,396	10%	1,940
Pressures & Mitigations	Children's Services Cost of Care Cost of Placements Cost of Improvement journey Home to School Transport	5	3	15	Assumptions are made as part of the annual MTFS cycle that factors in these items at a point in time and the assumptions are based on information available at that time. Scenario modelling done to analyse potential scenarios.	3	2	6	17,268	10%	1,727
Pressures & Mitigations	Economy and Infrastructure Waste disposal costs Sherborne Recycling Waste Responsibilities	3	3	9	Assumptions are made as part of the annual MTFS cycle that factors in these items at a point in time and the assumptions are based on information available at that time. Scenario modelling done to analyse potential scenarios.	2	1	2	8,936	10%	894
Pressures & Mitigations	Public Health Leisure Fees	2	3	6	Assumptions are made as part of the annual MTFS cycle that factors in these items at a point in time and the assumptions are based on information available at that time. Scenario modelling done to analyse potential scenarios.	1	2	2	610	10%	61
Pressures & Mitigations	Resources Housing Benefit Subsidy	2	3	6	Assumptions are made as part of the annual MTFS cycle that factors in these items at a point in time and the assumptions are based on information available at that time. Scenario modelling done to analyse potential scenarios.	1	2	2	3,766	10%	377
Pressures & Mitigations	Corporate / Underlying MTFS Inflation being higher than predicted Pay Award being higher than predicted Grants or government funding being lower than predicted	4	3	12	Assumptions are made as part of the annual MTFS cycle that factors in these items at a point in time and the assumptions are based on information available at that time. Scenario modelling done to analyse potential scenarios.	3	2	6	8,000	10%	800
Business Rates	Increasing appeals reducing our income Longer term appeals / vacant premises as budgets impact business and working from home continues. VDA revaluations.	5	3	15	Assumptions are made as part of the annual MTFS cycle that factors in these items at a point in time and the assumptions are based on information available at that time. Scenario modelling done to analyse potential scenarios.	5	3	15	20,000	25%	5,000
Council Tax	Increasing costs reducing the collection rate More residents into hardship owing to increasing costs and general national economy.	4	2	8	Modelling undertaken to assess the impact.	3	2	6	5,000	25%	1,250
Multi Year Finance Settlement	Not having a multi year settlement giving rise to uncertainty beyond 2025/26 Short term decision making required	2	3	6	Multi Year Settlement received	1	2	2	1,000	25%	250
Financial Monitoring	Existing MTFS plans are not delivered - either pressures exceed original plans or mitigations are not deliverable	3	2	6	The FSB and CLT will be actively monitoring the in year financial position and future year implications of any overspends as well as identifying any additional mitigating factors that need to be included.	2	2	4	2,000	25%	500
Staffing	Loss of key experienced staff Difficulty in recruiting leading to gaps in key roles Costly interim workers required	2	2	4	Staff are retained, succession planning in place and savings targets take account of workload.	1	1	1	1,000	10%	100
Total Required Reserves											13,500



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