

## **Divisions Affected – All**

### **Performance & Corporate Services Overview and Scrutiny Committee**

**19 January 2024**

### **Updated Funding and Budget Proposals 2024/25 to 2026/27**

#### **Report by the Executive Director of Resources and Section 151 Officer**

## **RECOMMENDATION**

1. The Performance & Corporate Services Overview and Scrutiny Committee is invited to consider and comment on:
  - Updates to revenue budget proposals for 2024/25 to 2026/27 following the Provisional Local Government Settlement and the receipt of council tax funding information from the district councils.
  - Updates to proposed additions to the capital programme.

## **Executive Summary**

2. This report sets out updates to budget proposals for the period 2024/25 to 2026/27 that were reported to the Committee in December 2023. It provides the opportunity for the Performance and Corporate Services Overview and Scrutiny Committee to consider and comment on these.
3. The following annexes are attached to this report:
  - Revenue Expenditure
    - Annex 1a – proposed new changes to revenue pressures and savings
    - Annex 1b – new pressures and savings (updated)
    - Annex 1c - previously agreed and new revenue pressures (updated)
  - Capital Expenditure
    - Annex 2a – high priority capital schemes to which indicative funding is proposed to be allocated.
    - Annex 2b – capital pipeline schemes where funding is not proposed to be allocated at this stage.
  - Review of Charges
    - Annex 3 – changes to proposed planned charges for the Registration Service

## Introduction

4. The [Budget Proposals 2024/25 – 2026/27](#) report that was considered as part of the agenda for the Performance and Corporate Services Overview and Scrutiny Committee on 8 December 2023 explained new directorate budget pressures of £29.8m. After taking account of proposed directorate savings of £9.8m, a reduction of £2.4m in budgets held centrally, and additional funding of £8.5m there was a budget deficit of £9.1m in 2024/25. This needs to be addressed before Council sets the budget in February 2024.
5. This year, engagement on the 2024/25 budget included a number of events and a public consultation (29 November 2023 - 10 January 2024) using a budget simulator hosted on the council's digital consultation and engagement platform, Let's talk Oxfordshire. Feedback from both the consultation and engagement activities will be published as part of the report to Cabinet on 30 January 2024.
6. The Local Government Policy statement published on 5 December 2023 confirmed the government's intentions for the local government finance settlement for 2024/25. The Government subsequently announced individual local authority funding allocations for 2024/25 on 19 December 2023 as part of the Provisional Local Government Finance Settlement. The final settlement is expected to be received in early February 2024.
7. This report explains the updated funding position based on the information known at this stage as well as changes to the budget proposals set out in the report to Performance and Corporate Services Overview and Scrutiny Committee on 8 December 2023.
8. In the context of the updated funding position, Performance and Corporate Services Overview and Scrutiny Committee is invited to consider and comment on the updates to the revenue budget proposals for 2024/25 – 2026/27. Capital proposals are included again for completeness but the proposed use of funding available to support priority schemes is unchanged.
9. Observations that the committee share will be included in the Budget and Business Planning report to cabinet on 30 January 2024, along with the combined outcome of the public consultation and engagement activity. 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.

## Budget engagement and consultation

10. 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.
11. 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.
12. This year, budget engagement included two 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.
13. Feedback from Phase 1, a representative residents' survey, has been shared in previous reports.
14. Phase 2 asked residents and stakeholders to take on the role of councillors and create a balanced budget using an online budget simulator tool, weighing up choices and trade-offs. Participants were able to adjust core service budgets, make savings and generate income.
15. The simulator was available from 29 November 2023 to 10 January 2024 along with an opportunity to comment on the budget proposals using an online form or in writing by Freepost. Feedback on residents' priorities from the simulator will be captured and shared as part of the report to cabinet on 30 January 2024.
16. Wider engagement and outreach activities included:
- Three Oxfordshire Conversation events that were held in early December 2023. These were an opportunity for residents to share their priorities for local services, as well as their views on increasing council tax, directly with cabinet. The sessions took place online via MS Teams and were chaired by an independent facilitator from The Consultation Institute. They were widely promoted using the council's digital channels (website, newsletters), stakeholder communications, media release and social media advertising. Participants were asked to register to attend the meetings and information outlining the purpose and format of the meetings, as well as budget proposals and supporting information, was shared in advance. In total, 32 residents participated across all three events, with 86 people registering their interest.
  - Two sounding board events, involving 88 secondary school aged children.

- Four adult focus groups, engaging 34 residents in Abingdon, Banbury, the Leys in Oxford and at RAF Benson. A further group involving adults with learning disabilities and autism took place on 9 January 2024.

#### Next steps

17. Feedback from the budget consultation and engagement activity 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.
18. A report bringing together the key findings from all the consultation and engagement activities, including analysis of the budget simulator submissions, will be included as an annex to the report to Cabinet on 30 January 2024 that will be published on 22 January 2024.
19. This report will also be published on Let's talk Oxfordshire.

### **Updates to Funding Assumptions**

20. The Local Government Provisional Settlement was published on 18 December 2023 and included the following updates that need to be considered as part of the final budget proposals for 2024/25.
21. Information on council tax bases and deficits/surpluses has also been received from the district councils.

#### **Core Spending Power**

22. The Local Government Provisional Settlement set out that Core Spending Power for local government will rise by 6.5% for councils in England on the assumption that all councils will agree the maximum council tax increase.
23. As shown in Table 1 on the next page the increase for Oxfordshire will be from £613.8m to £656.0m (6.9%). Most of the increase in funding had been announced previously so this was either built into the existing plan or had already been assumed earlier in the budget setting process.

**Table 1: Core Spending Power 2023/24 and 2024/25**  
**Source: Provisional Local Government Settlement 2024/25**

<b>Oxfordshire</b>		
	<b>2023-24</b>	<b>2024-25</b>
	<b>£ millions</b>	<b>£ millions</b>
Settlement Funding Assessment	74.7	79.8
Compensation for under-indexing the business rates multiplier	12.7	14.6
Council tax requirement excluding parish precepts	466.7	498.5
Improved Better Care Fund	10.7	10.7
New Homes Bonus	1.7	1.7
Social Care Grant	32.7	37.8
ASC Market Sustainability and Improvement Fund	5.4	10.0
ASC Discharge Fund	1.5	2.5
Services Grant	2.9	0.5
Grants rolled in	4.8	0.0
<b>Core Spending Power £millions</b>	<b>613.8</b>	<b>656.0</b>

**Core Spending Power (% increase compared to 2023/24**

**6.9%**

### **Council Tax**

24. 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 2024/25. The MTFS agreed in February 2023 already assumed the maximum increase of 4.99% in 2024/25.

#### Council Tax Base

25. The council tax base is the number of Band D equivalent dwellings in a local authority area adjusted for the assumed rate of collection of council tax. Billing authorities (district and city councils) are required to provide this information to the precepting authorities and the method used to calculate the tax base is prescribed in regulations. Growth in the tax base of 1.75% per year is assumed in the Medium Term Financial Strategy reflecting anticipated increases in the number of households in Oxfordshire paying council tax. Updates from the district councils received in December 2023 confirm that the tax base will grow by 1.77% in 2024/25, generating additional on-going council tax income of £0.1m compared to the existing MTFS.

#### Council Tax Surpluses/Deficits

26. In addition to the tax base, the Local Government Finance Act 1992 requires the billing authorities to determine the estimated surplus or deficit on the council tax collection fund as a result of income from council tax/ratepayers being more or less than originally estimated. Estimates for the forthcoming year are formed from the position for three years, the actual position for the prior financial year, the estimate for the current financial year and an estimate for the forthcoming financial year. Surpluses/deficits are shared between billing and major precepting authorities. The MTFS assumed that the county council's share of surpluses on the council tax collection fund would be £4.0m in 2024/25. This

was increased to £8.0m in the Budget & Business Planning report to Cabinet in October 2023 and the same position was assumed in the report to PCSOSC in December pending the receipt of updates from the districts. The combined surplus for 2024/25 notified by the district and city councils by early January totals £11.4m providing a further £3.4m one - off funding.

### **Business Rates and Settlement Funding Assessment**

27. The Council also receives general funding from business rates based on the Government's assessment of need known as the Settlement Funding Assessment (SFA). The Provisional Local Government Settlement confirmed that the council's SFA will increase from £74.7m in 2023/24 to £79.8m in 2024/25. The existing MTFs assumed an increase of 2.0% to £76.2m, with a further increase of £3.5m (on the basis of an increase equivalent to September CPI of 6.7%) to £79.8m assumed in the report to PCSOSC in December 2023. This means the SFA is unchanged from the assumptions in the December report.
28. In addition to the SFA, the Council receives compensation for under-indexation of the business rates multiplier by way of un-ringfenced Section 31 grant. The position set out in the report to PCSOSC in December assumed that this grant would be £12.9m in 2024/25, £0.3m higher than assumed in the MTFs. The Provisional Local Government Settlement confirmed an increase to £14.6m which will increase grant funding by a further £1.7m. However, this is complicated by the inclusion of funding of £1.4m for Fire Pensions that will be received as Revenue Support Grant in 2024/25. This has previously been funded by ringfenced grant.
29. £0.7m estimated additional funding for Business Rates Pooling income was also built into in the assumed business rates funding included in the report to PCSOSC in December 2023. Confirmation of this amount will be received during 2024/25 but is assumed to be unchanged in this report.
30. Local authorities have been able to retain the growth in business rates from a baseline of April 2013 up until the point of a business rates reset which was originally planned for April 2020 but has yet to take place. The forecast for retained growth in 2024/25 was assumed to be £4.1m in the MTFs.
31. However, since 2020/21 business rates income has been impacted by reliefs for retail, leisure and hospitality businesses. The Autumn Statement confirmed these will continue for a further year in 2024/25. In 2023/24 the council has received Section 31 grant income of £4.4m to replace local business rates income not received as a result of those reliefs. It is likely a similar amount will be received in 2024/25 but confirmation of the grant funding is not expected to be received until the Final Settlement at the earliest.
32. The amount of business rates funding to be passed from the districts to the county council (comprising the local element of the SFA and any growth) is expected to be confirmed later in January 2024.

33. The business rates collection fund surplus for 2023/24 notified by the district councils was £2.1m. Based on information received to date it is possible that there could be a deficit for 2024/25 but confirmation for each district is not expected to be available until early February. The existing MTFs assumption that there is no surplus or deficit is unchanged ahead of the receipt of this information.
34. Updates to business rates funding, noting where there is outstanding information still to be confirmed (\*) and current assumptions ahead of that are summarised in Table 2 on the next page.

**Table 2: Business Rates Funding**

	2022/23 Funding £m	2023/24 Funding £m	2024/25 MTFS £m	2024/25 December PCSOSC £m	2024/25 January PCSOSC £m
<b>Settlement Funding Assessment</b>	<b>72.0</b>	<b>74.7</b>	<b>76.2</b>	<b>79.7</b>	<b>79.8</b>
Local Growth	1.4	1.3	4.1	4.1	4.1*
Section 31 Grant for Business Rates Reliefs – Retail & Hospitality reliefs <sup>1</sup>	4.5	4.4	0.0	0.0	0.0*
Section 31 Grant – Indexation Element (excluding the £1.4m Fire Pension element that will be received as Revenue Support Grant)	7.3	12.9	12.6	12.9	13.2
Section 31 Grant for Business Rates Reliefs – on-going reliefs	1.7	1.8	1.8	1.8	1.8*
<b>Total Section 31 Grant for Business Rates Reliefs and Indexation</b>	<b>13.5</b>	<b>19.1</b>	<b>14.4</b>	<b>14.7</b>	<b>tbc</b>
Business Rates Pooling Income				0.7	0.7
Collection Fund Surplus (+) or Deficit (-)	1.9	2.1	0.0	0.0	0.0*
<b>Total</b>	<b>88.8</b>	<b>97.2</b>	<b>94.7</b>	<b>99.2</b>	<b>99.5</b>

(\*) awaiting updates from the District Councils to confirm these amounts.

### Grant Funding Updates

#### Social Care Grant

35. The Autumn Statement 2022 set out that £1.265bn in 2023/24 and £1.877bn in 2024/25 would be distributed to local authorities through the Social Care Grant for adult and children's social care. This is repurposed funding that was previously expected to be used to support the cost of adult social care reform.
36. The council will receive £5.0m new funding in 2024/25 increasing the total from £32.7m to £37.8m. This is unchanged from the current plan and the assumptions in the report to PCSOSC in December 2023.

<sup>1</sup> These reliefs were extended until 31 March 2025 in the Autumn Statement 2023.

#### Services Grant

37. The council received £5.0m Services Grant in 2022/23 and £2.9m in 2023/24 with an expectation that this would continue in 2024/25 and 2025/26. The Provisional Settlement confirmed that the council will receive £0.5m in 2024/25, a reduction of £2.4m compared to the current plan and the position assumed in December 2023. It is assumed that the remaining £0.5m will fall out in 2025/26.

#### New Homes Bonus

38. The MTFS assumed that £1.7m un-ringfenced funding from the New Homes Bonus would not continue from 2024/25. However, since funding for this remained available nationally in the Departmental Expenditure Limits (DEL) the report to PCSOSC in December 2023 set out that the council would receive an estimated further allocation of £1.7m in 2024/25. The Provisional Settlement confirmed that the council will receive £1.7m in 2024/25 so this is unchanged from the assumptions in the report to PCSOSC in December 2023.

#### Revenue Support Grant

39. £1.4m funding for the cost of Fire Pensions previously met by ringfenced grant funding will be rolled into general funding from 2024/25 with the equivalent funding received as Revenue Support Grant. Since this is now being met through general funding this funding is likely to be subject to increases or decreases in line with future funding settlements.

#### Adult Social Care Ringfenced Grants

40. Grant funding to support hospital discharges is being distributed through the Adult Social Care Discharge Fund in 2024/25. The council's share of the national total has increased from £1.5m in 2023/24 to £2.5m in 2024/25 and is ringfenced to meet new costs.
41. The Adult Social Care Market Sustainability and Improvement Fund is intended to "enable tangible improvements to be made to adult social care". Oxfordshire's £5.4m share in 2023/24 will increase to £10.0m in 2024/25. This is also ringfenced to meet new costs and is unchanged from the assumptions behind the pressures set out in the report to PCSOSC in December 2023.
42. The improved Better Care Fund (iBCF) grant will be unchanged at £10.7m and has not increased since 2022/23.

### **Supporting residents with financial pressures**

#### Household Support Fund

43. The Household Support Fund has been available since 2021 to help the most vulnerable households across England with essential food and energy costs. Based on the Provisional Settlement the expectation is that this will end on 31 March 2024 with no further funding from 2024/25.
44. In 2023/24 a total of £9.5m funding was available to support residents with the impacts of rising costs of living. This was comprised of one-off funding of £6.7m from the government's Household Support Fund and £2.3m local funding for additional Council Tax Support and Discretionary Housing Payments. In



addition, £0.5m was included for the Resident Support Scheme, Oxfordshire's crisis fund, which is also funded for 2024/25 and 2025/26.

45. In the Autumn Statement 2023, the government announced new measures to support household incomes, including increasing the rate of the Local Housing Allowance, increasing the National Living Wage and changes to supported employment programmes. However, there was no announcement of an extension to the Household Support Fund and therefore pending further clarification, local cost-of-living funding will revert to the revenue budgeted £0.5m for 2024/25 met from the COVID-19 reserve.
46. The 2023/24 support package is comprised of a suite of programmes with variable take up which have been adjusted throughout the year to ensure the maximum amount of support is delivered, within the specific parameters of the various funding streams. Rates of support can be increased in the last quarter of the year to ensure that the maximum support is delivered to local residents and that the full allocation of Household Support Fund is drawn down from government, as it has been in all previous funding rounds. However, given the potential 'cliff-edge' in terms of support for residents at the end of 2023/24, spend has been re-profiled so that an element of funding drawn from council reserves will be carried forward to 2024/25.
47. Depending on the take-up of programmes currently in delivery, it is estimated that up to £0.5m can be carried forward to create a total fund of cost-of-living resource of £1.0m in 2024/25, including the existing £0.5m for the Residents Support Scheme. Additional funding is also being sought from existing alternative budgets. This additional funding will create an initial fund to continue and extend longer term support and change programmes which help build community assets to withstand future pressures. This will include pursuing community wealth building approaches which aim to retain more wealth and opportunity for the benefit of local people.
48. The government are expected to announce the budget on 8 March 2024. It is possible that this could include further funding for the Household Support Fund but this will not be known by the time the council budget is set in February 2024.

## **Changes to Budget Proposals**

### **Proposed Changes to Budget Pressures**

49. On the basis of current anticipated demand the new pressure of £1.5m for demographic growth within Adult Services (2025ASC587) has been removed. £8.5m funding for demographic growth that was included in the existing plan agreed in February 2023 remains available.
50. Consumer Price Index Inflation was 3.9% in the 12 months to November 2023, down from 4.6% in October and 6.7% in the 12 months to September 2023. Based on the reduction in CPI and an assessment of likely uplifts being applied by other south east councils, pressure 2025ASC597 (£2.3m) relating to the cost of care packages within Adult Services has been removed. £12.3m previously

agreed funding remains available to support an average increase of 6% in the cost of care packages from 2024/25.

51. The forecast overspend on Home to School Transport in Children's Services has increased by £0.5m to £3.3m in 2023/24 so the on-going impact from 2024/25 needs to be increased. The updated forecast will be reflected in the Business Management & Monitoring Report to Cabinet on 23 January 2024.
52. The Local Government Provisional Settlement announced that funding for Fire Pensions costs that was previously met by ringfenced grant funding will be funded by Revenue Support Grant from 2024/25. A pressure of £1.4m has been added to the budget for Community Safety to reflect the change in the funding.
53. The pressure of £0.412m (2025PI&FM549) relating to a deficit on the school meals trading account resulting from inflation and other pressures has been reduced by £0.206m. This follows further analysis of the impact of the proposed increase in charges for school meals in 2024/25 set out in the Review of Charges shared as part of the December report to PCSOSC. It also reflects other action being taken to manage costs.
54. Funding of £0.113m to support Children's Centres with rent costs on a one – off basis in 2024/25 is proposed to be met from the Budget Priorities reserve.
55. The pressure of £0.365m relating to insurance has been reduced by £0.063m reflecting the amount that relates to school budgets. The remaining pressure of £0.302m has now been allocated to the relevant directorates.
56. Estimated additional pay inflation of £5.4m in 2024/25 has also been allocated to directorates on an indicative basis in the table below but will not be applied to cost centre budgets until the 2024/25 pay award has been agreed.
57. The revised pressures are shown in Table 3 below.

<b>Table 3</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>Total £m</b>
Adult Services	1.2	1.9	14.0	17.1
Children's Services	16.9	3.5	0.6	21.0
Environment & Place	4.4	0.2	-0.2	4.3
Public Health & Community Safety	2.0	0.5	0.1	2.7
Resources & Law & Governance	3.1	0.1	0.0	3.3
Pay Inflation	0.0	0.0	7.5	7.5
<b>Total</b>	<b>27.6</b>	<b>6.3</b>	<b>22.0</b>	<b>55.9</b>

58. The detailed proposed changes to the pressures shared previously are included at Annex 1a. Annex 1b shows the updated proposed new budget pressures.

59. Annex 1c sets out analysis of the previously agreed and new pressures into demography, inflation, demand and other pressures and investments as well as the assumptions behind the inflationary uplifts for previously agreed and updated changes.

### **Proposed Changes to Savings**

60. The risk adjustment of £5.2m relating to 50% of the proposed Financial Strategy savings for Children’s Services has been reduced by £1.1m to 40% as a result of further work to confirm the achievability of the savings.
61. Because of anticipated future reductions in funding there is a need to reduce the size of the organisation in future. A new saving of £1.5m relating to reducing and delayering staffing structures and costs has been added in 2024/25. A further £1.0m full year effect of this saving has been added to the proposals for 2025/26. Work to achieve this is underway and the saving has been allocated to directorates on an indicative basis.
62. Contract/commercial savings of £2.0m, that were included in the proposals shared with PCSOSC in December have also now been allocated to directorates in the revised totals shown in Table 4.

<b>Table 4</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>Total £m</b>
Adult Services	-1.5	-1.1	0.0	-2.6
Children’s Services	-4.2	-6.4	-5.0	-15.6
Environment & Place	-4.6	-0.3	1.0	-3.8
Public Health & Community Safety	-0.6	0.1	0.0	-0.5
Resources and Law & Governance	-1.5	-0.2	0.1	-1.6
<b>Total</b>	<b>-12.3</b>	<b>-7.9</b>	<b>-3.9</b>	<b>-24.1</b>

63. The detailed proposed changes to the savings proposed previously are included at Annex 1a and the updated new proposed savings are included in Annex 1b. Annex 1c shows the combined impact of the previously agreed and new savings.

### **Contingency**

64. To help manage the impact of financial risk in the proposed budget and MTFs, a corporate contingency is held. £2.2m that was proposed to be added to contingency for inflation risk has now been reduced to £1.5m following an assessment of risks around inflation. The £4.0m additional planned contribution to contingency included in report to PCSOSC in December is unchanged. Total contingency will be £8.9m.

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

65. The report to PCSOSC in December 2023 set out that there was a deficit of £9.1m. Table 5 summarises the changes to funding, pressures and savings since then.

**Table 5: Changes since December PCSOSC**

	2024/25 £m
Budget deficit as per PCSOSC in December 2023	+9.1
<b>General Funding Changes</b>	
Increase to council tax base	-0.1
Increase in council tax surpluses	-3.4
Increase in Section 31 grant for business rate indexation	-0.3
Revenue Support Grant (funding change relating to Fire Pensions)	-1.4
<b>Changes to Grant Funding</b>	
Reduction in Services Grant	+2.4
<b>Changes to Pressures and Savings (see Annex 1a for details)</b>	
Changes to proposed pressures	-2.2
Changes to proposed savings	-2.5
Reduce risk adjustment of £2.2m held in contingency	-0.7
<b>Budget deficit as per PCSOSC in January 2024</b>	<b>+0.9</b>

66. The remaining £0.9m deficit will need to be closed in the Cabinet's proposed budget.
67. Table 6 sets out the revised position for 2024/25 compared to the current plan. The first column shows the budget for 2024/25 assumed in the MTFs agreed by Council in February 2023. The second column shows changes included in the report to Performance & Corporate Services Overview & Scrutiny Committee in December 2023. The third column shows the changes following the Local Government Provisional Settlement published in late December 2023.
68. After taking account of changes to funding and proposed changes to the net operating budget there is a deficit of £0.9m. Proposals to close this gap and balance the budget as required by law will be included in the report to Cabinet in January 2024. Table 6 builds up the current position from the MTFs, the changes assumed in December 2023 and the new changes set out in Table 5.

<b>Table 6</b>	<b>2024/25 Budget Current MTFS</b>	<b>Changes to Funding Assumptions December PCSOSC</b>	<b>Changes to Funding Assumptions January PCSOSC</b>	<b>2024/25 Budget Updated</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Funding:</b>				
Council Tax	498.5	0.0	0.1	498.6
Council Tax Collection Fund Surplus	4.0	4.0	3.4	11.4
Business Rates	94.7	4.5	0.3	99.5
Revenue Support Grant	0.0	0.0	1.4	1.4
<b>Total Funding</b>	<b>597.2</b>	<b>8.5</b>	<b>5.2</b>	<b>610.9</b>

	<b>2024/25 Budget Current MTFS</b>	<b>New Pressures and Savings December PCSOSC</b>	<b>Changes to Pressures and Savings January PCSOSC</b>	<b>2024/25 Budget Updated</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Net operating budget 2023/24</b>	<b>573.9</b>			<b>573.9</b>
<b>Directorate Budget Changes</b>				
Existing planned changes	30.2			30.2
New budget increases		29.8	-2.2	27.6
New savings		-9.8	-2.5	-12.3
<b>Subtotal Directorate Changes</b>	<b>30.2</b>	<b>20.0</b>	<b>-4.7</b>	<b>45.5</b>
<b>Budgets held centrally</b>	<b>-6.8<sup>2</sup></b>			<b>-6.8</b>
Top – up contingency & inflation risk		6.2	-0.7	5.5
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
Reduction in Services Grant			2.4	2.4
New Homes Bonus – grant funding continues in 2024/25		-1.7		-1.7
<b>Net Operating Budget 2024/25</b>	<b>597.2</b>	<b>17.6</b>	<b>-3.0</b>	<b>611.8</b>
<b>Budget Deficit (+)/Surplus (-)</b>	<b>0.0</b>	<b>+9.1</b>	<b>-8.2</b>	<b>+0.9</b>

69. Table 7 on the next page shows the combined impact of the proposed changes for each directorate and for budgets held centrally.

<sup>2</sup> Planned corporate changes in the MTFS 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).

**Table 7: Proposed changes for each directorate and budgets held centrally**

	Starting Budget Rolled Forward from 2023/24 £m	Add changes in current MTFS £m	Add new budget increases £m	Less new savings & Funding Changes £m	2024/25 Budget £m	Cash Change in Budget %	Real Terms Change in Budget <sup>3</sup> %
Adult Services	229.5	21.0	1.2	-1.5	250.1	9.0%	5.1%
Children's Services	172.8	9.2	16.9	-4.2	194.7	12.7%	8.8%
Environment & Place	73.4	0.1	4.4	-4.6	73.4	0.0%	-3.9%
Public Health & Community Safety	31.3 + 0.6 (*)	0.6	2.0	-0.6	34.0	6.6%	2.7%
Resources and Law & Governance	72.3	-0.8	3.1	-1.5	73.1	1.2%	-2.7%
<b>Directorate Total</b>	<b>579.8</b>	<b>30.2</b>	<b>27.6</b>	<b>-12.3</b>	<b>625.3</b>	<b>7.8%</b>	<b>3.9%</b>
<b>Budgets Held Centrally</b>							
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	3.4		5.5		8.9		
Un-ringfenced Specific Grants	-42.9	-3.3		0.7	-45.5		
Insurance	1.4				1.4		
Contribution from COVID-19 Reserve	-7.4	3.6			-3.8		
Budgeted contributions to reserves	20.9	-3.7		-1.9	15.4		
Budgeted Contribution to balances (one – off in 2023/24)	6.8	-6.8			0.0		
<b>Total Budgets Held Centrally</b>	<b>-5.9</b>	<b>-6.8</b>	<b>5.5</b>	<b>-6.2</b>	<b>-13.5</b>		
<b>Net Operating Budget</b>	<b>573.9</b>	<b>23.3</b>	<b>33.1</b>	<b>-18.5</b>	<b>611.8</b>	<b>6.6%</b>	<b>2.7%</b>
<b>Funding (from Table 4)</b>	<b>573.9</b>				<b>610.9</b>		
<b>Budget Deficit (+)/Surplus (-)</b>	<b>0.0</b>				<b>+0.9</b>		

70. Funding for Adult Services will increase by £20.6m (9.0%), Children's Services by £21.9m (12.7%), Environment & Place by £0.0m (0.0%), Public Health and Community Safety by £2.1m (6.6%) and Resources by £0.8m (1.2%) compared to 2023/24 budgets.

71. The increase for Public Health and Community Safety includes the £1.4m Fire Pensions pressure that relates to the funding change (see paragraph 52). £0.6m (\*) for 2024/25 pay inflation that will be transferred from existing on-going budget held in contingency once the increase is agreed has also been included in the starting budget. Starting from a base of £31.3m the underlying cash increase excluding the £1.4m relating to the funding change will be 4.2%.

<sup>3</sup> Assuming inflation of 3.9% (based on CPI in the year to November 2023)

## Medium Term Financial Strategy

72. Table 8 shows the position for 2024/25, 2025/26 and 2026/27, using the assumed council tax increases of 4.99% in 2024/25. 1.99% is assumed in each of 2025/26 and 2026/27 as no information is currently available beyond 2024/25.
73. Each 1% increase in council tax would generate at least £4.8m additional funding.
74. The MTFs assumes that Business Rates funding continues to increase in line with inflation in 2025/26 and 2026/27. Future Departmental Expenditure Limits set out in the Autumn Statement 2023 indicate real terms reductions in funding in future so it is possible that this funding could reduce further in future.

**Table 8: Medium Term Financial Strategy**

	2024/25 £m	2025/26 £m	2026/27 £m
<b>Funding:</b>			
Council Tax	498.6	517.4	537.0
Council Tax Collection Fund Surplus	11.4	8.0	8.0
Business Rates	99.5	101.2	102.9
Revenue Support Grant	1.4	1.4	1.4
<b>Total Funding</b>	<b>610.9</b>	<b>628.0</b>	<b>649.3</b>
<b>Net operating budget</b>	<b>573.9</b>	<b>611.8</b>	<b>642.9</b>
<b>Directorate Budget Changes</b>			
Existing planned changes	30.2	26.7	-2.1
New budget pressures	27.6	6.3	22.0
New budget savings	-12.3	-7.9	-3.9
<b>Subtotal Directorate Changes</b>	<b>45.5</b>	<b>25.0</b>	<b>15.9</b>
Changes to budgets held centrally	-7.5	6.0	5.2
<b>Net Operating Budget</b>	<b>611.8</b>	<b>642.9</b>	<b>664.0</b>
<b>Total Funding</b>	<b>610.9</b>	<b>628.0</b>	<b>649.3</b>
<b>Current Budget Deficit</b>	<b>+0.9</b>	<b>+14.9</b>	<b>+14.7</b>
<b>Budget Deficit after 2024/25 is balanced</b>	<b>0.0</b>	<b>+14.0</b>	<b>+13.8</b>
<b>Council Tax increase</b>	<b>4.99%</b>	<b>1.99%</b>	<b>1.99%</b>

## Changes to Capital Proposals

75. 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.

76. Funding available to be allocated for 2024/25 onwards includes £13.1m of the prudential borrowing agreed as part of the 2022/23 Budget & Business Planning Process that has not yet been committed. In addition to this there is also £3.0m 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. There is also £5.3m of additional grant funding. The total funding available to support new priorities is £46.0m.
77. In addition to this capital grants, S106 & Community Infrastructure Levy funding of £45.2m will also be added to the capital programme relating to annual programmes or specific funding.
78. 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.
79. The December report noted where work was on-going to develop scheme requirements further or to engage with partners. As a result, there are a number of updates to the Capital Programme, including a new Special Educational Needs and Disabilities school, to be located in Great Western Park, Didcot. The project provides 120 places for pupils aged 7–19 to meet the urgent need for additional SEND school places. This will be funded from the High Needs grant, announced in previous years, as well as Section 106 funding. The scheme has been included in the Capital Approvals report for approval by Cabinet in January 2024. An additional school, Didcot Valley Park, is also to be included into the Capital Programme, which will provide a 12-place Specially Resourced Provision to support pupils with Social, Emotional and Mental Health needs, in line with the Council's SEND Sufficiency of Places Strategy.
80. In November 2023, the DfE announced a grant of £1.3m to support the phased expansion of free Early Years (EY) childcare. It will support the expansion of 30 hours entitlement places for children aged 9 months to 3 years and wrap around provision for primary school aged children. Initial investment priorities are expected to be developed in Spring/Summer 2024 and any capital requirements will follow the Council's capital governance process.
81. All of these changes will be met from specific funding so the proposed use of funding that is available to be allocated is unchanged.



82. The [Property and Asset Strategy](#) agreed by Cabinet in November 2022 set out the council's long-term vision for its estate along with a set of objectives aligned with delivering the council's strategic plan priorities. This included a road map for Oxford city centre accommodation and the rationalisation of office and operational accommodation across the county. Following development of a business case, and as set out elsewhere in this agenda, the recommendation is to progress Speedwell House as the council's preferred option for its future city centre office. This will be progressed alongside market engagements on both New and Old County Hall which will inform a final decision on future use and the associated impact.
83. Annex 2a shows the updated priority pipeline. Annex 2b shows lower priority schemes which are not proposed to be funded at this stage.
84. Table 9 shows that the proposed use of the available funding is unchanged since December 2023.

**Table 9:**

	Proposed Funding December £m (*)	Proposed Funding January £m (*)
1: Statutory, health & safety & school placements	27.7	27.7
2: Generate revenue savings or cost avoidance/reduction	2.6	2.6
3: Climate action or active travel	3.2	3.2
<b>Total Prioritisation Category 1 – 3</b>	<b>33.5</b>	<b>34.8</b>
Highways Maintenance & Structures	10.2	10.2
Other Schemes critical to council operations	2.3	2.3
<b>Total Schemes Proposed to be Funded</b>	<b>46.0</b>	<b>46.0</b>

(\*) estimates subject to business cases.

## Review of Charges

85. 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.
86. 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.
87. 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.

88. Proposed updates to charges were included in Annex 2 of the report to PCSOSC in December. Updates and additions to the proposed charges for the Registration Service, which will be incorporated into the Review of Charges that will be considered and agreed by Cabinet on 30 January 2023 are included at Annex 3.

## **Business and Budget Planning Process**

89. Cabinet will propose a balanced budget on 30 January 2024 taking into account comments from Performance and Corporate Services Overview and Scrutiny Committee in December 2023 and January 2024 as well as feedback from the budget engagement and consultation.
90. The report for Council will be published on 9 February 2024. Proposed opposition group amendments will be published on 15 February 2024.
91. 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.

## **Risk Management**

92. 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.
93. 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**

94. 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.'
95. 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".
96. "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, rural communities, those leaving care, carers and those in our armed forces community.

97. 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.
98. Overarching summary impact assessments for both climate and equalities, taking into account the overall impact of the revenue budget proposals, were included in Annex 4a and 4b of the report to PCSOSC in December 2023. These remain unchanged based on the updates in this report but will be updated in the report to Cabinet in January 2024 to reflect any impacts of additional proposals required to balance the budget.
99. Following the public consultation, impact assessments will be reviewed and updated as necessary to take into account consultation responses.

## **Financial implications**

100. The Council is required by law to set a balanced budget for 2024/25 before 1 March 2024. 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**

101. 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.
102. 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:

Paul Grant, Head of Legal and Deputy Monitoring Officer

**Lorna Baxter, Executive Director for Resources and Section 151 Officer**

## **Annexes:**

### Revenue Expenditure

- Annex 1a – proposed new changes to revenue pressures and savings
- Annex 1b – new pressures and savings (updated)
- Annex 1c - previously agreed and new revenue pressures (updated)

### Capital Expenditure

- Annex 2a – high priority capital schemes to which indicative funding is proposed to be allocated.
- Annex 2b – capital pipeline schemes where funding is not proposed to be allocated at this stage.

### Review of Charges

- Annex 3 – changes to proposed planned charges for the Registration Service

Contact Officers:

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January 2024

