

Medium Term Financial Strategy

2026/27 to 2028/29



Solihull
METROPOLITAN
BOROUGH COUNCIL

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FOREWORD

I am pleased to introduce Solihull Council's updated Medium Term Financial Strategy (MTFS), which covers the period from 2026/27 to 2028/29. This strategy underpins the Council Plan and sets out how we will deliver these priorities while navigating significant financial challenges.

For the first time in many years, following the Fair Funding Review of council funding and the reset of the business rates retention system, the government has published a multi-year finance settlement, giving us details of our funding levels for the period to 2028/29. However, the outcome of the new funding formula has been disappointing for Solihull as, despite recognition of the increase in our spending needs, it overestimates our ability to raise income locally, with the effect that our funding from central government is set to fall by 3% between 2025/26 and 2028/29. This compares to an average increase of 26% across our West Midlands neighbours and 8% nationally.

Although the multi-year settlement provides some certainty over our funding levels for the MTFS period and clarifies the scale of the challenge we face, it also confirms that we cannot expect our problems to be resolved through increases in government funding. Instead, our funding will be over £9 million lower in 2028/29 than we were forecasting this time last year.

At the same time, our pressures continue to increase, and we must balance the impact of council tax increases on residents with the need to protect vital services. We have invested in improving children's services and have achieved positive results, with an Ofsted rating of "good" for the first time in our history. Meanwhile, rising demand for adult social care and inflation-driven provider costs remain significant challenges.

Our response is clear: transformation, cost control, and targeted investment. We will focus resources on activities that deliver the greatest benefit for local people and maintain statutory responsibilities. Alongside this, we will continue to work with partners to support residents facing cost-of-living pressures and to maximise external funding for key capital projects.

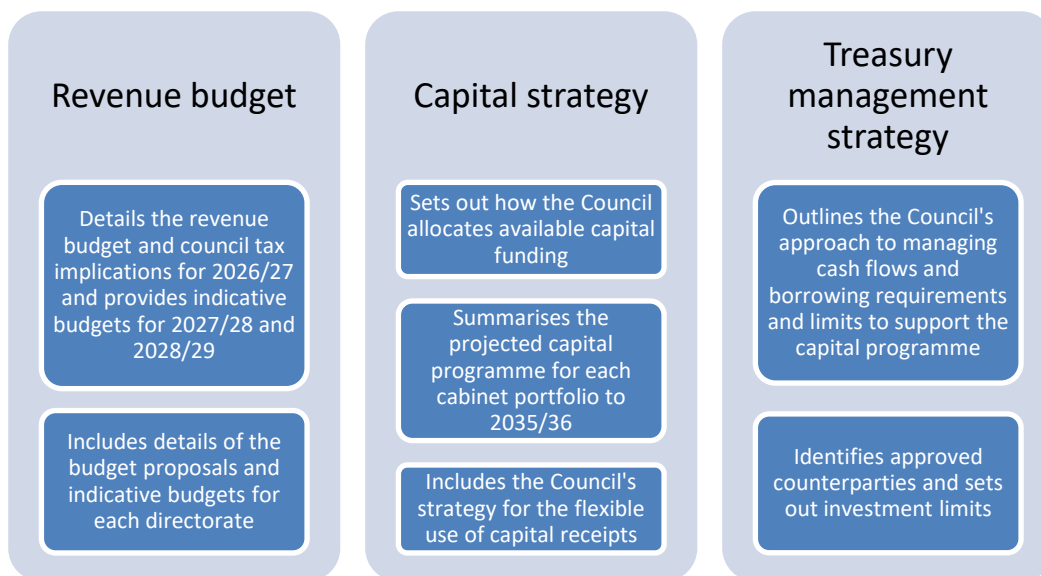
We have set a balanced budget for 2026/27 without further exceptional financial support. However, significant gaps remain for 2027/28 and 2028/29, and we are committed to exploring all available options during 2026/27 to strengthen our financial sustainability in future years.

Solihull is ambitious for its future. Our strong local economy, bold environmental programme, thriving communities, and dedicated workforce give us confidence that, together, we can deliver the Council Plan 2025-30 and secure good outcomes for our borough.

Councillor Karen Grinsell
Leader of the Council

1. INTRODUCTION AND OBJECTIVES

- 1.1.1 The [Council Plan 2025 to 2030](#), which sets the strategic direction for the authority, was approved by members in July 2025. The Council Plan contains seven ambitions, which represent ‘what’ we are seeking to achieve for residents and the borough. It also includes four statements setting out ‘how’ we will work to deliver those ambitions, which include achieving financial sustainability and delivering our corporate transformation programme.
- 1.1.2 The MTFFS 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:



- 1.1.3 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.
- 1.1.4 This Medium Term Financial Strategy sets out a coherent and integrated response to the significant financial challenges facing the Council over the period to 2028/29. It brings together assumptions about funding, service demand, cost pressures, savings, transformation and the use of reserves into a single framework for achieving financial sustainability.

Resourcing

- 1.1.5 The starting point for the MTFFS is a projection of the resources available to the authority through retained business rates and council tax income. Despite recognition of increased spending needs, the outcome of funding reform and the reset of business rates retention results in a reduction in Solihull's central funding relative to previous assumptions. This creates a structural gap between forecast resources and forecast expenditure that cannot be resolved through government funding alone.

- 1.1.6 Council tax therefore remains the Council's most stable and predictable source of income. However, historic under indexation and the structure of the national funding system mean that council tax increases within standard referendum limits are unlikely to be sufficient to address the scale of the medium-term challenge. For planning purposes, the MTFS therefore assumes applications for Exceptional Financial Support in 2027/28 and 2028/29 to allow increases above the standard council tax threshold.

Cost pressures and demand

- 1.1.7 Alongside constrained funding, the Council continues to face significant cost pressures driven by inflation, demographic change and rising complexity of need. These pressures are most acute in demand led services such as adult social care, children's services, SEND, transport and homelessness. The MTFS includes provision for known and forecast pressures, informed by detailed demand modelling, but recognises that uncertainty remains and that downside risks are material.

Transformation and savings

- 1.1.8 Closing the gap between funding and expenditure requires both savings and fundamental changes to how the Council operates. The MTFS therefore sits alongside the Corporate Transformation Programme, which is the primary vehicle for addressing the Council's structural cost base. The transformation programme focuses on a smaller number of high impact workstreams, including digital and AI adoption, financial process efficiency, asset optimisation and demand management.
- 1.1.9 Savings assumed within the MTFS are underpinned by these workstreams and by directorate led transformation and improvement programmes. This reflects the Council's "one Council, one budget" approach, recognising that financial sustainability is a corporate responsibility rather than one that can be addressed in isolation by individual services.

Capital strategy and asset optimisation

- 1.1.10 The capital strategy supports the MTFS by prioritising investment that enables service transformation, reduces ongoing revenue costs or supports economic growth, while ensuring that borrowing remains affordable. The use of capital receipts under existing flexibilities to fund transformation activity is a key enabler within the strategy, reducing the call on revenue resources in the short term while supporting longer term sustainability.
- 1.1.11 In parallel, the Council's approach to asset management and disposals is aligned to the MTFS, with a focus on optimising the land and property portfolio to reduce operating costs, generate appropriate capital receipts and support service delivery in new and more efficient ways.

Risk management and reserves

- 1.1.12 Given the scale of uncertainty over the medium term, the MTFS is underpinned by a clear strategy for reserves and a strengthened approach to financial risk management. Reserves are used selectively to manage short term pressures and transitions, but the strategy explicitly avoids the use of one-off resources to support ongoing expenditure wherever possible.

- 1.1.13 The consolidated risk reserve is maintained at a level informed by a detailed assessment of the key financial risks facing the Council, including inflation, demand volatility and the delivery of savings. The Director of Resources has increased the recommended minimum balance to be held in this reserve in response to the scale of the financial challenge.
- 1.1.14 Taken together, these elements form a single, integrated strategy. Funding assumptions inform the scale of the savings challenge; transformation provides the means to deliver those savings; capital and asset strategies enable change; and reserves provide resilience while difficult changes are implemented. The MTFs therefore represents not just a financial forecast, but a clear statement of how the Council intends to adapt and sustain services within a significantly more constrained financial environment.

2. RESOURCING

2.1 Council Tax

- 2.1.1 Solihull's net revenue spending is funded from two main sources, council tax and a share of business rates income. Council tax income funds 61% of the net revenue budget in 2026/27. 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 0.25% in 2026/27 and 0.42% in 2027/28 and 2028/29. This compares to an average increase over the last five years of 0.78%. Tax base growth projections will need to be revisited in future iterations of the MTFs to reflect the increased housebuilding targets set nationally.
- 2.1.2 Solihull's Band D council tax remains among the lowest of all metropolitan districts, ranking fifth out of 36 in 2025/26. This position has put Solihull at a disadvantage in the new funding mechanism for local authorities, which includes an equalisation adjustment based on relative tax base levels and assuming a notional council tax level equivalent to the projected national average of £2,063. This equates to a greater degree of resource equalisation than existed in the previous funding model and implies that the only factor affecting how much an authority can raise through council tax is its taxbase – ignoring that all authorities have different starting points and increases are effectively capped by the referendum thresholds.
- 2.1.3 This creates a structural problem for Solihull in terms of its overall funding, which cannot be addressed within the referendum thresholds. The finance settlement for 2026/27 acknowledged this issue to some extent by exempting six authorities with the lowest levels of council tax from referendum thresholds, signalling an expectation of significant increases in those areas. For other councils, the only routes to exceed the cap are either a costly and uncertain referendum or government approval through the Exceptional Financial Support (EFS) framework. In 2025/26, six councils were granted such flexibility, with increases ranging from 7.5% to 10%.
- 2.1.4 While we recognise the financial impact on residents, it is important to note that Solihull households have historically paid less than regional neighbours, leaving local services comparatively underfunded. Council tax remains the most stable and predictable source of income, particularly when compared to business rates or external grants. Given forecast funding gaps of £18 million in 2027/28 and £22 million in 2028/29, at this stage the Director of Resources anticipates that he will recommend applying for EFS to allow above-threshold increases in both years.

2.1.5 For planning purposes, the MTFs therefore assumes a 9.99% increase in 2027/28 and 2028/29, in line with this recommendation. The final level will be determined through the annual budget process, but an additional 5% above the standard threshold would generate nearly £8 million in recurring income each year.

2.2 Business Rates

2.2.1 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.

2.2.2 As part of the Fair Funding Review and the 2026/27 finance settlement, the parameters of the business rates retention system were reset, meaning that all of the business growth since 2013/14, when the scheme was introduced, has been redistributed nationally based on the new funding formula. New baselines have been set based on the government's estimate of how much business rates each authority will collect in 2026/27, and councils will then retain growth above the new baselines going forward. As part of the West Midlands Trailblazer devolution deal, the seven West Midlands metropolitan districts will continue to retain 99% of that growth until 2033/34. Growth within the East Birmingham and North Solihull Growth Zone, which is partly within the Council's area, will be retained by the Council for 25 years and was exempt from the reset. The WMCA has also been brought into the business rates retention system with its own baseline funding level from 2026/27.

2.2.3 The 2025/26 MTFs highlighted the business rates reset and funding reform as a significant risk, noting that for 2025/26 Solihull's forecast business rates growth was over £33 million more than its baseline. As an authority with enhanced rates retention arrangements, Solihull was particularly exposed to the impact of the reset but it was not possible to quantify this risk until the government published its proposals in the summer of 2025.

2.2.4 The figures published in the 2026/27 finance settlement equate to over £9 million less in retained business rates income by 2028/29, compared to the assumptions in the 2025/26 MTFs. Because of the scale of distributional change nationally, the government has therefore decided to phase in the implementation of the new funding formulae, meaning that authorities will not fully transition to their new funding levels until 2028/29. This explains why the impact worsens over the three years.

2.2.5 The factors with the most significant effect on our funding levels are:

- The national redistribution of all growth in business rates since 2013/14, based on the new fair funding assessments. Solihull's share of the redistributed amount is lower than the amount we would previously have retained.
- The change in the assessment of relative needs – Solihull's share of relative needs has increased which will have increased our funding allocation.
- The increased emphasis on resource equalisation – as a high tax base, low council tax authority this is having a negative impact on Solihull's funding levels.
- The cost of funding floors – while this protection is a necessary part of the system given the scale of change, the cost is funded from a top-slice of the national quantum, reducing funding for those authorities like Solihull which are above the funding floors.
- The continuation of the Recovery Grant – Solihull does not receive any funding through this grant, whereas it would have received a proportionate share had the funding been distributed through the general fair funding formulae, so the

decision to continue the Recovery Grant outside the core funding system has a negative impact on Solihull's funding allocation.

- 2.2.6 In general, business rates income is much more volatile than council tax income, with the outcome of appeals particularly difficult to forecast. However, for 2026/27, the government has increased the safety net to 100% of the business rates baseline, before falling back to 97% from 2027/28. The MTFs therefore assumes retained business rates equivalent to the business rates baseline in 2026/27, with a small amount of growth forecast for future years, to minimise funding risk.
- 2.2.7 There are benefits to some of the technical changes to how business rates baselines will be calculated going forward, in that the risk of inaccurate forecasting of government-funded reliefs will transfer to the government and that compensation for the cost of funded reliefs via section 31 grants will be routed through the collection fund which will improve cashflow management.

2.3 Grants

- 2.3.1 The Council receives a significant amount (£258 million in 2024/25) in revenue grants ring-fenced to specific services, around half of which relates to education services. 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.
- 2.3.2 As part of the 2026/27 finance settlement, £24 million of separate funding streams were consolidated into four service-based grants (namely the Children, Families and Youth Grant, the Crisis and Resilience Fund, the Homelessness, Rough Sleeping and Domestic Abuse Grant and the Public Health Grant).
- 2.3.3 A further £27.6 million of grants have been rolled into core funding for Solihull, most notably the social care grant (£19.6 million), the market sustainability and improvement fund (£3.8m), the employer's national insurance compensation grant (£1.8m), the children and families grant (£0.9m) and the new homes bonus (£0.4 million). For authorities with enhanced business rates arrangements the amount of business rates retained increases accordingly, which means that the Council's budget is significantly larger in 2026/27 than in 2025/26. However, this does not represent an increase in spending power and is purely a presentational change.

2.4 Other Income

- 2.4.1 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 since 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.
- 2.4.2 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 2026/27, the target rate of return

on investments is 3.25%, which will be monitored throughout the year. As at 31 December 2025, the Council held investments totalling £31.5 million.

2.4.3 The Council presents its revenue budgets as net of specific grants and other income.

3. COST PRESSURES AND DEMAND

3.1 The economy

3.1.1 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 2 above, 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.

3.1.2 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 November 2025, 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 2026/27, 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 by 4.99% per annum from 2026/27. 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.

3.1.3 Local government 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 previous 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 2026/27 a higher increase of 3.0% has been assumed to mitigate the risk of an in-year pressure. The amount assumed for 2027/28 has also been increased, to 2.50%.

3.1.4 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.

3.2 Demographic change

3.2.1 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.

3.2.2 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.

3.3 Service design

3.3.1 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.

3.3.2 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 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.

3.3.3 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. Improvements in service delivery were recognised by Ofsted in their most recent report, which rated services as "good" for the first time in the Council's history.

3.4 Other external factors

3.4.1 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 the requirement to collect household food waste from March 2026 and new enforcement duties for local housing authorities.
- 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.

3.4.2 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.

4. TRANSFORMATION AND SAVINGS

4.1 Savings challenge

4.1.1 As outlined above, the funding envelope available to the Council is determined by the forecast income from council tax and retained business rates. Although EFS was essential to supporting the Council's finances in 2024/25 and 2025/26, it did not provide a permanent solution to the financial position and the reversal of this one-off funding from the budget reinstates the underlying pressure from 2026/27.

4.1.2 Grant Thornton's external audit of the Council's financial statements for 2024/25 concluded that the Council has effective governance arrangements in place, with a robust risk management process, and it works effectively with partners. The auditors' report did however identify two significant weaknesses in relation to financial sustainability arrangements, one in respect of managing the short to medium term financial risks facing the Council and one specific to the financial risks relating to the Dedicated Schools Grant (DSG) deficit. The auditors recommended that the Council build upon progress by "urgently identifying and implementing a credible programme of long-term savings that are deliverable and supported by robust governance. It should also develop a clear strategy for reducing reliance on reserves and one-off measures". The audit report also recommended strengthening the Council's oversight of the DSG deficit.

4.1.3 Despite the identification of substantial savings for 2026/27 and beyond, a significant gap between forecast expenditure and forecast resources remains across the MTFS period.

4.1.4 The table below shows the indicative budgets for each year of the MTFS period, the movement in forecast income and expenditure compared to the 2025/26 base budget, and the resulting funding gap.

	2026/27 £'000	2027/28 £'000	2028/29 £'000
2025/26 base budget	202,588	202,588	202,588
Increase/(decrease) in council tax income	5,568	22,723	39,918
Increase/(decrease) in retained business rates income	36,201	35,702	33,872
Indicative budget	244,357	261,013	276,378
Increase/(decrease) in forecast net expenditure			
Pay inflation	3,992	6,993	9,455
Non pay inflation	4,578	8,771	15,571
Pension contributions	(5,355)	(5,355)	(5,355)
New cost pressures	12,421	12,689	16,707
New savings proposals	(12,729)	(8,810)	(14,262)
Net pressures and savings from prior years	(2,814)	(932)	1,243
Other cost pressures	7,303	7,597	7,916
Core funding (incl. rolled in grants)	27,638	27,638	27,638
Movements to/(from) reserves	(7,641)	(3,809)	(3,809)
Exceptional financial support	14,376	24,828	24,828
	41,769	69,610	79,932
Funding gap	0	(11,185)	(6,142)

- 4.1.5 The figures for exceptional financial support represent the impact of the unwinding of the one-off capitalisation undertaken in 2024/25 and 2025/26. In 2026/27 the figure includes the reversal of one-off items from the 2025/26 budget (namely the creation of the transformation fund and the capitalisation of revenue costs) offset by the use of £10.452 million of timing reserves. The latter is then reversed in 2027/28.
- 4.1.6 The Corporate Transformation Programme was established around seven major workstreams made up of five delivery programmes and two supporting workstreams and then a further seven priority projects. Alongside the corporate programme, each directorate also has its own specific transformation or improvement programme. The programme is being closely monitored by the Corporate Delivery Board (CDB) and progress is being reported to the Resources and Delivering Value Scrutiny Board.
- 4.1.7 In November 2025, Cabinet agreed to adopt a more ambitious approach, concentrating efforts on a smaller number of major projects with significant savings potential. This second stage of the programme will involve four major workstreams:
- Artificial intelligence: delivering efficiencies through AI adoption
 - Financial sustainability and efficiency: optimising key financial processes to generate savings
 - Asset optimisation: maximising value from council assets
 - Demand, insight and prevention: supporting long-term demand planning for future services.

4.1.8 Each workstream will be resourced primarily from internal teams, with the exception of the AI programme, for which funding will be provided from the Transformation Fund.

5. CAPITAL STRATEGY AND ASSET OPTIMISATION

5.1.1 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.

5.1.2 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.

5.1.3 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 highways 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.

5.1.4 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.

5.1.5 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.

5.1.6 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.

5.1.7 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.

6. RISK MANAGEMENT AND RESERVES

6.1 Strategic financial risks and key sensitivities

6.1.1 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.

6.1.2 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 Annex 4.

6.1.3 Based on modelling undertaken as part of the MTFs process, the assumptions judged to carry the greatest financial risk to the Council are:

- Pay inflation: local government pay awards are negotiated nationally and are not usually agreed until part-way through the financial year. While the MTFs includes higher assumptions than in previous years to mitigate in-year risk, each additional 1% increase in pay inflation would add around £1.2 million to the annual funding gap by 2028/29.
- Non-pay inflation and provider costs: the Council is particularly exposed to inflation in externally commissioned services, most notably adult social care, children's placements, transport and waste services. Market fragility and workforce pressures create a risk of cost increases exceeding general inflation assumptions.
- Other service pressures: the MTFs includes provision for known demand-led pressures, however unplanned increases in demand or complexity — particularly in social care, SEND and homelessness — represent the single largest source of downside risk. These "other cost pressures" are the most significant variable in the worst-case scenario.
- Delivery of planned savings: the strategy assumes the successful delivery of a substantial programme of savings, particularly from 2027/28 onwards. The scale and pace of required savings increases delivery risk, including slippage, partial delivery or timing differences, all of which would directly widen the funding gap.
- Business rates income: business rates remain volatile and subject to factors outside the Council's control, including appeals and wider economic conditions. Although the MTFs assumes income at or close to baseline levels to reduce risk, lower-than-forecast retention would have a material impact.

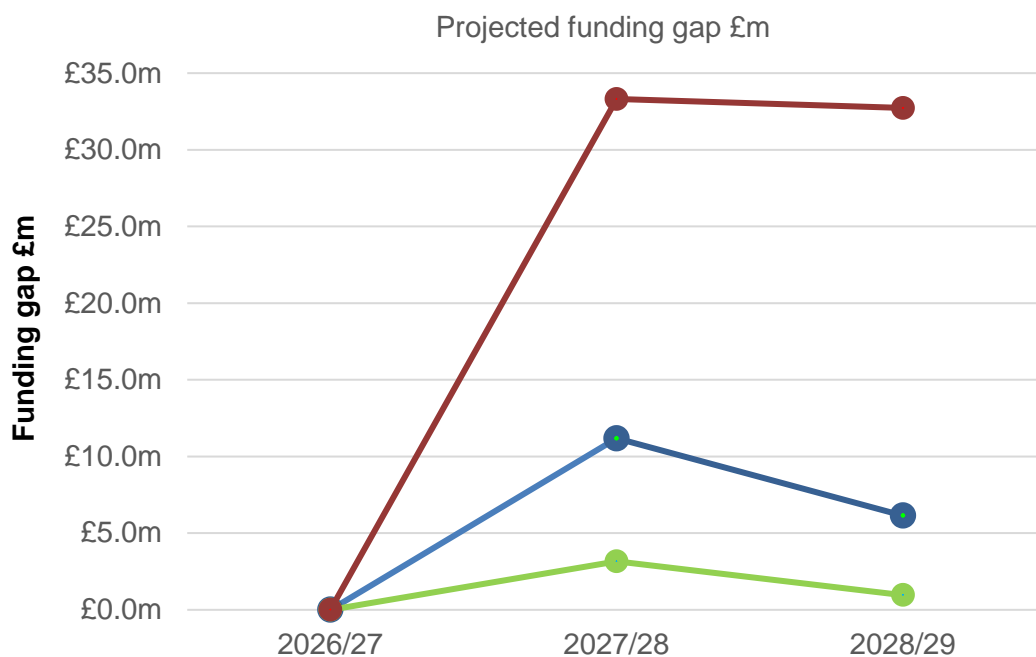
6.1.4 The table below summarises the main assumptions underpinning the MTFS for each year and illustrates the estimated impact of a one percentage point variation in 2027/28. This analysis provides an indication of relative scale rather than a precise forecast and should be interpreted with caution.

	2026/27	2027/28	2028/29	Impact of 1% variation in 2027/28 £'000
Council tax base growth	0.25%	0.42%	0.42%	1,646
Business rates standard multiplier increase	3.80%	2.00%	2.10%	6
Pay inflation	3.00%	2.50%	2.00%	1,231
Contractual inflation – core	2.18%	1.99%	2.10%	246
Contractual inflation - specific contracts	4.45%	2.81%	2.79%	213
Sales, fees and charges inflation	4.99%	4.99%	4.99%	105
Transport levy	3.00%	3.00%	3.00%	95

6.1.5 To illustrate the potential volatility within the MTFS assumptions, the chart below shows three scenarios:

- Base case – the assumptions used in the MTFS (Blue)
- Best case – a combination of more favourable assumptions (Green)
- Worst case – a combination of adverse assumptions (Red)

6.1.6 While it would be unlikely for all assumptions within either the best-case or worst-case scenario to occur simultaneously, these scenarios provide a useful illustration of the potential range of outcomes. Under the best-case scenario, the funding gap in 2027/28 reduces significantly but does not eliminate the need for further mitigating action. Under the worst-case scenario, the funding gap increases substantially, highlighting the importance of strong financial controls, the delivery of transformation and the maintenance of adequate reserves.



6.1.7 The Council manages the risks arising from these sensitivities through a combination of:

- Conservative assumptions where volatility is high (for example business rates income)
- Provision within the MTFS for known pressures and inflation based on national forecasts
- A consolidated risk reserve maintained at a level informed by detailed risk assessment
- Strict in-year budget monitoring and escalation through CLT and Cabinet
- The Corporate Transformation Programme, which aims to reduce structural cost pressures over the medium term
- Ongoing engagement with government in relation to funding reform, Exceptional Financial Support and national solutions to issues such as the Dedicated Schools Grant deficit.

6.1.8 Despite these mitigations, the scale of uncertainty reinforces the need for continued vigilance, early corrective action where pressures emerge, and further work to identify sustainable savings for 2027/28 and beyond.

6.1.9 Given the inherent uncertainty in medium-term financial planning, the projections within this MTFS should not be regarded as fixed forecasts. They represent the best estimate based on currently available information and will continue to be reviewed and updated through the annual budget process.

6.2 Dedicated Schools Grant deficits

6.2.1 There is also a risk that from 2028/29 the Council will be required to meet part of the cost of the historic 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 grow to

over £66 million by March 2028, when the statutory override that permits local authorities to ring-fence the deficit in an unusable reserve is set to end.

- 6.2.2 In the 2025 Autumn Budget, the government announced it would centralise SEND costs and that from 2028/29 all future deficits will fall to central government. The final local government finance settlement included proposals for government funding of 90% of deficits accumulated to March 2026. However, details of what would be in scope of this funding and the implications for 2026/27 and 2027/28 have yet to be confirmed and further detail is awaited. In the meantime, the Council continues to engage with the Department for Education on the management and mitigation of the forecast deficit.

6.3 CIPFA resilience index

- 6.3.1 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.
- 6.3.2 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 2024/25, 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 relation to the use 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 highest in the group (a slight worsening from 2023/24 when Solihull's spend placed it second 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 at 5.6%.

6.4 Reserves

- 6.4.1 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.

- 6.4.2 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.
- 6.4.3 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" as part of its key recommendation on financial sustainability. The report on the 2024/25 accounts concluded that, despite progress and robust financial planning, reliance on reserves and unidentified savings remains, with two key recommendations raised in relation to financial sustainability.
- 6.4.4 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. This reserve was reviewed as part of the 2026/27 budget process and the minimum recommended level has been increased to reflect the severity of the financial challenge and the potential impact of slippage against savings targets.
- 6.4.5 The Council's approach to reserves is informed by:
- The need to maintain a consolidated risk reserve of at least £15 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 Annex 4.
 - 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.
- 6.4.6 A summary of the forecast position as at January 2026 (including the reserves usage recommended through the MTFs process) is attached at Annex 3.
- 6.4.7 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.

6.4.8 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 2026/27, 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 2026. Further work is needed to be able to give this assurance for future years.

7. CARBON REDUCTION

7.1 Background

7.1.1 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. Following a methodology review in 2024/25, the scope of carbon reporting has been widened to include Solihull Community Housing and other sources of emissions such as business travel, as well as corporate property, leisure centres, the council fleet, the Strategic Environment Contract and streetlighting.

7.1.2 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).

7.2 Progress to date

7.2.1 Net emissions continued to fall in 2024/25, remaining within the carbon budget, with significant reductions delivered through targeted property measures, the continued SEC transition to hydrotreated vegetable oil fuel, renewable electricity tariffs and traffic signal efficiency upgrades. The reporting methodology was updated in 2024/25 and the Council now reports emissions in tCO₂e¹, to include additional greenhouse gases. The table below restates the 2024/25 outturn and 2025/26 budget in line with the new methodology.

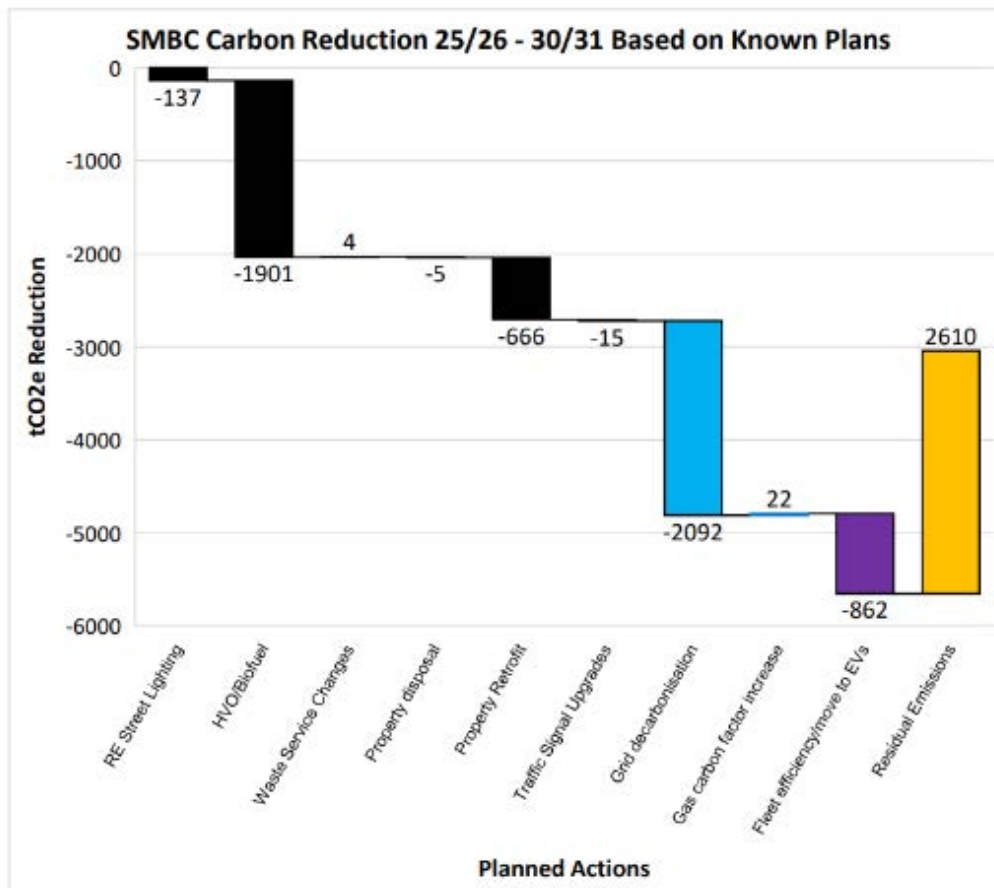
	Actual 2024/25 (tonnes)	Budget 2025/26 (tonnes)	Proposed budget 2026/27 (tonnes)	2030 target (tonnes)
Scope 1 (direct emissions from gas and vehicle fuel)	3,371	3,221	2,761	0

¹ tCO₂e: tonnes of carbon dioxide equivalent; expresses the impact of greenhouse gases (e.g. CO₂, methane, nitrous oxide) in terms of the amount of CO₂ that would have the same global warming potential. Allows different gases to be compared on a common scale.

	Actual 2024/25 (tonnes)	Budget 2025/26 (tonnes)	Proposed budget 2026/27 (tonnes)	2030 target (tonnes)
Scope 2 (indirect emissions from electricity)	1,548	1,263	1,243	0
Scope 3 (indirect emissions from third parties/supply chain included in scope)	461	431	349	0
Options to be identified	0	0	0	2,610
Total	5,380	4,915	4,353	0

7.3 Target for 2030

7.3.1 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 Climate Change Investment Plan has been integrated with the Council's Carbon Plan to prioritise deliverable actions within current budget constraints. The chart below shows the contribution of planned actions and the residual emissions projected in 2030.



7.3.2 Net zero by 20230 remains extremely challenging but officers will continue to manage risks, maintain a pipeline of projects and pursue external funding.

8. CONCLUSIONS

8.1.1 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.

8.1.2 The Council has been able to set a balanced budget for 2026/27 without material reliance on one-off resources. This represents an important milestone and reflects the strength of the organisation, the progress made through service improvement and transformation, and the resilience of the Council's workforce and partners.

8.1.3 However, while this strategy provides a route to financial balance in the short term, it also makes clear that significant risks remain in the medium term and failure to address the structural deficit will place the Council at risk of an unsustainable financial position. The projected funding gaps beyond 2026/27 mean decisive action - further savings, transformation and difficult choices - will be required if the Council is to align spending with available resources and avoid more severe statutory interventions in the future.

9. 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.

ANNEX 1 – SUMMARY REVENUE BUDGET

	2026/27	2027/28	2027/28
	£'000	£'000	£'000
Base Budget	202,588	202,588	202,588
Inflation			
Adult Social Care	1,368	3,644	8,359
Children's Services	1,132	3,574	5,900
Economy & Infrastructure	610	1,689	2,657
Public Health	124	398	662
Resources	(8)	1,108	2,090
Corporate	(11)	(4)	3
New pressures			
Adult Social Care	573	576	3,409
Children's Services	6,473	5,955	5,770
Economy & Infrastructure	3,338	3,967	5,324
Public Health	477	477	477
Resources	1,485	1,627	1,627
Corporate	75	87	100
New savings proposals			
Adult Social Care	(1,296)	(2,321)	(2,471)
Children's Services	(1,748)	(1,586)	(1,111)
Economy & Infrastructure	(3,465)	(2,284)	(3,469)
Public Health	(1,100)	(1,200)	(1,200)
Resources	(3,207)	(1,283)	(4,623)
Levies	(71)	(73)	(75)
Corporate	(1,844)	(65)	(1,315)
Net pressures/savings from previous years			
Adult Social Care	(2,891)	1,740	1,740
Children's Services	(2,680)	(4,008)	(4,008)
Economy & Infrastructure	(1,582)	(1,810)	(1,810)
Public Health	115	115	115
Resources	(141)	641	641
Corporate	4,365	2,390	4,565
Grants rolled into core funding	27,638	27,638	27,638
Other cost pressures	7,303	7,597	7,916
Movements to/from reserves			
Contribution to/ (from) corporate risk reserve	(2,729)	0	0
Contribution to/ (from) other corporate reserves/ contingencies	(1,101)	0	0
Add back corporate reserves used in previous year	(3,809)	(3,809)	(3,809)
Savings to be identified	0	(11,183)	(6,140)
Exceptional financial support	14,376	24,828	24,828
Net Budget	244,357	261,013	276,378

	2026/27	2027/28	2027/28
	£'000	£'000	£'000
Business rates retained income	(97,634)	(96,012)	(93,969)
Council tax	(148,990)	(164,562)	(181,759)
Collection fund (surplus)/ deficit (other years)	2,267	(439)	(650)
Total Funding	(244,357)	(261,013)	(276,378)
Assumed increase in general council tax	2.99%	7.99%	7.99%
Assumed increase in adult social care precept	2.00%	2.00%	2.00%

Summary of indicative budgets by directorate

	Base Budget 2025/26	Indicative budget 2026/27	Indicative budget 2027/28	Indicative budget 2028/29
	£'000	£'000	£'000	£'000
Adult Social Care	86,284	93,643	99,528	106,926
Children's Services	74,739	78,626	79,080	81,696
Economy & Infrastructure	35,616	34,825	37,485	38,625
Public Health	2,289	2,031	2,205	2,469
Resources	53,163	54,100	58,356	56,158
Corporate	(49,503)	(18,868)	(15,641)	(9,496)
Total	202,588	244,357	261,013	276,378

ANNEX 2 – TEN YEAR CAPITAL PROJECTIONS

Summary of Corporate Capital Programme												
Directorate	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care	4.739	3.299	3.299	2.701	2.701	2.701	2.701	2.701	2.701	2.701	2.701	32.945
Children's Services	20.959	13.242	12.187	5.275	2.900	2.900	2.900	2.900	2.900	2.900	2.900	71.963
Economy and Infrastructure Resources	22.765	70.371	27.830	18.574	42.930	28.280	5.556	5.056	5.056	9.156	10.056	245,630
Total Core Council	72.808	95.055	48.616	29.400	51.381	36.731	14.007	13.507	13.507	17.607	18.507	411.126
Housing Revenue Account	23.442	33.447	18.690	22.531	23.108	21.630	23.581	24.843	26.127	27.448	28.858	273.705
Total Council Capital Programme	96.250	128.502	67.306	51.931	74.489	58.361	37.588	38.350	39.634	45.055	47.365	684.831

ANNEX 3 – SUMMARY REVENUE RESERVES

Forecast as at January 2026 (including the use of reserves proposed through the 2026/27 budget process)

Directorate	Forecast balance as at 1 April 2026	Planned / Forecast (contribution)/use			Forecast Balance at March 2029
		2026/27	2027/28	2028/29	
	£000	£000	£000	£000	£000
Adult Social Care	(796)	250	250	85	(211)
Children's Services	(892)	560	152	0	(180)
Economy and Infrastructure	(3,859)	1,008	1,176	917	(758)
Public Health	(2,814)	623	107	1,557	(527)
Resources	(6,474)	938	637	2,573	(2,326)
Corporate and technical	(1,329)	1,102	(85)	(89)	(401)
Subtotal available reserves	(16,164)	4,481	2,237	5,043	(4,403)
Consolidated risk reserve	(17,850)	2,729	0	0	(15,121)
Legally/contractually restricted reserves	(7,863)	1,176	548	573	(5,566)
Total reserves (excluding Dedicated Schools Grant)	(41,877)	8,386	2,785	5,616	(25,090)

ANNEX 4 – RISK ASSESSED MINIMUM LEVEL OF RESERVES

Risk Area	Quantified Risks	Team	Gross Rating			Mitigations	Net Rating			Max Cost of Risk £000s	Probability	Provision for MTFS £000s
			Impact	Likelihood	Score		Impact	Likelihood	Score			
MTFS Savings	Approved MTFS savings are not delivered, part delivered or not delivered on time	All Directorates	5	2	10	The Corporate Delivery Board monitor progress against savings targets. All targets are given owners who are responsible for their delivery and any delays or non delivery are reported and rectified immediately. Savings targets are only set when they are robust and considered deliverable.	3	2	6	44,044	5%	2,202
Pressures & Mitigations	Adult Social Care National Living Wage Demographic change Cost of Care Increases Income fluctuation Incoming National Care requirements	Adults	5	3	15	Assumptions are made and reviewed as part of the annual MTFS cycle that factors in these items and the assumptions are based on information available at that time. Scenario modelling done to analyse potential outcomes. The annual review of these assumptions means that the forecasts included in annual MTFS processes are the most accurate they can be.	3	2	6	13,091	20%	2,618
Pressures & Mitigations	Children's Services Cost of Care Cost of Placements Cost of Service Reform Home to School Transport	Children's	5	4	20	Assumptions are made and reviewed as part of the annual MTFS cycle that factors in these items and the assumptions are based on information available at that time. Scenario modelling done to analyse potential outcomes. The annual review of these assumptions means that the forecasts included in annual MTFS processes are the most accurate they can be.	5	4	20	11,326	20%	2,265
Pressures & Mitigations	Economy and Infrastructure Waste collection & disposal costs - service changes, demand and market prices Reduced fees and charges income - market conditions, risk to income generating assets Reduction in grants/dividends funding core services UKIC Project risks - cost increases/reduction in funding Climate change impact on services Demand for statutory services	Economy and Infrastructure	3	3	9	Assumptions are made and reviewed as part of the annual MTFS cycle that factors in these items and the assumptions are based on information available at that time. Scenario modelling done to analyse potential outcomes. The annual review of these assumptions means that the forecasts included in annual MTFS processes are the most accurate they can be.	2	2	4	12,060	10%	1,206
Pressures & Mitigations	Public Health Leisure Fees Increase costs of preventative care measures	Public Health	2	3	6	Assumptions are made and reviewed as part of the annual MTFS cycle that factors in these items and the assumptions are based on information available at that time. Scenario modelling done to analyse potential outcomes. The annual review of these assumptions means that the forecasts included in annual MTFS processes are the most accurate they can be.	2	2	4	365	10%	37
Pressures & Mitigations	Resources Housing Benefit Subsidy Investments in Digital / AI Increased internal support for external increases in demand	Resources	2	3	6	Assumptions are made and reviewed as part of the annual MTFS cycle that factors in these items and the assumptions are based on information available at that time. Scenario modelling done to analyse potential outcomes. The annual review of these assumptions means that the forecasts included in annual MTFS processes are the most accurate they can be.	1	2	2	7,910	10%	791
Pressures & Mitigations	Corporate / Underlying MTFS Inflation being higher than predicted Pay Award being higher than predicted	All Directorates	4	4	16	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	3	9	2,550	25%	638
Business Rates	Increase in successful appeals, reducing income More properties taken out of the ratings list during refurbishments Businesses moving out of the borough/ downsizing Lower growth than forecast in later years	All Directorates	5	3	15	Business rates retention system is being reset from 1 April 2026 and an full safety net is in place for 2026/27 so income would be compensated if it went below the assumed level. Enhanced protection in place for remaining 2 years of MTFS	5	3	15	7,877	50%	3,939
Council Tax	Increasing costs reducing the collection rate More residents into hardship owing to increasing costs and general national economy. Assumed increase in new properties is lower than expected Reliefs increase above current levels	All Directorates	4	2	8	Modelling undertaken to assess the impact and tax base reflects current level of reliefs and changes to Council Tax Reduction Scheme from 1 April 2026	3	2	6	3,261	40%	1,304
Total Required Reserves												15,000



Solihull
METROPOLITAN
BOROUGH COUNCIL