

<b>Council/Committee:</b>	Council
<b>Report Title</b>	Medium-Term Financial Strategy and Budget 2026-2027 and Council Tax Resolution 2026-2027
<b>Date of Meeting</b>	Tuesday, 24 February 2026
<b>Report Author</b>	Claire Spencer, Service Director - Finance
<b>Lead Officer</b>	Alex Thompson, Executive Director - Finance & Transformation
<b>Wards Affected</b>	All Wards
<b>Identify exempt information and exemption category</b>	Open
<b>Appendices (if any)</b>	<ol style="list-style-type: none"> <li>1. Medium Term Financial Strategy 2026/27 to 2030/31</li> <li>2. Council Tax Resolution 2026/27</li> </ol>

## 1. Executive Summary

- 1.1 This report presents for approval the council's Medium-Term Financial Strategy (MTFS) for the financial years 2026/27 to 2030/31. The Medium-Term Financial Strategy proposes General Fund and Housing Revenue Account (HRA) revenue and capital budgets with a focus on achieving the Council's duty to set a balanced budget for the financial year 2026/27.
- 1.2 The MTFS includes 21 annexes that collectively give assurance on the processes and assumptions relevant to setting the budget and provide the detail of the recommended income and expenditure allocations. The annexes are integral in providing transparency of various funding sources and anticipated costs essential to ensuring informed decision making. The relationship between revenue, capital and reserves is set out to provide clear indications of the medium-term financial resilience of the council. The General Fund is balanced without the requirement to commit general reserves but for the Housing Revenue Account (HRA), a contribution from the HRA's general reserve is required.
- 1.3 This report also presents for approval the Council Tax Resolution. This sets out the council's own council tax requirement for the 2026/27 budget, as well

as the council tax requirements of the West Midlands Fire and Rescue Authority and the Police and Crime Commissioner for the West Midlands.

## 2. Recommendations

Council should note that the Section 151 Officer has applied the delegated authority, in accordance with resolution 2.3 of Cabinet of 4th February 2026, to adjust the draft budget and Medium-Term Financial Strategy to reflect the Final Local Government Financial Settlement 2026-27 to 2028-2029. This was completed in consultation with the Monitoring Officer and relevant Cabinet Members as required. Accordingly, adjustments have been made, from the decision of Cabinet, in respect of recommendations 2.1.7 and 2.1.19 as set out in table 1 at paragraph 3.7 below. Supportive narrative amendments are included within the MTFS. **It is now recommended that Full Council -**

### **Medium-Term Financial Strategy and Council Budget 2026/27**

**Approves the following recommendations from Cabinet** of its meeting of 4<sup>th</sup> February 2026 in relation to the Medium-Term Financial Strategy and Draft Budget 2026/27 as listed below:

- 2.1 Having due regard to the report of the Section 151 Officer, included at section 1 of Appendix 1 to this report, and as required under Section 25 of the Local Government Act 2003 to report on the robustness of the estimates made for the purposes of the budget calculations and adequacy of proposed financial reserves:-
  - 2.1.1 **Approves** the Medium-Term Financial Strategy and Budget Report 2026/27.
  - 2.1.2 **Notes** the results of the consultation exercise at **Annex 1**.
  - 2.1.3 **Approves** the budget growth proposals detailed in **Annex 2** for inclusion in the General Fund base budget for 2026/27 and the Medium-Term Financial Plan (MTFP) for the financial years 2026/27 to 2030/31.
  - 2.1.4 **Approves** the budget efficiency and income generation proposals, detailed in **Annex 3** for inclusion in the General Fund base budget for 2026/27 and the Medium-Term Financial Plan (MTFP) for the financial years 2026/27 to 2030/31.
  - 2.1.5 **Notes** the change log of financial movements in the MTFP at **Annex 4**.
  - 2.1.6 **Approves** the Fees and Charges Schedule for 2026/27, as set out within **Annex 5**
  - 2.1.7 **Approves** the General Fund net budget of £464.480m for 2026/27, as detailed at **Annex 6**, including the financial implications of:
    1. Minor revisions to the General Fund net budget originally presented to Cabinet on 4<sup>th</sup> February 2026, as detailed at paragraph 3.7 of this report.
    2. The directorate budget summaries at **Annex 7**.

3. A proposed Council Tax increase of 4.99% for the Sandwell MBC element resulting in a Band D charge of £1,914.77, as set out in **Annex 8**.
  4. the Local Council Tax Reduction Scheme Policy as approved by Full Council on 9th December 2025; and
  5. an increased Council Taxbase of 81,818.4 as approved by the Cabinet on 10th December 2025.
- 2.1.8 **Approves** the General Fund Capital Programme budget allocation of £70.848m for 2026/27, and of £254.721m for the programme to 2030/31, as set out at **Annex 9**.
- 2.1.9 **Notes** an assumption that the value of the 'pipeline' projects, as detailed in **Annex 9B**, is affordable, and that these projects will be included within the programme subject to successful completion of an appraisal and associated due process as prescribed by the Council's Financial Regulations.
- 2.1.10 **Approves** the Housing Revenue Account (HRA) revenue budget for 2026/27 as set out in Table 2 of **Annex 10** including the draw of £8.857m from HRA reserves in 2026/27 and including the implications of the 'Review of Council Housing Rents and Housing Related Property Charges Report' approved by Full Council on 9<sup>th</sup> December 2025.
- 2.1.11 **Approves** the HRA Capital Programme as set out at **Annex 11**, including the budget of £88.774m for 2026/27 as set out in Table 2 of the report.
- 2.1.12 **Endorses** the HRA 30 Year Business Plan, as set out at **Annex 13**.
- 2.1.13 In respect of the 2026/27 schools funding formula for Sandwell schools, **Approves** adoption of the Dedicated Schools Grant allocation by block, as per Table 1 of **Annex 12 and agrees** the amount of funding available for distribution from the Schools Block at £387.046m, as set out at Table 2 of **Annex 12** including:
- Set aside of £0.450m as Pupil Growth contingency:
  - Set aside of £1.511m as Falling Rolls Funding contingency:  
and
  - Transfer of £0.522m to Central Schools Services Block to fund the attendance service.
- 2.1.14 **Approves** the Capital Strategy at **Annex 14**
- 2.1.15 **Approves** the Capital Financing Strategy at **Annex 15**
- 2.1.16 **Approves** the Flexible Use of Capital Receipts Strategy at **Annex 16**, and delegated authority given to the Section 151 Officer to make any submissions to the Ministry of Housing, Communities and Local Government (MHCLG) for application.
- 2.1.17 **Approves** the Investment Strategy at **Annex 17**.

- 2.1.18 **Approves** the Treasury Management Strategy at **Annex 18**, including:
- The Borrowing and Investment Strategies (para 67 and 97)
  - The Minimum Revenue Provision Policy Statement (para 43)
  - The Treasury and Prudential Indicators as set out within the report and summarised at **Annex 18F**; and
  - The forecast new borrowing requirement of £100m.
- 2.1.19 **Approves** the Reserves Strategy at **Annex 19**, including:
1. The reallocation of earmarked reserves within 2025/26, as set out in **Annex 19B**
  2. The transfers to/from earmarked reserves, with a total net value of £1.527m transfer from reserves, as set out in **Annex 19B**, be included within the General Fund revenue budget for 2026/27.
  3. A contribution of £0.853m to the General Fund balance be included within the General Fund revenue budget for 2026/27.
- 2.1.20 **Notes** the financial approval limits at **Annex 20** that form part of the Section 151 Officer's scheme of financial delegation,
- 2.1.21 **Endorses** the Revenues and Benefits Policy Framework at **Annex 21**; **and**
- 2.1.22 **Delegates** authority to the Section 151 Officer in conjunction with the appropriate Cabinet Member to:
1. Amend any of the fees and charges included within the schedule within the 2026/27 financial year.
  2. Make any in-year financial corrections, technical adjustments or virements in the event of variations in indicated funding allocation made by Government and existing funding partners, subject to these being allocated in accordance with the principles set out in this report.
  3. Adjust the funding sources applied to the Capital Programmes during the year to maximise flexibility in use of capital resources and minimise borrowing costs where possible.

### **Determination of Council Tax 2026/27**

- 2.2 That subject to confirmation of approved final precept amounts from West Midlands Fire Service, **the Council Tax Resolution included at Appendix 2 be approved**, including:
- 2.2.1 The Council Tax Requirement for the council's own purposes (excluding precepts) for 2026/27 as £156,663,418 at Section 2(c) of **Appendix 2**.
- 2.2.2 The calculation of the aggregated amounts for the year 2026/27 in accordance with sections 31 to 36 of the Local Government Finance Act 1992 as set out in Section 2 of **Appendix 2**.
- 2.2.3 The council tax amounts by council tax band from major preceptors as set out in Section 3 of **Appendix 2**.
- 2.2.4 The aggregated council tax amounts by council tax band set out in Section 4 of **Appendix 2**.

### 3. Proposals – Reasons for the Recommendations

#### Introduction

- 3.1 The Local Government Finance Act 1972 requires the council to set a balanced, risk assessed budget each year and approve a council tax precept by 11<sup>th</sup> March.
- 3.2 The Section 151 Officer of the council is also required to report on the robustness of estimates made for the purposes of budget calculations per Section 25 of the Local Government Act.
- 3.3 A further requirement of Council is to approve the Council Tax Resolution (Appendix 2) which sets out the formula for calculating the council tax precept detailed within the budget report; that being the amount of council tax to be raised by the council divided by the approved council tax base.
- 3.4 The council tax base can be described as an assessment by each billing authority of the number of chargeable dwellings, converted to Band D equivalents, adjusted for discounts, exemptions, local council tax reduction scheme, new property growth and non-collection allowance.

#### General Fund Revenue Budget 2026/27

- 3.5 The Medium-Term Financial Strategy and draft budget 2026/27 were set out in detail within the report 'Medium-Term Financial Strategy and Draft Budget 2026/27' that was presented to Cabinet on 4<sup>th</sup> February 2026.
- 3.6 As allowed within recommendation 2.3 of the Cabinet report, the Section 151 Officer, in consultation with the Monitoring Officer and relevant Cabinet Members, has included within this report a small number of revisions to the budget that was presented to the Cabinet. These changes follow the announcement on Monday 10<sup>th</sup> February of the final Local Government Finance Settlement which increased the level of funding to be received by the council from 2026/27.
- 3.7 The movement in the budget proposals since the announcement of the final Settlement are detailed in the following table:

**Table 1 – Movements in budget proposals since Final Settlement announcement**

	<b>Net Budget £m</b>	<b>Funding £m</b>
<b>2026/27 Draft Net Budget as reported to Cabinet on 4<sup>th</sup> February 2026</b>	<b>457.802</b>	<b>(457.802)</b>
Adjustments:		
i. Additional Recovery Grant		(6.575)
ii. Increased budget growth for the council's Aspiration Fund	6.575	
iii. New Adjustment Support Grant		(0.103)
iv. Increased contribution to the General Fund balance ( <i>recommendation 2.1.19 updated accordingly</i> )	0.103	

	<b>Net Budget £m</b>	<b>Funding £m</b>
v. Additional ringfenced grant allocation – Homelessness, Rough Sleeping and Domestic Abuse grants	(0.294)	
vi. Increased expenditure requirement associated with ringfenced grants	0.294	
<b>Total Adjustments</b>	<b>6.678</b>	<b>(6.678)</b>
<b>Adjusted 2026/27 Net Budget/Funding</b> <i>(recommendation 2.1.7 updated accordingly)</i>	<b>464.480</b>	<b>(464.480)</b>

3.8 The above adjustments increase the net budget by £6.678m in comparison with the draft net budget for 2026/27 reported to Cabinet on 4<sup>th</sup> February 2026.

3.9 It should also be noted that the outcome of the Final Local Government Finance Settlement and the adjustments included above do not adversely impact on the Section 25 Report of the Section 151 Officer. The report has been annotated to take account of the Final Settlement, however.

#### **Determination of Council Tax 2026/27**

3.10 As a billing authority, the council collects council tax on behalf of the Police and Crime Commissioner and the Fire and Rescue Authority for the West Midlands and redistributes those amounts in accordance with their precept notifications. The council tax amounts for these preceptors must be included within the Council Tax Resolution, as Full Council must approve the aggregate council tax amounts by individual band.

3.11 The amounts proposed to be approved by the respective decision-making bodies of the Fire and Rescue Authority and Police and Crime Commissioner for the West Midlands area have been communicated to the council and are set out within the Resolution at Appendix 2. Confirmation of precept and council tax amounts by band has been received from the Office of the Police and Crime Commissioner. However, confirmation of precept from the Fire and Rescue Authority will not be received until after publication of this report. Therefore, the amounts included in the Council Tax Resolution are provisional and subject to final confirmation, which is expected before 24<sup>th</sup> February 2026 and will be confirmed as soon as practicably possible

#### **4. Alternative Options Considered**

4.1 The council is legally required to set a balanced budget by March each year. As such, there is no alternative other than to set a balanced budget.

#### **5. Consultation**

5.1 Between 16<sup>th</sup> October 2025 and 28<sup>th</sup> November 2025, the council undertook a comprehensive consultation on the efficiency and income generation proposals included within the draft MTFs, to ensure that any subsequent decisions on those proposals are fully informed and reasoned. Further information in relation to the consultation is contained within Annex 1 to the MTFs.

## **6. Financial Implications**

- 6.1 The council's MTFS, set out in Appendix 1, provides forecasts of net expenditure and funding for future years. It also presents a list of efficiency and income generation measures proposed be adopted to reduce net expenditure to match the level of funding available in 2026/27.
- 6.2 S.25(1) of the Local Government Act 2003 requires that members give due regard to the report of the Chief Finance Officer when making decisions about the calculations and decisions within the budget.
- 6.3 The S.25 Report is included within section 1 of the MTFS. The report reflects on the robustness of the estimates that are contained within the financial plans and the adequacy of the financial reserves. The comprehensive process to set the council's budget, including the associated engagement with stakeholders that has taken place, assists in providing the assurance that the financial estimates are robust.

## **7. Legal and Governance Implications**

- 7.1 The Local Government Finance Act 1992 requires the council to set a balanced, risk assessed budget each year and approve a council tax precept by 11 March. This report forms a part of the process under the council's legal obligation to set a balanced budget for 2026/27.
- 7.2 The council is required under Part 1, Chapter III of the Local Government and Finance Act 1992 (the 1992 Act) to set a council tax for the forthcoming year and its budget estimates. The decision must be made before 11 March of the preceding year (i.e. by midnight on 10 March). Ss.31A and 31B of the 1992 Act require the council to calculate its "council tax requirement". This is reflected and set out in the recommendations and this report. The report sets out the duty to have regard to the assessments of the S.151 Chief Finance Officer under s.25 of the Local Government Act 2003.
- 7.3 The council is under a duty to agree a lawfully balanced budget. The council's prospective expenditure must not be likely to exceed its resources available to meet that expenditure. The proposals set out in this report meet this obligation. Any amending or substituted proposals must also achieve a balanced budget. The proposed council tax is under the statutory threshold which would require the council to hold a referendum of local electors to approve the increase.
- 7.4 Under s.114 of the Local Government Finance Act 1988, the council's S.151 Chief Finance Officer is required to report to all the authority's elected members (Councillors) if there is, or is likely to be, unlawful expenditure or an unbalanced budget (i.e. the council is unable to set or maintain a balanced budget). Failure to set a legal budget by 11 March would activate this duty. It may also lead to further intervention from the Secretary of State under s.15 of the Local Government Act 1999.
- 7.5 Members are subject to the council's duty to set a balanced budget, and at common law owe a fiduciary duty to taxpayers to do so. Members must

receive and take into account the advice of officers, particularly the S.151 officer, when considering and deciding the council's budget. As the decision makers, members must have due regard to the council's equalities duties when setting the budget.

## **8. Risks**

8.1 The MTFS and financial sustainability of the council is identified as a risk within the council's Strategic Risk Register, in that if the council is unable to identify sufficient efficiencies and put in place necessary policies, processes and actions to manage pressures, inflation and manage its plans, then this will impact on the council's financial resilience and its ability to effectively discharge its statutory responsibilities, including the setting of a balanced budget for future years.

8.2 Section 14 of the MTFS summarises the key risks to the delivery of the MTFS and the actions in place to mitigate those risks.

## **9. Equality and Diversity Implications (including the public sector equality duty)**

9.1 The Equality Act 2010 obliges the council to have due regard to its equality duties in the budget setting process. To achieve this, Equality Impact Assessments (EIAs) have been conducted on all efficiency and income generation options where required, ahead of the final options being put forward to Cabinet and Council for approval. Copies of these EIAs have been made available for members reference and conscientious consideration prior to making decisions on the budget proposals.

## **10. Other Relevant Implications**

10.1 There are no other direct implications arising from the recommendations of the report.

## **11. Background Documents**

11.1 Medium-Term Financial Strategy – Autumn Update – Cabinet, October 2025

11.2 Medium-Term Financial Strategy and Draft Budget 2026/27 – Cabinet, February 2026

## **12. How does this deliver the objectives of the Strategic Themes?**

12.1 The financial position of the authority determines the affordability of all the authority's activities. This underpins the resources available to achieve the Council Plan.

12.2 The proposals within this report support the objectives of the Council Plan by ensuring that the council aligns available resources most efficiently to meet its strategic policy and performance commitments. This ensures that the council's best value obligations are met. Consultation and stakeholder engagement described within the report ensures that any subsequent decisions are fully informed and reasoned.