



County Council Tuesday, 11 February 2025

Addenda 3 Budget and Business Planning 2025/26 Addendum

10. Budget and Business Planning 2025/26 - 2027/28 (Pages 1 - 4)

Report by the Executive Director of Resources and Section 151 Officer

This report is the culmination of the Budget and Business Planning process for 2025/26 to 2027/28. It sets out the Cabinet's proposed budget for 2025/26, medium term financial plan to 2027/28 and capital programme to 2034/35, together with a number of strategies and policies that the Council is required to approve for the 2025/26 financial year.

The Council is RECOMMENDED to:

- a. have regard to the statutory report of the Executive Director of Resources and Section 151 Officer (at Section 3) in approving recommendations b to d below;**
- b. (in respect of the budget and medium term financial strategy – at Section 4) approve:**
 - (1) the council tax and precept calculations for 2025/26 set out in Section 4.3 and in particular:**
 - (i) a precept of £533,328,633;**
 - (ii) a council tax for band D equivalent properties of £1,911.40;**
 - (2) a budget for 2025/26 as set out in Section 4.4;**
 - (3) a medium term financial strategy for 2025/26 to 2027/28 as set out in Section 4.1 (which incorporates changes to the existing medium term financial strategy as set out in Section 4.2);**
 - (4) the Financial Strategy for 2025/26 at Section 4.5;**
 - (5) the Earmarked Reserves and General Balances Policy Statement 2025/26 at Section 4.6 including**
 - (i) the Executive Director of Resources and Section 151 Officer's recommended level of General Balances for 2025/26 (Section 4.6), and**
 - (ii) the planned level of Earmarked Reserves for 2025/26 to 2027/28 (Section 4.6.1)**
- c. (in respect of capital – at Section 5) approve:**

- (1) the Capital & Investment Strategy for 2024/25 to 2034/35 including the Prudential Indicators and Minimum Revenue Provision Methodology Statement as set out in Section 5.1;**
- (2) a Capital Programme for 2024/25 to 2034/35 as set out in Section 5.4 which includes new capital proposals set out in Section 5.3.**

d. (in respect of treasury management – at Section 5) approve:

- (1) the Treasury Management Strategy Statement and Annual Investment Strategy for 2025/26 at Section 5.2 including the Treasury Management Prudential Indicators and the Specified Investment and Non-Specified Investment Instruments.**
- (2) that any further changes required to the 2025/26 strategy be delegated to the Executive Director of Resources and Section 151 Officer in consultation with the Leader of the Council and the Cabinet Member for Finance;**

Council - 11 FEBRUARY 2025

Budget and Business Planning 2025/26

Addendum

Report by the Executive Director of Resources and Section 151 Officer

Executive Summary

1. The report to Cabinet on 28 January 2025 set out that some funding information remained outstanding and that any increases to funding notified following the publication of the report would be added to General Balances.
2. This addendum provides an update on grant funding changes announced in the Final Local Government Finance Settlement on 3 February 2025, and other funding announcements. It also corrects two of the Prudential Indicators included in Section 5.1.
3. The changes relating to the Final Local Government Finance Settlement set out in this addenda will be incorporated into the final agreed budget for 2025/26. The use of the additional Public Health Grant Funding will be set out in the Business Management & Monitoring Reports for 2025/26.

Final Local Government Finance Settlement

4. The Final Local Government Finance Settlement was announced on 3 February 2025 and set out the following changes to grant funding. All other funding is unchanged.

National Insurance Compensation

5. The Autumn Budget included an increase to employer's National Insurance contributions in 2025/26 and corresponding compensation for local authorities. Within the Government's Policy Statement published on 28 November 2024 there was a commitment to provide support for public sector employers for additional employer NICs costs.
6. The Provisional Local Government Finance Settlement confirmed that funding of £515m nationally for local authorities to manage the impact of the increase to Employers' National Insurance will be for direct costs only. Ahead of confirmation it was estimated that the council could receive additional funding of £3.1m based on the share of national net revenue expenditure related to employee costs.

7. The notified allocation has increased to £4.4m and reflects a change to the distribution methodology. This is now based on total net revenue expenditure so the relative share of the national total is higher.
8. The additional £1.3m grant funding will be added to General Balances pending the receipt of the remaining information about business rates funding and a decision about the use of the funding.

Children's Social Care Prevention Grant

9. A new Children's Social Care Prevention Grant, totalling £250m in the Provisional Local Government Finance Settlement has been distributed using a new children's needs-based formula. The national total has been increased to £270m in the Final Local Government Finance Settlement. The council will receive £1.5m in total, an increase of £0.1m.
10. The funding is expected to be used to support additional prevention activity for children and families through the implementation of Family Help and Child Protection reforms. It will also fund local authorities to deliver against the planned new legislative duty to offer Family Group Decision Making (FGDM) meetings to all families at the pre-proceedings stage.
11. Proposal 2026CS38 adds £2.0m to the budget for Children's Services and is part funded by the grant.
12. The additional £0.1m grant funding will be added to General Balances pending the receipt of the remaining information about business rates funding and a decision about the use of the funding.

Other Grant Funding Announcements

Public Health Grant

13. Public Health Grant allocations for 2025/26 were announced on 7 February 2025. Nationally funding will increase by an average of 5.4% compared to 2024/25. After taking account of inflation, the real terms increase is estimated at 3.0% and reflects plans to move from the treatment of ill health to its prevention as part of the Government's 10 Year Health Plan for health.
14. The council will receive £36.9m in 2025/26. This has increased by £1.9m or 5.4% compared to the latest allocation of £35.0m 2024/25. The grant will continue to be ring-fenced requiring local authorities to use their grant exclusively on public health activity.

Other Changes – Section 5.1: Prudential Indicators

15. The table included at paragraph 14 of Section 5.1 - The Ratio of Financing Costs to the Net Revenue Stream needs to be replaced as follows:

Year	Actual/ Estimate	Financing Cost £m	Net Revenue Stream £m	Ratio %
2023/24	Actual	24.7	632.1	3.9%
2024/25	Estimate	26.4	661.7	4.0%
2025/26	Estimate	28.7	707.2	4.1%
2026/27	Estimate	32.5	737.5	4.4%
2027/28	Estimate	34.6	772.0	4.5%

16. The table included in paragraph 16 of Section 5.1 - The Ratio of Net Income from Commercial and Service Investments to the Net Revenue Stream needs to be replaced as follows:

Year	Actual/ Estimate	Commercial & Service Income (*) £m	Net Revenue Stream £m	Ratio %
2024/25	Estimate	0.000	661.7	0.00%
2025/26	Estimate	0.109	707.2	0.02%
2026/27	Estimate	0.197	737.5	0.03%
2027/28	Estimate	0.280	772.0	0.04%

Lorna Baxter, Executive Director of Resources and Section 151 Officer

Contact Officer: Kathy Wilcox, Head of Corporate Finance

February 2025

This page is intentionally left blank