Draft Medium-Term Financial Strategy

2026/27 to 2030/31

Sandwell Metropolitan Borough Council

Finance and Transformation Directorate **Prepared: October 2025**

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1 Executive Summary

1.1 The Medium-Term Financial Strategy (MTFS) shows how the council can deploy resources to achieve the strategic themes within the Council Plan. It shows how expenditure and income must change to ensure that services are adequate to address local need and meet financial pressures from inflation and increasing demand.

1.2 The Council Plan 2024 – 2027 contains the following strategic themes:

- Growing Up in Sandwell
- Living in Sandwell
- Healthy in Sandwell
- Thriving Economy in Sandwell
- One Council One Team

1.3 The council spends over £1bn per year on providing local services to residents and businesses. This includes revenue spending on day-to-day activities as well as longer term spending on assets such as buildings and vehicles. Approximately 42% of the council's total revenue funding comes from government grants, as shown in table 1 below.

Table 1: Funding of the Council's Gross Revenue Budget

2025/26	**General Fund**	**Housing Revenue Account**	**Schools**	**Total**
	£m	**£m**	**£m**	**£m**
Government Grant Income:				
Public Health Grant	30.05	-	-	30.05
Social Care Grants	68.12	-	-	68.12
Improved Better Care Fund	28.40	-	-	28.40
Dedicated Schools Grant (total)	-	-	290.91	290.91
Other Government Grants	100.92	-	-	100.92
Total Government Grants	**227.49**	**-**	**290.91**	**518.40**
Other Funding:				
Council Tax	146.57	-	-	146.57
Business Rates	121.75	-	-	121.75
Housing Rents	-	137.81	-	137.81
Fees and Charges plus other Income	301.79	19.21	-	321.00
Total Other Funding	**570.11**	**157.02**	**-**	**727.13**
Total Funding	**797.60**	**157.02**	**290.91**	**1,245.53**

1.4 The council must balance its annual budget. This document updates the February 2025 MTFS, which set the budget for the 2025/26 financial year, and includes revisions to the forecasts of expenditure and income for 2026/27 onwards. This document predominantly focuses on decisions to update spending in relation to the General Fund.

1.5 In 2026/27 the council is intending to increase General Fund expenditure by almost £33m to support the following services:

- £10m Adult social care placements (Inflation and demographic growth)
- £14m Children's social care
- £7m Contractual inflation
- £2m New or additional services provided to support council priorities

1.6 To afford this increase in expenditure, the council is proposing to increase income, or reduce expenditure, as follows:

- £10m additional income from council tax base growth and 4.99% increase in council tax.
- £2m reduction in contribution to the Collection Fund regarding historic deficit balances
- £3m from business rates growth (including assumed potential government 'business rates reset')
- £9m contributions from reserves
- £8m efficiency and income generation proposals detailed in Annex 3.

1.7 The impact of these changes on service budgets highlights how the council is committing most of its funding, and increased expenditure, to support services for children and adults:

Table 2: Forecast 2026/27 Directorate Net Budgets

	Current Budget 2025/26 £m	Proposed Budget Growth £m	Proposed Efficiencies £m	Proposed Net Budget Growth £m	Forecast Net Budget 2026/27 £m	Funding from Reserves £m	Revised Forecast Net Budget 2026/27 £m
Children and Education	109.923	15.092	(1.382)	**13.710**	**126.633**	(6.597)	**117.036**
Adult Social Care	93.507	11.977	(1.849)	**10.128**	**103.635**	-	**103.635**
Place	90.958	4.180	(2.566)	**1.614**	**92.572**	(0.180)	**92.392**
Finance and Transformation	30.852	2.206	(1.495)	**0.711**	**31.563**	-	**31.563**
Assistant Chief Executive	12.231	0.480	(0.581)	**(0.101)**	**12.130**	-	**12.130**
Chief Executive	0.480	0.011	-	**0.011**	**0.491**	-	**0.491**
Public Health	-	-	-	**-**	**-**	-	**-**
Corporate Budgets	27.833	(1.190)	-	**(1.190)**	**26.643**	(2.640)	**24.003**
Council Wide	-	-	(0.480)	**(0.480)**	**(0.480)**	-	**(0.480)**
Net Expenditure	**365.784**	**32.756**	**(8.353)**	**24.403**	**390.187**	**(9.417)**	**380.770**

1.8 The council has a track record of strong financial control. Overspending is mitigated promptly, and reserves are adequate compared to risks. This has been achieved through making timely and informed decisions, implementing those decisions and regularly reviewing financial performance. Officers will continue to review financial targets and update the financial forecasts within the Medium-Term Financial Plan (MTFP) as more information becomes available.

1.9 At this stage in our financial planning, the Annexes to the MTFS that give additional detail on all of our financial strategies are not included in this October 2025 update. These are being reviewed and will be ready for the February 2026 version. Every element of the council's MTFS is presented to Cabinet and Council in February to support final decisions to set the budget for the forthcoming year.

1.10 In conclusion, the immediate objective is focused on achieving a balanced budget for 2026/27 whilst protecting service levels to vulnerable children and adults. The proposals in this document achieve that objective. Growth from inflation in prices and demand for services continues to exceed income forecasts, however. This creates a continued need to review services and achieve efficiencies or make service changes. There are forecast budget gaps in future years and therefore early engagement of options to meet that deficit will be vital to ensure that the ambitions of the Council Plan remain achievable.

2 Sandwell Borough

2.1 Sandwell is one of seven constituent authorities that established the West Midlands Combined Authority in 2016 and comprises six towns Oldbury, Rowley Regis, Smethwick, Tipton, Wednesbury and West Bromwich.

2.2 Sandwell is home to over 342,000 residents who live in more than 131,000 households.

2.3 The local economy of circa £6.6 billion has over 11,600 active businesses.

2.4 Sandwell celebrated its 50th Anniversary during 2024/25 and launched the new Council Plan 2024-27 with the focus on getting the basics right and providing vital services for our residents. The main themes of the plan are:

- Growing up in Sandwell
- Living in Sandwell
- Healthy in Sandwell
- Thriving Economy in Sandwell
- One Council, One Team

2.5 Local resident surveys highlight that the cost of living remains challenging to many residents, and the council continues to provide support through various initiatives. Additionally, the Tackling Poverty Plan offers support and advice to help residents manage their finances and access benefits. These efforts reflect our commitment to assisting those residents struggling the most in these difficult times.

3 Background

3.1 The Medium-Term Financial Strategy (MTFS) represents the council's approach to resourcing the Council Plan 2024 to 2027. The MTFS extends through to 2031 to ensure that the approach is presented as a set of sustainable proposals in the medium term.

3.2 The Council provides a wide range of services to residents of all ages and businesses and has several directorates managing delivery of these services. These services are grouped across three main funds:

- **General Fund:** Net budgets for services are funded from council tax, business rates and any un-ringfenced government grants. Ringfenced government grants and charges paid by service users are included within directorate net budgets.

- **Housing Revenue Account (HRA):** The HRA is a statutory ringfenced account within the council's budget, which manages the social housing stock. The ringfence ensures that council tax income is not used to support the HRA, nor can housing rent income be used to fund services provided through council tax receipts. The current budgeted total expenditure for 2025/26 of £153.687m is funded through rental income from the housing stock, service charges and other fee income.

- **Dedicated Schools Grant (DSG) and School Budgets:** The council receives DSG from central government and distributes funding to the council-maintained schools through an agreed funding method presented to the Schools Forum each year, prior to Council approving the overall MTFS and budget proposals. The council, like many other councils across the country, is experiencing significant cost pressures associated with the High Needs Block and Special Educational Needs and Disabilities (SEND). Deficits from the High Needs Block do not currently impact on the General Fund but are held separately within the accounts of the council.

3.3 The council must set a balanced annual budget. To achieve this requirement, all financial proposals must be robust. This means that they are not only financially sound but are also subject to adequate engagement, scrutiny and approval. Officers of the council implement the financial proposals once they have been approved by the elected members.

3.4 To achieve a balanced budget, the council has created proposals that ensure that income is sufficient to match forecast expenditure. Financial pressures come from demand for services, complexity of local needs and increases in costs driven by inflation and interest rates on borrowing. Such pressures are made affordable through service efficiencies that decrease costs and initiatives that reduce demand, alongside increases in income from local taxation and direct charges for services.

3.5 The financial outlook for public services, including local government, is challenging. This means that Councillors throughout England are making difficult decisions that impact on the day-to-day services provided to residents. It is important that the council maintains statutory services and protects vulnerable residents as a priority.

3.6 This MTFS outlines financial proposals that prioritise services in a sustainable way. But, to achieve this, it also includes proposals that may impact on services and that increase the financial contribution required from local residents. All of the proposals are detailed within this report and consultation is planned, to seek views from the council's stakeholders. Feedback from the consultation process will assist the council in making decisions on its financial plans.

3.7 The council has established a track record of strong financial management. Overspending is mitigated promptly and the current spending controls will continue. There is ongoing transformation activity such as automation of processes and achieving best value from the council's assets.

3.8 Managing the risk of financial failure is essential. Several councils in England have been subject to intervention when financial plans have become unachievable. The Sandwell Council MTFS includes financial proposals that support the Council Plan, offers opportunities to address deprivation and retains adequate reserves to deal with potential risks.

3.9 Within the MTFS, the draft Medium Term Financial Plan (MTFP) contains the latest assumptions and financial limits. These are updated on a regular basis. This report reflects the impact of updated financial assumptions since the 2025/26 MTFP that was published in February 2025. The draft MTFP outlines any funding gap and provides detail on the response to such gaps. All of the proposals put forward to balance the budget for 2026/27 are set out in Annex 3.

3.10 It is important to state that the estimates in this report will be subject to ongoing review. Reviews, including reflections on consultation feedback, will influence the final budget proposal to be presented to Full Council in February 2026. The economy, management of risks and government announcements are all factors that can impact on funding available to support councils.

3.11 New financial pressures and the adjustment of original assumptions are subject to a robust challenge process. Only pressures that are considered unavoidable are included within the MTFP.

4 Budget and Performance Monitoring in 2025/26

4.1 Regular financial monitoring ensures expenditure is in line with original estimates and allows for potential issues to be addressed so that mitigations can be put in place to reduce risks. This process helps informs the Medium-Term Financial Plan. Monitoring takes place across all funds:

4.2 **General Fund:** Financial monitoring at the end of Quarter 1 forecast a net overspend of £2.218m for the General Fund, after transfers to or from earmarked reserves. This represents less than 1% of the net budget of £365.783m. As and when potential issues arise, which cannot be easily mitigated, these are incorporated into the MTFP for future years so that a realistic expenditure forecast is visible and early action is taken to reduce budget shortfalls.

4.3 **Housing Revenue Account:** In relation to the HRA, which is funded from housing rents and not from Council Tax, a balanced position was forecast, with any forecast expenditure pressures or income shortfalls being offset by underspending on employee costs.

4.4 **Dedicated Schools Grant:** In relation to the DSG, the budget for council-maintained schools in 2025/26 is £290.911m and, overall, a balanced position was forecast, although this is after a draw from reserves of £3.933m, which relates to overspending on the High Needs Block, which is a national issue affecting councils across the country.

4.5 A further key element of monitoring of budgets is to review progress of any budget efficiencies implemented in the financial year. For 2025/26, the council is monitoring efficiencies of £21.070m including £19.328m agreed in the 2025/26 MTFS presented to Council in February 2025.

Description of General Fund Efficiencies	£m
New efficiencies agreed within Budget Report presented to Council in February 2025	19.328
2024/25 efficiencies not delivered on an ongoing basis	0.813
2023/24 efficiencies not delivered on an ongoing basis	0.929
Total Ongoing Efficiencies Required in 2025/26	**21.070**

4.6 Forecast delivery in 2025/26 against the total above is shown in the table below, as at Quarter 1. A total of 81% of these efficiencies are forecast to be delivered on an ongoing basis by the end of the year (Green and amber rated efficiencies)

Directorate	Has Been Delivered on an Ongoing Basis £m	Likely to be Delivered on an Ongoing Basis by Year End £m	Likely Not to be Delivered In Year £m	Likely to be Delivered In Year on a One-Off Basis Only £m	Total £m
Children & Education	0.742	0.607	1.625	-	2.974
Adult Social Care	3.411	0.284	-	-	3.695
Place	1.571	3.219	1.321	0.848	6.959
Finance & Transformation	0.780	0.969	-	-	1.749
Assistant Chief Executive	0.631	0.329	0.100	0.100	1.160
Corporate Budgets	4.533	-	-	-	4.533
Total	**11.668**	**5.408**	**3.046**	**0.948**	**21.070**
Q1 Delivery	**55%**	**26%**	**14%**	**4%**	**100%**

5 General Fund Budget Pressures

Price Inflation and Demand for Services

5.1 Partly as a result of financial monitoring being carried out within 2025/26, it is acknowledged that budget growth is needed within all directorates, as costs increase year on year, predominately due to inflation and increased demand for services, and budgets need to reflect the realistic cost of those services. There are also instances where historic policy changes or fee increases have not generated the financial results originally expected, and therefore adjustments may be required to ensure that budgets match a realistic level of demand for services.

5.2 As in previous years, 'Star Chamber' meetings have taken place to discuss these adjustments and agree that, where these proposed budget increases are unavoidable or cannot be mitigated, they will be included within the updated MTFP. Star Chamber events included the Chief Executive, Section 151 Officer, Cabinet Portfolio Holder, relevant Executive Director, Service Directors and Finance Business Partners. Only those unavoidable pressures or growth items which would see benefits to residents or generate other efficiencies are included in the draft budget presented in this report. Further detail of forecast budget pressures included within the MTFP is provided at Annex 2.

5.3 One such budget pressure relates to the council's contract with its wholly-owned company, Sandwell Children's Trust. In recent years, the Trust has been operating at a deficit, as a result of increased costs of residential care placements and increased demand for services, particularly for complex services. This is a position being reported by councils across the country.

5.4 At the end of 2024/25, the deficit built up by the Trust had grown to £19.792m. Within the Section 25 Report of the Chief Finance Officer within the February 2025 MTFS, it was acknowledged that the Trust does not hold its own reserves and that the deficit would have to be addressed within the group financial strategy.

5.5 Within this MTFS, it is proposed to provide the Trust with a three-year contract sum for the financial years 2025/26 to 2027/28, to improve financial planning for both the council and the Trust; providing certainty of expenditure for the council and certainty of income for the Trust. The proposed three-year contract sum intends not only to provide a viable and sustainable level of income for the Trust over the three years, but it will also provide sufficient funding to offset the cumulative deficit built up to the end of the 2024/25 financial year.

5.6 The council's intention is to resolve the deficit built up by the Trust to the end of 2024/25 by drawing £19.792m from earmarked reserves. In previous financial years, reserves have been specifically set aside for this purpose, should it become apparent that the only viable course of action is for the council to do so. The impact of this on reserve levels is described in section 7 of this report (Reserves).

Pay Inflation

5.7 A large proportion of the council's expenditure is on paying employees who deliver the services that the council provides. Due to the high value of the associated budgets, there needs to be a realistic assumption of future costs for salaries and pension contributions, to ensure that budgets are increased sufficiently to match expenditure in future years.

5.8 The current MTFP includes a provision of 3% per annum for pay increases which has been based on future national pay increase assumptions from the Office of Budget Responsibility (OBR), which is an independent advisory body to central government.

5.9 As well as paying salaries, the council is required to contribute to the West Midlands Pension Fund for employees enrolled in the scheme. The council's contribution rates into the pension scheme are reviewed every three years, with 2026/27 being the first year of the new three-year period. It is likely that contribution rates will change from their current levels of 24.6% of pensionable pay. However, the actual results of the current review will not be known until November or December and no impact has been included in the current financial model. This impact will therefore be included in the final February report.

Summary

5.10 The following table summarises known budget pressures and shows a summary of the movements in the General Fund revenue budget. This gives a revised forecast net expenditure requirement for the following 5 years.

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Approved Net Budget 2025/26	**365.784**	**365.784**	**365.784**	**365.784**	**365.784**
Adult and Children's Social Care Costs	23.606	35.691	41.875	54.808	68.411
Pay Inflation	4.692	9.532	14.513	19.646	24.932
General Contract and Utilities Inflation	2.346	4.454	6.715	9.041	11.437
Additional Services	2.052	2.105	2.344	2.191	2.211
Budget Corrections – Largely correction of income budgets to align with demand for services	1.250	1.250	1.250	1.250	1.250
Corporate Budget Adjustments	(1.190)	0.402	2.046	3.742	4.536
Revised Forecast Net Expenditure Requirement	**398.540**	**419.218**	**434.527**	**456.462**	**478.561**

5.11 Proposals to vary the council's expenditure and income through growth, inflationary pressures or other factors are included within the table above. These highlight the significant changes required over the medium term to help the council to provide appropriate support to residents and businesses.

6 Government Funding

Local Government Finance Settlement

6.1 The Local Government Finance Settlement includes a number of grants to support the spending needs of the General Fund, some of which are to meet specific needs and are credited to service areas (ringfenced) and therefore included within directorate net budgets. Other grants are available for general use (non-ringfenced) and are credited within general funding with council tax and business rates income to fund the overall net budget requirement.

6.2 The government has consulted with councils on plans to review how funding is to be shared amongst councils in the future. As the results of this consultation are not yet known and therefore there are uncertainties as to how the council will be affected by revisions to funding calculations, no additional growth in grant income has been assumed in this latest MTFP. In fact, the MTFP assumes a loss of non-ringfenced grant funding of £0.379m as shown in the table below. This forecast loss of grant funding relates to New Homes Bonus, which is due to end.

	2025/26 Allocation £m	Assumed 2026/27 Allocation £m	Movement from 2025/26 to 2026/27 £m
Ringfenced Grants Credited to Services:			
Social Care Grant	55.391	55.391	-
Local Authority Better Care Grant	28.401	28.401	-
Market Sustainability and Improvement Fund	8.085	8.085	-
Children's Social Care Prevention Grant	3.555	3.555	-
Domestic Abuse Safe Accommodation Grant	1.093	1.093	-
Non-Ringfenced Grants Credited to General Funding:			
Recovery Grant	11.784	11.784	-
Employer National Insurance Contributions Grant	3.529	3.529	-
New Homes Bonus	0.379	-	(0.379)
Total Grant Funding within Local Government Finance Settlement	**112.217**	**111.838**	**(0.379)**

6.3 Provisional Settlement information relating to the 2026/27 funding allocations is anticipated in late December 2025 and will be included within the final MTFS and MTFP in February 2026. In a change to the recent one-year government settlements, the council expects to receive a three-year settlement from the government, however, at this stage the value is unknown. A three-year settlement should help the council to plan effectively, taking into account any additional funding to be received well in advance of the 2027/28 and 2028/29 financial years, but, at present, government grant funding for 2026/27 remains uncertain. Therefore, government grant funding cannot be assumed to be a solution to reducing the budget gap created by the budget pressures described within section 5 of this report.

Public Health Grant

6.4 The Public Health Grant does not form part of the Local Government Finance Settlement but is a ringfenced allocation to support the council's legal duties, working alongside the NHS, to improve the health and wellbeing of our residents.

6.5 The Public Health directorate operates on a net zero budget, meaning that income raised from council tax does not support public health activities. It is assumed within the MTFP that this will continue, and that all expenditure will be funded from any grant received in 2026/27, plus any contributions if required from an earmarked Public Health Grant reserve that has been funded from historic underspends.

6.6 Allocations for 2026/27 have not yet been announced but the grant awarded for 2025/26 was £30.054m, which was an increase of £1.913m compared to the previous year.

7 Local Response to Mitigate Budget Pressures

Council Tax

7.1 Tax Base – The tax base is an estimate of the number of chargeable properties for the financial year (expressed as a number of Band D properties) and considers any likely exemptions, discounts or reliefs. For the upcoming financial year, an increase in the taxbase of 1.8% has been assumed, which generates an additional £2.638m of income before any percentage increase in council tax is applied.

7.2 The Council tax base is to be formally set by Council in December 2025 and will be included in the final MTFS document in February 2026.

7.3 The government has set a 4.99% cap on council tax increases for 2026/27 for councils responsible for adult social care, such as Sandwell, without requiring a resident vote. The council plans to raise council tax by 4.99% annually to support all services including adult social care needs. This would generate an additional £7.445m which, when added to the increase in the tax base discussed above, would increase the total growth in council tax income by £10.083m.

7.4 By adopting a 4.99% increase, total income raised from council tax would be £156.649m.

7.5 Most Sandwell properties fall within Council Tax Band A and B (approximately 76%) and residents in these properties would see their council tax increasing by up to £1.36 a week assuming no other entitlement to reductions:

4.99% increase	Band A	Band B
2025/26 Council Tax (Sandwell MBC element only)	£1,215.84	£1,418.48
2026/27 Proposed Council Tax (Sandwell MBC element only)	£1,276.51*	£1,489.27*
Increase per year	£60.67	£70.79
Increase per week	£1.17	£1.36

** Provisional values and therefore subject to change*

Business Rates

7.6 Since 2013, a new system of business rates retention began in England which transferred some of the benefits of growth to councils by allowing them to retain some of that additional income generated.

7.7 Sandwell recently renewed the agreement with Central Government to retain 100% of business rates (with 1% to be distributed to the West Midlands Fire and Rescue Authority) for a further 10 years from 2024/25. The majority of councils continue to retain 50% of business rates income, with 50% being the proportion to be paid to the government.

7.8 This enhanced retention scheme provides additional benefits to the council, as any growth in business rates income from new businesses entering the borough is retained by the council. The council has benefitted from substantial additional income in recent years from that growth, which has supported the spending need to deliver services.

7.9 Business rates chargeable to the businesses within Sandwell are calculated on each premise's rateable value, multiplied by a factor known as a multiplier. Both of these values are determined by central government departments and cannot be adjusted by the council.

7.10 There are several central government policies where businesses are entitled to various reliefs to reduce the amount payable to the council, such as Small Business Rate Relief or Retail, Hospitality and Leisure Relief.

7.11 It is recognised that councils should not be adversely affected by loss of income from business rates as a result of central government policy and therefore the council receives Section 31 Grant income to replace the lost revenue from those reliefs provided.

7.12 There is also a complex mechanism to ensure that no council is adversely affected from a low baseline of income from business rates, nor councils benefitting from receiving more income than they are deemed to need to deliver their services. This is actioned through a top-up and tariff arrangement to redistribute income based on a spending needs assessment. The council has a top-up arrangement where the government provides additional grant to add to the council's assumed baseline income from business rates, to a level which the government considers to be the council's total funding need from business rates.

7.13 This government has committed to reviewing the business rates system during 2025/26, with changes to be implemented with effect from 1st April 2026. A number of consultations have been issued over the Spring and Summer periods which will potentially impact future income from business rates:

- Business Rates Reset – This exercise is to consider a fundamental reset of retained growth that many councils are benefitting from. There is a significant risk that some of the additional business rates income that the council has been receiving from that growth will be removed.
- Revaluation – The Valuation Office Agency (a branch of His Majesty's Revenue and Customs – HMRC) is undertaking an exercise to revalue all businesses subject to business rates and will apply a new Rateable Value with effect from 1st April 2026. The last revaluation was from 1st April 2023.
- Multipliers and Reliefs – As discussed above, a business premises' Rateable Value is multiplied by the multiplier as set by Central Government. There are currently two multipliers (Small Business at 49.9p and Standard Multiplier at 55.5p). The proposals are that the range of multipliers will increase from the current two to five, with the results being that, where a business's rates would have reduced through reliefs, in future that

business's rates invoice would reduce business rates payable automatically without the need for any reliefs to be applied.

7.14 The impact of all of the above is extremely complex and at this stage largely unknown.

7.15 As net income from business rates is a large proportion of non-ringfenced funding, the council engages with external experts which provide the council with their interpretation of what government policy could look like and advise on potential impacts of changes on this significant income stream over the life of MTFP.

7.16 The current MTFP has assumed some loss of income over the life of the plan which has resulted in increased deficit projections in future years.

7.17 For 2026/27, the MTFP assumes net growth in business rates income of £2.909m, taking into account the impact of proposed government system and policy changes, predominantly 'business rates reset', as well as additional properties becoming liable for business rates.

7.18 Results of the government's business rates reviews are unlikely to be known until the provisional finance settlement, due in late December 2025.

Investment Income

7.19 The council invests its daily surplus cash balances in accordance with its approved Treasury Management Strategy. This provides additional income into the council to support service delivery.

7.20 The principles of investing surplus cash are security, liquidity and yield, taken in that order:

- Security – ensuring cash is deposited with safe financial institutions to reduce risk of non-repayment back to the council
- Liquidity – making sure that the council has enough daily cash balances available to cover its spending needs
- Yield – only after security and liquidity have been considered will the council look to achieve the best return on its investment.

7.21 Investment returns are generally linked to UK interest rates, which can be volatile over the medium term. Therefore, to ensure that there are no significant peaks or troughs in the 5-year MTFP, the council will utilise an earmarked reserve to smooth the impact on the General Fund. Where surpluses have been achieved then these will be deposited into the reserve and where a shortfall is being experienced then there will be a draw from reserves.

7.22 The council also holds shares in Birmingham Airport for which dividend payments are received. Due to the uncertainty of timing and values of these dividend receipts, the council will not budget for such amounts but will transfer any in year receipts to the earmarked reserve.

7.23 The Treasury Management Strategy for 2026/27 will form part of MTFS within the February 2026 update.

Flexible use of Capital Receipts

7.24 In 2026/27, the council may wish to make use of the facility - if offered by the government - to use capital receipts to fund revenue expenditure that implements business change and transformation. An updated Flexible Use of Capital Receipts Strategy will be included in the final MTFS in February 2026.

Reserves

7.25 Within the 2025/26 MTFS, a Reserves Strategy was introduced, which seeks to ensure that the council holds adequate reserves to protect against risk but also to support investment and transformation.

7.26 The council does not generally rely on the use of reserves to support ongoing service delivery. This approach ensures that the council holds sufficient resources should it face the prospect of having to manage strategic risks at some future point.

7.27 The 2026/27 MTFP has allowed for a single year contribution from reserves funded from Birmingham Airport dividend receipts received. The council does not budget for dividend receipts due to the uncertainty of timing and value and therefore this windfall income has been made available as a one year only funding addition.

7.28 This MTFS also supports the use of reserves over three years to fund the deficit of the Children's Trust, to ensure that the Trust's financial position and ongoing viability is robust and supported through an adequate contract sum to allow efficient and effective delivery of duties.

7.29 Subject to audit of the council's 2024/25 accounts, at the beginning of the 2025/26 financial year the council is holding General Fund earmarked reserves of £159.558m. Forecast transfers to and from reserves, as included within the MTFP are as follows:

Earmarked Reserves	Forecast Total £m
Balance as at 1st April 2025	159.558
Addition of dividend receipts within 2025/26	2.640
Use of dividend receipts within 2026/27 to balance the General Fund budget	(2.640)
Use of reserves to offset historic deficit built up by Sandwell Children's Trust to 31st March 2025 – Payments to be made to Sandwell Children's Trust over three years (2025/26-2027/28)	(19.792)
Use of reserves to fund creation of the Sandwell Plan document	(0.180)
Forecast balance, taking into account all reserve movements over the life of the MTFP	**139.586**

7.30 The Section 151 Officer is responsible for making a professional judgement about the adequacy of reserves. This judgement will be reported to Council in February 2026. Based on the forecast reduction to earmarked reserve balances, reserve levels remain adequate to mitigate identified risks in accordance with the report provided in February 2025.

7.31 Planned draws from reserves are included in directorate budgets where the use of reserves will fund one-off costs.

8 Closing the Budget Gap

8.1 The growth required to expenditure budgets, as set out in section 5, viewed alongside the projection for future government funding and income from council tax, business rates, and the one-off use of reserves, results in a forecast General Fund budget shortfall of £8.353m in 2026/27, increasing to £48.081m by 2030/31.

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Forecast Net Expenditure Requirement	**389.123**	**412.621**	**434.527**	**456.462**	**478.561**
Funding					
Non-Ringfenced Grants	(15.313)	(15.313)	(15.313)	(15.313)	(15.313)
Net Retained Business Rates	(204.872)	(203.818)	(202.570)	(206.621)	(210.753)
Collection Fund Adjustments	(3.936)	-	-	-	-
Council Tax	(156.649)	(167.426)	(178.945)	(191.256)	(204.414)
Total Funding	**(380.770)**	**(386.557)**	**(396.828)**	**(413.190)**	**(430.480)**
Net Deficit Before Efficiency Proposals	**8.353**	**26.064**	**37.699**	**43.272**	**48.081**

8.2 Presented with this shortfall, and the legal requirement to prepare and approve a balanced budget by March 2026, the Cabinet and Senior Leadership Team have worked alongside budget managers and finance officers to prepare a list of efficiency and income generation proposals for consultation. These efficiency and income generation proposals, detailed in Annex 3, total £8.353m and are sufficient to close the budget gap for 2026/27, also making progress towards reducing and closing the budget gap for 2027/28 and beyond.

8.3 The efficiency and income generation proposals have been reviewed and scrutinised by officers and the Cabinet at Star Chamber events, with the relevant budget manager being required to prepare a business case to support each proposal. Business cases are required in order to ensure that each proposal is realistic, achievable and includes relevant detail to demonstrate how each proposal will be achieved.

8.4 Subject to the consultation on, and approval of, the list of efficiency and income generation proposals included in this document, it is possible to balance the General Fund budget in 2026/27.

8.5 The following table summarises the latest financial position over the life of the MTFS.

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Forecast Net Expenditure Requirement	389.123	412.621	434.527	456.462	478.561
Total Funding Available	(380.770)	(386.557)	(396.828)	(413.190)	(430.480)
Net Deficit Before Efficiency Proposals	**8.353**	**26.064**	**37.699**	**43.272**	**48.081**
Efficiencies Recommended for Consultation	(8.353)	(8.773)	(9.253)	(9.333)	(9.813)
Revised Forecast Deficit	**-**	**17.291**	**28.446**	**33.939**	**38.268**

8.6 Assumptions to date within the MTFP will change as more information is received, including releases from central government departments on grant settlements and policy updates.

Fees and Charges

8.7 The suite of efficiency and income generation proposals includes a council-wide proposal relating to fees and charges income. The council's portfolio of fees and charges is currently being reviewed. At present, the MTFP has assumed a core 2% uplift in general charges, unless specified by the government or unless there are other relevant constraints. In some cases, there may be opportunities to raise levels by more than 2% to ensure that there is full cost recovery or where benchmarking indicates that the council charges fees that are significantly below those of its neighbours.

8.8 The 2% included in the MTFP is based on government's target for Consumer Price Inflation (CPI). However, CPI remains high and the current 2% value included may require adjusting.

8.9 The final suite of detailed fees and charges will be included at Annex 5 to the final MTFS in February 2026.

9 General Fund Capital Investment

9.1 The purpose of the Capital Programme is to create new assets or to extend the life of existing assets. It is frequently related to large scale one-off expenditure that is funded from government grants, borrowing or other contributions such as those from developers.

9.2 Details of the provisional General Fund capital programme are presented at Annex 9.

9.3 The council's General Fund debt service costs reflect interest payments on the debt portfolio but also amounts set aside for repayment of principal amounts of historic borrowing. In 2025/26, the budgeted figure of £22m is approximately 6% of the Council's net budget. The fact that this percentage is relatively modest compared with similar authorities is a significant factor in the revenue budget shortfall for the council being lower compared to some authorities. A key factor in assessing affordability of funding future capital programme proposals through prudential borrowing will be ensuring that the overall percentage of debt costs compared with net budget remains at below 6% of council net budget for the period of the MTFS.

9.4 Calculations of revenue costs of the draft General Fund capital pipeline projects plus existing costs are shown in the table below:

Revenue Costs of Borrowing to Fund the Capital Programme	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m	Total £m
Previous years capital programmes	16.820	16.661	16.311	13.460	13.384	**76.636**
Current core programme	3.537	4.565	5.260	5.955	6.651	**25.968**
Pipeline scheme proposals	0.645	1.945	2.716	2.896	2.978	**11.180**
Projected Revenue Cost	**21.002**	**23.171**	**24.287**	**22.311**	**23.013**	**113.784**
MTFP Proposed Revenue Budget	**21.415**	**22.265**	**23.150**	**24.070**	**25.033**	**115.933**
Annual (Surplus)/ Deficit	**(0.413)**	**0.906**	**1.137**	**(1.759)**	**(2.020)**	**(2.149)**

9.5 As shown in the table above, revenue borrowing costs are affordable over the 5-year life of the proposed programme. To ensure that the impact on the General Fund remains sustainable and within the 6% limit set within the strategy, any revenue borrowing cost budget surpluses or deficits will be transferred into or out of the Capital Financing earmarked reserve that was created at the end of the 2024/25 financial year. Revenue implications of capital investment proposals have been included in the MTFS and costs remain below the cap of 6% of net budget. This cap is not a national requirement but has been set locally to ensure that sufficient other resources remain available to fund the critical services that the council provides.

9.6 The Capital Strategy and Capital Financing Strategy will be updated for the final MTFS in February 2026.

10 Housing Revenue Account

10.1 Work is currently being undertaken to update the 30-year HRA Business Plan using specialist external consultants working closely with officers of the council to understand where financial pressures are being experienced and to understand the phasing of new build housing projects, which are required to meet housing demand.

10.2 Early work indicates that the HRA is sustainable over the 30-year timeframe and further work is being concluded, with the full HRA budget and 30-year business plan to be presented in February 2026.

10.3 As part of the last spending review, the government announced that there will be a 10-year settlement for social housing rents from 1st April 2026, in which rents will be permitted to increase by CPI+1% per annum. However, at the time of writing this report, the September 2025 CPI figure is not available.

10.4 Furthermore, results of historic consultation feedback to Central Government were that there was a clear need for investment in new and existing social housing to deliver the government's ambitions and this could not be unlocked unless social rent convergence is implemented.

10.5 Convergence would allow rents for social rent properties that are currently below 'formula rent' to increase by an additional amount each year, over and above the CPI+1% limit, until they 'converge' with formula rent. Formula rent refers to the formula that is used to calculate the rent that may be charged for a given property when it is let to a new tenant. A convergence mechanism was originally introduced in 2002 but was scrapped in 2015.

10.6 The government confirmed at the Spending Review that it will implement a convergence mechanism as part of the new rent settlement. The details of precisely how, and at what level, this mechanism will be implemented will be confirmed at the Autumn Budget later this year, taking account of the benefits to the supply and quality of social housing, the impact on rent payers and the impact on the fiscal rules.

11 Dedicated Schools Grant (DSG)

11.1 The Dedicated Schools Grant is provided to councils to support schools and is allocated across four distinct areas:

- Schools Block
- Central Schools Services Block
- High Needs Block
- Early Years Block

11.2 Like many other councils across the country, the cost of the High Needs Block exceeds the grant provision available. The council has been in the position to date that reserves carried forward from previous years have been sufficient to fund overspends in year, however, it is expected that the position for 2025/26 will see the reserve position becoming a deficit reserve. There are currently accounting regulations in place that prevent the deficit becoming a charge on the General Fund and therefore it will instead be held as a negative balance on overall council resources.

11.3 Whilst the position does not directly affect the General Fund, it does have an indirect impact as there will be fewer cash resources available for the council to invest to generate investment interest.

11.4 DSG allocations for 2026/27 are not yet available, but the MTFS continues with the assumption that spending in this area will not directly affect the General Fund.

11.5 Further detailed work will be undertaken to project the overall DSG position across the life of the Strategy document once funding proposals are received.

12 Risk Management

12.1 The council's Audit and Risk Assurance Committee plus the Strategic Leadership Team and Performance Board receive regular strategic risk reports. Reporting is led by Internal Audit with input from other senior officers as risk 'owners'. This process allows for regular review and challenge, ensuring that the risks remain relevant and are being addressed with any mitigation activity.

12.2 The table below summarises some of the key risks to delivery of the MTFS and the mitigations in place.

Risks to the MTFP	Headline Mitigation
Failure to constrain expenditure within relevant budget headings.	The Council monitors its budget monthly, with regular updates to Strategic Leadership Team and Cabinet, advising on key variances. Budget managers are asked to offer mitigations to any adverse variances.
Failure to prepare for balancing the 2026/27 budget shortfall	Early preparation of the MTFS, including establishment of an officer MTFS working group chaired by the Section 151 Officer and membership across key council departments including finance, democratic services, communications and legal. Engagement with the Cabinet and public consultation to establish priorities.
Failure to maintain adequate reserve balances.	A Reserves Strategy was implemented in 2025/26, and reserves are under the control of the Section 151 Officer with monthly monitoring and review.
Failure to deliver efficiencies.	The council reviews efficiencies embedded in the base budget and reports monthly to Leadership Team and to Cabinet on a quarterly basis on progress to highlight risks and consider mitigations.
Failure to arrange cover for expected cost increases	The council has set in place a process whereby the MTFP is updated regularly, enhanced on each occasion as additional information becomes available and insight gained. In addition, the Council will adjust its fees and charges annually in the future to ensure that the net cost of services is moderated, where it is equitable to do.
Inability to fund the Capital Programme arising from continuing rises in interest rates and higher cost of borrowing.	Established capital principles are set down to ensure adequate planning embedded in the MTFS process. This includes a prudent estimate of revenue costs associated with the borrowing need to be capped at 6% of net budget. Further mitigation includes the establishment of a capital funding volatility reserve to fund material fluctuation in interest rates or be replenished should budget surpluses be achieved.

Risks to the MTFP	Headline Mitigation
Sandwell Children's Trust accumulated balance sheet deficit.	The Council has undertaken comprehensive work with the Trust and external consultants to establish a realistic management fee going forward from 2025/26 and an agreed drawdown from our risk management earmarked reserves to clear the deficit and place the Trust on a new stable footing.

13 Next Steps

13.1 As there are a number of uncertainties regarding government funding, the actual impact of the government's proposed Business Rates Reset and revaluation, plus the potential for changes in assumptions on inflation and other interest forecasts which may materially affect the General Fund budget, work will continue on the MTFP, including regular communication with Senior Leadership Team and the Cabinet, so that the final budget for 2026/27 remains balanced.

13.2 The MTFS process started late Spring/early Summer and has progressed to the point of this report being presented to Cabinet on 15th October. The process will continue through to the Council meeting on 24th February 2026 where the 2026/27 budget and updated MTFS will be presented for approval.

13.3 The timeline for next steps is shown in Annex 1.

Consultation

13.4 The views of Sandwell's residents, businesses and communities are integral to the development of a MTFS that reflects the priorities of the borough. The engagement and consultation approach has been devised to support the development of the 2026/27 budget and the MTFP, and will be launched on the 15th October 2025

13.5 An online survey will be open 15th October – 28th November 2025, giving residents, businesses and communities the opportunity to have an input on their local priorities and preferences for delivering efficiencies and income generation going into the budget setting process for 2026/27. The online survey will be advertised in the council's newsletter, the Sandwell Herald, on the council's website and social media channels, as well as in libraries where people can use free WiFi or library computers to complete the survey.

13.6 To improve engagement with consultation, even where there may be digital exclusion in the borough, a face-to-face public engagement exercise will also be run from 15th October to 9th November, capturing the views of a demographically representative sample of adults living in the borough.

13.7 The consultation process also includes bespoke events with strategic partners, businesses and representatives of the voluntary sector. Events will be held during UK Parliament Week in November to capture the views of children and young people, as well as those of care experienced young people. The results of the consultation will help to inform the development of the 2026/27 budget and options for the future MTFP.

13.8 A timetable of events and the remainder of the MTFS process is included at Annex 1.

13.9 The Council will comply with its obligations under statute in all respects in undertaking these consultation activities. The Section 151 Officer will use evidence of consultation to support the determination of the robustness of the financial proposals.

Member Scrutiny

13.10 The budget proposals, including the efficiency and income generation proposals, will be reviewed at a series of meetings of the Budget and Corporate Scrutiny Management Board, to be held in October and November. Members of the Scrutiny Board will have the opportunity to scrutinise the proposals in detail and feed back recommendations to Cabinet, to help to inform the MTFS process before the final MTFS report is presented to the Cabinet and Full Council in February 2026.

Equality Impact Assessments

13.11 Where efficiency proposals relate to a change of approach to service delivery in 2026/27, service leads will be required to complete an Equality Impact Assessment screening assessment for each proposal to determine whether a full Equality Impact Assessment is required. The Equality Impact Assessment enables service leads to fully understand the implications of removal, reduction, or a change in services currently provided. This is undertaken in parallel to the consultation process.

13.12 Many budget variations for 2026/27 can be achieved through reduction in superfluous budgets that are no longer required to provide services, or through increasing income budgets. These are effectively just revised forecasts of net expenditure based on the current service offer or on current demand for services. Such proposals do not require a full Equality Impact Assessment.

13.13 The outcome of the Equality Impact Assessments, alongside the findings of the consultation process, will be assessed and used to prepare final recommendations that will be presented to Cabinet in February for approval. The Section 151 Officer will use evidence within such assessment to support the determination of the robustness of the financial proposals.

Budget Timetable

Date	Activity
2025	
15 October	Cabinet meeting and launch of consultation
15 October	Online survey for all stakeholders including staff goes live together with associated communications.
15 October – 9 November	Field work for the face-to-face with residents, budget consultation survey
22 October	Face to face meeting with Trade Unions
23, 28 and 29 October 5 and 13 November	Budget and Corporate Scrutiny Management Board meetings.
5 November	Business Ambassadors meeting
6 November	Strategic Partners Roundtable
11 November	Cabinet workshop
19 November	Consultation with Care Experienced Young People
20 November	Voluntary Sector Forum
25 and 26 November	UK Parliament week consultation with children and young people
27 November	Large-scale business event
28 November	Consultation Closes
3 December	Cabinet workshop
16 December	Cabinet workshop – to include feedback on consultation results
2026	
4 February	Cabinet to approve the 2026/27 budget
24 February	Council to approve the 2026/27 budget

Budget Growth Proposals

Budget growth, as detailed below, is required to allow for increases in costs due to inflation, changes in the population of Sandwell and their needs, either through population growth or changes in the age profile, or to correct historic estimates.

All amounts represent a variation to the approved budget for 2025/26.

Directorate	Income/ Expenditure	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Children and Education:							
	Expenditure	**Sandwell Children's Trust** Contract price variation due to inflation and demographic changes	7.404	9.503	11.965	14.487	17.073
	Expenditure	**Sandwell Children's Trust** Contribution to fund historic deficit (to be funded from Earmarked Reserves)	6.597	6.597	-	-	-
	Expenditure	**Growth** Additional staffing resource within Partnerships and Inclusive Learning	0.620	0.639	0.658	0.678	0.698
	Expenditure	**General Inflation** Unavoidable inflationary increases on key contracts and utility prices	-	-	0.018	0.037	0.056
	Expenditure	**Pay inflation** Average salary increases are forecast at 3% per annum (costs include pay award plus additional costs of National Insurance and Pension Contributions)	0.471	0.963	1.465	1.985	2.519
Total			**15.092**	**17.702**	**14.106**	**17.187**	**20.346**
Adult Social Care:							
	Expenditure	**Costs of Adult Social Care** Inflationary and demographic changes on external costs	9.605	19.591	29.910	40.321	51.338
	Expenditure	**Growth** Increased investment in Social Work	0.812	1.026	1.246	1.473	1.473

Directorate	Income/ Expenditure	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
	Expenditure	**Budget Corrections** Hospitals Team - Unachievable historic savings target	0.294	0.294	0.294	0.294	0.294
	Expenditure	**General Inflation** Unavoidable inflationary increases on key contracts and utility prices	-	0.007	0.030	0.053	0.077
	Expenditure	**Pay inflation** Average salary increases are forecast at 3% per annum (costs include pay award plus additional costs of National Insurance and Pension Contributions)	1.266	2.569	3.911	5.293	6.717
Total			**11.977**	**23.487**	**35.391**	**47.434**	**59.899**
Place:							
	Expenditure	**Growth** Sandwell Local Plan	0.180	-	-	-	-
	Expenditure	**Growth** Maintenance of vent trenches and costs associated with replacement pay and display machines plus tree maintenance works	0.440	0.440	0.440	0.040	0.040
	Expenditure	**Technical Adjustments** Reversal of temporary growth included in 2025/26 budget	(0.606)	(0.606)	(0.606)	(0.606)	(0.606)
	Expenditure	**Budget Corrections** Reduction in income streams from planning fees, land charges and building control	0.625	0.625	0.625	0.625	0.625
	Expenditure	**General Inflation** Unavoidable inflationary increases on key contracts (incl waste collection and Leisure Trust) plus utility prices	2.143	4.233	6.429	8.688	11.015
	Expenditure	**Pay inflation** Average salary increases are forecast at 3% per annum (costs include pay award plus additional costs of National Insurance and Pension Contributions)	1.398	2.838	4.322	5.850	7.425

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Directorate	Income/ Expenditure	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Total			**4.180**	**7.530**	**11.210**	**14.597**	**18.499**
Finance & Transformation:							
	Income	**Budget Corrections** Reduction in income streams from burial and cremation services	0.350	0.350	0.350	0.350	0.350
	Expenditure	**Budget Corrections** additional costs regarding Oracle Fusion system and Hybrid mail and print	0.587	0.587	0.587	0.587	0.587
	Expenditure	**General Inflation** Unavoidable inflationary increases on key contracts plus utility prices	0.203	0.214	0.238	0.263	0.289
	Expenditure	**Pay inflation** Average salary increases are forecast at 3% per annum (costs include pay award plus additional costs of National Insurance and Pension Contributions)	1.066	2.164	3.295	4.460	5.659
Total			**2.206**	**3.315**	**4.470**	**5.660**	**6.885**
Assistant Chief Executive:							
	Expenditure	**Pay inflation** Average salary increases are forecast at 3% per annum (costs include pay award plus additional costs of National Insurance and Pension Contributions)	0.480	0.976	1.486	2.012	2.554
Total			**0.480**	**0.976**	**1.486**	**2.012**	**2.554**
Chief Executive:							
	Expenditure	**Pay inflation** Average salary increases are forecast at 3% per annum (costs include pay award plus additional costs of National Insurance and Pension Contributions)	0.011	0.022	0.034	0.046	0.058
Total			**0.011**	**0.022**	**0.034**	**0.046**	**0.058**
Corporate Budgets:							

Directorate	Income/ Expenditure	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
	Expenditure	**Contingency Budgets** Adjustments to manage risks	0.269	0.269	0.269	0.269	0.269
	Expenditure	**West Midlands Combined Authority** Changes in fees and levy from Transport Authority	0.600	1.213	1.841	2.482	3.137
	Expenditure	**Technical Adjustments** Changes to deprivation fund allocation for future investment (set at £10m ongoing)	(1.500)	(1.500)	(1.500)	(1.500)	(1.500)
	Expenditure	**Treasury Management** Changes in cost of borrowing net of investment income	(0.685)	0.165	1.050	1.970	1.970
	Expenditure	**General Inflation** Unavoidable inflationary increases on non service budgets (audit fee, pension fund)	0.126	0.255	0.386	0.521	0.660
Total			**(1.190)**	**0.402**	**2.046**	**3.742**	**4.536**
Grand Total			**32.756**	**53.434**	**68.743**	**90.678**	**112.777**

Efficiency Proposals

Detailed General Fund efficiency and income generation proposals by service directorate:

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Children and Education:									
Children & Families	Expenditure	Reducing the cost of high-cost services	New	**SEND Transport Efficiencies** Provision of SEND travel assistance is a statutory responsibility. The projected efficiency is a result of improved cost control - the type and quality of provision is unaffected	(0.782)	(0.782)	(0.782)	(0.782)	(0.782)
Children & Families	Expenditure	Making services fit for the future	New	**Family Hubs Contract Renegotiation** Recommissioning of core Family Hubs contract, currently valued at £3.195m per year. Recommissioning will deliver efficiencies of £0.100m per annum (a 3.1% reduction in costs)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Children & Families	Expenditure	Making services fit for the future	New	**Sandwell Transition Education Partnership Service (STEPS) Reduced Staffing Costs** Reduction in funding required for the STEPS Centre. There are fewer newly arrived pupils requiring immediate placement, so there is a reduction in the amount of service provision required	(0.070)	(0.070)	(0.070)	(0.070)	(0.070)
Children & Families	Expenditure	Reduce budgets and remove vacant posts where no longer needed	New	**Reduction in External Legal Costs** The council is responsible for legal claims relating to children and young people involved with social care, using insurance or solicitors to resolve cases depending on the nature of the claim. Although Sandwell Children's Trust took over service provision in 2018, legacy legal claims remain the council's responsibility. These have declined over time, which has led to a reduction in expenditure	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Children & Families	Expenditure	Reduce budgets and remove vacant posts where no longer needed	New	**No Recourse to Public Funds – Efficiency Reductions** Following the transfer of responsibility for the NRPF budget to Children and Education in October 2023 and the creation of a dedicated role to manage spending and support social workers, proactive engagement has led to reduced expenditure. Based on actual and projected expenditure for 2024/25 and 2025/26, it is proposed to further reduce the budget by £0.050m, in addition to previous reductions	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Children & Families	Income	Making the best use of grants and contributions	New	**School Improvement – Additional DSG Income** An extra £0.030m for School Improvement services is being funded by the Dedicated Schools Grant (DSG) through a delegation from School's Forum, reducing the equivalent amount of funding required from the General Fund	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Adult Social Care, Health & Wellbeing	Income	Making the best use of grants and contributions	New	**Uplift of Public Health 'Redirects'** Additional uplifted Public Health Grant income to support increasing relevant costs within services across the council	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
Total					**(1.382)**	**(1.382)**	**(1.382)**	**(1.382)**	**(1.382)**
Adult Social Care:									
Adult Social Care, Health & Wellbeing	Income	Making the best use of grants and contributions	New	**Better Care Fund** Additional income will be received as a result on inflationary increase to funding for activities operated by Adult Social Care service	(1.296)	(1.296)	(1.296)	(1.296)	(1.296)
Adult Social Care, Health & Wellbeing	Expenditure	Making services fit for the future	New	**Review of In-House Extra Care Services** A review will be carried out of staffing at day care and extra care facilities, realigning posts to a rota to better reflect service needs and deleting vacant posts that are no longer required	(0.310)	(0.310)	(0.310)	(0.310)	(0.310)

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Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Adult Social Care, Health & Wellbeing	Expenditure	Reduce budgets and remove vacant posts where no longer needed	New	**External Placements – Extra Care Housing Block Contract Reduction** Reduction in the Extra Care Housing Block Contract in line with average activity levels. Block contracts in this area have seen recurring underspends in recent years.	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
Adult Social Care, Health & Wellbeing	Income	Maximising income and commercial opportunities	New	**Community Alarms Income** Increased income from installation and ongoing rental agreements for community alarm service. Current income projections are exceeding budget, so this adjustment will not affect residents but sets a more realistic income projection	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
Adult Social Care, Health & Wellbeing	Income	Making the best use of grants and contributions	New	**Uplift of Public Health 'Redirects'** Additional uplifted Public Health Grant income to support increasing relevant costs within services across the council	(0.043)	(0.043)	(0.043)	(0.043)	(0.043)
Total					**(1.849)**	**(1.849)**	**(1.849)**	**(1.849)**	**(1.849)**

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Place:									
Environment & Highways	Income	Making the best use of grants and contributions	New	**Utilise Extended Producer Responsibility Grant Funding** Make use of grant funding to reduce the level of resource required from the General Fund to support Waste services	(0.600)	(0.400)	(0.400)	-	-
Environment & Highways	Income	Maximising income and commercial opportunities	New	**Highway Ancillary Functions** Successful management and process administration of third-party claims and skips and scaffolding applications from 2024/25 has resulted in increased income generation	(0.060)	(0.060)	(0.060)	(0.060)	(0.060)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Environment & Highways	Expenditure	Making services fit for the future	New	**Replace School Crossing Patrols with Pedestrian Crossings** Due to ongoing vacancies and recruitment challenges in the school crossing patrol service, it is proposed for 2026/2027 to replace five unfilled patrol positions with capital-funded formal pedestrian crossings, offering safe, all-day community access while generating year-on-year revenue efficiencies and making use of annual grants for permanent road safety improvements.	(0.025)	(0.025)	(0.025)	(0.025)	(0.025)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Environment & Highways	Expenditure	Reducing the cost of high-cost services	Existing	**Alternate Weekly Refuse Collections** Switching refuse and recycling to fortnightly collections (alternate weeks), separating recycling into 2 different receptacles to reduce disposal costs. An additional £1.295m per annum efficiency from 2026/27 to bring the total annual efficiency to £3.895m (part year efficiency achievable in 2025/26)	(1.295)	(1.295)	(1.295)	(1.295)	(1.295)
Environment & Highways	Income	Making services fit for the future	Existing	**Highways – Christmas Lights** Secure efficiency via new contractual arrangements from 2026 onwards	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Environment & Highways	Income	Maximising income and commercial opportunities	Existing	**Garden Waste Income** Increase in garden waste subscription fee from 2027	-	(0.200)	(0.200)	(0.200)	(0.200)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Environment & Highways	Expenditure	Making services fit for the future	Existing	**UTC System Support** Efficiencies implemented in 2025/26 through transferring responsibility from Wolverhampton to Transport for West Midlands are only achievable for part of the life of the MTFP, so are reversed in future years	-	0.060	0.060	0.060	0.060
Housing & Planning	Expenditure	Reduce budgets and remove vacant posts where no longer needed	New	**Housing & Planning** Deletion of a vacant post within the service	(0.025)	(0.025)	(0.025)	(0.025)	(0.025)
Neighbourhoods & Communities	Expenditure	Reducing the cost of high-cost services	New	**West Bromwich Leisure Centre – Energy Benchmarking** Energy costs at West Bromwich Leisure Centre have stabilised and are now below the level of budget previously set, delivering an efficiency of £0.110m per annum	(0.110)	(0.110)	(0.110)	(0.110)	(0.110)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Neighbourhoods & Communities	Expenditure	Reducing the cost of high-cost services	New	**Sandwell Leisure Trust – Expected Management Funding Agreement Surplus** Following a series of business improvements that have increased income and generated efficiencies, Sandwell Leisure Trust (SLT) returned a proportion of its management fee to the council in 2024/25, as per the contractual arrangement that is in place. The position is anticipated to be favourable again in 2025/26 and ongoing for the remainder of the partnership	(0.075)	(0.075)	(0.075)	(0.075)	(0.075)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Neighbourhoods & Communities	Income	Making the best use of grants and contributions	New	**Additional Use of Domestic Violence Grant** The council received a £0.216m uplift in its 2025-26 Domestic Abuse Safe Accommodation allocation, and if this continues, a larger share could support staff costs, replacing part of the current General Fund allocation. This proposal uses the designated settlement funding for half of two officer posts working across Domestic Abuse services, with the arrangement subject to review if future funding is reduced	(0.065)	(0.065)	(0.065)	(0.065)	(0.065)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Regeneration & Infrastructure	Expenditure	Reduce budgets and remove vacant posts where no longer needed	New	**Planning Regeneration – Deletion of Levelling Up Post** The Levelling Up Partnership programme will wind down during 2026/27 and consequently there is a position that will no longer be required. Postholder is currently seconded into the position and will return to their substantive role	(0.062)	(0.062)	(0.062)	(0.062)	(0.062)
Regeneration & Infrastructure	Expenditure	Reduce budgets and remove vacant posts where no longer needed	New	**Planning Regeneration – Reduction in Non-Staffing Expenditure** Reduction in non-staffing budget relating to Levelling Up programmes, due to winding down of projects	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Regeneration & Infrastructure	Expenditure	Reduce budgets and remove vacant posts where no longer needed	New	**Regeneration Management Supplies and Services Budget Reduction** Removal of supplies and services budget that is no longer required	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Adult Social Care, Health & Wellbeing	Income	Making the best use of grants and contributions	New	**Uplift of Public Health 'Redirects'** Additional uplifted Public Health Grant income to support increasing relevant costs within services across the council	(0.099)	(0.099)	(0.099)	(0.099)	(0.099)
Total					**(2.566)**	**(2.506)**	**(2.506)**	**(2.106)**	**(2.106)**
Finance & Transformation:									
Finance & Resources	Income	Making the best use of grants and contributions	New	**Oracle Fusion HRA Recharge** A review of Oracle Fusion usage found that the Housing Revenue Account should cover 21.5% of system costs, reflecting the HRA share based on number of system users and transactions, with the General Fund covering 78.5% of costs. As a result of this and a reset of Oracle Fusion revenue budgets, the annual HRA recharge will rise by £0.520m per annum from 2026/27	(0.520)	(0.520)	(0.520)	(0.520)	(0.520)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Finance & Resources	Income	Making the best use of grants and contributions	New	**Revenues & Benefits – Crisis and Resilience Fund Admin Costs** The new Crisis and Resilience Fund, announced to replace the temporary Household Support Fund and incorporate Discretionary Housing Payments, provides multi-year funding for local authorities to deliver preventative support during financial crises and reduce reliance on emergency food parcels, with 5% of the funding proposed for scheme administration	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
Finance & Resources	Income	Maximising income and commercial opportunities	New	**Registration Services – Increased Market Share of Direct Cremations** Adjustments to direct cremation services—such as more competitive fees and an increased number of slots—are projected to boost market share, with new income from a 33% uptake in slots forecast to generate £0.160m per annum	(0.160)	(0.160)	(0.160)	(0.160)	(0.160)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Finance & Resources	Income	Maximising income and commercial opportunities	New	**Legal Services – Increased Income from Sandwell Children's Trust** Increase in income from Sandwell's Children's Trust via recharges to support the costs of the work done for SCT by the council's Data Protection Officer and Legal team (Information Governance)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
Finance & Resources	Expenditure	Reduce budgets and remove vacant posts where no longer needed	New	**Legal Services – Supplies and Services Efficiencies** Current proposals include sharing DocuSign across the Council, with projected annual efficiencies of £0.039m from reduced printing and delivery. Further efficiencies include £0.020m by ending the Copyright Licensing Agency licence and £0.004m by discontinuing the Document Exchange system	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Finance & Resources	Income	Maximising income and commercial opportunities	New	**Revenues & Benefits – Recovery of Court Costs** The proposal adjusts the budgeted income for Court Costs from business rates, increasing the budget by £0.050m to reflect consistent receipts over the past three years and current economic conditions	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Finance & Resources	Income	Maximising income and commercial opportunities	New	**Legal Services Income – Information Governance, Mediation and Commercial Contracts** Income will increase by £0.050m through increased external service sales, beginning with public sector partners and schools	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Finance & Resources	Expenditure	Reduce budgets and remove vacant posts where no longer needed	New	**Elections Support Team** Removal of a vacant post in the Elections Service team that is no longer required	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Finance & Resources	Expenditure	Smarter support services	New	**Digital Mail** The Council currently uses a mail system that needs paper and printing, but in future will change this process and send messages online using a safe, protected website. This keeps important information secure and means that there is less need for expenditure on traditional post services	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Finance & Resources	Income	Maximising income and commercial opportunities	New	**Appointeeship Unit – Fees and Charges Income** The Appointeeship Unit manages finances for around 450 vulnerable clients, ensuring that their bills, benefits, and expenses are handled according to regulations. While fees do not cover full costs, income has risen in recent years, and with the introduction of a £365 'wind up' fee from April 2025, plus regular fee increases for Deputyships determined by the Court of Protection, the service's income budget can be increased by £0.030m to reflect current income generated by the service	(0.030)	(0.030)	(0.030)	(0.030)	(0.030)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Finance & Resources	Expenditure	Reduce budgets and remove vacant posts where no longer needed	New	**Decommission ICT Contracts No Longer Required** ICT Services manage an annual budget of over £8.600m, and a high-level contract review for 2026/27 has identified net efficiency opportunities of £0.026m; further efficiency work and resource planning will support the ongoing ICT strategy and financial planning	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)
Finance & Resources	Expenditure	Making services fit for the future	New	**Registration Services Staff Efficiencies** Conversion of two vacancies in the Register Office and Bereavement Services teams into entry level positions	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
Finance & Resources	Income	Maximising income and commercial opportunities	New	**Rolling ICT Equipment Rebates** Income generated through cash rebates from disposal of redundant equipment	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Finance & Resources	Expenditure	Reduce budgets and remove vacant posts where no longer needed	New	**FOI/SARS Process Efficiencies** Expenditure on administering and responding to FOIs and SARs will be reduced as a result of implementing process efficiencies	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Finance & Resources	Expenditure	Making services fit for the future	Existing	**Cash Handling and Bank Charges** Review of cash handling contract – Opportunity to implement direct banking and to amend frequencies and locations of cash collections	(0.048)	(0.048)	(0.048)	(0.048)	(0.048)
Adult Social Care, Health & Wellbeing	Income	Making the best use of grants and contributions	New	**Uplift of Public Health 'Redirects'** Additional uplifted Public Health Grant income to support increasing relevant costs within services across the council	(0.025)	(0.025)	(0.025)	(0.025)	(0.025)
Total					**(1.495)**	**(1.495)**	**(1.495)**	**(1.495)**	**(1.495)**
Assistant Chief Executive:									
Leader	Expenditure	Reduce budgets and remove vacant posts where no longer needed	New	**Cabinet Support** Removal of a vacant establishment post in the Cabinet Support function which is no longer required	(0.055)	(0.055)	(0.055)	(0.055)	(0.055)

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Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Finance & Resources	Expenditure	Making services fit for the future	Existing	**Contact Centre Models** Review of contact centre models – Improvements to the efficiency and responsiveness of the customer service functions across the organisation	(0.113)	(0.113)	(0.113)	(0.113)	(0.113)
Finance & Resources	Expenditure	Smarter support services	Existing	**Smarter Support Services** Efficiencies from the implementation of Oracle Fusion – Efficiencies through process improvement, streamlining of transactional and day to day administrative-type duties across HR functions, as a result of business process reengineering activity following the implementation of Oracle Fusion	(0.333)	(0.333)	(0.333)	(0.333)	(0.333)
Adult Social Care, Health & Wellbeing	Income	Making the best use of grants and contributions	New	**Uplift of Public Health 'Redirects'** Additional uplifted Public Health Grant income to support increasing relevant costs within services across the council	(0.080)	(0.080)	(0.080)	(0.080)	(0.080)
Total					**(0.581)**	**(0.581)**	**(0.581)**	**(0.581)**	**(0.581)**
Total Directorate Efficiencies					**(7.873)**	**(7.813)**	**(7.813)**	**(7.413)**	**(7.413)**

Directorate/ Portfolio	Income/ Expenditure	Category	New or Existing Proposal	Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Council Wide:									
Finance & Resources	Income	Maximising income and commercial opportunities	Existing	**Fees and Charges Increase** Annual inflationary increase in fees and charges will result in additional income for the council. Efficiency will be apportioned across the council's directorates	(0.480)	(0.960)	(1.440)	(1.920)	(2.400)
Total					**(0.480)**	**(0.960)**	**(1.440)**	**(1.920)**	**(2.400)**
Grand Total					**(8.353)**	**(8.773)**	**(9.253)**	**(9.333)**	**(9.813)**

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Consultation

Results of the consultation exercises, detailed within MTFS and timeline, will be included in Annex 4 and presented to Council as part of the final budget report in February 2026.

Fees and Charges Schedule

The schedule of fees and charges will be updated as the budget process progresses.

The current MTFS includes a projection that fees and charges will be increased by 2% (in line with the government's target for Consumer Price Inflation). This will be reviewed as updated CPI values are published. The Council should ensure that income increases are aligned to cost increases to maintain cost recovery objectives.

A full schedule of fees and charges will be included in Annex 5 and presented to Council as part of the final budget report in February 2026.

Budget Summaries

General Fund Draft Revenue Budget Summary

(Draft – October MTFP Update)

	Current Budget 2025/26 £m	Forecast Draft Budgets 2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Service Directorates						
Children and Education	109.923	117.036	119.646	122.647	125.728	128.887
Adult Social Care	93.507	103.635	115.145	127.049	139.092	151.557
Place	90.958	92.392	95.982	99.662	103.449	107.351
Finance and Transformation	30.852	31.563	32.672	33.827	35.017	36.242
Assistant Chief Executive	12.231	12.130	12.626	13.136	13.662	14.204
Chief Executive	0.480	0.491	0.502	0.514	0.526	0.538
Public Health	-	-	-	-	-	-
Council Wide	-	(0.480)	(0.960)	(1.440)	(1.920)	(2.400)
Service Directorates Net Budget	**337.951**	**356.767**	**375.613**	**395.395**	**415.554**	**436.379**
Non-Service Budgets (incl levies payable)	16.025	15.228	15.970	16.729	17.505	18.299
Investment Income	(10.000)	(10.000)	(10.000)	(10.000)	(10.000)	(10.000)
Capital Financing Costs (Cost of Borrowing)	22.100	21.415	22.265	23.150	24.070	24.070
Use of Reserves and General Balances	(0.292)	(2.640)	-	-	-	-
Net General Fund Budget	**365.784**	**380.770**	**403.848**	**425.274**	**447.129**	**468.748**
Funding						
Non-Ringfenced Government Grants	(15.693)	(15.313)	(15.313)	(15.313)	(15.313)	(15.313)
Net Retained Business Rates	(206.981)	(204.872)	(203.818)	(202.570)	(206.621)	(210.753)
Collection Fund (Surplus)/ Deficit adjustments	3.455	(3.936)	-	-	-	-
Council Tax	(146.565)	(156.649)	(167.426)	(178.945)	(191.256)	(204.414)
Current Projected (Surplus)/ Deficit	**-**	**-**	**17.291**	**28.446**	**33.939**	**38.268**

Draft Directorate Budgets

The summary General Fund Budget in Annex 6 displays the net position for each directorate over the life of the MTFS. This Annex summarises how the budgets are forecast to be adjusted each year, reflecting the budget growth added to fund budget pressures and the efficiencies or income generation proposals for each directorate budget.

The following table details the movement in budgets for 2026/27.

	Current Budget 2025/26	Proposed Budget Growth	Proposed Efficiencies	Proposed Net Budget Growth	Forecast Net Budget 2026/27	Funding from Reserves	Revised Forecast Net Budget 2026/27
	£m	£m	£m	£m	£m	£m	£m
Children and Education	109.923	15.092	(1.382)	**13.710**	**126.633**	(6.597)	**117.036**
Adult Social Care	93.507	11.977	(1.849)	**10.128**	**103.635**	-	**103.635**
Place	90.958	4.180	(2.566)	**1.614**	**92.572**	(0.180)	**92.392**
Finance and Transformation	30.852	2.206	(1.495)	**0.711**	**31.563**	-	**31.563**
Assistant Chief Executive	12.231	0.480	(0.581)	**(0.101)**	**12.130**	-	**12.130**
Chief Executive	0.480	0.011	-	**0.011**	**0.491**	-	**0.491**
Public Health	-	-	-	**-**	**-**	-	**-**
Corporate Budgets	27.833	(1.190)	-	**(1.190)**	**26.643**	(2.640)	**24.003**
Council Wide	-	-	(0.480)	**(0.480)**	**(0.480)**	-	**(0.480)**
Net Expenditure	**365.784**	**32.756**	**(8.353)**	**24.403**	**390.187**	**(9.417)**	**380.770**
Forecast Funding	**(365.784)**	**(14.986)**	**-**	**(14.986)**	**(380.770)**	**-**	**(380.770)**
Budget Gap	**-**	**17.770**	**(8.353)**	**9.417**	**9.417**	**(9.417)**	**-**

The Cabinet is responsible for overseeing the implementation and delivery of the manifesto commitments and council strategies approved within the budget. It is made up of elected members, selected by the Leader of the Council, who have individual responsibility for a range of portfolios delivering council services.

The Cabinet members are:

- Councillor Kerrie Carmichael – Leader of the Council
- Councillor Paul Moore –Finance and Resources and Statutory Deputy Leader
- Councillor Suzanne Hartwell – Neighbourhoods and Community and Deputy Leader
- Councillor Keith Allcock – Environment and Highways
- Councillors Harnoor Bhullar and Syeda Khatun – Education, Business and Skills
- Councillor Peter Hughes – Regeneration and Infrastructure
- Councillor Vicki Smith – Housing
- Councillor Jackie Taylor – Adult Services, Health and Wellbeing
- Councillor Jalal Uddin – Children and Families.

The following pages provide additional detail of each service within the General Fund and how the budgets are adjusted across the 5 year MTFS.

Children and Education

The service helps children, young people, and families with education and support. It covers learning help, early years and childcare, and helps pupils who need extra support, including those in virtual schools.

It supports children with special educational needs and disabilities (SEND), making sure they get the right education and support. This includes planning, educational psychology, sensory support, and specialist teaching in schools and early years settings.

The service also deals with things like school organisation, admissions, attendance, travel help, and keeping children safe. These are important for schools, families, and children.

Other work includes teaming up with children's social care, youth services, family hubs, residential education, and skills development. The directorate manages the contract with Sandwell Children's Trust, which provides children's social care. Sandwell Children's Trust is fully owned by the Council.

The budget growth variations reflect the updated likely costs of the contract with Sandwell Children's Trust but also factors in payments to the Trust to clear their historic deficits. These deficit payments will be funded from contract risk earmarked reserves.

Children and Education	2026/27	2027/28	2028/29	2029/30	2030/31
	£m	£m	£m	£m	£m
Approved Net Budget 2025/26	**109.923**	**109.923**	**109.923**	**109.923**	**109.923**
Budget Growth to Fund Pressures	15.092	17.702	14.106	17.187	20.346
Efficiencies and Income Generation Proposals	(1.382)	(1.382)	(1.382)	(1.382)	(1.382)
Funding from Reserves	(6.597)	(6.597)	-	-	-
Draft Net Budget 2026/27	**117.036**	**119.646**	**122.647**	**125.728**	**128.887**

Adult Social Care

The Adult Social Care team looks after several key areas. Social Work & Therapy includes social workers, therapists, the hospital team, safeguarding, and review teams. External Placements means arranging care for adults who need support, while Direct Services provide care homes, day care, reablement, transport, alarms, and equipment. Grant income from the government helps pay for things like market sustainability, social care, and discharge grants. Commissioning makes sure there are enough good care options and manages money for carers, voluntary groups, and support services. The Better Care Fund is a shared budget with the NHS to help people stay at home, prevent hospital stays, and help them leave hospital sooner.

Cost for adult social care is expensive and whilst the Council receives grant to support some of the costs this is not sufficient. The government also allows for an uplift in council tax increases, for those councils with adult social care responsibilities and the MTFS has incorporated those uplifts to assist in financing the costs.

Adult Social Care	2026/27	2027/28	2028/29	2029/30	2030/31
	£m	£m	£m	£m	£m
Approved Net Budget 2025/26	**93.507**	**93.507**	**93.507**	**93.507**	**93.507**
Budget Growth to Fund Pressures	11.977	23.487	35.391	47.434	59.899
Efficiencies and Income Generation Proposals	(1.849)	(1.849)	(1.849)	(1.849)	(1.849)
Draft Net Budget 2026/27	**103.635**	**115.145**	**127.049**	**139.092**	**151.557**

Place

Alan Lunt
Executive Director
Place

The Place directorate delivers a wide range of services across development, planning, housing, environment, and community support. Planning services include the registration, validation, and determination of planning and building regulation applications, as well as enforcement actions and maintaining records for local authority searches. Growth and spatial planning focus on regeneration projects, programme management of major initiatives like the Towns Fund and Levelling Up, and the delivery of new council homes and energy efficiency programmes.

Housing services cover support for homeless individuals, home improvement, community centres, shop mobility, welfare advice, and garage management. Community safety initiatives address issues such as anti-social behaviour, domestic abuse, modern slavery, CCTV, borough patrolling, and unauthorised encampments.

Environmental and public protection services include licensing, trading standards, emergency planning, pest control, fly-tipping enforcement, waste collection and recycling, fleet management, and maintenance of parks and public spaces. The council also manages libraries, museums, archives, sport and leisure facilities, markets, property assets, and delivers climate change strategies and building contract management.

Neighbourhood services involve team recruitment, launching new neighbourhood working mechanisms, creating ward-specific web pages, identifying local priorities, producing town newsletters, and managing funding and budgets for community groups. The council supports business growth through advice, grants, and maximising social value outcomes.

Place	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Approved Net Budget 2025/26	**90.958**	**90.958**	**90.958**	**90.958**	**90.958**
Budget Growth to Fund Pressures	4.180	7.530	11.210	14.597	18.499
Efficiencies and Income Generation Proposals	(2.566)	(2.506)	(2.506)	(2.106)	(2.106)
Funding from Reserves	(0.180)	-	-	-	-
Draft Net Budget 2026/27	**92.392**	**95.982**	**99.662**	**103.449**	**107.351**

Finance and Transformation

The Finance & Transformation directorate helps the Council and residents in many ways. The Finance team looks after money matters, such as planning, keeping financial records, and making sure services have good advice. Internal Audit check processes in departments, manage risks and insurance, look into fraud, with the Procurement team helping services achieve value for money in their contracts.

The Revenues and Benefits team collects council tax and business rates, handles Housing Benefit claims, and runs other welfare schemes. They pay suppliers and make sure customers pay their bills. The Business Management team supports Adult Social Care by carrying out money checks and managing payments.

The Legal and Governance team gives legal advice to the Council and makes sure rules are followed. Elections staff organise voter registration and run elections. Registration services record births, deaths, weddings, and citizenship, and also look after cemeteries and cremators.

The ICT team looks after the Council's computers and technology, fixing problems and managing contracts. The Transformation team leads projects to help the Council work better and more efficiently.

The largest growth in budgets in this service relate to staffing costs, although a number of corrections to previous assumptions.

Finance and Transformation	2026/27	2027/28	2028/29	2029/30	2030/31
	£m	£m	£m	£m	£m
Approved Net Budget 2025/26	**30.852**	**30.852**	**30.852**	**30.852**	**30.852**
Budget Growth to Fund Pressures	2.206	3.315	4.470	5.660	6.885
Efficiencies and Income Generation Proposals	(1.495)	(1.495)	(1.495)	(1.495)	(1.495)
Draft Net Budget 2026/27	**31.563**	**32.672**	**33.827**	**35.017**	**36.242**

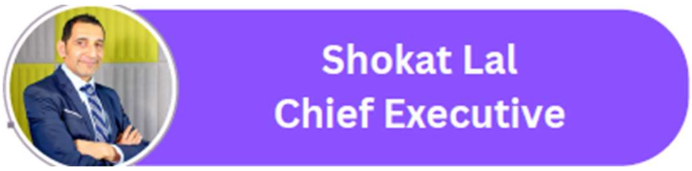
Assistant Chief Executive

The directorate has teams that help both our staff and the public. Human Resources looks after staff pay, pensions, training, and wellbeing. Corporate Customer runs the One Stop Shop at Oldbury Council House and deals with feedback and complaints from customers. The Communications team manages the press, social media, and keeps staff updated. Democratic Services makes sure council meetings run smoothly, while the EDI team checks we treat everyone fairly and runs awareness events. The Service Improvement team works on council plans, checks how we are doing, and manages grants for the voluntary sector.

The only growth required within this directorate relates to staffing costs.

Assistant Chief Executive	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Approved Net Budget 2025/26	**12.231**	**12.231**	**12.231**	**12.231**	**12.231**
Budget Growth to Fund Pressures	0.480	0.976	1.486	2.012	2.554
Efficiencies and Income Generation Proposals	(0.581)	(0.581)	(0.581)	(0.581)	(0.581)
Draft Net Budget 2026/27	**12.130**	**12.626**	**13.136**	**13.662**	**14.204**

Chief Executive



The Chief Executive's direct budget supports costs for salaries, capital charges and supplies and services, however as Head of Paid Service the role also has overall responsibility for the Council's budgets. The core role of a Chief Executive in a council is to act as the lead council advisor and managerial leader of the departments of the Council. This will include setting the design, delivery and integration of council departments and functions, plus the overall management of those services. The only growth required within this directorate relates to staffing costs.

Chief Executive	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Approved Net Budget 2025/26	**0.480**	**0.480**	**0.480**	**0.480**	**0.480**
Budget Growth to Fund Pressures	0.011	0.022	0.034	0.046	0.058
Draft Net Budget 2026/27	**0.491**	**0.502**	**0.514**	**0.526**	**0.538**

Public Health

Public Health is funded entirely from ring-fenced grant. The statutory duties of the Public Health service are to improve population health and wellbeing and have regard to narrowing health inequalities. This includes areas such as sexual health services, NHS heath checks, advice for NHS commissioning, drug and alcohol related services, oral public health and many others.

The value of Public Health grant received in 2025/26 was £30.053m. Any increase in grant due for 2026/27 will be matched with corresponding expenditure to ensure full utilisation of grant to deliver statutory duties.

Public Health	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Approved Net Budget 2025/26	-	-	-	-	-
Draft Net Budget 2026/27	-	-	-	-	-

Corporate Budgets

Corporate budgets include items which do not directly deliver services to residents or businesses. These budgets are under the management of the Executive Director Finance & Transformation as the Council's Section 151 Officer. Costs and income included in this budget area include support of our capital investment programme either through borrowing costs or direct funding, income earned on our investment portfolio, contributions into or out from reserves (where not included within directorate services) and levy payments to West Midlands Transport Authority and the Environment Agency.

Corporate Budgets	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Approved Net Budget 2025/26	**27.833**	**27.833**	**27.833**	**27.833**	**27.833**
Budget Growth / Technical Adjustments	(1.190)	0.402	2.046	3.742	4.536
Funding from Reserves	(2.640)	-	-	-	-
Draft Net Budget 2026/27	**24.003**	**28.235**	**29.879**	**31.575**	**32.369**

Council Tax

Provisional 2026/27

Band	Property value as at 1 April 1991	Sandwell Metropolitan Borough Council	Fire	Police	Total
A	**up to £40,000**	£1,276.51	to be determined at meeting on during February 2026	to be determined at meeting on during February 2026	to be included within Council Report
B	**£40,001 to £52,000**	£1,489.27			
C	**£52,001 to £68,000**	£1,702.02			
D	**£68,001 to £88,000**	£1,914.77			
E	**£88,001 to £120,000**	£2,340.27			
F	**£120,001 to £160,000**	£2,765.78			
G	**£160,001 to £320,000**	£3,191.28			
H	**more than £320,000**	£3,829.54			
NOTE:	The Council Tax levels shown above apply to properties with 2 or more adults.				

2026/27	**Increase**	
2026/27	Band D Amount	£1,914.77
2025/26	Band D Amount	£1,823.76
2026/27	£ Increase	£91.01
2026/27	% Increase	4.99%
Amount to be Raised		**£156,648,980**

General Fund Capital Proposals

Current Core Programme

	Budget 2026/27 £m	Budget 2027/28 £m	Budget 2028/29 £m	Budget 2029/30 £m	Budget 2030/31 £m	Total £m	SMBC Funding £m
Children & Education							
Schools Capital Programme:							
Basic Need Grant	20.752	3.022	-	-	-	**23.774**	**-**
School Condition Allocation	28.467	5.400	5.400	5.400	5.400	**50.067**	**-**
High Needs Grant	14.009	1.500	1.500	1.500	1.500	**20.009**	**-**
	63.228	**9.922**	**6.900**	**6.900**	**6.900**	**93.850**	**-**
Place							
Economy & Regeneration:							
Section 106 Schemes	2.528	-	-	-	-	**2.528**	**-**
CIL Schemes	3.727					**3.727**	**-**
Towns Fund:							
Smethwick - Rolfe Street Regeneration	1.550	-	-	-	-	**1.550**	**-**
Smethwick - Grove Lane Regeneration	1.760	-	-	-	-	**1.760**	**-**
Environment & Public Protection:							
Highways Local Network Improvement Plan	1.798	1.798	1.798	1.798	1.798	**8.990**	
Highways Maintenance & Structures Main Programme	5.036	5.036	5.036	5.036	5.036	**25.180**	**1.475**
Vehicles	1.500	1.500	1.500	1.500	1.500	**7.500**	**7.500**
Housing:							
Disabled Facilities Grants	4.800	4.800	4.800	4.800	4.800	**24.000**	

	Budget 2026/27 £m	Budget 2027/28 £m	Budget 2028/29 £m	Budget 2029/30 £m	Budget 2030/31 £m	Total £m	SMBC Funding £m
Property & Assets							
Access Fund	0.300	0.300	0.300	0.300	0.300	**1.500**	**1.500**
PMA Capitalisation	0.800	0.800	0.800	0.800	0.800	**4.000**	**4.000**
Property Refurbishment	1.000	1.000	1.000	1.000	1.000	**5.000**	**5.000**
Haden Hill Leisure Centre	21.685	-	-	-	-	**21.685**	**2.485**
	46.484	**15.234**	**15.234**	**15.234**	**15.234**	**107.420**	**21.960**
Finance & Transformation							
ICT - End User Computing	1.200	1.200	1.200	1.200	1.200	**6.000**	**6.000**
New Cemetery - West Bromwich	3.300	-	-	-	-	**3.300**	**3.300**
	4.500	**1.200**	**1.200**	**1.200**	**1.200**	**9.300**	**9.300**
Grand Total	**114.212**	**26.356**	**23.334**	**23.334**	**23.334**	**210.570**	**31.260**

Pipeline Proposals

	Existing/ New Pipeline Scheme Proposal	Budget 2026/27 £m	Budget 2027/28 £m	Budget 2028/29 £m	Budget 2029/30 £m	Budget 2030/31 £m	Total £m	SMBC Funding £m	Lifetime Revenue Cost £m
Adult Social Care									
Digital Transformation *	Existing	0.282	-	-	-	-	**0.282**	**0.282**	-
		0.282	**-**	**-**	**-**	**-**	**0.282**	**0.282**	**-**
							-		
Children & Education							**-**		
Causeway Green Primary School - Feasibility Stage	Existing	3.000	11.000	0.500	-		**14.500**	**-**	-
SCT - Residential Facility	Existing	1.350	1.350				**2.700**	**2.050**	3.636
		4.350	**12.350**	**0.500**	**-**	**-**	**17.200**	**2.050**	**3.636**
Place									
CRSTS - A461 WCB Corridor	Existing	4.167	4.167	4.166	-	-	**12.500**	**-**	-
CRSTS - ULEV Black Country	Existing	0.800	0.800	0.800	-	-	**2.400**	**-**	-
CRSTS - BC LC WIP	Existing	0.533	0.533	0.534	-	-	**1.600**	**-**	-
CRSTS - A4123 WCB Corridor	Existing	0.400	0.400	0.400	-	-	**1.200**	**-**	-
CRSTS - Smethwick to Birmingham Growth Corridor	Existing	5.984	6.333	6.333	-	-	**18.650**	**-**	-
CRSTS - Wednesbury to Brierly Hill Sustainable Access Measures	Existing	2.406	2.667	2.667	-	-	**7.740**	**-**	-
New Archive Centre	Existing	-	20.000	-	-	-	**20.000**	**3.000**	5.321
LUP Round 3 - Grove Lane	Existing	9.032	11.039	-	-	-	**20.071**	**2.007**	3.560
User Owned Fleet Replacement	Existing	0.318	-	-	-	-	**0.318**	**0.318**	0.385
Forge Mill Farm Shop, Toilet and Entrance	Existing	-	0.245	-	-	-	**0.245**	**0.245**	0.354

	Existing/ New Pipeline Scheme Proposal	Budget 2026/27 £m	Budget 2027/28 £m	Budget 2028/29 £m	Budget 2029/30 £m	Budget 2030/31 £m	Total £m	SMBC Funding £m	Lifetime Revenue Cost £m
PMA - 160 Beeches Road - Roof Works	Existing	0.180	-	-	-	-	**0.180**	**0.180**	0.289
PMA Capital Works - Various	Existing	0.585	-	-	-	-	**0.585**	**0.585**	0.939
Stanhope - Retaining Wall	Existing	1.350	-	-	-	-	**1.350**	**1.350**	2.395
Brandhall - Club House New Eco Park	Existing	0.653	-	-	-	-	**0.653**	**0.653**	1.048
Bereavement Services - Air Conditioning (Oldbury, Fallings Lane, Thimblemill & Heath Lane)	New	0.014	-	-	-	-	**0.014**	**0.014**	0.018
Bereavement Services - Site Security	New	0.186	-	-	-	-	**0.186**	**0.186**	0.241
Highfields House - Infrasturcture	New	0.070	-	-	-	-	**0.070**	**0.070**	0.091
Oldbury Welfare Unit - Refurbishment	New	0.060	-	-	-	-	**0.060**	**0.060**	0.087
Priority Demolition Works - Various Sites	New	0.889	-	-	-	-	**0.889**	**0.889**	1.285
Cems & Crems - Road Resurfacing - Various Sites	New	0.780	0.530	0.530	0.700	-	**2.540**	**2.540**	3.289
Rowley Crematorium - Improvements	New	0.061	-	-	-	-	**0.061**	**0.061**	0.079
Sandwell Valley Crematorium - Improvements	New	0.125	-	-	-	-	**0.125**	**0.125**	0.162
Town Halls (WB & Wednesbury) - AV and Fixtures & Fittings	New	0.252	-	-	-	-	**0.252**	**0.252**	0.305
Community Concern - Road Safety Sites	New	0.075	0.150	0.175	0.175	0.200	**0.775**	**0.775**	1.004
Grass Verge Parking	New	0.100	0.100	0.100	0.100	0.100	**0.500**	**0.500**	0.648
Wrights Lane - Footpath Upgrade (Phase 2)	New	0.150	-	-	-	-	**0.150**	**0.150**	0.217
PMA - Additional Capital Works	New	5.529	6.083	0.406	-	-	**12.018**	**12.018**	19.287
Roads & Footways - Maintenance - Additional	New	1.500	1.000	1.000	-	-	**3.500**	**3.500**	5.058
		36.199	**54.047**	**17.111**	**0.975**	**0.300**	**108.632**	**29.478**	**46.062**

	Existing/ New Pipeline Scheme Proposal	Budget 2026/27 £m	Budget 2027/28 £m	Budget 2028/29 £m	Budget 2029/30 £m	Budget 2030/31 £m	Total £m	SMBC Funding £m	Lifetime Revenue Cost £m
Finance & Transformation									
Fallings Heath Cem - Installation of Chamber Graves and Drainage Improvements	New	0.094					**0.094**	**0.094**	0.136
West Bromwich Cemetery - Additional	Existing	-	1.625				**1.625**	**1.625**	2.882
West Bromwich Cemetery – Additional*	New	0.557					**0.557**	**0.557**	-
		0.651	**1.625**	**-**	**-**	**-**	**2.276**	**2.276**	**3.018**
Total Pipeline Projects		**41.482**	**68.022**	**17.611**	**0.975**	**0.300**	**128.390**	**34.086**	**52.716**

Notes:

- *Projects marked * are to be funded from SMBC Revenue Earmarked Reserves and therefore there are no lifetime borrowing cost implications*
- *Lifetime Revenue Costs are charged to the General Fund over the life of the asset*

The revenue implications of the core programme and pipeline proposals over the life of the MTFS are shown in the table below:

Revenue Costs of Borrowing to Fund the Capital Programme	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m	Total £m
Previous years capital programmes	16.820	16.661	16.311	13.460	13.384	**76.636**
Current core programme	3.537	4.565	5.260	5.955	6.651	**25.968**
Pipeline scheme proposals	0.645	1.945	2.716	2.896	2.978	**11.180**
Projected Revenue Cost	**21.002**	**23.171**	**24.287**	**22.311**	**23.013**	**113.784**
MTFP Proposed Revenue Budget	**21.415**	**22.265**	**23.150**	**24.070**	**25.033**	**115.933**
Annual (Surplus)/ Deficit	**(0.413)**	**0.906**	**1.137**	**(1.759)**	**(2.020)**	**(2.149)**

Annex 10

Housing Revenue Account

Revenue Budget Summary

Work on the HRA revenue budget is subject to consultation with tenants. This will take place in the autumn of 2025.

Proposed income and expenditure will then be included in Annex 10 and presented to Council as part of the final budget report in February 2026.

Housing Revenue Account

Capital Programme

Work on the HRA capital programme is ongoing and relies on revenue budget forecasts before it can be completed.

Proposed capital income and expenditure will be embedded within the 30-year business plan. It will then be included in Annex 11 and presented to Council as part of the final budget report in February 2026.

Dedicated Schools Grant

The base assumption within the MTFP is that there will be no impact on the General Fund from schools funding and the use of DSG.

Estimated DSG income and expenditure will be included in Annex 12 and presented to Council as part of the final budget report in February 2026.

Strategies

HRA Business Plan

Introduction

1. The 30 Year HRA Business Plan is currently being reviewed with support from external consultants and colleagues from housing and finance.

2. Initial indications are that the HRA remains viable over the 30-year Business Plan

3. The full Business Plan will be published in the MTFS February 2026 update.

Annex 14

People Strategy

Introduction

1. The culture, attitude and performance of any organisation is driven by its workforce, the people who know their services and know their communities.

2. A people strategy is important in recognising the great value of our staff and to ensure that we have the workforce we need in place to deliver the priorities set out in our Council Plan and MTFS.

3. Between now and February 2026, the strategy will be updated to reflect the roadmap to retain and recruit where needed to the Sandwell workforce.

Capital Strategy

Introduction

1. Sandwell Metropolitan Borough Council's Capital Strategy considers the council's long-term aspirations, strategic themes, affordability criteria and available resources to guide capital investment decisions over the next five years. Capital expenditure relates to long-term investment in assets and differs completely from the council's revenue budget as set out in the council's Medium Term Financial Strategy. The council receives capital grants and external funding contributions and can raise capital finances by selling property and other assets that are no longer needed, or by borrowing funds to support long-term investment in assets.

2. The Prudential Code for Capital Finance in local authorities sets out the requirement that authorities should have in place a Capital Strategy and governance procedures for the setting and revising of the strategy and prudential indicators.

3. The Section 151 Officer must ensure decision-makers are suitably informed and must set up procedures to check performance. Under the Prudential Code guide, a Capital Strategy needs to show that the local authority takes capital expenditure and investment decisions in line with service objectives and takes account of stewardship, value for money, prudence, sustainability and affordability.

4. The Capital Strategy will be fully revised and presented to Council in February 2026.

Capital Financing Strategy

Introduction

1. The Capital Financing Strategy is intended to give a high-level overview of how capital expenditure within the council's General Fund and Housing Revenue Account capital programmes are funded.

2. The strategy is reviewed after capital bid proposals have been considered for deliverability, affordability and achievement of the strategic themes within the Council Plan.

3. The Capital Financing Strategy will be fully revised and presented to Council in February 2026.

Annex 17

Flexible Use of Capital Receipts

Introduction

1. Since April 2022, the government has issued a direction on the flexible use of capital receipts where councils are able to treat as capital expenditure spend that is incurred by the council that is designed to generate ongoing revenue efficiencies in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public service delivery partners.

2. Prior to 2023/24, the council had not looked to apply this direction, however with an increased number of transformational projects commencing and being further developed to improve service delivery and efficiency, the council submitted proposals to MHCLG with the intention to make use of this flexibility, subject to there being sufficient capital receipt resources to fund such expenditure.

3. The strategy will be updated as further information is made available and aligned to the Transformation Programme. The strategy will be presented to Council in February 2026.

Investment Strategy

Introduction

1. Sandwell Metropolitan Borough Council's Investment Strategy sits alongside the Capital Strategy and the Capital Financing Strategy and considers the non-treasury investments (industrial units and various commercial premises) that the council holds in addition to cash investments which are discussed as part of the Treasury Management Strategy.

2. Non-treasury investments are held (a) to enhance and help regeneration policy initiatives and (b) where this is so to ensure assets are held on a value for money basis such that suitable inflow of commercial rentals are received for the letting of such premises.

3. The strategy will be reviewed alongside the strategies referred to above. It will be presented to Council in February 2026.

Treasury Management Strategy

Introduction

1. The Treasury Management Strategy offers a comprehensive view of the council's treasury position and its projected Treasury and Prudential Indicators having taken into consideration the proposed capital programmes for both the General Fund and the Housing Revenue Account.

2. At the present time there is no indication that there will need to be a significant movement from the current strategy or methodology for selection of investment counterparties. However, as updates in economic forecasts are presented the situation will be reviewed and strategies refined to ensure that the risks and objectives are effectively managed.

3. For investments, we will continue to maintain a minimum investment balance of £30m for cashflow liquidity risk management.

4. For borrowing requirements, for which there is a need as predicted during 2025/26 and onwards into 2026/27, periods for maturities will remain short (up to 5 years) as market interest rates are high and therefore the council does not wish to lock into long term high-cost financing costs. The intention therefore is to re-financing these shorter-term borrowings at a period when interest rates are projected to have fallen to more attractive levels.

5. An updated treasury strategy including revisions to all treasury and prudential indicators will be undertaken to incorporate the capital programme proposals and an update to the investment and debt strategy. The February 2026 report will provide the complete report for consideration.

Annex 20

Reserves Strategy

Introduction

1. Sandwell Metropolitan Borough Council is maintaining adequate reserves for two main purposes:
    - To protect against risk, and;
    - To support investment and transformation

2. This strategy will reflect how these two purposes are intrinsically linked as financial risks may reduce through appropriate investment in schemes that will generate sustainable returns.

3. The most significant risks to the council's MTFS are:
    - The review of Local Government financial models could reduce income to the council (such as Fairer Funding / Business Rate Review).
    - Demand and complexity in services could increase at higher rates than those already forecast in the MTFS.
    - Economic factors, such as inflation and interest rates, could negatively impact on expenditure and income.
    - An end to the current accounting override for negative reserves linked to the High Needs Block of the Dedicated Schools Grant

4. The most significant single elements of the council's budget therefore have named reserves to manage these risks. This includes reserves for managing:
    - Capital financing, which is susceptible to interest rate rises on borrowing, inflation in prices or labour and materials as well as risks from abortive costs.
    - Collection Fund which can be impacted through rising debts and changes to the way council tax and business rates are calculated through national policy changes
    - MTFS annual variations due to the profile of savings and growth.
    - Other general purpose reserves cover emerging risks and events that are not forecast.

5. The Reserves Strategy will be reviewed and presented in the February 2026 report and will present information about the requirements to maintain financial reserves and will provide statements on the types of reserves and current and forecast balances.

Policy Framework

Annex 21

Revenues and Benefits Policies

This Annex will include all Revenues and Benefits policy which requires annual review and approval.

This will be provided in February 2026, with a summary of changes since the previous update.

Annex 22

Revisions to Procedure Rules

This Annex will include details of any required revisions to Procedure Rules within the Constitution. This ensures appropriate governance arrangements will be in place to administer the 2026/27 budget.

Any revised procedure Rules will be presented to Council in February 2026.