

## Budget 2024/25: Leader's Report

### *Budget overview*

1. The next financial year will bring significant financial challenges, to this council but also to our residents, as we continue to face inflationary pressures. Nevertheless, we are pleased to present a balanced budget, which supports the vision and the priorities of this administration, takes account of key concerns of residents expressed through consultation and engagement, and provides extra support to our most vulnerable residents. We will achieve this through careful management of our resources, focusing on improving our frontline services, particularly in adults' and children's social care, and improvements in SEND provision.
2. We anticipate that in 2025/26, financial pressures will only increase. We expect to see continued increases in demand for social care, but following the Autumn Statement, we anticipate a reduction in government funding. In the absence of any information about this we are assuming that the 2% rise in council tax, which the government has permitted to protect adult social care, will not continue beyond 2024/25 and we are assuming a rise of just 1.99% from 2025/26 onwards. In order that this council remains stable, and our financial position remains strong, we need to ensure that we manage our costs, so that we are able to meet the needs of our residents in future years. We have therefore built into this budget savings of £18.3m in 2024/25, which will be achieved through managing demand and costs and better management of our resources.
3. Inflation and demand pressures have added £54.5m in costs to the 2024/25 budget. We recognise the need to invest more in social care as the demographics of our county change. Taking account of all the proposed budget changes we are investing in children's and adult social care with real terms budget increases of 10.6% and 6.2% respectively<sup>1</sup>.

### *Government funding and additional pressures*

4. In the Autumn Statement, the Chancellor announced that there would be a 9.8% increase in the National Living Wage for people over 21 in the financial year 2024/25. We welcome this, as it will give greater security to people on the lowest incomes, but the government has not provided us with the funding to cover this additional pressure.
5. The announcement by government of the Local Government Provisional Settlement in December implied that we would see an increase in funding of 6.5%. However, this did not result in any extra funding for us, as it assumed that councils would increase council tax by the maximum

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<sup>1</sup> Based on a 4.0% increase in the Consumer Prices Index in the year to December 2023.

amount of 4.99%, which we had already built into our provisional budget. Other money had been announced previously and built into our Medium Term Financial Strategy. In fact, due to reductions in some of the grant funding under this settlement, we face additional pressure. Whereas we had a funding gap of £9.1m at the end of November 2023, in December that gap increased to £11.2m.

6. On January 24th, following representation from a large cohort of backbench MPs, including 44 Conservatives, the government allocated an additional £600m grant funding to councils for 2024/25. It was only on February 5th that we were finally informed of how much Oxfordshire would receive. This budget includes the extra £4.8m funding we will receive, and we are pleased that we are able to increase spending in social care as a result of this. This is assumed to be one-off funding which will not be repeated in 2025/26.

### *Consultation and engagement*

7. Our budget consultation and engagement was conducted in two phases: the first being our representative residents' survey, conducted between May and July 2023, and the second in November 2023, when we were aware of a funding gap of £9.1m. This gap eventually grew to £11.2m, but the consultation was conducted with the smaller figure.
8. As well as the Oxfordshire Conversations which we have held in previous years, this year we introduced an online Budget Simulator, based on a budget of £612.5m and a funding gap of £9.1m, which allowed residents to decide how they would allocate funding. This had take-up from 1,364 people. We wanted to ensure that residents who are seldom heard had the chance to participate so we held five in-person events for this group, and two in-person events with children and young people.
9. In total we received 1,144 responses to the residents' survey, and more than 1,500 people participated in phase two of the consultation. The top concerns of people who participated in consultation and engagement this year are highways maintenance, together with special educational needs and disabilities (SEND), education and children's social care. Our ability to fund highways maintenance is constrained by our statutory duty to fund social care, but we have been able to increase funding for Adults and Children's Services, and in particular support for children with SEND.

*Looking after vulnerable residents*

10. In September, following a visit from Ofsted, we received a report which made very clear that together with our education and health partners we need to make significant improvements to our SEND provision. Since then, we have appointed a SEND Improvement Cabinet member and established a SEND Improvement Board. Demand for Education, Health and Care Plans (EHCPs) in Oxfordshire has risen by 40% in the past 3 years, and 221% since 2015/16. This rise in demand has not been met by government with extra funding, which has only risen by 49% in the same period. As a result of this chronic under-funding, local authorities across the country are predicted to show a cumulative deficit of £3.6 billion by March 2025. The High Needs deficit in Oxfordshire is expected to grow from £21.3m in 2024/25, to £25.0m in 2025/26 and then £35.7m in 2026/27, with an expected cumulative deficit of £150.0m by the end of 2026/27. How government expects us to meet this deficit is currently unclear and were we to be required to meet it out of our reserves, this council would be effectively bankrupted.
11. We originally proposed an increase in the budget for Children's Services of £21.9m for 2024/25 and are now increasing that to £25.3m following the Final Local Government Settlement (see point 15). We propose to reduce reliance on agency staff and invest in the recruitment and retention of our own staff, and in the technology to improve demand analysis. We will use learning from the successful delivery of the Oxfordshire Way in adult social care, to inform and improve our delivery of children's services.
12. Our population in Oxfordshire is living longer, and the requirements for support in later years continues to grow. We are also seeing a growing number of people with disabilities who need our care and support. To reflect that, we plan to increase our budget for Adult Services by £8.5m in each year of the Medium Term Financial Strategy to take account of the increased demand for care.

*Final local government settlement*

13. Following the Provisional Local Government Settlement, the County Council Network wrote to MPs asking them to lobby government for additional funding. 44 Conservative backbench MPs responded by writing to the Prime Minister. As a result of pressure exerted by his backbench MPs, on January 24th the Prime Minister announced additional funding of £600m, though the details were not announced till February 5th when we received the Final Local Government Settlement. Oxfordshire has been allocated additional Social Care Grant funding of £4.774m, and £0.040m additional Services Grant funding. We were anticipating that the council would receive more Services Grant funding, so this is disappointingly low.

14. While we are grateful for the additional funding, the receipt of detailed information just four days prior to the publication of our budget is unacceptably late and demonstrates the lack of understanding on the part of national government of the difficulties that local authorities face when grappling with the increased pressures and demands for social care.

*Extra funding for children's and adults' services*

15. We have listened carefully to what residents have outlined as their priorities during our engagement with them on our budget. Our residents prioritised extra spending on children's services, and while we have already included extra spending on these services in our budget, we recognise the need to provide early help for families and have allocated the extra funding as follows:
- £1m for social care (both children and adults) to accelerate digital methods of helping service users find the right information and advice.
  - A total of £0.9m to develop the already successful Oxfordshire Way approach (in both children's and adults social care) to help people live well and independently in their communities, remaining fit and healthy for as long as possible and to reduce inequalities in accessing care and support.
  - A £1.0m investment in home to school transport with half to improve data and systems and mitigate pressures by creating efficiencies in the current service. The other half would be for travel training and accessibility to increase independence among service users.
  - A £0.9m investment to extend the family safeguarding model in children's social care. This seeks to reduce demand by resolving family issues at the earliest opportunity.
  - £0.5m to encourage more people to join the successful Shared Lives scheme.

*Flood prevention and vegetation clearance*

16. Residents listed highway maintenance as their top priority on the Budget Simulator. We very much regret that the government has not chosen to allocate any extra sustainable funding for the repair and maintenance of our roads. The small amount of extra funding that we have received in the Services Grant can, however, be put to good use in tackling flooding and so we will use the £0.040m to reinstate funding for the Lead Local Flood Authority planning consultation. We will also use £1.3m from the Budget Priority Reserve to undertake gully and ditch cleaning in areas

recently affected by flooding, boost capacity with landowners and parishes for them to clear ditches and implement sustainable drainage schemes and a second cut of urban verges and vegetation clearance around footways and cycleways.

17. It is important to emphasise that this is expected to be one-off funding for 2024/25.

### *Capital programme*

18. Our capital programme is focused on supporting our target of reaching net zero by 2030. We will continue to forward-fund schemes which contribute to our net-zero targets, including the implementation of Traffic Filters and Zero Emission Zone in Oxford. We propose to use £2.5m forward funding from reserves to fund costs of establishing the Workplace Parking Levy, £1.8m of which is expected to be spent in 2024/25. This will be subject to consultation and also approval from the Department for Transport.
19. We are faced with a number of high priority capital schemes which require urgent attention, totalling £21.4m. Among these is the replacement of the mortuary provision at the John Radcliffe Hospital which serves the Thames Valley. Previous budgets allocated £5m to this project but we have allocated additional estimated funding of £11.9m with the expectation that it may be possible to reduce this as the detailed arrangements for the scheme and any opportunities for joint working with other councils develop. Other urgent expenditure includes decontamination units for the Fire and Rescue Service, and upgrades to the gypsy and traveller sites.
20. The limitations of our revenue budget mean that any borrowing for capital investment must be very carefully considered to ensure it is affordable both now and in future. We have a large pipeline of projects, especially those that would contribute to achieving our net zero target and modal shift in transport, but there is very little flex in the revenue budget, out of which we would need to repay any additional borrowing. That is why as a council we are looking at innovative ways of accessing capital in the future. The recent 100 Together conference, held at Oxford Brookes University in January, is the first step towards what we hope will be a new partnership approach to capital investment in the county.

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February 2024