

CABINET - 30 JANUARY 2024

Budget and Business Planning 2024/25

Report by the Executive Director of Resources and Section 151 Officer

RECOMMENDATIONS

1. In relation to the Revenue Budget and Medium Term Financial Strategy (Section 3);

Cabinet is RECOMMENDED to:

- a) approve the Review of Charges for 2024/25 and in relation to the Registration Service, charges also for 2025/26 (Annex A);
- b) approve the changes to the High Needs budget for 2024/25 – 2026/27 (Annex B Appendix 1);
- c) Receive the observations from Performance and Corporate Services Overview and Scrutiny Committee;
- d) approve the Financial Strategy for 2024/25 (Section 4.5);
- e) approve the Earmarked Reserves and General Balances Policy Statement 2024/25 (Section 4.6); and approve the creation of new reserves, as set out in Section 4.6, for:
 - (i) Collection Fund
 - (ii) IFRS9.
- f) delegate to the Leader of the Council, the Cabinet Member for Finance and the Executive Director of Resources and Section 151 Officer, acting jointly, to make any appropriate changes to the proposed budget following any final funding changes as a result of the final Local Government Settlement and information from the district and city councils in relation to business rates or council tax.

Cabinet is RECOMMENDED to RECOMMEND Council:

- g) approve a Medium Term Financial Strategy for 2024/25 to 2026/27 as set out in Section 4.1 (which incorporates changes to the existing Medium Term Financial Strategy as set out in Section 4.2);
- h) agree the council tax and precept calculations for 2024/25 set out in Section 4.3 and in particular:
 - (i) a precept of £498,633,415;
 - (ii) a council tax for band D equivalent properties of £1,820.56.

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

Cabinet is RECOMMENDED to recommend Council to:

- i) approve the Capital and Investment Strategy for 2024/25 - 2034/35 (Section 4.1) including;
 - (i) the Minimum Revenue Provision Methodology Statement (Section 5.1 Annex 1);
 - (ii) the Prudential Indicators (Section 5.1 Annex 2) and
- j) approve the Treasury Management Strategy Statement and Annual Investment Strategy for 2024/25 (Section 5.2); and
 - (i) continue to delegate the authority to withdraw or advance additional funds to/from external fund managers to the Executive Director of Resources and Section 151 Officer;
 - (ii) approve that any further changes required to the 2024/25 Treasury Management Strategy be delegated to the Executive Director of Resources and Section 151 Officer in consultation with the Leader of the Council and the Cabinet Member for Finance;
 - (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.
- k) approve the new capital proposals for inclusion in the Capital Programme and proposed pipeline schemes (Section 5.3)
- l) approve the capital programme (Section 5.4).

Executive Summary

4. This report is the culmination of the Budget and Business Planning process for 2024/25 to 2026/27 and sets out the Cabinet's revenue budget for 2024/25, medium term financial strategy to 2026/27, capital programme to 2033/34 plus supporting policies, strategies and information.
5. The Budget and Business Planning report to Council on 20 February 2024 will be set out in five sections:
 1. Leader of the Council's Overview
 2. Budget engagement and consultation findings
 3. Section 151 Officer's Statutory Report
 4. Revenue Budget Strategy
 5. Capital & Investment Strategy
6. This report sets out the budget engagement and consultation 2024/25 findings (Section 2), the Cabinet's proposed Revenue Budget Strategy (Section 4) and the Capital & Investment Strategy (Section 5). Alongside this, the report also sets out the Review of Charges for 2024/25 and the High Needs budget changes for

2024/25 to 2026/27. Section 1 and 3 will be published as part of the report for Council on 20 February 2024.

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 Phase 1 of the public consultation on the revenue budget proposals and council tax increase. Feedback from Phase 2 is broadly consistent with Phase 1 and will be used to develop plans for 2025/26 onwards. Section 2.1 provides analysis of the responses to both phases of the engagement and consultation.
8. Observations from the Performance & Corporate Services Overview & Scrutiny Committee meetings on 8 December 2023 and 19 January 2024 will be considered by the Committee on 30 January 2024.
9. Some information in relation to funding for 2024/25 remains outstanding and estimates have been made. This includes:
 - The Final Local Government Finance Settlement expected in early February 2024.
 - Confirmation of Business Rates income including the collection fund position.
 - Final confirmation of the Council Tax collection fund position.
10. Any variations to business rates income or council tax surpluses will be managed through the Collection Fund reserve.

Section 2 - Budget engagement and consultation

11. 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.
12. 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.
13. 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.
14. Feedback from phase 1 has been shared in previous reports.
 15. 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.
 16. The simulator was available from 29 November to 10 January 2024 along with an opportunity to comment on the budget proposals using an online form or in writing by Freepost.
 17. 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.
 18. Key findings from all the consultation and engagement activities, including analysis of the budget simulator submissions are set out in Section 2.1.
 19. Observations from Performance & Corporate Services Overview & Scrutiny Committee (to follow) will be added at Section 2.2 ahead of the Cabinet meeting.

Revenue Budget Strategy – Section 4

20. Section 4 sets out the Council Tax Requirement and council tax for band D equivalent properties for 2024/25, and the MTFs to 2026/27. It is comprised of the following sections:

- 4.1 Detailed Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27
- 4.2 Budget Changes 2024/25 – 2026/27
 - 4.2.1 Changes since Performance & Corporate Services Overview & Scrutiny Committee on 19 January 2024
 - 4.2.2 COVID-19 Pressures and use of reserve 2024/25 – 2026/27
- 4.3 Council Tax and Precepts 2024/25
- 4.4 Detailed Revenue Budgets for 2024/25
- 4.5 Financial Strategy 2024/25
- 4.6 Earmarked Reserves and General Balances Policy Statement 2024/25
 - 4.6.1 Forecast Earmarked Reserves 2023/24 to 2026/27
- 4.7 Overarching Equality Impact Assessment
- 4.8 Overarching Climate Impact Assessment

21. Starting from the funding and spending assumptions in the existing MTFS agreed in February 2023, 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

22. 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 2024/25 is to roll forward 2023/24 budgets.
23. This starting point has then been adjusted for changes in 2024/25 built into the MTFS agreed in February 2023. After taking account of planned budget increases and changes to savings, the current MTFS includes net new funding totalling £30.2m in 2024/25. This includes £16.3m for demographic growth for adult and children's social care and increases in waste tonnages, reflecting anticipated population and housing changes. A further £27.2m will be added for estimated inflation. There is a planned reduction of £0.8m for the on-going effect of changes to demand and other expenditure pressures and £3.4m funding for one – off investments agreed in February 2023 will be removed. In addition to this there are changes to savings which combine to create a reduction of £5.5m plus a £3.6m reduction in funding from the COVID-19 reserve.
24. Proposed new changes to expenditure needed to align with the anticipated cost of service provision and funding for 2024/25 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).
25. 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 £46.2m in 2024/25.

26. CPI inflation was 4.0% in the year to December 2023. The real terms increases/reductions for each directorate after taking account of inflation at that level are shown in the final column.

Table 1: Overview of Directorate Budgets and Changes

| | Starting Budget Rolled Forward from 2023/24 £m | Add changes in current MTFS £m | Add new budget increases £m | Less new savings £m | 2024/25 Budget £m | Change in Budget £m | Real Terms Change in Budget ¹ % |
|----------------------------------|---|-----------------------------------|--------------------------------|------------------------|----------------------|------------------------|---|
| Adult Services | 229.5 | 21.0 | 2.7 | -1.5 | 251.6 | 22.1 | 5.6% |
| Children's Services | 172.8 | 9.2 | 16.8 | -4.2 | 194.6 | 21.8 | 8.7% |
| Environment & Place | 73.4 | 0.1 | 4.2 | -4.8 | 73.0 | -0.4 | -4.6% |
| Public Health & Community Safety | 31.9 (#) | 0.6 | 2.0 | -0.6 | 34.0 | 2.1 | 2.5% |
| Resources | 72.3 | -0.8 | 3.1 | -1.8 | 72.8 | 0.5 | -3.3% |
| Directorate Total | 579.8 | 30.2 | 28.8 | -12.8 | 626.0 | 46.2 | 4.0% |

27. The increase for Public Health and Community Safety includes the £1.4m Fire Pensions pressure that relates to a funding change. £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 real terms cash increase excluding the £1.4m relating to the funding change will be 0.2%.

Proposed Budget Increases

28. The detailed changes making up the proposed new increases for each directorate are summarised in Table 2a. The combined increase taking account of previously agreed as well as new increases is shown in Table 2b.

Table 2a: Proposed New Budget Increases by Directorate

| | 2024/25 £m | 2025/26 £m | 2026/27 £m | Total £m |
|----------------------------------|---------------|---------------|---------------|-------------|
| Adult Services | 2.7 | 1.9 | 14.0 | 18.6 |
| Children's Services | 16.8 | 3.5 | 0.6 | 21.0 |
| Environment & Place | 4.2 | 0.2 | -0.2 | 4.1 |
| Public Health & Community Safety | 2.0 | 0.5 | 0.1 | 2.6 |
| Resources | 3.1 | 0.1 | | 3.3 |
| Pay Inflation (add new year) | | | 7.5 | 7.5 |
| Directorate Total | 28.8 | 6.3 | 22.0 | 57.1 |

¹ assuming CPI at 4.0% (for December 2023).

Table 2b: Previously Agreed and Proposed New Budget Increases by Directorate

| | 2024/25 £m | 2025/26 £m | 2026/27 £m | Total £m |
|----------------------------------|---------------|---------------|---------------|--------------|
| Adult Services | 25.1 | 13.5 | 14.0 | 52.6 |
| Children's Services | 26.2 | 12.4 | -1.0 | 37.6 |
| Environment & Place | 7.7 | 4.1 | -0.2 | 11.6 |
| Public Health & Community Safety | 2.8 | 1.0 | 0.1 | 3.9 |
| Resources | 2.7 | 1.8 | -0.6 | 3.9 |
| Pay Inflation to allocate | | 0.8 | 7.5 | 8.3 |
| Directorate Total | 64.5 | 33.7 | 19.7 | 117.9 |

Adult Services

29. Adult Services are continuing to support people in Oxfordshire to live well in their community, remaining fit and healthy for as long as possible. Based on current and anticipated demand it is expected that costs can be managed within the existing planned funding. Additional funding of £1.5m for the cost of care packages has been included in the proposals.

Children's Services

30. The on-going impact of underlying pressures in Children's Services remains a significant challenge in 2023/24. These pressures are driven by a combination of care placements costs, staffing (particularly the reliance on agency staff to cover vacancies) and Home to School Transport.
31. Additions to the Education budget include £1.0m on-going funding for additional capacity in the Special Educational Needs and Disabilities service. A further £0.4m on-going funding is needed to support school improvement and replace grant funding which is expected to end. Funding of £0.1m will be used to support the implementation of the Education Commission recommendations.
32. Home to School transport is forecast to overspend by £3.3m in 2023/24. This has arisen from higher activity for Special Educational Needs and Post 16 transport than was budgeted for and the impact of rolling annual tenders for bus routes and the impact of a local contractor entering administration during the year. The on-going impact is estimated to be a pressure of £3.4m from 2024/25 with a further increase of £0.6m relating to anticipated growth in the number of pupils with Education Health & Care Plans and price increases.
33. The on-going impact of demand and inflation pressures continuing from 2023/24 is estimated to be £8.2m in 2024/25. This increases by a further £2.3m in 2025/26 and is then expected to reduce as a result of the actions being undertaken to manage demand over the medium term.

Environment & Place

34. As noted in the Business Management & Monitoring Report to Cabinet in January 2024, the cost of disposing of Persistent Organic Pollutants is higher than the £0.2m estimated cost built into the budget from 2023/24 and there is an on-going additional pressure of £0.2m. Other waste pressures relating to unsorted waste

and site repairs are estimated at £0.6m and there are also further pressures of £0.5m within Environment & Circular Economy.

35. Within Transport & Infrastructure there are £0.7m pressures associated with policy development for area travel plans, Heavy Goods Vehicle (HGV) studies and the development of a multi modal transport model.
36. There is also a proposed one – off pressure of £0.2m in 2024/25 to develop a sustainable travel to school strategy.

Community Safety

37. 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. £1.4m has been added to the budget for Community Safety to reflect the removal of the ring-fenced grant funding.

Resources and Law & Governance

38. Following agreement by Council on 7 November 2023 there is an anticipated pressure of up to £0.2m relating to the revised structure and pay scales for the council's Senior Leadership team. Additional contributions will be sought from existing council budgets so that the pressure is reduced as far as possible.
39. Pressures in the Communications Strategy & Insight Team relate to funding for capacity to support business change and the redevelopment of the council's website. Most of the pressure will be met through removing existing posts which are currently vacant.
40. A £0.1m pressure relates to the appointment of an area coroner in accordance with a recommendation from the United Kingdom Chief Coroner.
41. £0.6m relates to an increase in external audit costs and an increase in the capacity and cost of the Finance team that is required to support the organisation and to satisfy the requirement for the Chief Financial Officer to lead and direct a finance function that is resourced to be fit for purpose. It is anticipated that most of this pressure can be met through additional interest on balances generated as a result of higher interest rates.
42. £0.2m relates to a deficit on the Schools' Catering Service. A service transformation programme is being undertaken to ensure the trading account returns to a breakeven position.

Pay Inflation

43. Based on the 9.8% increase in the National Living Wage from 1 April 2024 it is unlikely that the 2.5% increase for pay inflation assumed in the existing plan will be sufficient so funding to increase the assumed increase in pay inflation to at least 5.0% is proposed to be added to the budget for 2024/25. The estimated indicative additional pressure of £5.4m after taking account of £2.1m funding for inflation from 2024/25 built into the existing MTFS has been included in

directorate budgets in Table 2 but will be allocated during the year once the pay award is agreed.

Contingency

44. 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 November 2023 some of the existing contingency budget has been used to meet the cost of the on-going impact of the 2023/24 pay award. The proposed budget includes a new on-going budgeted contribution to contingency in 2024/25 of £4.0m. These changes provide an on-going contingency budget of £7.3m in 2024/25.
45. Details of the proposed budget increases are set out in Section 4.2. Changes to balance the overall budget for 2024/25 agreed since Performance & Corporate Services Overview and Scrutiny Committee on 19 January 2023 are set out in Annex 4.2.1.

Proposals for new directorate savings

46. New budget savings of £12.8m are proposed for 2024/25 with an on-going impact of £24.9m by 2026/27. The detailed new proposals for each directorate are set out in Annex 4.2 and summarised in Table 3a. The combined increase taking account of previously agreed as well as new increases is shown in Table 3b.

Table 3a: New Directorate Savings

| | 2024/25 £m | 2025/26 £m | 2026/27 £m | Total £m |
|----------------------------------|---------------|---------------|---------------|--------------|
| Adult Services | -1.5 | -1.1 | | -2.6 |
| Children's Services | -4.2 | -6.4 | -5.0 | -15.6 |
| Environment & Place | -4.8 | -0.3 | 1.0 | -4.1 |
| Public Health & Community Safety | -0.6 | 0.1 | | -0.5 |
| Resources and Law & Governance | -1.8 | -0.5 | 0.1 | -2.2 |
| Total | -12.8 | -8.2 | -3.9 | -24.9 |

Table 3b: Previously Agreed and New Directorate Savings

| | 2024/25 £m | 2025/26 £m | 2026/27 £m | Total £m |
|----------------------------------|---------------|---------------|---------------|--------------|
| Adult Services | -3.0 | -1.6 | | -4.6 |
| Children's Services | -4.4 | -6.3 | -5.0 | -15.6 |
| Environment & Place | -8.1 | -0.6 | 1.0 | -7.7 |
| Public Health & Community Safety | -0.7 | 0.1 | | -0.6 |
| Resources and Law & Governance | -2.2 | -0.5 | 0.1 | -2.6 |
| Total | -18.3 | -8.9 | -3.9 | -31.2 |

Children's Services

47. The majority of the proposed savings for Children's Services relate to the Financial Strategy that has been developed during 2023/24. This focusses on building on the improvements achieved in 2023/24, ensuring these continue and grow while also applying the same rigor and focus to managing the market, the availability of social work staff, the escalation in rates for care, the challenge of greater complexity and encouraging joint partnership work with health partners to address Continuing Healthcare (CHC) needs and resources.

Environment & Place

48. Where possible funding held in reserves will be used to support activity in Environment & Place. Other pressures will be managed by re-prioritising within existing budget provision. While the aim is to use existing budgets to support some of the pressures this will require active management and reduce flexibility so there is a risk that the ability to do this may be impacted by other pressures that arise during the year or changes to current assumptions. There are also savings relating to the release of some of the funding for investments agreed in February 2023 where that is not required.

Resources

Proposed savings in Resources include the release of £0.4m funding for utility and other costs for the council's buildings based on costs in 2023/24. There is also a proposal of £0.3m to part fund the Innovation Service (iHub) through the use of funding held in reserves in 2024/25 and to move to being self - funding from 2025/26.

Delivering the Future Together

49. A saving of £2.0m has been included for reductions in costs anticipated to be achieved through the retendering of contracts in 2024/25. This has been allocated to directorate budgets on an indicative basis reflecting the level of contract spend.
50. Savings of £1.5m expected to be achieved through delayering and reducing the size of the organisation so that the council is sustainable in future have also been included in directorate budgets on an indicative basis from 2024/25. Existing planned savings in staffing costs which will increase to £4.0m on-going from 2024/25 are already included in the budget agreed in February 2023 and will also need to be achieved through the Our People and Culture Strategy and Delivering the Future Together transformation programme.
51. The budget changes built into the existing MTFs and the new proposals for 2024/25 are set out in Section 4.2. Changes to close the remaining deficit of £0.9m and balance the overall budget for 2024/25 agreed since Performance & Corporate Services Overview and Scrutiny Committee on 19 January 2023 are set out in Annex 4.2.1.

Actions to ensure the council is sustainable in the Medium Term

52. To ensure that the council is sustainable in the medium term and 'be the best we can for our residents, there is an imperative to fundamentally change how we do

things. Over the next two years, our vision for a successful and sustainable council of the future is one where we:

- are smaller; operating from fewer buildings making sure those we keep are used to their full capacity;
- embrace technology where it improves productivity and connectivity to the people we serve, helping us become more efficient;
- collaborate more closely with partners in the voluntary and community sector so we're no longer the main provider for every service; and
- exploit commercial opportunities where they deliver value for our residents'.

53. This vision will be delivered through the council's Delivering the Future Together transformation programme. This will accelerate delivery of financial and non - financial benefits achieving our operating principles and supporting the council's financial sustainability.

Previously Agreed and New Pressures and Savings

54. The combined impact of previously agreed and proposed new budget changes by type is summarised in Table 5.

Table 5: Type of Change to Directorate Budgets

| | 2024/25 £m | 2025/26 £m | 2026/27 £m |
|---|---------------|---------------|---------------|
| Inflation | 38.3 | 15.9 | 15.5 |
| Demographic (Population) Changes | 16.3 | 15.7 | 8.9 |
| Demand & Other Pressures | 15.5 | 2.7 | -3.0 |
| Investments | 1.4 | 0.8 | 0.7 |
| Removal of one – off funding for investments in 2023/24 | -3.3 | | |
| Savings | -18.3 | -8.9 | -3.9 |
| Total | 46.2 | 24.7 | 15.8 |

55. Inflation includes pay inflation assumed at 5.0% in 2024/25 and then 2.5% from 2025/26 onwards. For non – pay inflation higher amounts are assumed in 2024/25. This reflects the impact of the increase in the National Living Wage on the cost of care, for example. Inflation is then assumed to fall back from 2025/26 onwards in line with Office for Budget Responsibility forecasts.
56. Demographic changes include increases in funding for adult and children's social care and increases in waste tonnages, reflecting anticipated population changes and housing growth.

Updates to Funding Assumptions

Core Spending Power

57. The Local Government Provisional Settlement in December 2023 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.
58. As shown in Table 6 on the next page the increase for Oxfordshire will be from £613.8m to £656.0m (6.9%). All of the increase in funding had either been announced previously so was built into the existing Medium Term Financial Strategy or had already been assumed earlier in the budget setting process.

Table 6: Core Spending Power 2023/24 and 2024/25

Source: Provisional Local Government Settlement 2024/25

| Oxfordshire | | |
|--|-------------------|-------------------|
| | 2023-24 | 2024-25 |
| | £ millions | £ millions |
| Settlement Funding Assessment | 74.7 | 79.8 |
| Compensation for under-indexing the business rates multiplier | 12.7 | 14.6 |
| Council tax requirement (assumes maximum increase of 4.99% is agreed) | 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 |
| Core Spending Power £millions | 613.8 | 656.0 |

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

6.9%

Government Grant Updates

Social Care Grant

59. 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.
60. 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 which assumed a share of the national increase in the grant.

Services Grant

61. 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. It is assumed that the remaining £0.5m will fall out in 2025/26.

New Homes Bonus

62. The MTFS assumed that £1.7m un-ringfenced funding from the New Homes Bonus would not continue from 2024/25. However, funding for this remains available nationally in the Departmental Expenditure Limits (DEL) so it was assumed early in the budget process that it would continue in 2024/25.

Revenue Support Grant

63. 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. The council will receive £1.4m.

Adult Social Care Ringfenced Grants

64. 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.
65. 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 previous assumptions.
66. The improved Better Care Fund (iBCF) grant will be unchanged at £10.7m and has not increased since 2022/23.

Public Health Ringfenced Grant

67. The ringfenced Public Health grant totals £33.6m in 2023/24 with an indicative 1.4% uplift expected for 2024/25. Confirmation of the grant funding for 2024/25 is awaited.

Supporting residents with financial pressures

Household Support Fund

68. 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.
69. 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 grant 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.

70. 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 any further updates, local cost-of-living funding will revert to the revenue budgeted £0.5m for 2024/25 met from the COVID-19 reserve.
71. 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.
72. 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.
73. 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.

Looking Ahead: Funding in the Medium Term

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

Council Tax and Adult Social Care Precept

Planned Council Tax Increases

75. 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. 1.99% is assumed in each of 2025/26 and 2026/27 as no information is currently available beyond 2024/25.

76. Each 1% increase in council tax will generate at least £4.8m on-going funding for the council's services.
77. A proposed increase of 4.99% for Band D council tax in 2024/25 is shown in Table 7 below. This is made up of the 2.99% core increase plus 2.00% for adult social care. Band D council tax will increase by £86.53 from £1,734.03 in 2023/24 to £1,820.56 in 2024/25.

Table 7: Council Tax Increases

| | 2024/25 | 2025/26 | 2026/27 |
|---|--------------|--------------|--------------|
| Core Council Tax Increase | 1.99% | 1.99% | 1.99% |
| Additional Core Council Tax Increase – Spending Review 2022 | 1.00% | | |
| Adult Social Care Precept - Spending Review 2021 | 1.00% | | |
| Adult Social Care Precept - Spending Review 2022 | 1.00% | | |
| Total Council Tax Increase | 4.99% | 1.99% | 1.99% |

78. 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 agreed in February 2023 and reflects anticipated increases in the number of households in Oxfordshire paying council tax. Updates from the district councils received by January 2024 confirm that the tax base will grow by 1.77% in 2024/25, generating additional council tax income of £0.1m.
79. Cabinet is recommended to recommend to Council to approve a council tax requirement (precept) for 2024/25 of £498,633,415 (Section 4.3) and approve a 2024/25 council tax for band D equivalent properties of £1,820.56 (recommendation h).

Council Tax Surpluses

80. 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 2024/25 in the current MTFS. Surpluses for 2024/25 notified by the district and city councils by mid January 2024 total £11.7m, £7.7m more than budgeted for in the existing plan. Final confirmation of some of the surpluses remains outstanding.

Business Rates

81. 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 existing MTFS assumed that the SFA would increase by 2.0% to £76.2m. The Provisional Local Government Settlement confirmed that the SFA will increase by a further £3.6m to £79.8m in 2024/25.
82. 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 MTFS assumes the council will receive £12.6m in 2024/25. The Provisional Local Government Settlement confirmed an increase to £14.6m which will increase grant funding by a further £1.7m. However, this includes funding of £1.4m for Fire Pensions that will be received as Revenue Support Grant in 2024/25 (see paragraph 62). This has previously been funded by ringfenced grant.
83. £0.7m estimated additional funding for Business Rates Pooling income is also expected to be received in 2024/25. Confirmation of this amount will be received during 2024/25.
84. 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.
85. 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 February 2024.
86. 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 also expected to be confirmed in February 2024.
87. 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.

88. Updates to business rates funding, noting where there is outstanding information still to be confirmed (*) and current estimates ahead of that are summarised in Table 8.

Table 8: Business Rates Funding

| | 2022/23 Funding £m | 2023/24 Funding £m | 2024/25 MTFS £m | 2024/25 Proposed Budget £m |
|---|--------------------------|--------------------------|-----------------------|-------------------------------------|
| Settlement Funding Assessment | 72.0 | 74.7 | 76.2 | 79.8 |
| Local Growth | 1.4 | 1.3 | 4.1 | 4.1* |
| Section 31 Grant for Business Rates Reliefs – Retail & Hospitality reliefs ² | 4.5 | 4.4 | 0.0 | 0.0* |
| Section 31 Grant – Indexation Element ³ | 7.3 | 12.9 | 12.6 | 13.2 |
| Section 31 Grant for Business Rates Reliefs – on-going reliefs | 1.7 | 1.8 | 1.8 | 1.8* |
| Total Section 31 Grant for Business Rates Reliefs and Indexation | 13.5 | 19.1 | 14.4 | 15.0 |
| Business Rates Pooling Income | | | | 0.7 |
| Collection Fund Surplus (+) or Deficit (-) | 1.9 | 2.1 | 0.0 | 0.0* |
| Total | 88.8 | 97.2 | 94.7 | 99.5 |

(*) awaiting updates from the district councils in February 2024 to confirm these amounts.

Proposed 2024/25 Budget and MTFS to 2026/27

89. A summary of the existing and updated funding built into the MTFS for 2024/25 to 2026/27 is set out in Section 4.1 and summarised in Table 9.

| Table 9 | 2024/25 Budget Current MTFS £m | Proposed Change £m | 2024/25 Proposed Budget £m | 2025/26 Indicative £m | 2026/27 Indicative £m |
|-----------------------------|--|--------------------------|-------------------------------------|-----------------------------|-----------------------------|
| Funding: | | | | | |
| Council Tax | 498.5 | 0.1 | 498.6 | 517.4 | 537.0 |
| Council Tax Collection Fund | 4.0 | 7.7 | 11.7 | 8.0 | 8.0 |
| Business Rates | 94.7 | 4.8 | 99.5 | 101.2 | 102.9 |
| Revenue Support Grant | 0.0 | 1.4 | 1.4 | 1.4 | 1.4 |
| Total Funding | 597.2 | 14.0 | 611.2 | 628.0 | 649.3 |

² These reliefs were extended until 31 March 2025 in the Autumn Statement 2023.

³ Excludes the £1.4m Fire Pension element that will be received as Revenue Support Grant.

| | 2024/25 Budget Current MTFS | Proposed Change | 2024/25 Proposed Budget | 2025/26 Proposed | 2026/27 Proposed |
|--|--------------------------------------|--------------------|-------------------------------|---------------------|---------------------|
| | £m | £m | £m | £m | £m |
| Net operating budget (prior year) | 573.9 | 0.0 | 573.9 | 611.2 | 641.9 |
| Directorate Budget Changes | | | | | |
| Budget increases | 35.7 | 28.8 | 64.5 | 35.1 | 22.0 |
| Budget savings | -5.5 | -12.8 | -18.3 | -10.4 | -6.3 |
| Subtotal Directorate Changes | 30.2 | 16.0 | 46.2 | 24.7 | 15.8 |
| Changes to budgets held centrally | -3.6 | -2.7 | -6.2 | 3.8 | 5.4 |
| Changes to grant funding | -3.4 | 0.7 | -2.6 | 2.2 | 0.0 |
| Net Operating Budget | 597.2 | 14.0 | 611.2 | 641.9 | 663.2 |
| Total Funding | 597.2 | 14.0 | 611.2 | 628.0 | 649.3 |
| Budget Deficit (+)/ Surplus (-) | 0.0 | 0.0 | 0.0 | +13.9 | +13.9 |
| Council Tax increase | 4.99% | | 4.99% | 1.99% | 1.99% |

90. Cabinet is recommended to recommend Council to approve a Medium Term Financial Strategy to 2026/27 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 g).
91. 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 d).

Earmarked Reserves and General Balances

92. Cabinet is recommended to approve the Earmarked Reserves and General Balances Policy Statement (Section 4.6) (recommendation e). 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 2024/25. As set out in Section 4.6 Cabinet is also recommended to create a new Collection Fund Reserve and a reserve to manage the impact of IFRS9. The forecast level of earmarked reserves over the period of the MTFS is set out in Section 4.6.1.
93. The risk assessed level for general balances for 2024/25 is £30.2m which is equivalent to 4.9% of the proposed net operating budget of £611.2m. The risk assessed level is unchanged from the total for 2023/24. Further details are set out in Annex 1 of Section 4.6.

High Needs Deficit

94. In line with a change to the CIPFA code of practice on DSG High Needs deficits an unusable reserve to hold negative High Needs DSG balances was created in 2020/21. The forecast deficit of £21.2m in 2023/24 will increase the total accumulated negative balance for High Needs held in this reserve to £62.3m at 31 March 2024.
95. In December 2022 the government agreed to the extension of the DSG statutory override for a one-off period of three years (up to March 2026).
96. DSG deficits cannot currently be met from general council funding without permission from the Secretary of State. However, this deficit, both accumulated to date, and on-going, is a significant financial risk irrespective of the future arrangements for the statutory override. This will need to be taken into account in the assessment of the overall financial position for the council, including the adequacy of reserves and balances for 2024/25, that is required to be set out in the statutory Section 25 report by the Executive Director of Resources and Section 151 Officer.
97. The DSG funding and High Needs forecast deficit position for 2024/25 as well as the implications of the proposed Deficit Management Plan over the medium term are set out in paragraphs 103 – 108 below and in Annex B.

Review of Charges 2024/25 and 2025/26 – Annex A

98. 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.
99. 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.
100. 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. Where charges relate to the council priorities, the proposed change has been considered in that context.
101. The schedule of proposed charges for 2024/25 and, in relation to the Registration Service, charges for 2025/26 is set out at Annex A. Updates include the following:
 - The cost of school meals is proposed to increase from £2.34 to £2.55 per meal (£3.06 including VAT) in 2024/25.
 - Contributions to Home to School Transport for Pre & Post 16 pupils proposed to increase by 5%.

- Parking charges at the council's park and ride car parks proposed to increase to align with charges at the Oxford City Council park and ride car parks. Parking from 1-16 hours proposed to increase from £2.00 to £2.50. Season tickets would remain unchanged.
- Charges for on – street parking proposed to increase to align with off – street car parks in Abingdon and Henley – on – Thames.
- On – street parking charges in Oxford City Centre Zone 1 and 2 proposed to increase by 15.0%.
- The cost business parking permits in Oxford will increase by 15%.
- The charge for annual permits for residents in Oxford with one or two cars will increase by 14%. The cost of a permit for a fourth vehicle will increase by 28% to discourage households using multiple cars.
- Charges in Banbury, Bicester, Wantage, Wallingford and Woodstock are also proposed to increase.

102. The Registration Service has also reviewed and proposed charges 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 2026.

103. Cabinet is recommended to approve the Review of Charges in Annex A (recommendation a).

Dedicated Schools Grant and High Needs Forecast – Annex B

104. On 19 December 2023, the Department for Education (DfE) confirmed the 2024/25 Dedicated Schools Grant (DSG) allocation for Oxfordshire will be £695.6m as shown in Table 10. Expenditure on High Needs DSG funded services has been higher than the available funding since 2020/21 with deficits continuing to grow mainly as a result of anticipated increases in demand. As set out in Annex B forecast expenditure for 2024/25 is £21.3m higher than the grant funding after taking account of planned savings.

Table 10: Dedicated Schools Grant Funding for Oxfordshire

| Summary of Block Funding | 2023/24 | 2024/25 | 2024/25 Forecast Expenditure | 2024/25 Forecast Deficit |
|---------------------------------|----------------|----------------|-------------------------------------|---------------------------------|
| | £m | £m | £m | £m |
| Schools block | 476.7 | 509.2 | 509.2 | |
| Central Services Schools block | 5.0 | 5.2 | 5.2 | |
| High Needs block | 102.9 | 108.0 | 129.3 | 21.3 |
| Early Years block | 44.3 | 73.2 | 73.2 | |
| Total | 628.9 | 695.6 | 716.9 | 21.3 |

105. The mainstream schools additional grant (MSAG) introduced as additional funding for 2023/24 has been rolled into the National Funding Formula for 2024/25.

High Needs DSG Forecast & Deficit

106. The Business Management & Monitoring Reports to Cabinet in January and May 2023 set out that spend on High Needs is expected to exceed the grant funding available in 2024/25 by £18.3m and the annual deficit is expected to continue to increase over the medium term. The forecast as at the end of November 2023 projects an increase in the 2023/24 deficit to £21.2m, an increase of £2.9m. This is due to accelerated growth in the number of learners supported as well increased complexity of needs. It highlights that government funding is not keeping pace with increased demand.
107. The Council approved a Local Area SEND Deficit Management 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 partners around the Local Area SEND Strategy.
 - capital investment in new special schools to increase local capacity and release better value.
 - enhanced pathways in mainstream education for children with SEND - five programmes have taken place with positive outcomes driving forecast savings of £0.5m.
 - development of partnership working with Health (a new 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 proposals have been submitted to the DfE for two further schools.
 - engagement with Oxfordshire colleges is ongoing to establish enhanced post-16 opportunities in Oxfordshire.
108. Oxfordshire has participated in the DfE's Delivering Better Value (DBV) programme. However, 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.
109. Annex B Appendix 1 sets out budget changes for 2024/25 to 2026/27. These reflect demographic growth and other pressures as well as funding increases and planned savings. The changes and forecast deficits are summarised in Table 11 below.

| Table 11 | 2024/25 £m | 2025/26 £m | 2026/27 £m |
|---|-----------------------|-----------------------|-----------------------|
| Base Budget | 124.1 | 129.3 | 137.1 |
| Proposed Budget Increase | 13.0 | 15.2 | 17.0 |
| Proposed Budget Reductions: | | | |
| Opening of new special schools | -4.6 | -3.2 | -1.0 |
| Other reductions in the use of the independent sector | -1.2 | -2.9 | |
| Post 16 & Preparation for Adulthood | -0.7 | -0.8 | |
| Review internally provided services | -0.8 | | |
| Other savings | -0.5 | -0.4 | -0.4 |
| Total Budget Reductions | -7.8 | -7.3 | -2.1 |
| Revised Budget | 129.3 | 137.1 | 152.0 |
| | | | |
| High Needs DSG Block Funding | -108.0 | -112.1 | -116.3 |
| Forecast Deficit | 21.3 | 25.0 | 35.7 |

Capital and Investment Strategy – Section 5

110. Section 5 sets out the capital and investment strategy for 2024/25, the Treasury Management Strategy for 2024/25 and supporting information. It is comprised of the following sections:
- Section 5.1: Capital and Investment Strategy 2023/24 – 2033/34
 - Section 5.2: Treasury Management Strategy 2024/25
 - Section 5.3: Proposed changes to the Capital Programme and pipeline schemes
 - Section 5.4 Proposed Capital Programme 2023/24 to 2033/34
111. 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.
112. Cabinet is recommended to approve the Capital and Investment Strategy for 2024/25, including the Capital Prudential Indicators and Minimum Revenue Provision Policy Statement which form annexes to the strategy.
113. Cabinet is recommended to approve the Treasury Management Strategy for 2024/25 (Section 5.2) including the relevant Prudential Indicators and Specified Investment and Non-Specified Investment instruments. 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 Executive Director of Resources and Section 151 Officer and approve that any further changes required to the 2024/25

Treasury Management Strategy be delegated to the Executive Director of Resources and Section 151 Officer in consultation with the Leader of the Council and the Cabinet Member for Finance (recommendation j).

114. 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.
115. The draft capital programme for 2024/25 to 2033/34 is attached at Section 5.4. Cabinet is recommended to approve the new capital proposals for inclusion in the programme (recommendation k) and the capital programme (recommendation l). A summary of the proposed capital programme is set out in Table 12.

Table 12: Proposed Capital Programme

| Strategy / Programme | Current Year 2023/24 £m | Proposed Firm Programme (2 years) £m | Proposed Pipeline Programme £m | Total Programme £m |
|--|-------------------------------|---|--------------------------------------|--------------------------|
| Pupil Place Plan | 39.1 | 88.8 | 118.8 | 246.7 |
| Major Infrastructure | 80.0 | 347.4 | 273.9 | 701.3 |
| Highways Asset Management Plan | 56.0 | 88.4 | 119.2 | 263.6 |
| Property, Estates and Investment Strategy | 17.9 | 43.8 | 8.0 | 69.7 |
| ICT | 5.8 | 9.0 | 1.9 | 16.7 |
| Passported Funding | 8.4 | 9.0 | 4.4 | 21.8 |
| Vehicles and Equipment | 2.2 | 9.3 | 16.1 | 27.6 |
| Total Estimated Capital Programme Expenditure | 209.4 | 595.7 | 542.3 | 1,347.4 |
| Earmarked Reserves | 0.0 | 35.5 | 81.4 | 116.9 |
| Total Estimated Capital Programme | 209.4 | 631.2 | 623.7 | 1,464.3 |

Risk Management

116. 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 2024/25 is £7.3m 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.
117. 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.
118. 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

119. 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.’
120. 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”.
121. “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.
122. 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.
123. 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.
124. Following the public consultation, impact assessments will be reviewed and updated as necessary to take into account consultation responses.

Financial Implications

125. 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

126. Part 3.2 of the Councils' constitution (Budget and Policy Framework) sets out the obligations and responsibilities of the Cabinet and the Full Council in approving, adopting and implementing the council's budget and policy framework.
127. 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 lead to the council tax requirement being agreed by Full Council in February 2024, together with a budget for 2024/25, two-year medium term financial strategy covering the period to 2026/27 and ten - year capital programme.
128. 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.
129. 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.
130. 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.
131. 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:

Paul Grant, Head of Legal and Deputy Monitoring Officer

Lorna Baxter, Executive Director of Resources and Section 151 Officer

- Annexes:
- Annex A: Review of Charges 2024/25 and 2025/26
 - Annex B: High Needs DSG Forecast 2024/25 – 2026/27 including Appendix 1
-
- Section 2.1: Budget engagement & consultation feedback 2024/25
 - Section 2.2: Observations from Performance & Corporate Services Overview & Scrutiny Committee (to follow)
-
- Section 4.1: Revenue Budget 2024/25 and MTFS to 2026/27
 - Section 4.2: Budget Changes 2024/25 – 2026/27
 - Section 4.2.1 Changes since Performance & Corporate Services Scrutiny Committee on 19 January 2024
 - Section 4.2.2 Covid-19 Pressures & use of reserve 2024/25 – 2026/27
 - Section 4.3: Council Tax and Precepts 2024/25
 - Section 4.4: Detailed Revenue Budgets 2024/25
 - Section 4.5: Financial Strategy 2024/25
 - Section 4.6: Earmarked Reserves and General Balances Policy Statement 2024/25
 - Section 4.6.1 Forecast Earmarked Reserves
 - Section 4.7 Overarching Equalities Impact Assessment
 - Section 4.8: Overarching Climate Impact Assessment
-
- Section 5.1: Capital and Investment Strategy 2023/24 – 2033/34
 - Section 5.2: Treasury Management Strategy 2024/25
 - Section 5.3: Proposed changes to the Capital Programme and pipeline schemes
 - Section 5.4 Proposed Capital Programme 2023/24 to 2033/34

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January 2024