

CABINET - 24 JANUARY 2023

Budget and Business Planning 2023/24

Report by Director of Finance and Corporate Director Customers, Organisational Development & Resources

RECOMMENDATIONS

1. In relation to the updated strategic plan (Section 2);

Cabinet is RECOMMENDED to RECOMMEND Council:

a) adopt the updated strategic plan.

2. In relation to the Revenue Budget and Medium Term Financial Strategy (Section 4);

Cabinet is RECOMMENDED to:

- b) approve the Review of Charges for 2023/24 and in relation to the Registration Service, charges also for 2024/25 (Annex A);
- c) approve the changes to the High Needs budget (Annex B Table 1);
- d) agree that in the event that the Council's disapplication request referred to in Paragraph 5 Annex B is approved by the Secretary of State then to proceed with Option 1 to use £2.3m transferred from the DSG Schools Block to the DSG High Needs Block to fund investment in Early Intervention, and, in the event that the disapplication request is not approved by the Secretary of State then to proceed with Option 2 and use additional grant funding provided by central government;
- e) Receive the observations from Performance and Corporate Services Overview and Scrutiny Committee;
- f) approve the Financial Strategy for 2023/24 (Section 4.5);
- g) approve the Earmarked Reserves and General Balances Policy Statement 2023/24 (Section 4.6);
- h) delegate to the Leader of the Council, the Cabinet Member for Finance and the Director of Finance, acting jointly, to make any appropriate changes to the proposed budget following the recommendations of the Performance and Corporate Services Overview and Scrutiny Committee.

Cabinet is RECOMMENDED to RECOMMEND Council:

- i) approve a Medium Term Financial Strategy for 2023/24 to 2025/26 as set out in Section 4.1 (which incorporates changes to the existing Medium Term Financial Strategy as set out in Section 4.2);

- j) agree the council tax and precept calculations for 2023/24 set out in Section 4.3 and in particular:
 - (i) a precept of £466,654,610.58;
 - (ii) a council tax for band D equivalent properties of £1,734.03.

3. In relation to the Capital and Investment Strategy and Capital Programme (Section 5);

Cabinet is RECOMMENDED to recommend Council to:

- k) approve the Capital and Investment Strategy for 2023/24 - 2033/34 (Section 5.1) including;
 - (i) the Minimum Revenue Provision Methodology Statement (Section 5.1 Annex 1);
 - (ii) the Prudential Indicators (Section 5.1 Annex 2) and
- l) approve the Treasury Management Strategy Statement and Annual Investment Strategy for 2023/24 (Section 5.2); and
 - (i) continue to delegate the authority to withdraw or advance additional funds to/from external fund managers to the Director of Finance;
 - (ii) approve that any further changes required to the 2023/24 Treasury Management Strategy be delegated to the Director of Finance in consultation with the Leader of the Council and the Cabinet Member for Finance;
 - (iii) approve the Treasury Management Prudential Indicators; and
 - (iv) approve the Specified Investment and Non Specified Investment instruments as set out in Section 5.2.
- m) approve the new capital proposals for inclusion in the Capital Programme and proposed pipeline schemes (Section 5.3)
- n) approve the capital programme (Section 5.4).

Executive Summary

- 4. This report is the culmination of the Budget and Business Planning process for 2023/24 to 2025/26 and sets out the Cabinet's updated Strategic Plan and related revenue budget for 2023/24, medium term financial strategy to 2025/26 capital programme to 2032/33 plus supporting policies, strategies and information.
- 5. The Budget and Business Planning report to Council on 14 February 2023 will be set out in five sections:
 - 1. Leader of the Council's Overview
 - 2. Budget engagement and consultation findings
 - 3. Chief Finance Officer's Statutory Report
 - 4. Revenue Budget Strategy
 - 5. Capital & Investment Strategy

6. This report sets out the budget engagement and consultation 2023/24 findings and the Cabinet's proposed strategic plan (Section 2), Revenue Budget Strategy (Section 4) and the Capital & Investment Strategy (Section 5). Alongside this, the report also sets out the Review of Charges for 2023/24 and the High Needs budget changes for 2023/24 to 2025/26. Section 1 and 3 will be published later as part of the agenda for Council.
7. Cabinet's revenue budget proposals take into consideration the latest information on the council's financial position outlined in this report. In finalising the proposals, Cabinet has taken into consideration feedback from the public consultation on the revenue budget proposals and council tax increase. An analysis of the responses to the consultation accompanies the budget proposals in Section 2.1.
8. The draft budget scrutiny reports from the Performance & Corporate Services Overview & Scrutiny Committee meeting on 9 December 2022 and 19 January 2023 will be considered by the Committee on 24 January 2022.
9. Some information in relation to funding for 2023/24 remains outstanding and estimates have been made. This includes:
 - The Final Local Government Finance Settlement.
 - Confirmation of the final council tax collection fund position.
 - Confirmation of Business Rates income including the collection fund position.
 - Ringfenced grant funding for Public Health.
10. Any variations from the estimates made will be reported through the Business Management and Monitoring Reports for 2023/24.

Section 2 - Budget engagement and consultation and updated strategic plan

Budget engagement and consultation

11. For 2023/24 the council's engagement and consultation on the budget had four distinct phases, putting residents' views at the heart of the council's budget and business planning from the start to the finish.
 - Phase 1: Maximising the use of existing feedback
 - Phase 2: Representative residents' survey
 - Phase 3: Oxfordshire conversation events
 - Phase 4: Public consultation on the substance of the 2023/24 budget (18 November 2022 to 19 December 2022)
12. Phase 1: Maximising the use of existing feedback
To support the early stages of the council's budget and business planning process, digests of residents' and stakeholder feedback were compiled, themed by each of the council's nine strategic priorities. These digests were made

available to senior officers, alongside a range of other insight, to inform the early stages of development of directorate budget proposals. This insight is historical and not included in this report.

Phase 2: Representative Residents' Survey

13. Feedback from the [residents' survey](#) was included as part of the report to Performance and Corporate Services Overview and Scrutiny Committee in December 2022.

Phase 3: Oxfordshire conversation events

14. Three online Oxfordshire Conversation events took place between 18 and 21 October 2022. The aim was to engage with residents, share emerging budget challenges and to give them the chance to ask cabinet members questions about issues that matter to them. An in-person sounding board with children and young people, incorporating an Oxfordshire Conversation, was also held on 15 October 2022.
15. These four events replaced a much fuller programme of in-person and online meetings, which were cancelled following the death of Her Majesty The Queen.
16. Overall, 194 people signed-up to attend the Oxfordshire Conversation events with 122 of these attending. Nearly 100 questions were submitted in advance, with more posed on the day. Highways, travel and transport matters (speed limits, bus services, cycle provision, traffic filters etc) were by far the dominant themes for discussion although a range of other topics were raised.
17. Twenty-eight children and young people attended the sounding board. Travel and transport, home education, support for neurodiversity and youth service were key themes.

Phase 4: Public consultation on the substance of the 2023/24 budget

18. Between 18 November and 19 December 2022, the council invited comments on its budget proposals for 2023/24, with a specific focus on its savings proposals. Residents and stakeholders were also signposted to a supporting consultation booklet for background information and to the detailed budget reports published for Performance and Corporate Services Overview Scrutiny Committee. Respondents were encouraged to engage with these detailed supporting documents should they wish.
19. Feedback was primarily collated using an online survey on the council's digital consultation and engagement platform, Let's talk Oxfordshire, with residents and stakeholders also able to submit comments by email or by letter. In total, the council received 559 responses (including 26 email responses).
20. Most people did not give a view on each proposal and instead chose to answer only on those of specific interest to them or simply skipped this section of the survey entirely. The number of respondents engaging on individual savings' proposals ranged from 26 people to 121 people.

21. A summary of the responses received as part of the public consultation (phase 4 of the budget engagement activity) is provided in Section 2.1.
22. The consultation report will also be published on the council's digital consultation and engagement platform, Let's talk Oxfordshire, with a link to the meetings. This will be supplemented by a 'you said, we did' update on Let's talk Oxfordshire after decisions have been made.

Strategic plan

23. The proposed updated strategic plan is included at Section 2.2. The priorities, commitments and objectives in the strategic plan sit under a long-term vision 'to lead positive change by working in partnership to make Oxfordshire a greener, fairer and healthier county'.
24. The nine strategic priorities are unchanged and the areas of focus have all been refreshed and updated into objectives to reflect the council's current ambitions. The objectives are core to the overall outcomes framework, outlining what good looks like in delivering these outcomes against the existing strategic priorities. The organising structure of the outcomes framework will also include a number of key performance indicators and progress measures which will be reported against to demonstrate progress, highlight and address areas of development.
25. The outcomes framework will represent a high-level overview of the council's priorities. It does not represent all metrics, measures, and targets that the council collects or reports upon. The strategic plan is also underpinned by a series of thematic and service strategies, and service areas produce their own service or business plans and operational measures. Collectively these documents comprise the county council's performance management framework.
26. The 2023 – 2024 outcomes framework is built from the following organising structure: nine strategic priorities, 25 commitments and 49 objectives.
27. Supporting the delivery of the objectives, commitments and strategic priorities are a number of key performance indicators and progress measures which make up the outcomes framework that will be agreed ready for reporting in April 2023. This will follow the end-of-year reporting and reviewing of local and national targets ready to include in the 2023/24 outcomes framework and will be included in the bi-monthly Business Management and Monitoring Reports.
28. Cabinet is recommended to recommend Council to adopt the updated strategic plan for 2023/24 (recommendation a).

Revenue Budget Strategy – Section 4

29. Section 4 sets out the Council Tax Requirement and council tax for band D equivalent properties for 2023/24, and the MTFs to 2025/26. It is comprised of the following sections:

- 4.1 Detailed MTFS 2023/24 to 2025/26
 - 4.2 Budget Changes 2023/24 – 2025/26
 - 4.2.1 COVID-19 Pressures and use of reserve 2023/24 – 2026/27
 - 4.3 Council Tax and Precepts 2023/24
 - 4.4 Detailed Revenue Budgets for 2023/24 (for Full Council only)
 - 4.5 Financial Strategy 2023/24
 - 4.6 Earmarked Reserves and General Balances Policy Statement 2023/24
 - 4.6.1 Forecast Earmarked Reserves 2022/23 to 2025/26
 - 4.7 Overarching Equality Impact Assessment
 - 4.8 Overarching Climate Impact Assessment
30. Starting from the funding and spending assumptions in the existing MTFS agreed in February 2022, the following paragraphs set out the latest funding information and proposed new budget changes. All of this is combined into the updated budget for the council and the services it provides.

Overview of Directorate Budgets

31. The budget supports a range of service provision which contributes to the council's vision and nine priorities. Since most service provision continues from one year to the next, the first step in building the budget for 2023/24 is to roll forward 2022/23 budgets.
32. This starting point has then been adjusted for changes in 2023/24 built into the MTFS agreed in February 2022. These include £13.8m for demography for adult and children's social care and increases in waste tonnages, reflecting anticipated population and housing growth, plus £4.3m for inflation and changes to other directorate expenditure pressures and new investments.
33. Proposed new changes to expenditure needed to align with the anticipated cost of service provision and funding for 2023/24 are included in this report. All of the changes are shown as incremental or year on year, unless otherwise stated; changes in each year remain in the budget for subsequent years unless there is a further change (either positive or negative).
34. Table 1a shows the combined impact of the proposed changes to the budget for each directorate. Taking into account these proposed changes directorate budgets will increase by £52.5m.

Table 1a:

	Starting Budget Rolled Forward from 2022/23	Add changes in current MTFS	Add new budget increases (including £1.0m new COVID-19 funding)	Less new savings and changes to Budgets Held Centrally	2023/24 Budget	Change in Budget
	£m	£m	£m	£m	£m	£m
Adult Services	213.3	9.7	22.2	-17.5	227.7	14.4
Children's Services	152.3	5.0	17.1	-3.3	171.1	18.8
Environment & Place	63.5	1.3	10.4	-2.6	72.6	9.1
Public Health & Community Safety	27.4	0.3		-0.2	27.5	0.1
Customers, Culture & Corporate Services	64.1	0.9	10.3	-4.7	70.6	6.5
Corporate Changes to allocate	0.0	0.0	5.2	-1.6	3.6	3.6
Directorate Total	520.6	17.2	65.2	-29.9	573.1	52.5

35. CPI inflation was 10.7% in the year to November 2022. The real terms increases/reductions for each directorate after taking account of inflation at that level are shown in Table 1b:

Table 1b:

	Cash Change in Budget	Real Terms Change in Budget
Adult Services	6.8%	-3.9%
Children's Services	12.3%	1.6%
Environment & Place	14.5%	3.8%
Public Health & Community Safety ¹	0.4%	-10.3%
Customers, Culture & Corporate Services	10.1%	-0.6%
Corporate Changes to allocate		
Directorate Total	10.1%	-0.6%

¹ Expenditure on Public Health is mainly funded by ringfenced grant.

Proposed Budget Increases

36. Inflationary pressures alongside the COVID-19 legacy issues are having significant impacts on individual residents, which are resulting in increased demand for council services. Alongside this, there have also been impacts on the macro economy, both on the UK's fiscal position and on global supply chains, which have materially contributed to unanticipated and significant inflationary pressure. This results in a combination of increased demand and increased cost which represents real risks to future financial sustainability. The pandemic has caused extraordinary financial costs to local government and the effects of inflation on council budgets along with cost pressures have continued to be felt into 2022/23 with little sign that these will ease. Some service demands were suppressed during lockdowns, with pent up demand now surfacing, particularly in adults and children's services. This demand and the expenditure needed to meet it has in many cases been merely delayed, not removed from the system. It is within this context in which the 2023/24 budget and MTFS to 2025/26 is being proposed.
37. The on-going impact of inflation, including the effect of the increase in the National Living Wage on contracts for social care, for example, as well as higher energy costs is currently estimated to increase the council's costs by £37.9m in 2023/24.
38. The council is also estimating £19.3m of demand-led and other pressures. These include the growing nationwide costs of supporting children and young people; the rising cost of social care and care placements for both children and adults; and a national shortage of social care workers leading to a reliance on agency staff and higher costs. The recent Census also confirms Oxfordshire has a growing and ageing population, which will continue to increase demand on services.
39. In addition to these pressures there are £3.8m proposed on-going directorate budget increases in response to the budget engagement and consultation. These include improvements to public transport and the travel experience in Oxfordshire (£3.3m) and additional capacity to improve timeliness of Education and Health Care Plan (EHCP) Reviews and assessments (£0.5m).
40. One – off funding in 2023/24 for cost of living measures for low income households (£2.3m) and the retention of the Councillor Priority Fund (£1.0m) has also been added to directorate budgets. These changes and the £6.8m addition to general balances required to increase to the total to the risk assessed level for 2023/24 will be funded from additional council tax surpluses (see paragraph 75-76).
41. The detailed changes making up the proposed increases for each directorate plus a proposed increase to contingency and one – off contribution to general balances as explained below are shown in Section 4.2 and summarised in Table 2.

Table 2: Proposed Budget Increases

	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Adult Services	21.9	12.4	2.5	36.8
Children's Services	16.8	3.5	2.4	22.6
Environment & Place	10.4	0.9	0.8	12.1
Public Health & Community Safety	0.0	0.0	0.0	0.0
Customers, Culture and Corporate Services	9.9	-2.1	0.4	8.2
Additional pay inflation	5.2	0.8	0.8	6.8
Directorate Total	64.2	15.5	6.9	86.5
Corporate Contingency	6.0	0.0	0.0	6.0
General Balances	6.8	-6.8	0.0	0.0
Total	77.0	8.7	6.9	92.5

42. To help manage the impact of financial risk and volatility in costs and demand pressures in the proposed budget and MTFs, a corporate contingency is held. As set out in the Financial Monitoring Report to Cabinet in December 2022 most of the existing contingency budget has been used to meet the cost of the on-going impact of the 2022/23 pay award. The proposed budget includes a contribution to contingency in 2023/24 of £6.0m.

43. Details of the proposed budget increases are set out in Section 4.2.

Proposals for new budget reductions

44. In order to offset some of the inflationary and other pressures, proposed budget reductions were consulted upon during November and December 2022. Changes to proposed reductions have been made as a result of the consultation and the new budget reductions of £29.9m proposed for 2023/24 and increase to £34.9m by 2025/26 are set out in Section 4.2. The detailed proposals for each directorate as well as changes to budgets held centrally are summarised in Table 3.

Table 3: Proposed Budget Reductions

	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Adult Services	-17.5	-0.6	-0.6	-18.6
Children's Services	-3.3	0.6	0.1	-2.6
Environment & Place	-2.6	-2.1	-0.1	-4.8
Public Health & Community Safety	-0.2	0.2	0.0	0.0
Customers, Culture and Corporate Services	-4.7	-2.5	0.0	-7.3
Changes to be allocated to directorates	-1.6	0.0	0.0	-1.6
Total	-29.9	-4.4	-0.6	-34.9

45. The detailed proposals are set out in Section 4.2.

COVID-19 Pressures and Funding

46. As part of the current MTFS, £11.6m funding held in the COVID-19 reserve is planned to be used to meet short term pressures from 2023/24 to 2025/26. This includes £0.5m in each of 2023/24 – 2025/26 to help meet the cost of emergency welfare demand measures for local households.
47. A further £1.0m is proposed to be used to meet pressures in Children’s Services, Environment and Place and Customers, Culture and Corporate Services in 2023/24. In addition to that a further £0.6m is proposed to be used to meet costs in 2024/25 and £0.2m in 2025/26. The detailed proposals and previously agreed use of the reserve are set out in Section 4.2.1. The combined use of the reserve taking account of the current planned use and new proposals is shown in the table below.

Table 4: COVID-19 Pressures & Funding

Directorate	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Adult Services	1.2	0.3		1.5
Children’s Services	4.6	2.7	1.6	8.9
Public Health & Community Safety				
Environment & Place	0.4			0.4
Customers Culture and Corporate Services	1.2	0.8	0.7	2.7
Total use of reserve	7.4	3.8	2.3	13.5

48. As set out in the Earmarked Reserves and Balances Policy Statement (Section 4.6) £2.0m funding held in the reserve remains uncommitted and available to support further pressures arising from the COVID-19 pandemic in 2023/24 or future years.

Updates to Funding Assumptions

49. The Chancellor’s Autumn Statement on 17 November 2022 included economic forecasts from the Office for Budget Responsibility and set out the UK’s medium term spending plans as well as updates about the National Living Wage and inflation over the medium term. The Autumn Statement superseded the information about national funding levels for 2022/23 – 2024/25 provided as part of the Autumn Budget and Spending Review in October 2021.
50. The Statement set out additional funding in the short term but with inflation increasing costs further, the impact of additional funding is eroded. Beyond, 2024/25, the expectation is that there will be a real terms reduction in funding to local government.
51. As part of the Statement the government also confirmed that the national rollout of social care financing reforms will be delayed from October 2023 to October 2025. Funding for implementation will be maintained within local government to enable local authorities to address adult social care pressures and has been

allocated via the Local Government Financial Settlement through the Social Care Grant (see paragraph 53-54).

52. The Local Government Finance Policy Statement 2023/24 to 2024/25 published on 12 December 2022, set out the government's intentions for the local government finance settlement for the next two years. For 2023/24, the government recognises that providing councils with greater certainty on key aspects of their funding is important for the budget setting process and the ability to plan for the future. However, the Provisional Local Government Finance Settlement announced on 19 December was only for the 2023/24 financial year. The final settlement is expected to be received in early February 2023.

Government Grant Updates

Social Care Grant

53. The Autumn Statement set out that £1.265bn in 2023/24 and £1.877bn in 2024/25 will be distributed to local authorities through the Social Care Grant for adult and children's social care. This is repurposed funding that was expected to be used to support the cost of adult social care reform.
54. The council will receive £11.3m new funding in 2023/24 increasing the total to £29.2m. Based on national totals and the same distribution method it is estimated that there could be a further increase to £34.2m from 2024/25 onwards. From 2023/24 £3.5m un-ringfenced funding previously received through the Independent Living Fund will also be rolled into the Social Care Grant.

Services Grant

55. The current MTFs assumes the council's £5.0m share of the Services Grant, which was announced as part of the Spending Review 2021, would be one – off in 2022/23 only as the government set out that this was expected to be a temporary use of the funding available nationally ahead of the implementation of the Fair Funding Review. On that basis the current MTFs assumed that the council's £5.0m share of the un-ringfenced Services Grant would fall out in 2023/24. The Provisional Settlement confirmed that the council will receive £2.8m funding in 2023/24. This is assumed to continue in 2024/25 and 2025/26 but it is unclear what the long term arrangements will be.

New Homes Bonus

56. £2.9m un-ringfenced funding from the New Homes Bonus, which was extended by a further year into 2022/23, was not expected to continue from 2023/24. The Provisional Settlement confirmed that the council will receive a further £1.7m in 2023/24. The government have indicated that this will be reviewed before the 2024/25 settlement so this is assumed to be one – off in 2023/24.

Adult Social Care

57. £0.6Bn to support hospital discharges is being distributed through the Better Care Fund in 2023/24. The council's share of the national total is £1.5m and is ringfenced to meet new costs.

58. Adult Social Care Market Sustainability and Improvement Funding Grant is intended to “enable tangible improvements to be made to adult social care”. Oxfordshire’s £5.4m share is 0.95% of the national total. This increases from £1.5m provided in 2022/23. This is also ringfenced to meet new costs.
59. The improved Better Care Fund (iBCF) grant will be unchanged at £10.7m in 2023/24.

Public Health Grant

60. The ringfenced funding for Public Health (£32.6m in 2022/23) is expected to continue to increase during the spending review period and individual allocations will be protected in cash terms. Allocations for 2023/24 are expected to be announced early in 2023.

Household Support Fund

61. The Autumn Statement confirmed that the Household Support Fund will continue for a further 12 months with an additional £1bn of funding, administered via local authorities. Guidance is awaited, but if the council received the same share of the national allocation as for previous rounds this may total around £6.7m for the year.

Business Rates and Local Government Funding Reform

62. 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 Business Rates income to be retained by the Council.
63. In addition, local authorities have been able to retain the growth in business rates from the baseline established in 2013/14 up to the Business Rate Growth Reset originally planned for April 2021.
64. The impact of the Fair Funding Review, which was expected to take place at the same time as the Reset, would depend on how the changes were implemented but as an area which generates a high proportion of its funding from its council tax base, it was anticipated that the council’s funding would reduce as a result of this reset.
65. The Reset and Funding Review was delayed again in the 2022/23 planning round and the current MTFs assumed that this would take place on a phased basis over 2023/24 and 2024/25 with a reduction in funding of £5.3m in 2023/24 creating an overall budget deficit of £5.3m.
66. In October 2022, the government confirmed that there will no Fair Funding Review during the current Spending Review period which covers 2023/24 and 2024/25. This means the existing £5.3m budget shortfall in 2023/24 could be removed and the overall position for 2023/24 was balanced before taking account of new inflationary and other pressures or any other funding changes.

67. The Provisional Local Government Settlement confirmed that the SFA will increase from £72.0m in 2022/23 to £74.7m in 2023/24. The existing MTFS assumed an increase of 2% to £73.4m so this is £1.3m additional funding.
68. In addition to the SFA, the Council receives compensation for under-indexation of the business rates multiplier by way of un-ringfenced section 31 grants. The current MTFS assumed an increase from 2022/23 of 2.4% in line with forecast CPI expectations. The Provisional Local Government Settlement confirmed an increase equivalent to 10.1% (September CPI) when combined with the SFA increase of £1.3m, the overall impact is an improvement in anticipated grant funding by £10.4m compared to the existing plan.
69. 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 2023/24 is £4.0m, £0.9m more than projected.

Council Tax and Adult Social Care Precept

70. The Provisional Local Government Settlement confirmed that the council tax referendum limit will be increased from 2% to 3% in 2023/24 and 2024/25. Local authorities can also meet pressures in adult social care by raising council tax by up to an additional 2% from 1% per annum through an additional precept in 2023/24 and 2024/25.
71. A proposed increase of 4.99% for Band D council tax in 2023/24 and 2024/25 is shown in Table 4 below. This is made up of the 2.99% core increase plus 2.00% for adult social care. A core increase of 1.99% is proposed for 2025/26.
72. Band D council tax will increase by £82.43 from £1,651.61 in 2022/23 to £1,734.03 in 2023/24.

Table 5:

	2023/24 Existing MTFS	Proposed Change	2023/24 Revised MTFS	2024/25 Proposed	2025/26 Proposed
	£m	£m	£m	£m	£m
Band D Council Tax	£1,700.99	£33.04	£1,734.03	£1,820.56	£1,856.79
Core Council Tax Increase	1.99%	1.00%	2.99%	2.99%	1.99%
Adult Social Care Precept- Settlement 2020	1.00%		1.00%	1.00%	
Adult Social Care Precept- Settlement 2022		1.00%	1.00%	1.00%	
Total Council Tax Increase %	2.99%	2.00%	4.99%	4.99%	1.99%

73. 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 MTFs reflecting anticipated increases in the number of households in Oxfordshire paying council tax. Updates from the district councils received in late 2022 confirm that the tax base will grow by 1.99% in 2023/24, generating additional council tax income of £1.1m.

74. Cabinet is recommended to recommend to Council to approve a council tax requirement (precept) for 2023/24 of £466,654,610.58 (Section 4.3) and approve a 2023/24 council tax for band D equivalent properties of £1,734.03 (recommendation j).

Council Tax Surpluses

75. 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 county council's share of surpluses on the council tax collection fund was estimated to be £4.0m for 2023/24 in the current MTFs and was cautious on the basis that there would be on-going impacts from the COVID-19 pandemic on the rate of council tax collection. However, surpluses notified by the district and city councils in December 2022 for 2023/24 total £14.1m.
76. Since this funding is one – off it is proposed to use £6.8m to replenish general balances after taking account of the impact of the forecast overspend in 2022/23 set out in the Business Management and Monitoring Report and increase the total to the risk assessed level for 2023/24. £2.3m will be used to fund cost of living measures to support low income households in 2023/24 and £1.0m will be used to provide funding of £15,000 for each councillor to be spent through the Councillor Priority Fund.

Proposed 2023/24 Budget and MTFs to 2025/26

77. A summary of the existing and updated funding built into the MTFs for 2023/24 to 2025/26 is set out in Section 4.1 and summarised in Table 6 on the next page.

Table 6

	2023/24 Budget Current MTFS	Change	2023/24 Proposed Budget	2024/25 Proposed	2025/26 Proposed
	£m	£m	£m	£m	£m
Funding:					
Council Tax	456.7	10.0	466.7	498.5	517.3
Council Tax Collection Fund	4.0	10.1	14.1	4.0	4.0
Business Rates	76.5	16.6	93.1	94.7	96.3
Total Funding	537.2	36.7	573.9	597.2	617.6

	2023/24 Budget Current MTFS	Proposed Change	2023/24 Proposed Budget	2024/25 Proposed	2025/26 Proposed
	£m	£m	£m	£m	£m
Net operating budget 2022/23	520.4		520.4	573.9	597.2
Directorate Budget Changes					
Existing planned changes	17.2		17.2	17.5	20.8
New budget increases		64.2	64.2	15.4	6.9
New Demography/Inflation				2.1	
New COVID-19 pressures		1.0	1.0	-0.4	-0.4
New savings		-29.9	-29.9	-4.4	-0.6
Subtotal Directorate Changes	17.2	35.3	52.5	30.2	26.7
Changes to budgets held centrally	5.0 ²	11.8 ³	16.8	-3.6	0.5
Services Grant		-2.8	-2.8	-5.0	
New Homes Bonus		-1.7	-1.7	1.7	
Social Care Grant		-11.3	-11.3		
Net Operating Budget 2023/24	524.5	31.4	573.9	597.2	624.4
Total Funding	537.2	36.7	573.9	597.2	617.6
Budget Deficit (+)/ Surplus (-)	5.3	-5.3	0.0	0.0	+6.8

78. Cabinet is recommended to recommend Council to approve a Medium Term Financial Strategy to 2025/26 set out in Section 4.1 and summarised in Table 6, taking into account the proposals set out in Section 4.2 and 4.2.1 (recommendation i).

² Planned corporate changes include updates to capital financing costs and interest on balances (+£1.2m), the expected removal of the Services Grant and funding from the New Homes Bonus (+£7.9m), the removal of a one – off contribution to the Budget Priorities Reserve (-£7.7m) in 2022/23 and other changes to budgeted contributions to/from reserves (+£3.6m).

³ Proposed changes comprise additional funding of -£1.0m from the COVID-19 reserve, an increase of £6.0m in the budget for contingency and a £6.8m one – off addition to general balances.

79. The Financial Strategy (Section 4.5) sets out the financial planning principles applied in setting the budget and MTFs as well as assumptions on future funding. It also includes an assessment of compliance with the Code of Practice for Financial Management as well as key indicators for measuring the Council's financial health and resilience. Cabinet is recommended to approve the Financial Strategy (recommendation f).

Earmarked Reserves and General Balances

80. Cabinet is recommended to approve the Earmarked Reserves and General Balances Policy Statement (Section 4.6) (recommendation g). This sets out the purpose of reserves along with planned contributions to and from Earmarked Reserves and the proposed minimum level of General Balances for 2023/24. The forecast level of earmarked reserves over the period of the MTFs is set out in Section 4.6.1.
81. The risk assessed level for general balances for 2023/24 is £30.2m which is equivalent to 5% of the proposed net operating budget of £573.9m. This is £1.3m higher than the risk assessed level for 2022/23. Further details are set out in Annex 1 of Section 4.6.
82. Section 4.6 sets out the planned use of the Budget Priorities Reserve, for which £6.5m of funding is being utilised as follows.
- £3.0m to support climate action including tree replacement. The pathway to zero carbon Oxfordshire report recognises a need to plant 23,000 trees across Oxfordshire by 2050. Between 2015 and 2022 a total of 3,942 highway trees had to be felled as they were at the end of their life, dead or dangerous. These have not been replaced and this funding will help support the council's tree policy of replacing any tree felled with two new ones.
 - £1.2m to allow the council to unlock the full £5.2m grant offered by government to fund four children's homes.
 - £0.5m for the development of community hubs in particular to support children and families through the provision of local services.
 - £1.0m for improvements to highways, cycle-paths and pavements in Oxfordshire on an area by area basis.
 - £0.5m for the further of development of school streets to improve road safety around local schools.
 - £0.1m for further work to develop rail studies
 - £0.2m to continue funding for the Business and Intellectual Property Centre for a further year from 1 April 2023 ahead of identifying on-going funding sources for 2024/25 onwards.
83. £0.6m remains to support the implementation of further initiatives.
84. Funding of £2.0m available in the Investment Pump Priming Reserve will be used to provide initial funding to develop plans for the workplace charging levy (£0.2m). £0.8m will be used to provide initial funding for an Energy Efficiency Recycling Fund for Oxfordshire County Council Maintained Schools. The

remaining £0.8m will be used to provide initial funding for the Low Carbon Business Travel Project.

Review of Charges 2023/24 and 2024/25 – Annex A

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 £58.4m or 8% of the council's funding in 2022/23.
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 in line with inflation which was 10.1% in September 2022 when this exercise was undertaken. Where charges relate to the council priorities, the proposed change has been considered in that context.
88. The schedule of proposed charges for 2023/24 and, in relation to the Registration Service, charges for 2024/25 is set out at Annex A. Updates include the following:
 - The cost of school meals is proposed to remain unchanged at £2.34 per meal in 2023/24.
 - Contributions to Home to School Transport for Pre & Post 16 pupils: 10% increase proposed but this may be revised as part of the Spare Seat Scheme review – consultation to follow.
 - The council's contribution to joint bus and park and ride ticketing at park and ride car parks within Oxford City would revert to £2.00 from 1 April 2023 at the end of the trial period for joint ticketing. Pending the outcome of the review of the trial and agreement to continue, budget proposal 24EP28 includes estimated funding to extend the joint ticketing arrangements on a permanent basis. A further update on the charge from 1 April 2023 will be shared as part of the Business Management and Monitoring Report to Cabinet in March 2023.
 - Charges for on – street parking proposed to increase by 10%
 - Charges for parking permits increased by a mix of 8%-10%
89. The Registration Service has also reviewed and proposed charges for 2023/24 which will enable the service to confirm the cost of services, including bookings for ceremonies such as marriages and civil partnerships, up to 31 March 2025.
90. Cabinet is recommended to approve the Review of Charges (recommendation b).

Dedicated Schools Grant and High Needs Forecast – Annex B

91. On 16 December 2022, the Department for Education (DfE) announced the 2023/24 Dedicated Schools Grant (DSG) allocation of £628.9m for Oxfordshire.

Table 7: Summary of DSG Funding

Summary of Block Funding	2022/23	2023/24	2023/24 Projected Outturn	Variation
	£m	£m	£m	£m
Schools block	446.7	476.7	476.7	
Central Services Schools block	4.5	5.0	5.0	
High Needs block	88.7	102.9	123.5	20.6
Early Years block	39.2	44.3	44.3	
Total	579.1	628.9	649.5	20.6

92. In addition to the Schools DSG, there is a new Mainstream School Additional Grant (MSAG). The indicative figure is £16m for Oxfordshire schools. Schools will have the flexibility to prioritise their spending of the grant to best support the needs of their pupils and staff and address cost pressures.

High Needs DSG Forecast

93. Spend on High Needs is expected to exceed the grant funding available in 2023/24 by £20.6m and the annual deficit is expected to increase over the medium term. Spend has exceeded the grant funding available in each of the last five years. Continuing growth in the number of learners supported as well as increased complexity of needs mean that government funding is not keeping pace with increased demand.
94. The Council approved a Local Area SEND Strategy during 2022 to help frame the changes required, as well as a number of approved System Reforms. Significant progress has taken place in the past six months in many areas including:
- activity planning with system colleagues around the Local Area SEND Strategy
 - enhanced pathways in mainstream education for children with SEND - five programmes have taken place with great outcomes, including forecast savings of £0.45m.
 - development of partnership working with Health (health funding protocol and special schools nursing contract are due to be finalised early 2023)
 - as per the 2022 public SEND consultation regarding the transfer of resource bases to schools, positive engagement with schools is underway and full staff consultation will be held accordingly
 - ongoing progress on the build of two special schools and free school funding proposals submitted to the DfE for two further schools

- engagement with Oxfordshire colleges is ongoing to establish enhanced post-16 opportunities in Oxfordshire
95. Oxfordshire is participating in the DfE's Delivering Better Value (DBV) programme. The DBV programme has confirmed and provided evidence for areas of change already identified, as well as bringing to the surface several areas to explore further.
96. Despite this work, continued increases in demand mean that annual deficits against the grant funding are still expected to grow in future years. Annex B sets out details of the SEND programme and the High Needs budget. It covers:
- How work with the SEND Local Area Strategy and SEND System Reforms is impacting the High Needs Deficit Recovery plan
 - The progress of the Department for Education (DfE) Delivering Better Value (DBV) programme and the early findings from this work
 - Explains the further investment being recommended for Cabinet approval to support inclusion in mainstream settings - DBV grant, disapplication from Schools Block money and continued investment in top ups for mainstream and special schools - and the potential approaches to support this
 - The budget changes being recommended for Cabinet approval planned for 2023/24 to 2025/26 to reflect demographic growth and other pressures as well as funding increases and planned savings (Annex B: Table 1)

Capital and Investment Strategy – Section 5

97. Section 5 sets out the capital and investment strategy for 2023/24, the Treasury Management Strategy for 2023/24 and supporting information. It is comprised of the following sections:
- Section 5.1: Capital and Investment Strategy 2022/23 – 2032/33
 - Section 5.2: Treasury Management Strategy 2023/24
 - Section 5.3: Proposed changes to the Capital Programme and pipeline schemes
 - Section 5.4 Proposed Capital Programme 2022/23 to 2032/33
98. The Capital and Investment Strategy (Section 5.1) outlines the council's approach to capital investment over the next ten years and incorporates the requirements of the CIPFA Prudential Code for Local Authorities.
99. Cabinet is recommended to approve the Capital and Investment Strategy for 2023/24, including the Capital Prudential Indicators and Minimum Revenue Provision Policy Statement which form annexes to the strategy.
100. Cabinet is recommended to approve the Treasury Management Strategy and Annual Investment Strategy for 2023/24 (Section 5.2) including the relevant Prudential Indicators and Specified Investment and Non-Specified Investment instruments as set out in paragraphs 58 to 64 of the strategy. To enable the Treasury Management team to operate effectively, Cabinet is also recommended to continue to delegate the authority to withdraw or advance

additional funds to/from external fund managers to the Director of Finance and approve that any further changes required to the 2023/24 Treasury Management Strategy be delegated to the Director of Finance in consultation with the Leader of the Council and the Cabinet Member for Finance (recommendation l).

101. The Council's Capital Programme is derived from the priorities identified in the supporting strategies and sets out the agreed capital investment to deliver those priorities. The programme is refreshed annually and agreed by Council each February. Section 5.3 sets out the proposed changes to the existing Capital Programme. It also sets out the proposed pipeline schemes – these have indicative funding requirements pending further development and initial business cases. Once developed and business cases approved, these will be brought forward for inclusion in the capital programme. The pipeline schemes have been prioritised based on their alignment to the Council's priorities, in particular, schemes that focus on the climate action or active travel commitments of the Council. The pipeline schemes include key projects that will help deliver our key strategies such as the recently adopted Property Strategy.
102. The draft capital programme for 2023/24 to 2032/33 is attached at Section 5.4. Cabinet is recommended to approve the new capital proposals for inclusion in the programme (recommendation m) and the capital programme (recommendation n). It should be noted that the proposed programme is pending a review of the profiling of expenditure across all years. The revised profiling will be included in the capital programme for Council in February 2023.
103. A summary of the proposed capital programme is set out in Table 8.

Table 8:

Strategy / Programme	Current Year 2022/23	Proposed Firm Programme (2 years)	Proposed Pipeline Programme	Total Programme
	£m	£m	£m	£m
Pupil Place Plan	40.1	93.7	122.5	256.3
Major Infrastructure	70.3	446.1	225.4	741.8
Highways Asset Management Plan	51.6	108.1	122.1	281.8
Property, Estates and Investment Strategy	15.1	29.9	10.4	55.4
ICT	9.2	8.2	4.6	22
Passported Funding	10.6	9.8	4.4	24.8
Vehicles and Equipment	2.2	1.7	6.4	10.3
Total Estimated Capital Programme Expenditure	199.1	697.5	495.8	1,392.4
Earmarked Reserves	0	25.8	97.8	123.6
Total Estimated Capital Programme	199.1	723.3	593.6	1,516.0

Risk Management

104. To help manage the impact of financial risk in the proposed budget and MTFs, an on-going corporate contingency is held. The proposed level of corporate contingency budget for 2023/24 is £8.3⁴m and is held to cover:
- the risk that demographic pressures are higher than forecast;
 - any unfunded new burdens or unfunded elements of government grant;
 - any unbudgeted pay award and other inflationary risks; and
 - the risk that proposed savings are not achieved in full, based on the performance targets set out in the Financial Strategy.
105. 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.
106. In addition to corporate contingency, one-off funding is held in general balances to ensure that a major incident or emergency can be managed without impacting on other services.

Equality & Inclusion and Sustainability Implications

107. 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.’
108. 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”.
109. “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.
110. 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.
111. Overarching summary impact assessments for both climate and equalities, taking into account the overall impact of the revenue budget proposals, are included in Section 4.7 and 4.8.

⁴ Includes £1.3m existing contingency budget that remains available after meeting the cost of the pay award for 2022/23 and a proposed increase of £6.0m (proposal 24CC6) and the transfer of an on-going contribution of £1.0m to general balances to contingency.

112. Following the public consultation, impact assessments will be reviewed and updated as necessary to take into account consultation responses.

Financial Implications

113. The Council is required by law to set a balanced budget for 2023/24 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, Director of Finance

Legal Implications

114. Part 3.2 of the Councils' constitution (Budget and Policy Framework) sets out the obligations and responsibilities of both the Cabinet and the Full Council in approving, adopting and implementing the council's budget and policy framework.
115. The Council Tax scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 1992. This report provides information which, when taken together with the previous and future reports up to January 2023, will lead to the council tax requirement being agreed by Full Council in February 2023, together with a budget for 2023/24, three-year medium term financial strategy and ten - year capital programme.
116. The Council is required to set a balanced budget taking account of balances and any other available reserves before the commencement of the financial year to which it relates. The Local Government Finance Act 1992 requires a council to set a balanced budget. To do this the council must prepare a budget that covers not only the expenditure but also the funding to meet the proposed budget. The Local Government Act 2000 states that it is the responsibility of the full council, on the recommendation of the Cabinet to approve the budget and related council tax requirement.
117. The Local Government Act 2003, section 25 requires the council's Section 151 Officer to report to the council on the robustness of the estimates made and the adequacy of the proposed financial reserves assumed in the budget calculations.
118. The Council has a fiduciary duty to council tax payers, 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 Tax payers 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.

119. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on a calculation which might affect the calculation of the council's budget if they have an outstanding council tax debt of over two months. If a councillor is present at any meeting at which relevant matters are discussed, they must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.

Comments checked by:

Kate Charlton, Interim Head of Improvement Law and Governance

Lorna Baxter, Director of Finance

Claire Taylor, Corporate Director of Customers and Organisational Development

Annexes:	Annex A: Review of Charges 2023/24 and 2024/25
	Annex B: High Needs Forecast
	Section 2.1: Budget engagement & consultation 2023/24
	Section 2.2: Updated strategic plan 2023 - 2025
	Section 4.1: Revenue Budget 2023/24 and MTFS to 2025/26
	Section 4.2: Budget Changes 2023/24 – 2025/26
	Section 4.2.1 Covid-19 Pressures & use of reserve 2023/24 – 2026/27
	Section 4.3: Council Tax and Precepts 2023/24
	Section 4.4: Revenue Budget 2023/24 (Full Council only)
	Section 4.5: Financial Strategy 2023/24
	Section 4.6: Earmarked Reserves and General Balances Policy Statement 2023/24
	Section 4.6.1 Forecast Earmarked Reserves to 2025/26
	Section 4.7 Overarching Equalities Impact Assessment
	Section 4.8: Overarching Climate Impact Assessment
	Section 5.1: Capital and Investment Strategy 2022/23 – 2032/33
	Section 5.2: Treasury Management Strategy 2023/24
	Section 5.3: Proposed changes to the Capital Programme and pipeline schemes
	Section 5.4 Proposed Capital Programme 2022/23 to 2032/33

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