

Divisions Affected – All

Performance & Corporate Services Overview and Scrutiny Committee

8 December 2023

Budget Proposals 2024/25 to 2026/27

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. The Performance & Corporate Services Overview and Scrutiny Committee is invited to consider and comment on:
 - Revenue budget proposals for 2024/25 to 2026/27 by directorate.
 - Proposed changes to fees and charges for 2024/25 and 2025/26.
 - Proposals to add capital schemes to the funded and unfunded capital pipelines.

Executive Summary

2. This report sets out budget proposals for the period 2024/25 to 2026/27, which are included in the 2024/25 budget consultation. It provides the opportunity for the Performance and Corporate Services Overview and Scrutiny Committee to comment on these.
3. The following annexes are attached to this report:
 - Revenue expenditure
 - Annex 1a – planned revenue budget changes agreed in February 2023
 - Annex 1b – new revenue budget proposals
 - Annex 1c – combined previously agreed and new revenue budget proposals
 - Annex 2 – Proposed changes to fees and charges
 - Capital expenditure:
 - Annex 3a – High priority capital schemes to which indicative funding is proposed to be allocated.
 - Annex 3b – capital schemes proposed to be included in the pipeline but not funded at this stage.
 - Annex 4a – Overarching Equality Impact Assessment

- Annex 4b – Overarching Climate Impact Assessment

Background

4. Oxfordshire County Council provides 80% of local government services in Oxfordshire based on expenditure, including adult and children's social care, some education services, fire and rescue, libraries and museums, roads, trading standards, waste disposal and recycling.
5. The budget and Medium Term Financial Strategy (MTFS) support the strategic plan and are reviewed and updated each year through the budget & business planning process. Through this process the council is required to set a balanced budget for the coming year so that forecast expenditure is aligned with forecast income.

Introduction

6. The Budget and Business Planning report to Cabinet on 17 October 2023 set out background to the council's existing Medium Term Financial Strategy (MTFS) as well as a proposing the Budget and Business Planning process which will continue through the winter. The report, which is available on the Cabinet agenda through the following link to the meeting, [Agenda for Cabinet on Tuesday, 17 October 2023](https://www.oxfordshire.gov.uk/cabinet-agenda/2023/17-october-2023) (www.oxfordshire.gov.uk), includes on-going budget changes already agreed for 2024/25 – 2025/26 as well as the funding and assumptions behind the existing plans.
7. Before taking account of pressures that will need to be considered through the 2024/25 Budget & Business Planning Process budgeted expenditure was expected to be balanced to the estimated available funding in 2024/25. Based on assumptions in February 2023 there was a shortfall of £6.7m in 2025/26.
8. It is anticipated that the Government will announce individual local authority funding allocations in late December 2023 as part of the Provisional Local Government Finance Settlement. The final settlement is expected to be received in early February 2024. The updated funding position and any changes to the proposals will be shared with Performance and Corporate Services Overview and Scrutiny Committee in January 2024.
9. This report provides an updated funding position based on the information known at this stage as well as setting out pressures arising as a result of inflation and increased demand and proposed savings to meet those.
10. The public consultation on the 2024/25 budget proposals will be launched on 29 November 2023 and will run until 10 January 2024 using an online budget simulator hosted on the council's digital consultation and engagement platform, Let's talk Oxfordshire. There will also be an opportunity for people to comment on the council's proposed budget with feedback captured using an online form or in writing by Freepost.

11. Performance and Corporate Services Overview and Scrutiny Committee is invited to consider and comment on the revenue and capital budget proposals for 2024/25 – 2026/27 and the proposed changes to fees and charges.
12. The Committee's comments will be included in the Budget and Business Planning report to Cabinet on 30 January 2024, along with the outcome of the public consultation and engagement. This feedback will be taken into consideration by Cabinet in setting out their proposed revenue budget for 2024/25 and Medium Term Financial Strategy (MTFS) to 2026/27. In determining the final budget proposals to be included in the proposed budget for 2024/25 Cabinet will also consider the outcome of the Provisional Local Government Finance Settlement and other resources available through Council Tax and Business Rates.

Budget engagement and consultation

13. The strategic plan makes a commitment to taking decisions in an open and inclusive way.
14. The council's approach to consultation and engagement is explained further in the consultation and engagement Strategy 2022/25. This puts residents at the heart of decision-making and aims to engage with and listen to residents and other partners in a more active and inclusive way.
15. The council's approach to budget engagement for 2024/25 aims to:
 - Involve, inform and engage residents, businesses, staff and partners about the financial pressures facing the council and underline our ongoing commitment to delivering against our strategic priorities.
 - Enable the council to develop a clear understanding of what is important to local people, their priorities and the challenges facing their communities and to feed that insight into the budget and business planning process.
 - Increase understanding of how the council works, the range of services it delivers and what council tax is spent on.
16. This year the budget engagement comprises the following phases:
 - Phase 1: Representative residents' survey
 - Phase 2: Budget consultation using an online budget simulator and ten outreach and engagement events - two sounding board events with children and young people; three online Oxfordshire Conversations; and five targeted events with seldom heard adults.

Phase 1: Representative residents' survey
17. A self-completion survey sent to a random sample of households across the county, supplemented by 166 on-street interviews targeted younger adults took place between 23 May and 27 June 2023.

18. In total 1,144 residents aged 18+ took part, delivering statistically representative results to +/- 3% at the 95% level of confidence at a county level. All the survey data has been 'weighted' by local authority area, age and gender in order to be reflective of Oxfordshire's population aged 18+ from the 2021 census profile.
19. Feedback from the survey is available at paragraphs 99-106 of the [Budget & Business Planning Report to Cabinet in October 2023](#). More detailed findings and information on the 2023 residents' survey can be found on the council's digital consultation and engagement platform [Let's talk Oxfordshire](#).

Phase 2: Budget consultation using budget simulator with supporting outreach activities

20. New for 2024/25 the council will use an online budget simulator tool, that puts residents and stakeholders in the driving seat by taking on the role of councillors and weighing up choices and trade-offs for themselves using online 'sliders'. Participants will be able to balance our budget looking at core service budgets with the opportunity to make savings or generate income. We will provide context and pose questions to help guide people before taking part.
21. The simulator will be available from 29 November to 10 January 2024. It will be hosted on Let's talk Oxfordshire. There will also be a signpost to the published budget proposal papers and should people wish to comment upon these, feedback will be captured using an online form or in writing by Freepost. The council's digital channels will be used to encourage participation with the budget simulator including targeted, paid-for social media content. Feedback on people's choices from the simulator on the budget proposals will be captured and shared as part of the budget and business planning process.
22. Wider engagement and outreach activities include:
 - Two sounding board events for secondary school aged children have already been held on 17 and 24 November 2023.
 - Three online Oxfordshire Conversations in December 2023, which will offer an opportunity to connect with residents using Microsoft Teams, give them a chance to share their priorities for local services and explore ideas for how we can make savings to balance our budget directly with cabinet representatives.
 - Five events for adults known to experience inequity, in December and January to support their engagement with the simulator.

Current Medium Term Financial Strategy 2024/25 to 2026/27

Planned changes to directorate budgets

23. The budget supports a range of service provision which contributes to the council's vision and nine priorities. Further information about the services within each directorate is available in [Annex 1a to the Budget & Business Planning Report to Cabinet on 17 October 2023](#). Most of these services, which are grouped and managed within the council's five directorates, continue from one year to the next. Because of this, the first step in building the budget for 2024/25 is to roll forward 2023/24 budgets. This starting point is then adjusted for changes for 2024/25 built into the MTFs agreed in February 2023.
24. The net council funded budget for each directorate and changes that are already planned to create the budget for 2024/25 based in on the current MTFs agreed in February 2023 are summarised in Table 1. New changes agreed as part of the 2024/25 Budget & Business Planning Process will be added to this starting point.

Table 1: Planned Changes to Directorate Budgets	2023/24 Budget	Add Planned Changes in current MTFs	Indicative Budget 2024/25	Change in Budget
	£m	£m	£m	%
Adult Services	229.5	21.0	250.5	9.2%
Children's Services	172.2	9.1	181.3	5.3%
Environment & Place	76.0	0.1	76.1	0.1%
Public Health & Community Safety	31.9	0.7	32.6	2.2%
Resources	72.5	-1.0	71.5	-1.4%
Agency staffing saving to allocate to directorates		-2.5	-2.5	
Inflation to allocate to directorates (use to increase pay inflation from 2.5%)		2.9	2.9	
Directorate Total	582.1	30.2	612.3	5.2%

Autumn Statement & Funding Updates

25. The Chancellor's Autumn Statement on 22 November 2023 included economic forecasts from the Office for Budget Responsibility and set out the UK's medium term spending plans.

Inflation and the National Living Wage

26. The Office for Budget Responsibility (OBR) now forecasts inflation to remain higher for longer, taking until the second quarter of 2025 to return to the 2% target, more than a year later than forecast in the March 2023 Budget.
27. Consumer Price Index (CPI) inflation is forecast to fall to 4.8% in the final quarter of 2023 with an increase of 7.5% across the 2023 compared to the estimate of 6.1% in the March 2023 budget. The increase for 2024 is now

forecast to be 3.6% compared to 0.9% in the spring budget. CPI inflation then is expected to dip slightly below the OBR's 2% target between 2025 and 2027, before returning to 2% in the longer run.

28. Ahead of the Autumn Statement the government announced that National Living Wage for individuals aged 21 and over will increase from £10.42 to £11.44 an hour (9.8%) from 1 April 2024. This is £0.01 higher than the upper rate consulted on over the summer.
29. The impact of the increase in the National Living Wage and the higher rate of CPI inflation on the rates the council pays for care will need to be considered and agreed as part of the final budget agreed in February 2024.
30. The increase in the National Living Wage also means that pressure relating to pay inflation (based on national agreements) for the council's employees is now likely to be higher. It is proposed to increase the funding built into the pressures by a further 1.0% (£3m) compared to the 4.0% included in the pressures published previously to provide funding for an estimated increase of 5.0% in 2024/25.

Planned Council Tax Increases

31. The Local Government Settlement in February 2023 confirmed that the council tax referendum limit would be increased to 3% in 2024/25. Local authorities are also able to meet pressures in adult social care by raising council tax by up to an additional 2% through an additional precept in 2023/24 and 2024/25.
32. Each 1% increase in council tax will generate around £4.8m on-going funding for the council's services.
33. There was no update on council tax precepts or referendum limits included in the Autumn Statement so the position set out in this report assumes the maximum increase of 4.99% in 2024/25.

Business Rates

34. In addition to council tax funding the Council receives a Settlement Funding Assessment (SFA) from Government which is the share of the local government spending based on the 'need' of a local authority. It comprises Business Rate Top Up Grant, together with the Government's assessment of the level of local Business Rates income to be retained by the Council. The SFA for 2023/24 is £74.7m and the current plan assumes that increases by 2.0% to £76.2m in 2024/25. The Autumn Statement confirmed that SFAs will be increased by September 2023 CPI (6.7%) which would increase the total SFA for the council by an estimated £3.5m. The council's actual SFA will be confirmed as part of the Provisional Local Government Settlement in late December 2023.
35. The Autumn Statement also confirmed that Business Rates reliefs for Leisure, Retail and Hospitality businesses will be extended for a further year to the end of 2024/25. The council expects to receive further Section 31 grant funding in

2024/25 (£4.4m in 2023/24) to offset local business rates income not received because of these reliefs.

36. £0.7m additional funding for Business Rates Pooling income has been included in the assumed business rates funding along with an additional £0.3m based on the continuation of S31 Grant relating to indexation at the same level as in 2023/24 (£12.9m compared to £12.6m assumed in the existing MTFS).
37. The council's actual SFA and grant funding allocations for some of the business rates reliefs will be included as part of the Provisional Local Government Settlement in late December 2023. Information from the districts, that needs to be shared by the end of January 2024, is needed to confirm business rates growth above the SFA and any collection fund surplus/deficit.

Grant Funding

38. The current proposals assume that the New Homes Bonus (£1.7m) will cease in 2023/24 and Social Care Grant will increase by £5.0m.
39. Funding for the New Homes Bonus remains available nationally in the Departmental Expenditure Limits (DEL) so it is assumed that the council will receive a further allocation of £1.7m in 2024/25.
40. Confirmation the actual totals for both of these grants in 2024/25 is expected to be included in the Provisional Local Government Settlement in late December 2023.

Looking Ahead: Funding in the Medium Term

41. Nationally DELs for unprotected budgets are expected to fall by between 2.3% and 4.1% in real terms in the next Spending Review period. In that context it is likely that the council will need to make further savings in future as funding becomes more constrained.

Grant Funding for Highways and Potholes

42. On 17 November 2023 the Government published highways and pothole funding profiles for local authorities from 2022/23 to 2033/34. Specific allocations are given through to 2024/25, with further allocations to be confirmed.
43. Additional grant allocations of £2.6m will be received in each of 2023/24 and 2024/25 in addition to a 2023/24 baseline of £20.8m. Further information is still awaited on the phasing of grant funding after 2024/25.

New Revenue Budget Proposals 2024/25 - 2026/27

44. The Business Management & Monitoring Report to Cabinet in November 2023 set out that as at the end of September 2023 directorates were forecasting an

overspend of £13.6m (2.4%) in 2023/24. After taking account of additional interest on balances and the use of funding held in contingency and the COVID-19 reserve, the overall forecast expenditure would be £4.2m higher than the budget.

45. The on-going impact of underlying pressures in Children's Services remains a significant challenge in 2023/24. These pressures are driven by a combination of care placements costs, staffing (particularly the reliance on agency staff to cover vacancies) and Home to School Transport.
46. Over the summer directorates were asked to assess the cost of service plans and likely demand/costs, taking into account the on-going impact of activity and pressures in 2023/24 and anticipated changes to inflation, compare anticipated costs to the planned budget available for 2024/25 and identify proposals to meet any pressures.
47. An indicative budget for 2026/27 will be created as part of the Budget & Business Planning process.

Proposed Directorate Budget Pressures

48. The detailed changes making up the pressures for each directorate are shown in Annex 1b and summarised in Table 2 on the next page.
49. Changes since the version shared with Performance & Corporate Services Overview & Scrutiny Committee in November 2023 include a £0.4m increase in insurance costs, and £3.0m additional pay inflation (see paragraph 30). Pressure 2025ASC680 in Adult Services, relating to capacity to support improvements in debt recovery, financial assessments and payment timeliness has been reduced from £0.340m to £0.170m as it is now anticipated that the activity can be managed within the revised pressure. The additional contribution towards vehicle renewals for the Oxfordshire Fire & Rescue Service (2025CSafety670) has been rephased to from 2024/25 into 2025/26, to reflect the anticipated vehicle delivery timeline. The overall pressure was previously estimated to be £0.273m in 2024/25 increasing to £0.632m on-going from 2025/26. The updated pressure is £0.572m in 2025/26 increasing to £0.692m from 2026/27.

Table 2: New Directorate Pressures

Directorate	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Adult Services	4.0	1.2	12.1	17.4
Children's Services	14.6	3.5	-1.0	17.0
Environment & Place	3.5	0.2	-0.2	3.5
Public Health & Community Safety	0.1	0.5	0.1	0.7
Resources & Law & Governance	1.9	0.1	0.0	2.0
Increase in insurance premiums	0.4	0.0	0.0	0.4
Additional Pay Inflation	5.4	0.0	7.5	12.9
Total	29.8	5.6	18.5	53.9

50. 2026/27 needs to be added to the MTFs so the pressures mainly reflect demographic growth for Adult Social Care (£12.1m) & Waste Management (£0.4m) and the addition of estimated pay inflation at 2.5%.

Proposals for new budget savings

51. New budget reductions of £9.8m are proposed for 2024/25 with an on-going impact of £20.6m by 2026/27. The detailed proposals for each directorate as well as changes to budgets held centrally are set out in Annex 1b and summarised in Table 3.

Table 3: New Directorate Savings

	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Adult Services	-0.3	-0.9	0.0	-1.2
Children's Services	-2.3	-6.1	-5.0	-13.4
Environment & Place	-3.9	-0.2	1.0	-3.1
Public Health & Community Safety	-0.4	0.2	0.0	-0.2
Resources and Law & Governance	-0.9	0.1	0.1	-0.8
Contract Savings (to be confirmed and allocated to directorates)	-2.0			-2.0
Total	-9.8	-6.9	-3.9	-20.6

52. The majority of the savings for Children's Services relate to the Financial Strategy. This focusses on building on the improvements achieved in 2023/24, ensuring these continue and grow while also applying the same rigor and focus to managing the market, the availability of social work staff, the escalation in rates for care, the challenge of greater complexity and encouraging joint partnership work with health partners to address Continuing Healthcare (CHC) needs and resources.
53. Where possible funding held in reserves will be used to support activity in Environment & Place. Other pressures will be managed by re-prioritising within existing budget provision. While the aim is to use existing budgets to support some of the pressures this will require active management and reduce flexibility so there is a risk that the ability to do this may be impacted by other pressures that arise during the year or changes to current assumptions. There are also savings relating to the release of some of the funding for investments agreed in February 2023 where that is not required.
54. An estimated saving of £2.0m has been included for contract savings. This will need to be developed further as the Budget & Business Planning process continues and be allocated to directorates as savings are identified. Savings in agency staffing costs which will increase to £4.0m from 2024/25 are already included in the budget agreed in February 2024 and will need to be achieved in 2024/25 so no further staffing savings have been added at this stage.
55. Based on the proposed budget increases and proposed budget reductions in Tables 2 and 3 (see Annex 1b for detailed changes), there is currently a new net directorate pressure of £20.0m in 2024/25.

Other Risks and Issues

56. In line with a change to the CIPFA code of practice on DSG High Needs deficits an unusable reserve to hold negative High Needs DSG balances was created in 2020/21. The forecast deficit of £18.3m in 2023/24 will increase the total accumulated negative balance for High Needs held in this reserve to £59.3m at 31 March 2024.
57. The regulations which require the negative balance to be held in an unusable reserve were due to come to an end on 1 April 2023. In December 2022 the government agreed to the extension of the DSG statutory override for a one-off period of three years (up to March 2026).
58. DSG deficits cannot currently be met from general council funding without permission from the Secretary of State. However, this deficit, both accumulated to date, and on-going, is a significant financial risk irrespective of the future arrangements for the statutory override. This will need to be taken into account in the assessment of the overall financial position for the council, including the adequacy of reserves and balances for 2024/25, that is required to be set out in the statutory Section 25 report by the Director of Finance.

Updated Position for 2024/25 compared to current Medium Term Financial Strategy

59. Table 4 sets out the revised position for 2024/25 compared to the current plan incorporating the new changes set out in this report and anticipated changes to council tax and business rates funding that it is possible to include at this stage.
60. After taking account of pressures, savings and funding changes there is currently a deficit of £9.1m which will need to be addressed before Council sets the budget in February 2024.
61. The first column of Table 4 shows the budget for 2024/25 assumed in the MTFs agreed by Council in February 2023. The second column then shows anticipated changes that can be added at this stage and the final column shows the overall combined impact.

Table 4: Current MTFs and Updates to the Budget for 2024/25

	2024/25 Budget Current MTFS £m	Changes to Funding Assumptions £m	2024/25 Budget Updated £m
Funding:			
Council Tax	498.5	0.0	498.5
Council Tax Collection Fund	4.0	4.0	8.0
Business Rates	94.7	4.5	99.2
Total Funding	597.2	8.5	605.7

	2024/25 Budget Current MTFS £m	New Budget Increases and Savings £m	2024/25 Budget Updated £m
Net operating budget 2023/24	573.8	0.0	573.8
Directorate Budget Changes			
Existing planned changes	30.2		30.2
New budget increases		24.4	24.4
Additional Pay Inflation (to 5.0%)		5.4	5.4
New savings		-9.8	-9.8
Subtotal Directorate Changes	30.2	20.0	50.2
Budgets held centrally	-6.8¹		-6.8
Top – up contingency & inflation risk		6.2	6.2

¹ Planned corporate changes include updates to capital financing costs and interest on balances (+£3.4m), the expected removal of funding from the New Homes Bonus (£1.7m), an increase in Social Care Grant (-£5.0m), changes to budgeted contributions to/from reserves (-£0.1m) and the removal of a one off contribution to balances (-£6.8m).

	2024/25 Budget Current MTFS £m	New Budget Increases and Savings £m	2024/25 Budget Updated £m
Interest on balances		-4.3	-4.3
Release on-going budgeted contribution to the Budget Priorities Reserve		-1.8	-1.8
Reduction in Capital Financing costs		-0.8	-0.8
New Homes Bonus – grant funding assumed to continue in 2024/25		-1.7	-1.7
Net Operating Budget 2024/25	597.2	17.6	614.8
Budget Deficit (+)/Surplus (-)	0.0	+9.1	+9.1

62. Table 5 shows the impact of the proposed changes for each directorate and for budgets held centrally. The table shows that the funding for Adult Services will increase by 10.8%, Children's Services by 12.4% and Public Health and Community Safety by 2.5%. Environment & Place will reduce by 0.4% and Resources and Law & Governance by 0.1% compared to 2023/24 budgets. Further detail and the updated position for each directorate will be set out in the reports to Performance and Corporate Services Overview and Scrutiny Committee and Cabinet in January 2023.

Table 5: Proposed changes for each directorate and budgets held centrally

	Starting Budget Rolled Forward from 2023/24 £000	Add changes in current MTFS £000	Add new budget increases £000	Less new savings & Funding Changes £000	2024/25 Budget £000	Cash Change in Budget %	Real Terms Change in Budget ² %
Adult Services	229.5	21.0	4.0	-0.3	254.2	10.8%	4.1%
Children's Services	172.2	9.1	14.6	-2.3	193.6	12.4%	5.7%
Environment & Place	76.0	0.1	3.6	-3.9	75.7	-0.4%	-7.1%
Public Health & Community Safety	31.9	0.7	0.1	-0.4	32.3	1.3%	-5.4%
Resources and Law & Governance	72.5	-1.0	1.9	-0.9	72.4	-0.1%	-6.8%
To be allocated:							
Agency staffing saving		-2.5			-2.5		
Contract savings				-2.0	-2.0		
Insurance pressure			0.4		0.4		
Pay inflation (increase to 5.0%)		2.9	5.4		8.3		
Directorate Total	582.1	30.2	29.8	-9.8	632.4	8.6%	1.9%

² Assuming inflation of 6.7% (based on CPI in the year to September 2023)

	Starting Budget Rolled Forward from 2023/24 £000	Add changes in current MTFs £000	Add new budget increases £000	Less new savings & Funding Changes £000	2024/25 Budget £000	Cash Change in Budget %	Real Terms Change in Budget ² %
Budgets Held Centrally							
Capital Financing Costs	28.4	2.6		-0.8	30.2		
Interest on Balances	-16.6	0.7		-4.3	-20.2		
Contingency & Inflation Risk	2.6		6.2		8.8		
Un-ringfenced Specific Grants	-43.6	-3.3		-1.7	-48.6		
Insurance	1.4				1.4		
Contribution from COVID-19 Reserve	-7.4	3.6			-3.8		
Budgeted contributions to reserves	20.1	-3.7		-1.8	14.6		
Budgeted Contribution to balances (one – off in 2023/24)	6.8	-6.8			0.0		
Total Budgets Held Centrally	-8.3	-6.8	6.2	-8.7	-17.6		
Net Operating Budget	573.8	23.4	36.0	-18.5	614.8	7.1%	0.4%
Funding (from Table 4)	573.8				605.7		
Budget Deficit (+)/Surplus (-)	0.0				+9.1		

63. To help manage the impact of financial risk in the proposed budget and MTFs, a corporate contingency is held. The level of contingency for 2024/25 will need to be considered further as part of the Budget & Business Planning process but at this stage it is proposed that additional on-going budget of £4.0m, plus £2.2m for inflation risk, should be added to contingency in 2024/25 to reflect on-going risks and volatility in costs and demand pressures.
64. It is proposed that given the scale of the budget gap an on-going budgeted contribution of £1.8m to the Budget Priorities reserve should be removed.
65. £4.4m additional interest on cash balances held by the council resulting from higher interest rates is also proposed to be included.
66. Further certainty about funding for 2024/25 and beyond is needed to be able to assess the overall position from 2025/26 onwards. An update on the medium term position will be included in the reports to Performance and Corporate Services Scrutiny Committee and Cabinet in January 2024 following the Provisional Local Government Settlement expected in late December 2023.
67. Outstanding information which is required as part of the Budget & Business Planning process is set out at paragraph 92. Changes to budget proposals arising from the consultation plus any further updates to pressures arising from the forecast position for 2023/24 or other inflationary changes as well as the assessed level of reserves and balances will need to be considered and taken into account in the final budget proposed by Cabinet in January 2024.

Review of Charges

68. The council charges for services whenever it is lawful for it to do so. Income from fees and charges, which contributes to the overall funding for the council is estimated at £67m or 8% of the council's funding in 2023/24.
69. All services must consider, as part of the annual budget and business planning process, the activities which make up the delivery of each service and assess which of them may be made the subject of a charge.
70. Charges that are specified nationally or are statutory will be updated in line with national guidance. Charges for adult social care will continue to be assessed as in line with the [Care Act 2014 and the council's charging policy](#). Other charges are proposed to increase to reflect the impact of inflation. Where charges relate to the council priorities, the proposed change has been considered in that context.
71. All of the individual charges and proposed changes are listed in detail in Annex 2. Updates include the following:
- The cost of school meals is proposed to increase from £2.34 to £2.55 per meal (£3.06 including VAT) in 2024/25 to help meet inflationary pressures.
 - Contributions to Home to School Transport for Pre & Post 16 pupils proposed to increase by 5%.
 - Parking charges at the council's park and ride car parks proposed to increase to align with charges at the Oxford City Council park and ride car parks. Parking from 1-16 hours proposed to increase from £2.00 to £2.50. Season tickets would remain unchanged.
 - Charges for on – street parking proposed to increase to align with off – street car parks in Abingdon and Henley – on – Thames.
 - Charges in Oxford City Centre Zone 1 proposed to increase by 6.0% and Zone 2 by 9.0%.
 - Charges for parking permits updated to move towards a more consistent price across the county and to discourage households with multiple cars.
72. The final Review of Charges for 2024/25 will be considered and agreed by Cabinet on 30 January 2024.

Capital & Investment Strategy

73. Capital expenditure obtains or improves buildings, vehicles, equipment or other assets owned by the council. The capital programme shows how the Council will use capital expenditure to support the delivery of its priorities.
74. Council is required to approve the capital and investment strategy annually to demonstrate that capital expenditure and investment decisions are in line with

service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability. The capital and investment strategy incorporates the treasury management strategy and is supplemented by the council's property strategy and highways asset management plan.

75. Funding available to be allocated for 2024/25 onwards includes £16.4m of the prudential borrowing agreed as part of the 2022/23 Budget & Business Planning Process that has not yet been committed. There is also £3m funding that can be released as a result of savings on schemes. New capital receipts estimated at £24.6m are expected to be available to support the programme but the availability of the funding will be reliant on those being received.
76. The Capital & Investment Strategy agreed in February 2023 sets out that the council will use the following capital programme prioritisation categories:
 - Category 1 Schemes** enable compliance with the council's minimum statutory duties relating to health and safety and schools.
 - Category 2 Schemes** generate revenue savings (and/or cost avoidance) through the delivery of the new business strategy or service transformation proposals.
 - Category 3 Schemes** facilitate the climate action or active travel commitments of the Council, as articulated in the strategic plan.
77. Because of the limited funding, and the need to develop a wider place strategy to inform future capital schemes, the recommended approach is that only the highest priority 'Category 1' schemes should be funded. Further work to identify future funding and develop a longer run programme will then be taken forward through future Budget & Business Planning processes.
78. Programmes of work falling into Category 1 are set out in Annex 3b. These include the need to address health and safety issues across the council's corporate property estate. There is also a requirement to ensure that mitigations are in place to address the impact of the retirement of the analogue telephone network.
79. The current contract for the provision of mortuary services comes to an end in 2025. The Thames Valley Coroners have put forward a proposal for a joint mortuary across the region which would look to include new technology to improve the process. This proposal has been explored via an options appraisal which is currently being evaluated along with an option for a standalone council only mortuary.
80. The funding required to address these Category 1 schemes means there is limited funding available for other projects.

81. Reducing the size of the council's corporate property estate remains a priority as it will generate revenue savings, result in long run cost avoidance and contribute to the council's decarbonisation commitment. A grant funding bid has been submitted but requires match funding of £2.6m. An update on the outcome of the grant bid, which is expected in January 2024, will be included later in the process.
82. £2.3m of proposed funding does not align directly with the priority framework categories but is recommended as the investment will support requirements critical to the council's operations, such as the IT strategy, or with significant project dependencies. This includes the need for electrical vehicle chargers to support the council's One Fleet initiative.
83. £10.2m funding is recommended to be added to the existing funding available for Highways Maintenance & Structures.
84. Table 6 summarises the proposed use of the available funding.

Table 6:

	Proposed Funding (*)
1: Statutory, health & safety & school placements	£27.7m
2: Generate revenue savings or cost avoidance/reduction	£2.6m
3: Climate action or active travel	£3.2m
Total Prioritisation Category 1 – 3	£33.5m
Highways Maintenance & Structures	£10.2m
Other Schemes critical to council operations	£2.3m
Total Schemes Proposed to be Funded	£46.0m

(*) estimates subject to business cases.

85. Annex 3a sets out high priority capital schemes to which indicative funding is proposed to be allocated. Annex 3b lists schemes included in the pipeline pending future funding becoming available.
86. In accordance with the council's capital governance arrangements all schemes, including those assessed as high priority, will need an approved business case before they are added to the firm programme.

Forward Funding for Capital & Revenue Schemes

87. Forward funding is required for priority capital schemes including Traffic Filters (£1.55m), and the expansion of the Zero Emission Zone in central Oxford (£4m).
88. £0.8m forward funding is also proposed for a feasibility study for an underpass/bridge on the A40 at Eynsham, and £4m funding for the design stage of improvements to the A4095 at Northwest Bicester is expected to generate future Section 106 contributions.

Workplace Parking Levy

89. In July 2022, Oxfordshire County Council adopted its new transport plan (LTCP), aiming to deliver a net-zero transport system that enables Oxfordshire to thrive, protects the environment, and makes the county a better place to live for all residents. The plan includes ambitious targets to replace or remove 1 in 4 car trips in Oxfordshire by 2030, deliver a net-zero transport network by 2040, and have zero or as close as possible road fatalities or life-changing injuries by 2050.
90. The transport strategy for central Oxfordshire, the Central Oxfordshire Travel Plan (COTP), developed as part of the county's LTCP, proposes a set of 23 actions to help deliver on the policy objectives and targets and, more specifically, achieve a more sustainable and reliable transport system. The Workplace Parking Levy is one of the actions and a key priority for the county council.
91. It is proposed to use £2.5m funding in reserves to support the revenue cost of the development of the Workplace Parking Levy in Oxford. Subject to the outcome from the public consultation and the Department for Transport approving the proposal there would be further costs of £0.9m related to full implementation. If the scheme is approved the cost of implementation would be met through the on-going operation of the scheme.

Outstanding Information & Next Steps

92. A number of pieces of information yet to be received will have an impact on the proposed budget for 2024/25 and MTFS. These include:
 - The provisional and final Local Government Finance Settlement for 2024/25 setting out the council's Settlement Funding Assessment and confirming estimated grant funding and any other changes.
 - Updates on the growth in the council tax base for 2024/25 and surpluses on council tax collection funds, expected to be received from the City and District Councils in December 2023 and January 2024 respectively.
 - Notification of Business Rates income for 2024/25 and collection fund deficits/surpluses which may not be received from the City and District Councils until 31 January 2024.
 - The outcome of the public consultation running from 29 November 2023 to 10 January 2024.
93. Changes arising from these updates will need to be addressed as part of the proposed budget which will be presented to Cabinet on 30 January 2024.
94. Due to the scale of the budget gap for 2024/25 and the expected funding reductions for 2025/26 and beyond, a successful and sustainable Council of the future will need to be smaller and more focused on delivering key priorities. This will be achieved by operating from fewer buildings and making sure those we keep are used to their full capacity; embracing technology where it improves

productivity and connectivity to the people we serve, helping us become more efficient; collaborating more closely with partners in the voluntary and community sector so the Council is no longer the main provider for every service; and exploiting commercial opportunities where they deliver value for residents.

Business and Budget Planning Process

95. Updates to funding and any changes to proposals known by the end of December 2023 will be published on 11 January 2024 and considered by Performance and Corporate Services Overview and Scrutiny Committee on 19 January 2024 so feedback can be considered by Cabinet ahead of their meeting on 30 January 2024.
96. Cabinet will propose their budget on 30 January 2024 taking into account comments from Performance and Corporate Services Overview and Scrutiny Committee in November and December 2023 as well as feedback from the public consultation. The report to cabinet in January will include:
 - Council tax and precept calculations
 - Draft budget for 2024/25
 - Draft MTFS to 2026/27 (incorporating proposed changes following consultation)
 - Review of charges for 2024/25
 - Capital and Investment Strategy incorporating the Property Investment Strategy and Treasury Management Strategy
 - Capital proposals and draft ten-year Capital Programme
 - Earmarked Reserves and General Balances Policy
 - Financial Strategy (including Financial Management Code self-assessment)
97. Council will meet to agree the Revenue Budget 2024/25; Capital Programme 2023/24 - 2033/34; MTFS 2024/25 - 2026/27 on 20 February 2024. Any further changes to the budget proposed by Cabinet at their meeting on 30 January 2024 needed as a result of funding changes notified in late January 2024, for example, will be incorporated into the final budget considered by Council.

Risk Management

98. The statutory report of the Chief Financial Officer required under Section 25 of the Local Government Act 2002, which forms part of the suite of papers considered by Council in setting the budget each February, includes a section assessing the key financial risks.
99. This report sets out some significant risks and uncertainties for 2024/25 and the medium term but these are continuing to be assessed through the Budget and Business Planning process. An assessment of the impact will be provided as information and updates become available.

100. In addition to corporate contingency general balances are also held to ensure that a major incident or emergency can be managed without impacting on other services. The level of balances held is monitored through the Business Management & Monitoring Reports throughout the year and subject to an annual risk assessment undertaken as part of the budget setting process.

Equality & Inclusion and Sustainability Implications

101. The Equality Act 2010 imposes a duty on local authorities that, when making decisions of a strategic nature, decision makers must exercise 'due regard to the need to eliminate unlawful discrimination... advance equality of opportunity... and foster good relations.'
102. In developing budget proposals, services have considered the potential impact of change with respect to equality, diversity and inclusion, in line with the council's framework "Including Everyone".
103. "Including Everyone" sets out how the council goes further than the protected characteristics in the Equality Act by also considering the impact our decisions might have on people living with social deprivation, in rural communities, those leaving care, carers and those in our armed forces community.
104. The Climate Action Framework sets the council's commitment to tackling the climate emergency which is underpinned by the Council's priority to put action to address the climate emergency at the heart of our work.
105. Draft overarching summary impact assessments for both climate and equalities, taking into account the overall impact of the budget proposals, are included at Annex 4a and 4b. It should be noted that a number of proposals are very early in the business case development process. The current analysis of sustainability implications will therefore be further developed in parallel to the business case development process.
106. Following the public consultation, impact assessments will be reviewed and updated as necessary to take into account consultation responses.

Financial implications

107. The Council is required by law to set a balanced budget for 2024/25 before 1 March 2023. Alongside this, there is a requirement under Section 25 of the Local Government Finance Act 2003 for the Chief Finance Officer to prepare a statement on the robustness of the budget estimates and the adequacy of reserves. This report is part of the process to achieve these objectives.

Comments checked by:

Lorna Baxter, Executive Director of Resources and Section 151 Officer

Legal implications

108. The Council is required under the Localism Act 2011 to set a council tax requirement for the authority. This report provides information which, when taken together with the previous and future reports up to January 2024, will lead to the council tax requirement being agreed in February 2024, together with a budget for 2024/25, medium term financial strategy covering the period to 2026/27, and ten - year capital programme.
109. The Council has a fiduciary duty to council taxpayers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of the council taxpayers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.

Comments checked by:

Anita Bradley

Director of Law & Governance and Monitoring Officer

Lorna Baxter, Executive Director of Resources and Section 151 Officer

Annexes:

Revenue expenditure

- Annex 1a – planned revenue budget changes agreed in February 2022
- Annex 1b – new revenue budget proposals
- Annex 1c – combined previously agreed and new revenue budget proposals

- Annex 2 – Proposed changes to fees and charges

Capital expenditure:

- Annex 3a – High priority capital schemes to which indicative funding is proposed to be allocated
- Annex 3b – capital schemes proposed to be included in the pipeline but not funded at this stage.

- Annex 4a – Overarching Equality Impact Assessment
- Annex 4b – Overarching Climate Impact Assessment

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November 2023