

Divisions Affected – All

Performance & Corporate Services Overview and Scrutiny Committee

17 January 2025

Updated Funding and Budget Proposals 2025/26 to 2027/28

Report by the Executive Director of Resources and Section 151 Officer

RECOMMENDATION

1. The Performance & Corporate Services Overview and Scrutiny Committee is invited to consider and comment on:
 - Updates to revenue budget proposals for 2025/26 to 2027/28 following the Provisional Local Government Settlement and the receipt of council tax funding information from the district councils.
 - Updates to proposed additions to the capital programme.
 - Proposed Review of Charges for 2025/26

Executive Summary

2. This report sets out updates to budget funding as well as changes to proposals for the period 2025/26 to 2027/28 that were reported to the Committee in December 2024. It provides the opportunity for the Performance and Corporate Services Overview and Scrutiny Committee to consider and comment on these.
3. The following annexes are attached to this report:
 - Revenue Expenditure
 - Annex 1a – proposed changes to revenue pressures and savings since December 2024.
 - Annex 1b – new pressures, investments and savings (updated)
 - Annex 1c – estimated change to funding for Adult and Children’s Services.
 - Capital Expenditure
 - Annex 2a – high priority capital schemes to which indicative funding is proposed to be allocated (updated).
 - Annex 2b – capital pipeline schemes where funding is not proposed to be allocated at this stage (updated).
 - Review of Charges
 - Annex 3 – Proposed Charges for 2025/26

4. The [Budget Proposals 2024/25 – 2026/27](#) report that was considered as part of the agenda for the Performance and Corporate Services Overview and Scrutiny Committee on 6 December 2024 set out new service budget pressures of £14.1m and investments of £5.4m. After taking account of proposed service savings of £17.9m, and an increase of £9.1m in budgets held centrally there was a budget deficit of £25.2m in 2025/26 before taking account of any new funding from grants or increases to council tax.
5. Feedback from the residents' survey and participatory engagement on the council's budget was included in the [Budget & Business Planning report to Cabinet on 15 October 2024 and was also shared as Annex 4 of the report to PCSOSC on 6 December 2024](#). Feedback from the consultation on the budget proposals will be published as part of the report to Cabinet on 28 January 2025.
6. The Local Government Policy statement published on 30 November 2024 explained the government's intentions for the local government finance settlement for 2025/26. The Government subsequently announced individual local authority funding allocations for 2025/26 on 18 December 2024 as part of the Provisional Local Government Finance Settlement. The final settlement is expected to be received in late January or early February 2025.
7. This report explains the updated funding position based on the information known at this stage as well as any changes to the budget proposals set out in the report to Performance and Corporate Services Overview and Scrutiny Committee on 6 December 2024.
8. In the context of the updated position, Performance and Corporate Services Overview and Scrutiny Committee is invited to consider and comment on the updates to the revenue budget proposals for 2025/26 – 2027/28. The capital proposals have also been updated and the changes to the programme and pipeline are also set out in the report.
9. Observations from the committee will be included in the Budget and Business Planning report to Cabinet on 28 January 2025, along with the combined outcome of the public consultation and engagement activity. This feedback will be taken into consideration by Cabinet in setting out their proposed revenue budget for 2025/26 and Medium Term Financial Strategy (MTFS) to 2027/28.

Budget engagement and consultation

10. The council's approach to consultation and engagement is explained further in the Consultation and Engagement Strategy 2022 - 2025. This puts residents at the heart of decision-making and aims to engage with and listen to residents and other partners in a more active and inclusive way.
11. The council's approach to budget engagement for 2025/26 aims to:

- Involve, inform and engage residents, businesses, staff and partners about the financial pressures facing the council and underline our ongoing commitment to delivering against our strategic priorities.
 - Enable the council to develop a clear understanding of what is important to local people, their priorities and the challenges facing their communities and to feed that insight into the budget and business planning process.
 - Increase understanding of how the council works, the range of services it delivers and what council tax is spent on.
12. A three-phase approach to consultation and engagement to support 2025/26 business and business planning has been organised into three distinct phases:
- **Phase 1:** Representative residents' survey
 - **Phase 2:** Participatory engagement: Budget simulator, focus groups and sounding boards for children and young people
 - **Phase 3:** Public consultation on the substance of the 2025/26 budget
13. Feedback from Phase 1 and 2 was included in the [Budget & Business Planning report to Cabinet on 15 October 2024 and was also shared as Annex 4 of the report to PCSOSC on 6 December 2024.](#)
14. Phase 3, the public consultation on the substance of the 2025/26 budget proposals, was launched on 28 November 2024 and ran until 2 January 2025 on the council's consultation and digital engagement platform "Let's Talk Oxfordshire". There was also an opportunity for people to comment on the council's proposed budget with feedback captured using an online form or in writing by Freepost. Feedback from the consultation on the budget proposals will be published as part of the report to Cabinet on 28 January 2025.
15. A report bringing together the key findings from all the consultation and engagement activities will be included as an annex to the report to Cabinet on 28 January 2025 that will be published on 20 January 2025. This report will also be published on Let's talk Oxfordshire.

Updates to Funding Assumptions

16. The Local Government Provisional Settlement was published on 18 December 2024 and included the following updates that need to be considered as part of the final budget proposals for 2025/26.
17. Information on council tax bases for 2025/26 has also been received from the district councils.

Changes to Funding Within Core Spending Power and updates on Collection Fund Surpluses/Deficits

18. The Local Government Provisional Settlement set out that Core Spending Power for local government will rise by 6.0% for councils in England on the basis that all councils agree the maximum council tax increase.
19. As shown in Table 1 the increase for Oxfordshire will be from £663.1m in 2024/25 to £705.3m in 2025/26 assuming a council tax increase of 4.99% and after adjusting for grants rolled into Core Spending Power from 2025/26.

Table 1: Core Spending Power (CSP) 2024/25 and 2025/26

	2024/25 Final Local Government Settlement Adjusted for Grants Rolled In £m	2025/26 February 2024 MTFS Adjusted for Grants Rolled In £m	2025/26 Provisional Local Government Settlement £m	Change in Grant Funding Compared to February 2024 MTFS £m
Council tax requirement excluding parish precepts Settlement Funding Assessment (SFA)	498.6	532.7	532.4	n/a
Compensation for under-indexing the business rates multiplier	78.4	80.0	79.4	-0.6
Social Care Grant	14.6	14.6	15.2	0.6
Better Care Grant (previously iBCF and Adult Social Care Discharge Fund)	42.5	37.8	48.6	10.8
ASC Market Sustainability and Improvement Fund	13.2	13.2	13.2	0.0
Children's Social Care Prevention Grant	10.0	10.0	10.0	0.0
Revenue Support Grant	0.0	0.0	1.4	1.4
Fire Pensions Grant rolled in in 2024/25	1.4	1.4	1.4	0.0
Grants rolled into Revenue Support Grant in 2025/26	1.0	1.0	1.1	0.1
Domestic Abuse Safe Accommodation Grant (rolled into CSP in 2025/26)	1.2	1.2	1.5	0.3
New Homes Bonus	1.7	0.0	1.1	1.1
Rural Services Delivery Grant	0.0	0.0	0.0	0.0
Recovery Grant	0.0	0.0	0.0	0.0
Services Grant	0.5	0.0	0.0	0.0
Total	663.1	691.9	705.3	13.7
Increase compared to 2024/25			6.4%	

Council Tax

20. The referendum principles for core council tax for 2025/26 will be 2.99%, and 2% for the adult social care precept.
21. The MTFS agreed in February 2024 assumes a council tax increase of 1.99% in 2025/26 and 2026/27. Each 1% increase above that will generate around £5.1m additional on-going funding.

	2025/26 MTFS	2025/26 Referendum Limit
Core Council Tax Increase	1.99%	2.99%
Adult Social Care Precept		2.00%
Total Council Tax Increase	1.99%	4.99%

22. It is proposed to increase Band D council tax by 4.99% generating additional on-going funding of £15.2m from 2025/26. Band D council tax will increase by £90.84 from £1,820.56 in 2024/25 to £1,911.40 in 2025/26.

Council Tax Base

23. 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 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 December 2024 confirm that the tax base will grow by 1.87% in 2025/26, generating additional on-going council tax income of £0.7m compared to the existing MTFS.

Council Tax Surpluses/Deficits

24. In addition to the tax base, the Local Government Finance Act 1992 requires billing authorities to determine the estimated surplus or deficit on the council tax collection fund as a result of income from council tax/ratepayers being more or less than originally estimated. Estimates for the forthcoming year are formed from the position for three years, the actual position for the prior financial year, the estimate for the current financial year and an estimate for the forthcoming financial year. Surpluses/deficits are shared between billing and major precepting authorities. The MTFS assumed that the county council's share of surpluses on the council tax collection fund would be £8.0m in 2025/26. Confirmation of the position for 2025/26 is expected in late January so no change is assumed at this stage.

Business Rates and Settlement Funding Assessment

25. The Council also receives general funding from business rates based on the Government's assessment of need known as the Settlement Funding Assessment (SFA). The Provisional Local Government Settlement confirmed that the council's SFA will increase from £78.4m in 2024/25 to £79.4m in 2025/26. The existing MTFS assumed an increase of 2.0% to £80.0m. This means the SFA will be £0.6m lower than assumed in the MTFS.
26. 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 that this grant would be £14.5m in 2025/26. The Provisional Local Government Settlement confirmed an increase to £15.1m which will increase grant funding by £0.6m.

27. 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 2025/26 was assumed to be £4.9m in the MTFS.
28. However, since 2020/21 business rates income has been impacted by reliefs for retail, leisure and hospitality businesses. The Autumn Budget confirmed these will continue for a further year in 2025/26 but at a reduced level. In 2024/25 the council has received Section 31 grant income of £3.6m to replace local business rates income not received as a result of those reliefs. Confirmation of the grant funding for 2025/26 is not expected to be received until the Final Settlement at the earliest but will be lower as a result of the reduction in the level of reliefs available to businesses. This reduction should be offset by an increase to the local share of the business rates.
29. The amount of business rates funding to be passed from the districts to the county council (comprising the local element of the SFA and any growth) is expected to be confirmed at the end of January 2025.
30. The combined business rates collection fund surplus/deficit for 2024/25 notified by the district councils was nil as any surpluses were offset by deficits. Confirmation of the position for 2025/26 for each district is not expected to be available until early/mid February. The existing MTFS assumption that there is no surplus or deficit is unchanged ahead of the receipt of this information.

Grant Funding

Social Care Grant

31. The Provisional Settlement confirmed that in 2025/26, £5.9 billion will be provided through the Social Care Grant, supporting both adult and children's social care. This is an increase of £880m compared to 2024/25. The £500m increase in funding in 2024/25 that was announced in the Final Settlement for 2024/25 will also continue in 2025/26.
32. The council will receive £48.6m in 2025/26. The existing MTFS assumes funding of £37.8m so this is an increase of £10.8m made up of a continuation of the £4.8m 2024/25 increase notified in the Final Settlement for 2024/25 and £6.0m new funding for 2025/26.
33. The distribution has been equalised to take account of the funding generated through the adult social care precept. The council's share is around 0.7% of the national total and compares to Relative Needs Formula distributions in previous years where the council received around 1.0% of the national total.

Children's Social Care Prevention Grant

34. A new Children's Social Care Prevention Grant, totalling £250m has been distributed using a new children's needs-based formula and will be increased to £263m in the Final Settlement. The Provisional Settlement sets out that the

council will receive £1.4m or 0.6% of the national total. The funding will need to be used to support new spend required to support the national roll out of family help but further information is awaited.

Services Grant

35. The Services Grant will end in 2024/25 with no further funding in 2025/26. The MTFS already assumed that this would fall out so there is no impact.

New Homes Bonus

36. £1.7m un-ringfenced funding from the New Homes Bonus, which was extended by a further year into 2024/25, was expected to fall out in 2025/26 so no further funding was assumed in the MTFS.

37. There will be a final round of New Homes Bonus (NHB) payments in 2025/26, with the government consulting on proposals for reforming the NHB as part of wider funding reform beyond 2025/26. The Council will receive £1.1m.

Rural Services Delivery Grant

38. The Rural Services Delivery Grant totalled £110m nationally in 2024/25. This funding will be repurposed in 2025/26 through improved methods to target funding. The council has not previously received a share of this grant so there is no impact on the MTFS.

Recovery Grant

39. A new one – off 'Recovery Grant' worth £600m has been distributed to areas with greater need and demand for services. The council will not receive any funding through this grant.

Revenue Support Grant

40. Grant funding for Extended Rights to Home to School Transport (£1.0m in 2024/25) and the Transparency Code New Burdens grant (£0.012m) have been rolled into un-ringfenced Revenue Support Grant in 2025/26 in addition to £1.4m Fire Pension Grant that was rolled in in 2024/25. After taking account of inflation, the council will receive £2.5m in 2025/26.

Adult Social Care Ringfenced Grants

41. £1.05 billion was allocated through the Market Sustainability and Improvement Fund in 2024/25 to support local authorities to maintain key aspects of adult social care, such as fees, to support provider pressures. The council received £10.0m in 2024/25 and will receive the same allocation in 2025/26.

42. The improved Better Care Fund (iBCF) (£10.7m) and Adult Social Care Discharge Fund (£2.5m) will be combined into a new Adult Social Care Better Care Grant in 2025/26. Both grants are unchanged compared to 2024/25.

Other Funding Updates

Employers' National Insurance Contributions (NICs)

43. The Autumn Budget included an increase to employer's National Insurance contributions in 2025/26 and corresponding compensation for local authorities. Within the Policy Statement published on 28 November 2024 there was a commitment to provide support for public sector employers for additional employer NICs costs.
44. The Provisional Settlement confirms that funding of £515m nationally for local authorities to manage the impact of the increase to Employers' National Insurance will be for direct costs only. The funding will be allocated based on net current expenditure for each council as part of the Final Settlement.
45. The Local Government Association has previously estimated that the NIC change would cost councils £637m in direct costs. On this basis, the estimate is that the council will only receive around 80% of the estimated cost of £3.9m, so ahead of confirmation it is estimated that council could receive additional funding of £3.1m.

Consolidation of Grant Funding

46. The following grants will be moved into the Settlement (but not into Core Spending Power) in 2025/26.
47. The Domestic Abuse Duty Safe Accommodation grant (£160m including an uplift of £30m for 2025/26) has been consolidated as a new, separate line in the Provisional Settlement, maintaining its existing distribution. The council has received £1.2m in 2024/25. This will increase to £1.5m in 2025/26.
48. A single Children and Families Grant, worth £414m nationally has been consolidated from existing programmes, previously funded by Department for Education (DfE). Conditions placed on this funding published alongside the Provisional Settlement set out that this needs to be used to continue preventative services where they are running now. These services include whole family support to help children and families overcome challenges at the earliest opportunity. This should be in line with the Children's Social Care National Framework, take forward the learning and evidence from the Supporting Families programme, and lay the groundwork for Family Help.
49. Existing 2024/25 grant funding that will be consolidated into the single Children and Families Grant in 2025/26 is set out in Table 2 below.

Table 2	Grant Funding £m
Supporting Families	1.7
Supported Accommodation Reforms - New Burdens to Local Authorities	1.0
Staying Put	0.3
Virtual School Heads Extension for Previously Looked After Children	0.1
Leaving Care Allowance	0.1
Personal Advisors	0.1
Children & Families Grant 2025/26	3.3

- Extended Producer Responsibilities
50. Local Authorities will receive around £1.1bn of new funding in 2025/26 through the implementation of the Extended Producer Responsibility (EPR) scheme to improve recycling outcomes. Exceptionally for 2025/26 only, HM Treasury will guarantee that if Local Authorities do not receive EPR income in line with the central estimate there will be an in-year top up, with the detail on this to be set out through the Settlement process.
51. The council will receive £5.1m funding in 2025/26. This will be used in waste services to meet additional costs in waste services to drive up reuse and recycling of packaging waste and some will be needed for projects to drive up recycling and reuse of packaging waste, which will result in less residual waste and reducing the impact of rising costs in future years including the implementation of the Carbon Emission Trading Scheme in April 2028. It is anticipated that income will reduce over time as producers change packaging.

Changes to Budget Proposals

Proposed Changes to Pressures and Investments

52. It is proposed to add a one – off investment of £2.0m for one – off investment of £2.0m for pro-active flooding measures and working with communities who have suffered flooding. In addition, an ongoing £0.1m is proposed for an additional two flood officers to ensure the council can support community resilience and produce and respond to Section 19 reports in a timely manner. This is in addition to £1.5m new funding that has been proposed for highway drainage in December 2024.
53. A further investment of £0.4m is proposed to support holding the price of a joint ticket (parking and bus fare) at Park & Ride car parks unchanged from 2024/25.
54. A one – off investment of £1.0m is proposed to leverage investment in rail, including supporting active travel access, improvement programmes and the development of strategic cases and masterplans to prove the environmental, economic and community case for rail.

55. On-going funding of £2.0m will be added to fund an investment in Children’s Prevention. £1.4m of this will be funded by Children’s Prevention Grant. A further £0.3m will be added to the budget for Domestic Abuse to reflect the increase in the Domestic Abuse Duty Safe Accommodation Grant.
56. Pressures will be updated to reflect £0.1m funding for inflation on Fire Pensions and Extended Rights to Free Travel where the funding has been rolled into the Revenue Support Grant.
57. The revised investments in service budgets are shown in Table 3 below.

Table 3	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Adult Services	0.0	0.0	0.0	0.0
Children’s Services	3.1	0.1	0.2	3.4
Environment & Highways	1.9	-0.4	0.0	1.5
Economy & Place	3.3	-3.0	-0.1	0.2
Public Health & Communities	0.3	0.0	0.0	0.3
Oxfordshire Fire & Rescue Service and Community Safety	0.0	0.0	0.0	0.0
Resources and Law & Governance	1.6	-0.9	0.0	0.8
Transformation, Digital & Customer Experience	1.0	0.3	0.0	1.3
Total	11.2	-3.8	0.1	7.5

58. In addition to the changes to service budgets a £1.6m one – off contribution to the capital reserve will be used to support additional expenditure set out in paragraph 70.
59. Changes to pressures and investments since the report to PCSOSC in December 2024 are set out in Annex 1a. The updated new proposed investments, pressures and savings are included in Annex 1b.

Updated Position for 2025/26 compared to current Medium Term Financial Strategy

60. The report to PCSOSC in December 2024 set out that there was a deficit of £25.2m before taking account of any new funding. Table 4 summarises the changes to funding, pressures and savings since then.

Table 4: Changes since 6 December 2024 PCSOSC

	2025/26 £m
Budget deficit as per PCSOSC in December 2024	+25.2
Changes to Council Tax and Business Rates Funding	
Increase Band D council tax increase from 1.99% to 4.99%	-15.2
Taxbase grows by 1.87% instead of 1.75%	-0.7
Increase in Section 31 grant for business rate indexation	-0.6
Reduction in Settlement Funding Assessment	0.6
Changes to Grant Funding in Core Spending Power	
Social Care Grant	-10.8
Children's Social Care Prevention Grant	-1.4
New Homes Bonus	-1.1
Revenue Support Grant (RSG)	-1.1
Remove existing Extended Rights to Free Travel Grant (rolled into RSG)	1.0
Domestic Abuse Duty Safe Accommodation Grant	-0.3
Other Changes to Grant Funding	
National Insurance (estimated)	-3.1
Changes to Pressures and Savings (see Annex 1a for details)	
Changes to proposed investments (£2.3m grant related changes + £2.1m for flooding + £0.4m for joint ticketing + £1.0m for rail studies)	5.8
Changes to proposed pressures (inflation within RSG)	0.1
Revenue contribution to the Capital Programme	1.6
Budget deficit/surplus as per PCSOSC in January 2025	0.0

61. Table 5 sets out the revised position for 2025/26 compared to the current plan. The first column shows the budget for 2025/26 assumed in the MTF5 agreed by Council in February 2024. The second column shows changes included in the report to Performance & Corporate Services Overview & Scrutiny Committee on 6 December 2024. The third column shows the changes following the Local Government Provisional Settlement published in late December 2024.

Table 5	2025/26 Budget Current MTFS	Changes to Funding Assumptions December PCSOSC	Changes to Funding Assumptions January PCSOSC	2025/26 Budget Updated
	£m	£m	£m	£m
Funding:				
Council Tax	-517.4		-15.9	-533.3
Council Tax Collection Fund	-8.0			-8.0
Business Rates	-101.2			-101.2
Revenue Support Grant ¹	-1.4		-1.1	-2.5
Total Funding	-628.0		-17.0	-645.0

	2025/26 Budget Current MTFS	New Budget Pressures, Investments and Savings December PCSOSC	New Budget Changes January PCSOSC	2025/26 Budget Updated
	£m	£m	£m	£m
Net operating budget 2024/25	611.2			611.2
Directorate Budget Changes				
Existing planned changes	17.9			17.9
New service pressures		14.1	0.1	14.2
New Investments		5.4	5.8	11.2
New savings		-17.9		-17.9
Subtotal Services Changes	17.9	1.6	5.9	25.4
Budgets held centrally				
Existing planned changes	12.8			12.8
New changes		9.7	1.6 ²	11.3
Grant Changes				
Social Care Grant			-10.8	-10.8
Children's Social Care Prevention Grant			-1.4	-1.4
New Homes Bonus			-1.1	-1.1
Domestic Abuse Safe Accommodation			-0.3	-0.3
National Insurance (estimated)			-3.1	-3.1
Remove Extended Rights to Free Travel			1.0	1.0
Net Operating Budget 2025/26	641.9	11.3	-8.3	645.0
Budget Deficit (+) / Surplus (-)	+13.9	11.3	-25.3	0.0

62. Table 6 shows the combined impact of the proposed changes for each service and for budgets held centrally.

¹ £1.0m ringfenced grant funding for Extended Rights to Free Travel will be rolled into RSG in 2025/26.

² Revenue funding for the capital programme

Table 6: Proposed changes for each service and budgets held centrally

Service Areas	Budget Rolled Forward from 2024/25 £m	Add changes in current MTFS £m	Add new budget increases £m	Less new savings £m	Total Change in Budget £m	2025/26 Budget £m
Adult Services	251.7	10.9	-0.8	-5.1	5.0	256.7
Children's Services	199.1	3.3	15.6	-1.0	17.9	216.9
Environment & Highways	70.2	0.5	2.6	-2.1	0.9	71.1
Economy & Place	2.2	0.4	3.3	-0.1	3.6	5.8
Public Health & Communities	12.9	0.2	0.5	-0.8	-0.1	12.8
Oxfordshire Fire & Rescue Service and Community Safety	28.9	1.0	0.8	0.0	1.8	30.7
Resources and Law & Governance	59.4	2.5	2.3	-1.2	3.6	63.1
Transformation, Digital & Customer Experience	3.5	-0.9	1.1	0.0	0.2	3.7
Cross Cutting Proposals – To be Allocated to service areas				-7.7	-7.7	-7.7
Services Total	627.8	17.9	25.4	-17.9	25.4	653.2
Budgets Held Centrally						
Capital Financing Costs	30.2	1.3	3.0	-2.2	2.2	32.5
Interest on balances	-20.2	4.1	0.6	0.0	4.7	-15.5
Contingency & Inflation Risk	15.1	0.1	8.2	0.0	8.3	23.3
Un-ringfenced Specific Grants	-52.0	6.9	-15.7	0.0	-8.8	-60.9
Insurance	1.7	0.0	0.0	0.0	0.0	1.7
Budgeted contribution from COVID-19 Reserve	-3.8	1.4	0.0	0.0	1.4	-2.4
Budgeted contribution from Transformation Reserve	-1.5	0.6	0.0	0.0	0.6	-0.9
Budgeted contribution from Budget Priorities Reserve	-1.4	1.4	0.0	0.0	1.4	0.0
Other Budgeted Contributions to reserves ³	15.4	-3.1	1.6	0.0	-1.5	13.9
Total Budgets Held Centrally	-16.4	12.8	-2.3	-2.2	8.3	-8.2
Net Operating Budget	611.2	30.7	23.1	-20.0	33.8	645.0
Funding (from Table 5)						-645.0
Budget Deficit/Surplus						0.0

Adult Social Care

63. The Policy Statement published by the Government on 28 November 2024 sets out that the government expects local authority spending on adult social care to increase to reflect demand and cost pressures. The Department of Health and Social Care (DHSC) will monitor local authority budgets and spending in 2025/26, with an expectation that local authorities make appropriate use of

³ Includes £4.0m on-going contribution to Demographic Risk Reserve, a £10.2m contribution to the Prudential Borrowing Reserve and adjustment to the Budget Equalisation Reserve.

increases in income from council tax and grant funding to support adult social care outcomes.

64. Annex 1c shows that funding for Adult Services is estimated to increase by £10.1m compared to 2024/25 after taking account of £5.0m new pressures and savings, a share of funding for pay inflation and employer's National Insurance held centrally as well as a share of the contingency budget. The increase will be funded by the Adult Social Care precept which will generate £10.2m funding in 2025/26. £13.3m of the increase in council tax income and all of the £10.8m increase in the Social Care Grant will be used to fund pressures within Children's Services.

Funding Reform

65. From 2026/27, the way councils are funded will be changed with the intention of directing funding to where it is most needed, based on an up-to-date assessment of need and local resources. These reforms will build on the proposals set out in the previous government's review of Relative Needs and Resources (also referred to as the 'Fair Funding Review') and will include a 'reset' of the business rates retention system. There will be a gradual move gradually towards an updated system and views will be sought on possible transitional arrangements to determine how local authorities reach their new funding allocations.
66. An Initial consultation on the objectives and principles of the government's proposed approach was launched alongside the provisional Local Government Finance Settlement for 2025/26 with a consultation on the technical detail of resetting the business rates retention system in early 2025 and further consultation later in 2025. Implementation of these reforms will begin through the multi-year Settlement in 2026/27.
67. Updates on the potential impact on the Medium Term Financial Strategy will be included in the Financial Strategy for 2025/26 that will be included as part of the Budget & Business Planning Report to Cabinet in January 2025.

Changes to Capital Proposals

68. Capital expenditure obtains or improves buildings, vehicles, equipment or other assets owned by the council. The capital programme shows how the Council will use capital expenditure to support the delivery of its priorities.
69. Capital schemes put forward in December 2024 as part of the 2025/26 budget have been prioritised as follows:

Schemes that facilitate compliance with minimum statutory duties relating to health & safety, schools, and delivery of business-critical services

Schemes that generate revenue, are self-funding or facilitate cost-avoidance strategies

Schemes that contribute to the improvement of the highway network, including road safety measures, flood prevention work and pothole prevention measures such as surface dressings

Schemes that encourage and facilitate active travel and improve market towns

Schemes that enhance energy efficiency and promote the adoption of sustainable and environmentally responsible solutions

Schemes which are partly funded by Section 106 developer contributions but require additional funding to progress

70. Following the Provisional Settlement, it is proposed to use £1.6m revenue funding to support the capital programme as follows:

- £0.3m towards working with other organisations collaboratively on planning regeneration in Banbury Town Centre.
- £1.3m for active travel measures to encourage walking and cycling will be added to the £0.5m for active travel in rural areas included in the December report.

71. Annex 2a shows the proposed changes to the capital programme since December 2024. Annex 2b sets out the revised high priority capital schemes to which indicative funding is proposed to be allocated pending available funding.

Funding for Highways Maintenance

72. The Autumn 2024 Budget announced nearly £1.6 billion in capital funding for local highways maintenance in England for 2025/26. This includes £500m additional funding compared to funding levels for 2024/25.

73. Oxfordshire's baseline for 2024/25 is £24.5m. This will increase by £9.0m to £33.5m in 2025/26. Further information is awaited on the grant conditions as well as clarification about whether existing grant funding for Integrated Transport Block has been rolled into this total.

74. The Department for Transport will also introduce a new incentive element in 2025/26 to ensure that best practice in sustainable highways asset management is followed. 25% of the funding uplift will be held back until local authorities can prove that they are meeting certain criteria. Further details will be shared with local authorities in due course.

75. The notified grant for 2025/26 is £9m higher than previously assumed. Pending further clarification about the funding, it is proposed to use anticipated corporate funding that can be freed up as a result of the increase in the grant to manage a funding pressure of £1.5m identified in the Decarbonisation Programme. £2.25m will be held pending confirmation about the arrangements for the 25% incentive element. The remaining £5.25m will be held in contingency to mitigate

risks in the capital programme and pending clarification about funding for the Integrated Transport Block (£3.7m).

Bus Grant

76. Oxfordshire's total bus funding allocation from the Department for Transport (DfT) has been notified at £10.1m for 2025/26 and incorporates both Bus Service Operator Grant (BSOG) of £0.8m and Bus Service Improvement Plan (BSIP) funding of £9.2m (of which £5.4m is capital funding and £3.8m revenue) as well as Capacity and Capability grant of £0.1m.
77. The Department for Transport remains committed to the use of Bus Service Improvement Plans (BSIPs) as the means to provide transparency to the public on local plans to improve bus services.
78. The delivery plan will need to set out all the schemes and measures to be funded by the new grant as well as expenditure from all previous BSIP funding which is still being used to deliver schemes and measures in 2025/26. The plan needs to be submitted to the DfT by 31 March 2025.
79. The delivery plan needs to include total funding and key milestones for each scheme and an initial assessment of the likely outcomes and contributions to the local BSIP, aligned with the Local Transport Plan (LTP) and wider authority objectives. The DfT will not approve the Delivery Plans but requires that the list of schemes and measures are published.
80. Pending agreement of the delivery plan it is proposed to add the £5.4m capital element of the BSIP funding to the capital programme to support bus journey time and infrastructure improvements. Some of the funding will need to be used to support revenue expenditure, including to support/subsidise the council's demand response transport (Comet), along with allowing continuation of public bus service subsidy (a mix of new and enhanced services). The use of the funding will be set out as part of the delivery plan.

Review of Charges

81. 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 £80m⁴ or 9% of the council's funding in 2024/25.
82. 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.
83. Charges that are specified nationally or are statutory will be updated in line with national guidance. Charges for adult social care will continue to be assessed as in line with the [Care Act 2014 and the council's charging policy](#). Other charges are proposed to increase to reflect the impact of inflation. Where

⁴ Excluding charges for Adult Social Care which are managed within the Pooled Budgets.

charges relate to the council priorities, the proposed change has been considered in that context.

84. All of the individual charges and proposed changes are listed in detail in Annex 3 with changes mainly reflecting inflationary increases. Updates include the following:
- The cost of school meals is proposed to increase from £2.55 to £2.90 per meal (£3.48 where VAT is chargeable).
 - Contributions to Home to School Transport for Pre & Post 16 pupils proposed to increase by 3%.
 - Parking charges including the cost of joint tickets for parking and bus travel at the council's park and ride car parks proposed to remain unchanged.
 - Charges for on – street parking proposed to remain unchanged.
 - The charge for annual residents' parking permits unchanged.
 - The cost of business parking permits proposed to increase by 10%.
 - Lane Rental Fees – previously these charges were based on an hourly rate which has proved challenging to calculate against activity. Proposed to amend the charge to reflect the time spent on each application.
 - Large scale DIY waste charges proposed to increase by 4.2%.
85. 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.

Outstanding Information & Next Steps

86. At the point of publication of this report the following information on funding for the Council for 2025/26 remains outstanding:
- The final Local Government Finance Settlement for 2025/26.
 - Updates on surpluses or deficits on council tax collection funds, expected to be received from the City and District Councils in January 2025.
 - Notification of Business Rates income for 2025/26 and collection fund deficits/surpluses which may not be received from the City and District Councils until early/mid February 2025.
 - The outcome of the public consultation running from 28 November 2024 to 2 January 2025.
87. Further changes arising from any updates received by mid - January will be addressed as part of the proposed budget which will be presented to Cabinet on 28 January 2025.

Business and Budget Planning Process

88. Cabinet will propose their budget on 28 January 2025 taking into account comments from Performance and Corporate Services Overview and Scrutiny Committee in December 2024 and January 2025 as well as feedback from the public consultation. The report to Cabinet in on 28 January 2025 will include:
- Council tax and precept calculations
 - Draft budget for 2025/26
 - Draft MTFs to 2027/28
 - Review of charges for 2025/26
 - Capital and Investment Strategy incorporating the Treasury Management Strategy
 - Capital proposals and draft ten-year Capital Programme
 - Earmarked Reserves and General Balances Policy
 - Financial Strategy (including Financial Management Code self-assessment)
89. Council will meet to agree the Revenue Budget 2025/26; Capital Programme 2024/25 - 2034/35; MTFs 2025/26 - 2027/28 on 11 February 2025. Any further changes to the budget proposed by Cabinet at their meeting on 28 January 2025 needed as a result of funding changes notified in late January 2025, for example, will either be incorporated into the final budget considered by Council or updated during 2025/26.

Risk Management

90. 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.
91. This report sets out some significant risks and uncertainties for 2025/26 and the medium term but these are continuing to be assessed through the Budget and Business Planning process. An assessment of the impact will be provided as information and updates become available.
92. In addition to corporate contingency general balances are also held to ensure that a major incident or emergency can be managed without impacting on other services. The level of balances held is monitored through the Business Management & Monitoring Reports throughout the year and subject to an annual risk assessment undertaken as part of the budget setting process.

Equality and Inclusion Implications

93. 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.'

94. 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 refreshed framework agreed by Cabinet on 19 November 2024, "Including Everyone".
95. The refresh of the framework gives the opportunity to realign the council's Equality, Diversity and Inclusion (EDI) goals with the broader strategic priorities and reconsider how the framework can be used to drive meaningful change. The council has a track record of going beyond its legal equality duty by considering groups and communities beyond the protected characteristics of the Equality Act. For example, the council considers the impact of its decisions on rural communities, armed forces communities, areas of deprivation and carers. The new Including Everyone framework goes further, recognising the council's commitment to considering future generations in decision-making, as well as refugees and asylum seekers by becoming a Council of Sanctuary. The new framework also includes reference to the socioeconomic duty and consideration of residents experiencing socio-economic disadvantage.
96. A draft overarching summary impact assessment for equalities, taking into account the overall impact of the budget proposals, was included at Annex 3a of the December report. It should be noted that a number of proposals are very early in the business case development process.
97. The assessment has not changed as a result of the updates set out in this report but will be reviewed and updated as necessary with the final version included in the report to Cabinet in January.

Sustainability Implications

98. 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.
99. A draft overarching summary impact assessment for climate of the budget proposals was included at Annex 3b of the December report. The additional proposals included in this report include funding for flood prevention and active travel as well as funding to encourage the use of park and ride car parks and bus use through holding the cost of joint ticketing unchanged from 2024/25.
100. The assessment will be reviewed and updated as necessary with the final version included in the report to Cabinet in January.
101. A number of the proposals are very early in the business case development process and therefore will be subject to fuller Climate Impact Assessment as the proposals are developed.

Financial Implications

102. The Council is required by law to set a balanced budget for 2025/26 before 1 March 2025. 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:
Kathy Wilcox, Head of Corporate Finance

Staff Implications

103. Staffing implications are being considered as part of the Budget and Business Planning process and any proposals are consistent with the council's People and Culture Strategy.

Legal Implications

104. The Council is required under the Local Government Finance Act 1992 to set a balanced budget and a council tax requirement for the authority. This report provides information which, when taken together with the previous and future reports up to January 2025, will lead to the council tax requirement being agreed in February 2025, together with a budget for 2025/26, medium term financial strategy covering the period to 2027/28, and ten- year capital programme.
105. The Council has a fiduciary duty to council taxpayers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of the council taxpayers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.

Comments checked by:
Paul Grant
Head of Legal

Lorna Baxter, Executive Director for Resources and Section 151 Officer

Annexes:

- Revenue Expenditure
- Annex 1a – proposed changes to revenue pressures and savings since December 2024.
- Annex 1b – new pressures, investments and savings (updated)

- Annex 1c – estimated changes to funding for Adult and Children’s Services.

Capital Expenditure

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

Review of Charges

- Annex 3 – Proposed charges for 2025/26

Contact Officers:

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January 2025

