



CALDERDALE MBC

WARDS AFFECTED ALL

CABINET

12th FEBRUARY 2024

**CABINET BUDGET PROPOSALS 2024/25 TO 2026/27 FOR
RECOMMENDATION TO BUDGET COUNCIL 26TH FEBRUARY 2024**

REPORT OF THE DIRECTOR OF RESOURCES & TRANSFORMATION

1. PURPOSE OF REPORT

- 1.1 To provide, as part of the budget process, a forecast of the Council's financial position for the period 2024/25 to 2026/27 along with Cabinet's recommendations to Budget Council for setting a balanced budget.

2. NEED FOR A DECISION

- 2.1 The Council is legally required to set a balanced budget before the start of each new financial year.
- 2.2 This report sets out Cabinet's final budget proposals for 2024/25 and provisional budgets for 2025/26 and 2026/27, based on the latest forecasts in the Medium Term Financial Plan (MTFP).
- 2.3 Cabinet published its draft budget proposals for consultation on 15th January 2024. The consultation has now closed and has been used to inform the final budget proposals. Budget Council will consider Cabinet's recommended budget at its meeting on 26th February 2024 in order to approve a balanced budget and set the Council Tax.

3. RECOMMENDATIONS

- 3.1 That Cabinet notes the revised position presented in the MTFP 2024-27 (Annex A).
- 3.2 That Cabinet approves the budget proposals and recommend them to Budget Council on the 26th February 2024.

4. BACKGROUND

- 4.1 Over the past decade, central government has progressed a shift towards expenditure on local services being funded by a greater proportion of local income generation. This places a greater incentive on local areas to grow their local economy coupled with local decision making about Council Tax income levels relative to investment need within the national policy framework. Fundamentally, this shift contains an inherent risk that income could reduce during periods of economic contraction. This shift adds a disproportionate challenge to councils with a lower taxbase because of the proportion of Band A and Band B dwellings they have.
- 4.2 Cabinet has received updates on the financial position of the Council through regular monitoring reports of the current financial year, and revised forecasts on future costs and funding in MTFP updates. Since the Cabinet Consultation Budget report in January 2024, the Local Government Finance Settlement final allocations have been confirmed. This reduces the estimated budget gap for 2024/25 from £7.5m to £6.7m (£5.5m taking account of the budgeted use of reserves agreed last year). The MTFP has been revised and the detail behind this position can be found in Annex A.
- 4.3 The local government financial position remains challenging with more councils accessing Government's Exceptional Financial Support. As previously reported, locally across the adult and childrens social care and health systems the acuity and complexity of need is much greater than in previous years. This means that the number and level of care packages required, places a higher cost burden on the Council and demand for Council services combined with the uncertainty for future government funding. This combined with other demand for services, including special educational needs and homelessness, places a high level of risk on the Council's ability to achieve financial sustainability in future years.
- 4.4 The final settlement recognised some of these pressures by increasing the social care grant allocation. Locally the level of increase in budgets for Adults and Children's services equates to £21.7m, with the total increase in funding for social care, including grants and precept, being £11.5m. Calderdale is investing over and above the identified increased level of funding nationally.
- 4.5 As the Council is legally required to set a balanced budget before the start of each new financial year, this report sets out Cabinet's proposals for 2024/25 (and provisional budgets for 2025/26 and 2026/27) to balance the budget. The total Budget Requirement for 2024/25 is £219.6m funded by Council Tax (£118.1m), retained business rates (£27.5m), government settlement grants (£68.9m), collection fund surplus (£0.9m) and planned use of reserves (£4.1m).

5. OPTIONS CONSIDERED

- 5.1 The assumptions made in the financial forecasts set out in the MTFP include drivers for expenditure and funding levels. The main areas it does have control over (at least to some extent) include Council Tax increases, the use of balances & reserves, fees & charges levels and any growth and savings it decides to implement. Cabinet has set

out in the appended document its assessment of the best options available to the Council to manage its budget.

- 5.2 The Annual Revenue Budget for 2024/25 and indicative budgets for 2025/26 and 2026/27 to be recommended to Council, Appendix 1.
- 5.3 The Revenue Budget assumes a level of income from general Council Tax of £101.2m. This is based upon a general Council Tax band D equivalent rate of £1,580.13, which represents an increase of 2.99% from the total 2023/24 Band D rate.
- 5.4 The revenue budget assumes the level of income from the Adult Social Care precept of £16.98m. This is based upon an adult social care precept rate of £265.31, which represents an increase of 2% from the total 2023/24 Band D rate.
- 5.5 The budget proposals are based upon the latest forecasts made in the Medium Term Financial Plan, Annex A.
- 5.6 The recommended budget proposals are contained in Appendix 1:
 - **Leader of the Council's Opening Statement** introduces Cabinet's budget and outlines the vision for the Council's finances over the medium term
 - **Cabinet Budget Proposals** give further detail behind savings plus an overall view in the form of three tables covering 2024/25, 2025/26 and 2026/27
 - **Contextual Information** on the services and functions provided for within the budget for overall net operating costs.

6. FINANCIAL IMPLICATIONS

- 6.1 The financial implications of the Council's expected budget position and proposals being put forward by Cabinet are contained within the report, Annex and appendices. The budget proposal for 2024/25 set out in this report represents a balanced budget where net operating expenditure is equivalent to the Council's estimate of spending power. The measures being proposed are raising Council Tax by 4.99% and a planned use of new reserves of £2.9m in 2024/25 (in addition to the £1.2m already approved/budgeted for) as we transition to long term sustainability, through the next phase of transformation.
- 6.2 The 2024/27 medium term financial plan provides a view on future funding, in order to assist the longer-term planning and use of the Council's financial resources. This is in line with best practice and takes account of factors that may have an impact on the Council's spending.
- 6.3 Appendix 2 provides the Chief Finance Officer's statement on the robustness of estimates and adequacy of reserves.

7. LEGAL IMPLICATIONS

- 7.1 Under the Local Government Finance Act (1992) the Council is statutorily required to set a balanced budget in the upcoming financial year. The forecast and proposals in this report set out how Cabinet intends to balance Calderdale's budget for 2024/25.

8. HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT IMPLICATIONS

- 8.1 The consultation on the budget proposals has taken place with the workforce and specific groups of staff directly affected by the proposals. This has been done in accordance with the Council's HR policies and with recognised Trades Unions.
- 8.2 The final budget proposal may result in some redundancies, depending on the extent of the staffing changes we will look to mitigate any compulsory redundancies through redeployment to vacancies that we are holding for this purpose, retraining, voluntary early retirement or voluntary severance etc. Following the decision of Council on the budget, a further period of consultation will take place to implement the required changes. The Council's HR policy and procedures will be followed if compulsory redundancies are unavoidable.
- 8.3 At the point that the budget is approved by Council, any subsequent reviews required to achieve the budget is delegated to the Directors in consultation with the relevant Cabinet Member to implement.

9. CONSULTATION

- 9.1 The budget process for 2024/25 included engagement with a range of stakeholders including residents, the business community, voluntary and community groups, partners, staff and Members. The consultation process and outcome is summarised in a separate report on this agenda.
- 9.2 The budget has been considered by Overview and Scrutiny committees and a report of the Strategy and Performance Scrutiny Committee is presented to Cabinet in a separate agenda item.
- 9.3 The principles underlying the MTFP which guide budget planning are linked indirectly to the full range of consultation processes contained in the Council's planning framework and overall priorities.

10 ENVIRONMENT, HEALTH & ECONOMIC IMPLICATIONS

- 10.1 The environmental, health and economic implications of budget proposals brought forward as a result of any measures are being considered as part of the budget process.

11 EQUALITY AND DIVERSITY

- 11.1 The initial Equality Impact Assessments of budget proposals have been completed and summarised and made available on the Council's website; any implications will be fully considered as part of the final recommendations to Budget Council.

12. SUMMARY AND RECOMMENDATIONS

- 12.1 Although the Council's financial position has improved since the original MTFP a deficit is still predicted in each year of the budget.
- 12.2 The proposals set out in the appendices presents a balanced position in each year of the MTFP period and a total Budget Requirement for each of the three years of £219.6m (2024/25), £223.9m (2025/26) and £231.4m (2026/27). The proposed budget assumes Council Tax increases to the limits allowed in the Local Government Settlement - general rate increase of 2.99% and adult social care precept increase of 2%. Coupled with the savings proposals, a sustainable financial position over the 3-year period of the financial plan is expected to be achieved through the short term planned use of reserves.
- 12.3 The report recommends that the appended budget proposals for 2024/25 to 2026/27 are approved at Budget Council on the 26th February 2024.

Reference: ACC/LH
Date: 12th February 2024

Lee Holden
Lead for Accountancy

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DOCUMENTS USED IN THE PREPARATION OF THE REPORT:

Medium Term Financial Plan 2024/25 to 2026/27

2022/23 Spending Review and 2023 Autumn Statement

Local Government Finance Settlement 2024/25

Revenue Monitoring Reports 2023/24

DOCUMENTS ARE AVAILABLE FOR INSPECTION AT: Online/Finance Services, Princess Buildings, Halifax.

APPENDIX 1 - Cabinet Budget Proposals 2024/25 to 2026/27 for Recommendation to Budget Council

Leader's Budget Statement

We are presenting our budget proposals in a tough climate for local government. The expectation on local authorities to maintain a wide range of important services and functions for local residents and communities, at the same time as demand for specialist and crisis interventions for the most vulnerable continue to increase makes the allocation of limited funds ever more challenging. We are currently spending 70% of the Council's budget on adults and children's social care.

Costs are spiralling for councils and over the last thirteen years central government funding for basic services has failed to meet the cost of inflation, rising wages and energy bills. We have tried to do 'more with less' over that time but this is unsustainable. Inevitably we have to look at reducing services or cutting services that we are not legally required to provide. Like all councils Calderdale must by law provide certain services such as social care and refuse collection, many other services are important, but optional. We have no choice but to make some tough decisions.

We are determined to set a legal budget and to make the books balance. Councils are required to produce a balanced budget and if they do not the power to make local decisions can be taken away by the Government. We want the decisions on how money is spent in Calderdale to be made here, in Calderdale.

We think it is important that our budget plans, as much as we can in these difficult times, minimise the impact of cuts for our communities. We aim to:

- Make the budget balance and keep decision-making local
- Meet our legal, statutory obligations
- Mitigate inequality as much as possible
- Be ambitious for Calderdale
- Enhance quality of life
- Keep our residents safe
- Protect services where possible
- Keep our focus on tackling climate change
- Bring investment into the borough
- Be honest about what we can and cannot do

The Impacts of ongoing Economic Uncertainty

In November 2023, the Council's Medium Term Financial Plan (MTFP) estimated the impacts of the economic situation on the local authority. These included:

- Higher contract costs as contract prices are linked to national inflation rates,

- Ongoing impacts on levels of income through fees and charges affected by the cost-of-living crisis,
- Providing adequately for pay inflation, and
- Energy costs still affected by higher rates.

In addition, the report also identified underlying need for additional investment in children and adult's social care and other services in response to rising costs and rising demands.

The budget being proposed aims to strike a balance between the competing demands of ensuring our scarce resources is used to achieve the best value for our taxpayers, providing statutory services, protecting the vulnerable and making the books balance.

Continuing Uncertainty

As the Chancellor's Spending Review only extends to the end of 2024/25 there is no certainty about the level of public resources available for local government beyond a one-year horizon. In addition, the long-awaited review of local government funding formulas and business rates retention potentially leaves an unequal burden on taxpayers between local authorities.

Beyond April 2025 we are dependent on informed estimates about what the situation might be. Nonetheless, as well as balancing the books for this year, we are also working to ensure that our finances are on as strong a footing as possible for the future.

We have unfortunately seen an increasing number of local authorities across the country facing major financial difficulties leading to central Government intervention. Calderdale has a proud record of robust financial management, and we will not put that reputation at risk. Therefore, we are committed to continuous review of our financial position throughout the next year, to ensure we achieve financial sustainability amidst this period of public finance uncertainty.

Maintaining our services

The Summaries of Services Provided in the budget document demonstrates the huge range of responsibilities and activities carried out by Calderdale Council. Many of these are not statutory but help to make all our lives better, create hope, opportunities and build a sense of aspiration for our residents and businesses.

The targeting of local government for significant cuts by firstly the Conservative-Liberal Democrat Coalition and then the following Conservative Governments have forced the Council to find savings which now amount to over £125m per year compared with the services we were providing in 2010. Unfortunately, we are faced with some difficult choices when setting next year's budget and looking ahead over the next few years. There are a range of proposals presented where we are unable to continue to deliver everything we currently provide. As a fiscally responsible council it is important that we spend within our means, whilst continuing to demonstrate value for money and achieving the best outcomes from the money we spend.

Council Tax Increases

As in previous years, the Government's solution to funding of social care includes an additional burden on local council taxpayers. We know that many residents are struggling to

make ends meet as the cost-of-living crisis continues, however the Council is experiencing similar inflationary pressures. And many of the residents on low incomes are also those who would be worst hit by further cuts in local services.

We believe that the full increase of 4.99% overall is required to protect the services we provide to vulnerable people and other residents and is what government expects of us in determining our funding. The proposed budget assumes a Council Tax increase of 2.99% in line with the limit applied by Government and an additional 2% Social Care Precept to help fund and protect social care services to vulnerable adults and children, hence the overall 4.99%.

What you Told us During the Budget Consultation

This is a budget which addresses the pressures and themes I set out above. We asked for comments and suggestions on the Budget and the consultation period ran from the 15th January 2024 to the 12th February 2024 using a wide range of formats, including survey, presentations, attendance at groups and forums, live Q&A sessions over social media. We have tried to reach all stakeholders, including residents, partner organisations (including the Voluntary Sector), the business community and staff.

We have conducted a range of consultation and engagement activity since the Consultation Budget was published. These include Q&As for Calderdale staff and for the public, discussions at Ward Forums and liaison with Town and Parish Councils. Our Director of Resources and Transformation attended Calderdale Youth Council. We received over 1500 responses to the Consultation Questionnaire with more than 1400 detailed comments through the various channels. Elected Members also raised issues with us.

We are grateful for all those who have taken part in the consultation.

We have carefully considered the responses.

You may also have heard that we received an additional £1.9m for Adult Social Care since the Consultation Budget was published. This has enabled us to keep back some of the money we had allocated from reserves for Adult Social Care in the Consultation Budget.

The Director of Resources and Transformation is clear in her statement that we need to be extremely careful with the use of Reserves. They can only be used once.

We think it is prudent to further protect reserves and have tried to balance the difficult decisions, and are proposing to use some of this funding to respond to concerns raised in the Consultation.

We know things are very difficult for children with special educational needs and their parents so we have not cut the discretionary inclusion funding for this year (this will provide time for further review of the many complex issues around special educational needs).

Many people were concerned that cuts to preventative work with young people both within the Targeted Youth Work Team and the Youth Justice Team. To try to reduce the impact we have reduced the level of savings in 2025/6 and 2026/7.

We heard the opposition in the community to the closing of the Elland Household Waste Recycling Centre. The saving was not to take effect until 2025/6. We have promised to take no final decision on the future of the site until the end of the year when the resident permit scheme has been in operation and accurate up to date usage of the site by Calderdale residents can be assessed.

By these changes we have particularly tried to mitigate the effect of our difficult financial situation on our young people, specifically those who are disadvantaged. They are the future of our Borough.

My colleagues on Cabinet and I would like to thank everyone who took the time to contribute to the consultation. Your feedback was greatly appreciated. Final decisions on the budget will be taken at the Annual Budget Council meeting on Monday the 26th February 2024.

Councillor Jane Scullion

Leader, Calderdale Council

Cabinet Budget Proposals

Cabinet is planning to balance the Council's budget next year with the following measures.

1. In line with the local government core spending power assumptions, it is proposed that general Council Tax will be increased by 2.99%, in line with the maximum allowable under the referendum limit. The Adult Social Care precept will also be increased by 2%.
2. A range of budget investments, reductions, cost savings, flexible use of external funding and income from fees and charges are being proposed to bring the net operating costs in line with spending power.
3. A considered planned use of earmarked reserves to smooth the change required over the period of the medium-term financial plan.

Cabinet Proposals

Investment/Growth

	2024/25 £	2025/26 £	2026/27 £
<u>Public Services</u>			
Managing risk - addressing Ash Dieback and improving Tree Maintenance	250,000	250,000	250,000
	250,000	250,000	250,000
<u>Regeneration and Strategy</u>			
Strategic Approach to Land Management	20,000		
Domestic Abuse - statutory responsibilities	10,000	11,000	12,000
Repairs and maintenance increased costs	200,000	250,000	300,000
	230,000	261,000	312,000
Total Investment Proposals	480,000	511,000	562,000

Savings

	2024/25 £	2025/26 £	2026/27 £
<u>Adult Services and Wellbeing</u>			
Charging for care services within Heatherstones	-41,000	-41,000	-41,000
Recovery College	-30,000	-30,000	-30,000
Continuing Health Care: Decision Support Tool Optimisation	-200,000	-200,000	-200,000
Vacant Social Care posts in MH Core Pathway	-65,000	-65,000	-65,000
Withdrawal of social care staff from SWYPFT Vocational service	-50,000	-77,000	-77,000
Housing related support Extra Care	-50,000		
Transformation of Day Services		-200,000	-200,000
	-436,000	-613,000	-613,000
<u>Chief Executive's Office</u>			
Communications Campaign and operational cost reduction	-50,000	-50,000	-50,000
Temporary reduction and targeting of some Public Health funded services (NHS Checks/Better Living Service) and maximising NHS investment	-331,000	-358,000	-358,000
Public Health Commissioning Plan using the new provider selection regime	-141,000	-176,000	-176,000
	-522,000	-584,000	-584,000
<u>Children and Young People's Services</u>			
Reduce the targeted youth service delivery in the Borough	-99,000	-99,000	-99,000
Reduce the level of preventative work of the Youth Justice Service	-96,000	-96,000	-96,000
Young Person's Supported Housing Project (Care Leavers)	-272,000	-762,000	-762,000
Inclusion funding (D-Catch) – revision of our non-statutory offer	0	-100,000	-100,000
	-467,000	-1,057,000	-1,057,000
<u>Public Services</u>			
Disposal of The Shay		-161,000	-161,000
BSL alternative provision		-29,000	-29,000
Household Recycling Centres - Introduce permit scheme and review operating hours	-115,000	-135,000	-135,000
Closure of Elland Household Waste Recycling Centre		-100,000	-150,000
Pest Control cessation	-12,000	-12,000	-12,000
TMA moving traffic violation and Bus Lane enforcement			-100,000
Library book fund	-50,000	-50,000	-50,000
Neighbourhoods and Cohesion restructure	-40,000	-100,000	-100,000
	-217,000	-587,000	-737,000
<u>Regeneration and Strategy</u>			
Winter Service Policy Review	-120,000	-120,000	-120,000
Street Lighting Policy Review		-50,000	-190,000
Festive Lighting	-107,000	-107,000	-107,000
Housing Strategy and growth - gainshare funded for 2 years	-159,000	-159,000	-159,000
Healthy Homes - gainshare funded for 2 years	-94,000	-94,000	-151,000
Film and Events - reduction in FTE and gainshare funded for 2 years	-19,000	-19,000	-19,000
Climate and Environment team - gainshare funded for 2 years	-181,000	-181,000	-181,000
Business Engagement		-71,000	-71,000
VCS Grants and Volunteering Support - removal of grants and gainshare funded for 2 years	-85,000	-100,000	-100,000
	-765,000	-901,000	-1,098,000
<u>Resources and Transformation</u>			
Resources and Transformation - service reduction	-75,000	-150,000	-150,000
School Insurance Premium (move to DFE)	-150,000	-150,000	-150,000
	-225,000	-300,000	-300,000
<u>Cross Council</u>			
Commissioned Services and Contracts - target savings through procurement and commissioning plans	-500,000	-1,000,000	-2,000,000
Council Tax - Second Homes		-300,000	-300,000
Council Tax Reduction Scheme - Indicative pending review		-1,000,000	-1,000,000
	-500,000	-2,300,000	-3,300,000
Total Savings Proposals	-3,132,000	-6,342,000	-7,689,000

Proposed Budget Summary and Council Tax Requirement 2024/25

2024/25

Revenue Budget Requirement	Updated MTFP Position			Growth	Savings	Cabinet Budget 2024/25 £
	Gross Expenditure 2024/25 £	Gross Income 2024/25 £	Net Expenditure 2024/25 £			
Directorate Service Controlled Expenditure - Cost of CMBC Services to the Public						
Adult Services and Wellbeing	128,479,386	-44,415,727	84,063,659		-436,000	83,627,659
Chief Executive's Office	20,281,396	-15,332,569	4,948,827		-522,000	4,426,827
Children and Young People's Services	50,279,368	-10,041,100	40,238,268		-467,000	39,771,268
Public Services	49,024,871	-15,885,374	33,139,497	250,000	-217,000	33,172,497
Regeneration and Strategy	32,533,746	-10,680,048	21,853,698	230,000	-765,000	21,318,698
Resources and Transformation	14,853,898	-2,143,550	12,710,348		-225,000	12,485,348
Total of Directorate Budgets	295,452,665	-98,498,368	196,954,297	480,000	-2,632,000	194,802,297
Centrally Controlled and Other Corporate Budgets			25,288,189		-500,000	24,788,189
Total Revenue Budget Requirement			222,242,486	480,000	-3,132,000	219,590,486
Other Adjustments and Sources of Finance:-						
Contributions to(+)/from(-) Earmarked Reserves			-1,200,000		-2,910,250	-4,110,250
Collection Fund Surplus			-883,000			-883,000
Total Funding Requirement			220,159,486			214,597,236
General Funding						
Revenue Support Grant			-9,202,191			-9,202,191
Top-up/Tariff			-17,325,220			-17,325,220
New Homes Bonus			-37,100			-37,100
Small Business Rate Relief, Business Rate Cap			-14,041,422			-14,041,422
PFI Grant			-1,743,160			-1,743,160
Housing &CT Admin subsidy			-771,751			-771,751
Social Care Funding			-19,527,488			-19,527,488
Market Sustainability and Fair Cost of Care Fund			-4,027,698			-4,027,698
Local Services Support Grant			-294,834			-294,834
Discharge Funding			-1,971,283			-1,971,283
Local Taxation						
Retained Rates			-27,514,246			-27,514,246
Adult Social Care Precept			-16,984,539			-16,984,539
Council Tax			-101,156,304			-101,156,304
Total General Grant Funding and Local Taxation			-214,597,236			-214,597,236
Budget Deficit (+)/Surplus(-)			5,562,250			0

Calderdale MBC Council Tax for 2024/25 using the agreed Council Tax Base of 64,017.71

	2023/24	2024/25		
	Council Tax Band D £ p	% Change to Basic Relevant Amount	Council Tax Band D £ p	Council Tax Income £
		%		
Calderdale Council Relevant Amount Previous Year (calculation of % increase)		1,757.74		
Calderdale Council Tax	1,527.58	2.99%	1,580.13	101,156,304
Adult Social Care Precept	230.16	2.00%	265.31	16,984,539
Total Estimated Calderdale Council Tax - Basic Relevant Amount	1,757.74	4.99%	1,845.44	118,140,843

Provisional Budget Summary and Council Tax Requirement 2025/26

Revenue Budget Requirement	Updated MTFP Position			Growth	Savings	Indicative Budget 2025/26
	Gross Expenditure	Gross Income	Net Expenditure			
	2025/26	2025/26	2025/26			
	£	£	£	£	£	£
Directorate Service Controlled Expenditure - Cost of CMBC Services to the Public						
Adult Services and Wellbeing	130,912,304	-43,733,227	87,179,077		-613,000	86,566,077
Chief Executive's Office	19,874,203	-15,049,939	4,824,264		-584,000	4,240,264
Children and Young People's Services	50,370,197	-10,101,643	40,268,554		-1,057,000	39,211,554
Public Services	49,209,131	-15,885,659	33,323,472	250,000	-587,000	32,986,472
Regeneration and Strategy	29,659,556	-7,547,329	22,112,227	261,000	-901,000	21,472,227
Resources and Transformation	14,806,361	-2,143,550	12,662,811		-300,000	12,362,811
Total of Directorate Budgets	294,831,752	-94,461,347	200,370,405	511,000	-4,042,000	196,839,405
Centrally Controlled and Other Corporate Budgets			29,440,664		-2,300,000	27,140,664
Total Revenue Budget Requirement			229,811,069	511,000	-6,342,000	223,980,069
Other Adjustments and Sources of Finance:-						
New Contributions to(+)/from(-) Earmarked Reserves					-329,294	-329,294
Total Funding Requirement			229,811,069			223,650,775
General Funding						
Revenue Support Grant			-9,386,235			
Top-up/Tariff			-17,671,724			
New Homes Bonus			-37,100			
Small Business Rate Relief, Business Rate Cap			-14,322,250			
PFI Grant			-1,490,480			
Housing &CT Admin subsidy			-771,751			
Social Care Funding			-19,527,488			
Market Sustainability and Fair Cost of Care Fund			-4,027,698			
Local Services Support Grant			-294,834			
Discharge Funding			-1,971,283			
Local Taxation						
Retained Rates			-28,064,531			
Adult Social Care Precept			-19,666,618			
Council Tax			-106,418,783			
Total General Grant Funding and Local Taxation			-223,650,775			
Budget Deficit (+)/Surplus(-)			6,160,294	0		

Calderdale MBC Council Tax for 2025/26 using the forecast Council Tax Base of 65,076

	2024/25	2025/26		
	Council Tax Band D £ p	% Change to Basic Relevant Amount	Council Tax Band D	Council Tax Income
		%	£ p	£
Calderdale Council Relevant Amount Previous Year (calculation of % increase)		1,845.44		
Calderdale Council Tax	1,580.13	2.99%	1,635.30	106,418,783
Adult Social Care Precept	265.31	2.00%	302.21	19,666,618
Total Estimated Calderdale Council Tax - Basic Relevant Amount	1,845.44	4.99%	1,937.51	126,085,401

Provisional Budget Summary and Council Tax Requirement 2026/27

Revenue Budget Requirement	Updated MTFP Position			Growth	Savings	Indicative Budget 2026/27
	Gross Expenditure	Gross Income	Net Expenditure			
	2026/27	2026/27	2026/27			
	£	£	£	£	£	£
Directorate Service Controlled Expenditure - Cost of CMBC Services to the Public						
Adult Services and Wellbeing	135,406,054	-43,726,977	91,679,077		-613,000	91,066,077
Chief Executive's Office	19,875,143	-15,049,939	4,825,204		-584,000	4,241,204
Children and Young People's Services	51,620,187	-10,372,243	41,247,944		-1,057,000	40,190,944
Public Services	48,635,211	-15,885,659	32,749,552	250,000	-737,000	32,262,552
Regeneration and Strategy	29,255,097	-7,189,041	22,066,056	312,000	-1,098,000	21,280,056
Resources and Transformation	14,806,361	-2,143,550	12,662,811		-300,000	12,362,811
Total of Directorate Budgets	299,598,053	-94,367,409	205,230,644	562,000	-4,389,000	201,403,644
Centrally Controlled and Other Corporate Budgets			33,283,735		-3,300,000	29,983,735
Total Revenue Budget Requirement			238,514,379	562,000	-7,689,000	231,387,379
Other Adjustments and Sources of Finance:-						
New Contributions to(+)/from(-) Earmarked Reserves					2,329,569	2,329,569
Total Funding Requirement			238,514,379			233,716,948
General Funding						
Revenue Support Grant			-9,573,960			-9,573,960
Top-up/Tariff			-18,025,159			-18,025,159
New Homes Bonus			-37,100			-37,100
Small Business Rate Relief, Business Rate Cap			-14,608,695			-14,608,695
PFI Grant			-1,215,490			-1,215,490
Housing &CT Admin subsidy			-771,751			-771,751
Social Care Funding			-19,527,488			-19,527,488
Market Sustainability and Fair Cost of Care Fund			-4,027,698			-4,027,698
Local Services Support Grant			-294,834			-294,834
Discharge Funding			-1,971,283			-1,971,283
Local Taxation						
Retained Rates			-28,625,822			-28,625,822
Adult Social Care Precept			-22,634,289			-22,634,289
Council Tax			-112,403,380			-112,403,380
Total General Grant Funding and Local Taxation			-233,716,948			-233,716,948
Budget Deficit (+)/Surplus(-)			4,797,431			0

Calderdale MBC Council Tax for 2026/27 using the forecast Council Tax Base of 66,384

	2025/26	2026/27		
	Council Tax Band D £ p	% Change to Basic Relevant Amount	Council Tax Band D £ p	Council Tax Income £
		%		
Calderdale Council Relevant Amount Previous Year (calculation of % increase)		1,937.51		
Calderdale Council Tax	1,635.30	2.99%	1,693.23	112,403,380
Adult Social Care Precept	302.21	2.00%	340.96	22,634,289
Total Estimated Calderdale Council Tax - Basic Relevant Amount	1,937.51	4.99%	2,034.19	135,037,669

CONTEXTUAL INFORMATION - RESOURCE ALLOCATION

Adult Services and Wellbeing – Summary of Services Provided **Prevention & Early Help, All Age Disability, Mental Health, Long Term Personalised Support and Safeguarding Adults**

The service exists in order to provide advice and information, early intervention, assessment, care, and support to adults with learning disabilities, mental health needs, physical and sensory impairment, and older people. In doing so the service works in partnership to ensure the protection of these people and to ensure their health, wellbeing, independence, choice, control, and personal dignity is maximised.

Key elements within the service include:

- **Gateway to Care** – This element of the service provides a first point of contact for the people of Calderdale in the provision of information and advice. The team also deals with referrals, self-assessments and where necessary will make arrangements for a social care worker to visit.
- **Community Social Work Practice** to provide early intervention with a focus on delaying or deferring the need for long term support and ensuring people are connected to their communities.
- **Assessment and Care Management** - The assessment, care management and review teams respond to initial referrals and enquiries, undertake assessment of need, and arrange for service provision. There are five Locality Teams and a team which is based in Calderdale Royal Hospital and Huddersfield Royal Infirmary. The review team focuses on ensuring that people's identified needs are appropriately met.
- **Management of safeguarding allegations** in relation to vulnerable adults, mental capacity act assessments and deprivation of liberty safeguards.
- **Support to stay at home** - There is a variety of community-based support initiatives including home care and shared lives which are provided or commissioned for adults. These services can be delivered as a managed service or as part of a Direct Payment.
- **Day Opportunities** - this includes day services for adults and for working age adult employment initiatives. These are provided both by the local authority and independent sector providers as a directly managed service or by way of Direct Payments
- **24 hour support** - Both the Local Authority and Independent Sector providers provide a variety of residential, nursing, and supported living support.
- **Commissioning** – we have a range of staff that ensure that there is a range of high-quality services in place to meet the needs of those with eligible care and support needs. Staff will ensure that we have a diverse and resilient market that provides value for money, are of a good quality and maximise independence and wellbeing.

Key Outputs:

Calderdale Council supports 627 people in permanent residential & nursing care. 474 receive day care services from the Council. The Council helps around 870 individuals to live independent and healthy lives by supporting them with home care services so that they can continue to live in their own homes. To do this, we provide 13,259 hours of service per week.

The Council also supports 1927 adult social care service users who receive a personal budget which enables them to have control over the social care they receive. 576 people receive a cash or part cash payment so that they can purchase care directly which is appropriate to their requirements. 15 people receive an Individual Service Fund.

Adult Services and Wellbeing – Service Controlled Budget after any Proposed Growth and Savings

	2024/25 Cabinet Budget £	2025/26 Indicative Budget £	2026/27 Indicative Budget £
Gross External Service Controlled Expenditure			
All Age Disability Service and Adult Mental Health Service	52,074,313	53,415,851	55,665,851
Integrated Commissioning	13,770,884	13,751,611	13,745,361
Personalised Long Term Support	52,119,809	53,020,523	55,291,193
Prevention and Early Help	9,061,670	9,127,353	9,127,353
Strategic Management	1,016,710	983,966	963,296
	128,043,386	130,299,304	134,793,054
Gross External Service Controlled Expenditure			
Employee Related	24,528,210	24,499,300	24,478,630
Premise Related	272,149	272,149	272,149
Transport Related	316,480	316,480	316,480
Supplies and Services	6,774,998	5,991,408	6,005,828
Agency (External Contracts)	83,220,829	86,289,247	90,789,247
Transfer Payments	12,930,720	12,930,720	12,930,720
Service Controlled Expenditure	128,043,386	130,299,304	134,793,054
Gross External Service Controlled Income			
Grants and Contributions	-29,722,037	-28,909,537	-28,903,287
Customer Client Receipts	-14,693,690	-14,823,690	-14,823,690
Service Controlled Income	-44,415,727	-43,733,227	-43,726,977
Total Net Service Controlled Budget	83,627,659	86,566,077	91,066,077

Chief Executive's Office – Summary of Services Provided

The Chief Executive's Office provides the whole Council with specialist support in the following specific areas: -

COMMUNICATIONS

To provide a communication service for the Council and provide specialist advice in this area, including management of the Council's central printing and reprographics functions.

LEGAL AND DEMOCRATIC SERVICES

The service provides legal, administrative and partnership services to the public, elected Members, and other Council Services. The key functions are:

- To provide a secretarial and administrative service for Councillors and Committees, including the Mayor's Office
- To support the Council's scrutiny function and to undertake the duties of Monitoring Officer
- To prepare for, organise and conduct all elections, polls, and referenda
- To provide a timely, accurate and cost effective legal service to the Council
- To provide the Information Governance support for the Council, including compliance with GDPR and Freedom of Information requests.

Key outputs: The electoral register is compiled annually, for c.150,000 Calderdale voters

PUBLIC HEALTH

The service provides the chief source of public health leadership and advice within the Council and works closely with other directorates and external bodies to improve the health and wellbeing of Calderdale residents.

The key to improving the population's health and wellbeing is to take action to address the social, economic and environmental determinants of health. The Council has 6 mandatory public health responsibilities: Health Visitor service, National Child Measurement Programme, the NHS Health Check assessments, sexual health services, dealing with health protection incidents and advising NHS commissioners on Public Health issues.

In addition, local authorities' other responsibilities include:

- Reducing smoking
- Alcohol and drug misuse services
- Public Health services for children and young people aged 0-19
- Interventions to support healthy behaviours, promote healthy weight and increase physical activity
- Working with partners to develop healthy communities and healthy policy.

Chief Executives – Service Controlled Budget after any Proposed Growth and Savings

	2024/25 Cabinet Budget £	2025/26 Indicative Budget £	2026/27 Indicative Budget £
Gross External Service Controlled Expenditure			
Chief Executive Management	1,105,607	1,105,607	1,105,607
Corporate	929,860	929,860	929,860
Legal & Democratic Services	4,005,910	3,653,347	3,654,287
Public Health	13,718,019	13,601,389	13,601,389
	19,759,396	19,290,203	19,291,143
Gross External Service Controlled Expenditure			
Employee Related	5,696,385	5,352,822	5,352,822
Premise Related	45,920	45,920	45,920
Transport Related	9,610	9,610	9,610
Supplies and Services	4,369,021	4,305,391	4,306,331
Agency (External Contracts)	9,638,460	9,576,460	9,576,460
Service Controlled Expenditure	19,759,396	19,290,203	19,291,143
Gross External Service Controlled Income			
Grants and Contributions	-14,917,729	-14,917,729	-14,917,729
Customer Client Receipts	-132,210	-132,210	-132,210
Service Controlled Income	-15,049,939	-15,049,939	-15,049,939
Appropriations to(+)/from(-) Earmarked Reserves	-282,630	0	0
Total Net Service Controlled Budget	4,426,827	4,240,264	4,241,204

Children & Young People's Services – Summary of Services Provided

EARLY INTERVENTION AND SAFEGUARDING

Early intervention and Safeguarding are responsible for assessing and meeting the needs of children in need, looked after children and care leavers and children subject to a Child Protection Plan. It also oversees a range of family support services. This includes commissioned children's centres, youth services and young carers.

Early Intervention is responsible for providing a range of flexible and accessible preventative, early intervention, and support services. These are aimed at preventing the needs of children escalating. The service plays an important role in improving outcomes for children, young people, and their families by increasing the support at an earlier stage particularly for children with disabilities and additional needs. The services provided include integrated youth support services, education welfare, the Family Intervention Team and the Youth Offending Team.

Social care is there to keep families together and to be more resilient. Child protection services and ultimately children in care services are available when children cannot live safely at home. Protecting children relies upon working in partnership with schools, health, the Police, and a range of voluntary and other services.

This area is responsible as one of the three statutory partners, with health and the police for the Safeguarding Children arrangements in the Borough. This included the Council, the Police and Health as the main safeguarding partners. The Independent Reviewing Officers provide reviews for looked after children and the child protection conferencing service.

EDUCATION AND INCLUSION SERVICES

Education and Inclusion Services is responsible for monitoring, supporting and challenging schools to improve attainment and the quality of provision for children and young people aged 3 to 19. There are over 20,000 primary and 15,500 secondary pupils being educated in schools in Calderdale. The service also has the responsibility to intervene in maintained schools when necessary. The service carefully targets resources provided towards those schools needing the most support to secure improvement in teaching and learning and the attainment and achievement of pupils. This service also provides:

- Strategic planning management and oversight of the allocation, monitoring, and management of the Dedicated Schools Grant.
- Co-ordination of the schools' forum
- Support to children and young people who need extra help in school
- Early years care and learning including Children's Centres, play services and support for early years settings.
- Planning and commissioning school places
- Responsibility for admissions and the management of admissions appeals
- Special educational needs support from a range of services.

Children & Young People's Services – Service Controlled Budget after any Proposed Growth and Savings

	2024/25 Cabinet Budget £	2025/26 Indicative Budget £	2026/27 Indicative Budget £
Gross External Service Controlled Expenditure			
Childrens Early Intervention & Safeguarding	41,531,425	41,117,676	42,367,676
Education & Inclusion	5,763,740	5,620,941	5,620,931
Strategic Management	2,517,203	2,574,580	2,574,580
	49,812,368	49,313,197	50,563,187
Gross External Service Controlled Expenditure			
Employee Related	17,794,958	17,668,104	17,668,104
Premise Related	107,736	107,736	107,736
Transport Related	340,290	340,290	340,290
Supplies and Services	7,794,388	7,204,398	7,204,388
Agency (External Contracts)	21,602,149	21,859,615	23,109,615
Transfer Payments	2,172,847	2,133,054	2,133,054
Service Controlled Expenditure	49,812,368	49,313,197	50,563,187
Gross External Service Controlled Income			
Grants and Contributions	-9,681,947	-9,742,490	-10,013,090
Customer Client Receipts	-359,153	-359,153	-359,153
Service Controlled Income	-10,041,100	-10,101,643	-10,372,243
Total Net Service Controlled Budget	39,771,268	39,211,554	40,190,944

Public Services – Summary of Services Provided

NEIGHBOURHOODS

Community Protection: This service has now been integrated to include Community Safety Partnership & Community Response, Environmental Health and Partnership & Licensing.

Community Safety & Community Response: Works closely with the Police and other partners to address anti-social behaviour, domestic violence and substance misuse, and helps to make people feel safer through the provision of a high quality, modern CCTV facility, together with a high visibility presence through the Community Safety Wardens.

Environmental Health: Enforces legislation including food safety, workplace safety, animal welfare, prevention of pollution as well as tackling fly tipping, noise and air pollution, drainage and dangerous housing conditions.

Partnership & Licensing: Processes and enforces a wide range of licences including premises, taxi, alcohol, entertainment and gambling.

Green Spaces and Street Scene Service: Works with local people to look after parks, open spaces, play areas, Ogden Water, Jerusalem Farm and the wider countryside, and keeps Calderdale's streets clean and free of graffiti, litter and fly tipping.

Highways Delivery: Keeps roads and footways safe through responsive minor repairs and maintenance, and delivery of Winter Services to keep the network open during severe weather.

Bereavement Services: Provides a modern and efficient burial and cremation service from Park Wood Crematorium and 10 cemeteries across Calderdale, and looks after 25 closed cemeteries and heritage sites, including war memorials.

Waste Management and Pest Control – collection and disposal of the Borough's household waste, maximising recycling and recovery where possible.

Transport Services: Provides a passenger transport service from home to school/day care centres and manages and maintains the Council's fleet of 150 vehicles, including compliance with Operator's Licensing requirements and management of the Battinson Road Depot.

Parking Services: Manages on street and off-street parking across the borough and the enforcement of all parking restrictions.

CUSTOMER SERVICES

Neighbourhoods & Community Cohesion: Community engagement including running Ward Forums, addressing social isolation and coordinating support for asylum seekers and new migrants. Leading on work to combat extremism, delivering our requirements through the statutory Prevent duty, promote cohesion and manage community tensions.

Libraries and Information Services: The service is currently responsible for the Central Library in Halifax, 6 hub libraries and 5 community libraries, and Todmorden Town Hall used for a variety of functions.

Museums, Galleries and Arts: The service currently runs three museums and art galleries - Shibden Hall, Bankfield and Smith Art Gallery in addition to providing education and outreach activities for schools, community groups and adult learners.

Benefits: Provide a range of financial services directly to the public including housing benefit and other assessment-based allowances.

Registrars: The Registration Service carries out statutory functions and ceremonies relating to births, deaths, marriages, civil partnerships etc.

Customer Services: Operate face-to-face support where customers can access all services. The Council also operates a contact centre providing a high-quality telephony service for all high-volume contacts. This is enhanced by a responsive website supported by Web Chat, social media and email response service.

The Web Team: The web team delivers the Council's online presence which plays a key role in providing 24/7 access to information and Council services.

Sport Services: The service manages 3 leisure facilities/pools - Sowerby Bridge, Brighouse and Todmorden. It also manages the Shay Stadium and Spring Hall Running Track. The service also runs Swimming Development providing all school and out of school swimming lessons, Swim England and RLSS courses. The service manages initiatives such as Better Living Team who deliver health interventions around weight management, alcohol consumption and smoking cessation and helps disabilities sports projects. The service also supports local clubs and volunteers to improve sports facilities across Calderdale and works in partnership with schools to deliver fitness programmes.

Victoria Theatre: The Victoria Theatre is a 1600/1900 capacity live arts and entertainment venue presenting about 170 performances throughout the year. 30% of the artistic programme comprises of community work liaising with local societies and businesses. The professional programme comprises of a broad range of music, theatre, opera, dance and comedy.

Public Services – Service Controlled Budget after any Proposed Growth and Savings

	2024/25 Cabinet Budget £	2025/26 Indicative Budget £	2026/27 Indicative Budget £
Gross External Service Controlled Expenditure			
Customer Services	13,344,901	13,056,194	13,056,194
Group Director	240,365	240,365	240,365
Neighbourhoods	35,472,605	35,575,572	34,951,652
	49,057,871	48,872,131	48,248,211
Gross External Service Controlled Expenditure			
Employee Related	23,330,450	23,331,780	23,337,345
Premise Related	558,457	558,457	558,457
Transport Related	3,432,414	3,492,834	3,618,914
Supplies and Services	3,704,475	3,800,360	3,794,795
Agency (External Contracts)	18,032,075	17,562,475	16,812,475
Service Controlled Expenditure	49,057,871	48,745,906	48,121,986
Gross External Service Controlled Income			
Grants and Contributions	-99,145	-99,145	-99,145
Customer Client Receipts	-15,786,229	-15,786,514	-15,886,514
Service Controlled Income	-15,885,374	-15,885,659	-15,985,659
Total Net Service Controlled Budget	33,172,497	32,986,472	32,262,552

Regeneration and Strategy – Summary of Services Provided

PLANNING

Development Management: Determination of planning and other applications, planning appeals, advice and guidance, enforcement of planning control, conservation of the built environment.

Key output: determination of up to 2,000 planning applications and 650 planning enforcement matters each year.

Development Strategy: Preparation of the Local Plan and other Development Plan Documents.

Building Control: Ensure compliance with Building Regulations and fire safety and access legislation. Has corporate responsibility for dealing with dangerous structures.

Key output: determination of up to 1,600 Building Regulation applications and about 140 dangerous buildings/structures each year.

STRATEGIC INFRASTRUCTURE

Asset and Capital (Highways): Responsible for the management of our highway network and associated assets to ensure an efficient, safe and reliable network for all users. Leading on all traffic engineering related issues associated with new highway schemes or highway improvement projects. Responsible for the design, planning and delivery of all capital and revenue maintenance works.

Key outputs: Maintain and improve over 1,300km of highway, 1,100km of footway and 1,400km of public rights of way.

Transportation: Responsible for developing policies and strategies to improve the transport network so that it is safe, effective and reliable for all road users encouraging active travel and the use of public transport. Works closely with West Yorkshire Combined Authority and the other districts on Rail strategy, Bus Reform, Mass Transit and Integrated Transport Network.

Key outputs: Secure significant external funding to delivery network improvements.

Flood Risk Management: Responsible for delivering the Council's statutory role as Lead Local Flood Authority and Land Drainage Body. Works in partnership with the Environment Agency and other stakeholders to deliver £150m capital investment programme and Calderdale's Flood Action Plan including delivery of natural flood management, sustainable drainage systems and flood resilience. Respond to Planning consultations as a statutory consultee for surface water.

Key outputs: Implement Flood Risk Management Strategy, deliver Calderdale Flood Action Plan, investigate flooding and support delivery of capital programme.

CORPORATE ASSET AND FACILITIES MANAGEMENT

The service is responsible for ensuring the Council's property assets are fit for purpose, deliver value for money and support and enhance service delivery.

Staff within the service maintain the Council's assets, deliver assurance work for health and safety compliance, facilities management, property acquisition & disposal and valuation advice.

Key outputs: Total property asset value c £337m. Around 300 buildings managed; around 9,000 maintenance jobs handled per year; £10m per year spent on maintaining and running corporate buildings and a further spend of £2m on capital planned programmed work.

Markets: Provision of indoor and outdoor retail markets and specialist ad hoc markets.

Key outputs: provision of 6 regular Markets and ad hoc specialist markets.

ECONOMY HOUSING AND INVESTMENT

Housing and homelessness: working with developers and Housing Associations to increase the supply of new and affordable homes and taking action to reduce the number of empty properties. Levering in resources to improve the energy efficiency of existing properties, reducing inequalities and having a positive climate impact. Supporting people who are homeless or at risk of homelessness and providing safe places for people who are the victims of domestic abuse.

Key output: 563 people prevented from becoming homeless over the last year.

Climate action: enabling a borough wide response to the climate emergency, supporting Calderdale's Climate Action Partnership and the development and delivery of the shared Climate Action Plan, alongside actions that reduce the Council's emissions and support our progress towards net zero by 2038.

Key output: reducing Council carbon emissions by an average of over 10,000 tonnes of carbon dioxide equivalent per year.

Strong and resilient towns: supporting our thriving towns and places, providing governance support across our six town boards, and programme management for key towns based regeneration programmes.

Key output: leveraging over £60m of capital investment into our Borough.

Business and inclusive economy support: helping businesses to start up, grow and become more resilient, creating fair work and supporting our enterprising borough. Supporting our Inclusive Economy Board, the development and delivery of Calderdale's Inclusive Economy Strategy and delivering bespoke programmes of work in specific locations that support an economy that everyone can contribute to and benefit from.

Key output: supporting over 200 people to start up a new business over the last year.

Employment, skills, and adult education: supporting people, including vulnerable people, across Calderdale to access employment and move closer to the labour market. Providing learning programmes for adults to improve their knowledge, skills, well-being and employment opportunities.

Key output: delivering over 4,000 learning achievements and qualifications per year.

Visitor economy, film and events: promoting Calderdale as a destination for local and international visitors and ensuring local businesses benefit. Facilitating Calderdale as a location for filming as a means to grow our profile and visitor economy.

Key output: facilitating over 100 events attended by over 200,000 people over the last year.

Voluntary and community sector support: supporting the development of Calderdale's voluntary and community sector and developing the Council's relationship with it. Commissioning voluntary and community sector support and small grants, in particular in support of the Council's priority to reduce inequalities. Delivering the Healthy Holidays programme of activity and contributing to the Council's efforts to tackle the cost of living crisis.

Key output: delivering over 13,000 sessions for families eligible for free school meals in the summer holidays alone.

MAJOR PROJECTS

The Council operates a multifaceted portfolio of capital projects that regenerate the Borough and improve and replace facilities and infrastructure for people who live, work and visit Calderdale.

The Major Projects team works with directorate sponsors and external partners to deliver capital projects to the Council's highways, buildings and schools and is delivered across three specific programmes:

- **Highways & Infrastructure Programme :** Providing improvements to highways to increase traffic flow and encourage walking, cycling and wheeling.
- **Capital Regeneration Programme :** Providing improvements to town centres and strategic buildings and sites.
- **Schools Capital Programme:** Providing improvements to school buildings and delivering the schools rebuilding programme.

Regeneration and Strategy – Service Controlled Budget after any Proposed Growth and Savings

	2024/25 Cabinet Budget £	2025/26 Indicative Budget £	2026/27 Indicative Budget £
Gross External Service Controlled Expenditure			
Business, Skills & Investment	6,376,299	3,915,062	3,510,603
CAFM & Major Projects	11,251,152	11,390,224	11,440,224
Housing & Green Economy	3,305,500	2,757,402	2,701,402
Markets	629,330	629,330	629,330
Planning Services	2,750,204	2,750,204	2,750,204
Strategic Infrastructure	7,686,261	7,577,334	7,437,334
	31,998,746	29,019,556	28,469,097
Gross External Service Controlled Expenditure			
Employee Related	13,481,923	12,685,896	12,399,896
Premise Related	9,959,695	10,097,748	10,097,748
Transport Related	92,237	93,439	94,279
Supplies and Services	5,849,788	3,496,370	3,180,071
Agency (External Contracts)	2,597,403	2,628,403	2,679,403
Transfer Payments	17,700	17,700	17,700
Service Controlled Expenditure	31,998,746	29,019,556	28,469,097
Gross External Service Controlled Income			
Grants and Contributions	-5,172,412	-1,836,035	-1,414,558
Customer Client Receipts	-5,507,636	-5,711,294	-5,774,483
Service Controlled Income	-10,680,048	-7,547,329	-7,189,041
Total Net Service Controlled Budget	21,318,698	21,472,227	21,280,056

Resources and Transformation – Summary of Services Provided

DIGITAL AND ICT

This Service delivers all Information & Communication Technology (ICT) functions across the Council as well as providing a commercial ICT Support function to third parties such as Schools.

ICT Infrastructure: This function provides the necessary hardware and software that constitutes the Council's IT infrastructure. This infrastructure provides the Council's data centre as well as network connectivity between Council sites and third parties. The data centre hosts the servers and storage that are used for all the Council's on-premises applications. There are in excess of 100 applications used by the Council.

Cyber security is a priority for this team to keep the infrastructure up to date and protected.

ICT Projects: This team maintains and develops the Council's in-house IT systems as well as integration between our systems and third-party systems. The main in-house systems are Council Tax, Benefits, Business Rates, Financials, Adult and Child Social Care as well as the Web site.

Digital Calderdale: The team supports the development of the Digital strategy by supporting projects around the themes of Connectivity, Data and Insights, Digital Council and Digital Inclusion.

ICT Field Support: This team supports all the IT devices used throughout the Council. Devices are PCs, laptops, tablets, thin clients, telephones and network switches. This team also delivers the commercial IT Support service that we sell to Schools and other third parties.

ICT Contracts and Compliance: This team deals with all IT Contracts and Compliance functions. This includes PSN compliance and leading on internal/external IT Audits as well as freedom of information requests.

ICT User Support: This team liaises with IT system owners regarding any new system procurements and updates and enhancement to existing systems. They provide IT administration and training on the major systems.

ICT Operations: This team deals with IT systems processing of all the in-house IT systems as well as some third-party systems. This includes any printed output and secure transfer of information to third parties.

ICT Service Desk: The Service Desk are the front line for reporting of all IT issues and requests. They deal with 2,500 staff, elected members and 80 Schools.

Key outputs: The Service supports approximately 2,500 users across the Council including significantly more working from home.

FINANCE AND TRANSFORMATION

The service provides a range of financial services both directly to the public and as a support service to the work of all other Council services. The key functions are:

- To prepare the Council's medium term financial plans, annual budgets, co-ordinate the Capital Programme and produce its statutory financial statements.
- To ensure that payments to suppliers for the provision of goods and services are made in a timely manner.
- To administer Council Tax, Non-Domestic Rates, income collection and general banking and cashiers services.
- To advise and carry out work on transformation across the Council and provide business intelligence and performance monitoring information across the Council.
- To provide a comprehensive internal audit function and a range of other functions including the provision of general financial advice, insurance, and specialist financial support staff within other directorates and schools.
- Procurement: Provide advice and support to the Council in all aspects of purchasing goods and services, promoting of best practice and achieving value for money. Ensure that all procurement is in line with Council, National and European rules and regulations.

Key outputs: Around 90,000 invoices are processed annually, over 90% by BACS

HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

The service contributes to the management and strategic leadership of the Council and delivers an integrated and cohesive Human Resource and Organisation Development service to promote and foster a culture of innovation, value for money and performance management. The key functions are:-

- To provide advice on all matters relating to the HR policies and procedures of the Council, in compliance with Employment Law.
- To provide a comprehensive Contracts and Payroll service in line with both Employment Law and HMRC guidelines.
- To ensure that employees health and wellbeing is effectively managed in line with our Duty of Care.
- To manage all matters relating to the recruitment and retention of our staff and appropriate advice, guidance, and monitoring with regard to safe recruitment practice.
- To ensure our Statutory Health and Safety responsibilities are complied with to ensure the health, safety and welfare of our staff and services users is paramount.
- To develop and maintain a proactive and innovative approach to organisational development improving the overall performance, effectiveness, and culture of the Council.

Resources and Transformation – Service Controlled Budget after any Proposed Growth and Savings

	2024/25 Cabinet Budget £	2025/26 Indicative Budget £	2026/27 Indicative Budget £
Gross External Service Controlled Expenditure			
Digital & ICT	5,776,081	5,784,771	5,784,771
Finance Services	5,068,208	4,970,206	4,970,206
Human Resources & Organisational Development	3,784,609	3,751,384	3,751,384
	14,628,898	14,506,361	14,506,361
Gross External Service Controlled Expenditure			
Employee Related	12,497,719	12,375,182	12,375,182
Premise Related	1,600	1,600	1,600
Transport Related	16,390	16,390	16,390
Supplies and Services	2,212,389	2,212,389	2,212,389
Agency (External Contracts)	-99,200	-99,200	-99,200
Service Controlled Expenditure	14,628,898	14,506,361	14,506,361
Gross External Service Controlled Income			
Grants and Contributions	-275,795	-275,795	-275,795
Customer Client Receipts	-1,720,255	-1,720,255	-1,720,255
Service Controlled Income	-1,996,050	-1,996,050	-1,996,050
Appropriations to(+)/from(-) Earmarked Reserves	-147,500	-147,500	-147,500
Total Service Controlled Budget	12,485,348	12,362,811	12,362,811

Appendix 2 - Chief Finance Officer's Statement

Under Section 25 of the Local Government Act 2003, it is the responsibility of the Chief Financial Officer of the authority to report to it on the following matters in the context of the proposed budget:-

- the robustness of the estimates made for the purposes of the calculations, and
- the adequacy of the proposed financial reserves

This, in conjunction with the balanced budget requirement of The Local Government Finance Act (1992), mean that Members are required to have regard to the Chief Finance Officer's report when making their budget setting decisions.

It is important to start by recognising the strong track record of containing costs within available resources, something which Calderdale Council has achieved over many years. This gives confidence that the organisation is adaptive enough to deal with any changes to the assumptions contained within the budget proposals.

The approach to financial management emphasises the continuing importance of risk management if the Council is to remain financially resilient over the longer-term. The Council's operating environment continues to be highly challenging as considered elsewhere in this report, which is the same for all public service organisations.

Throughout this report and the supporting background papers, the assumptions which have been made are explained, including the supporting rationale. The risks to those assumptions are also considered, with the greatest risk being the short-term funding certainty set against an increasing permanent cost base.

In recognition of heightened risk, the Council's reserves strategy has been updated to ensure it best reflects the short, medium, and long-term resilience needs of our organisation so that the level of reserves to be held are enough to keep the organisation financially safe.

For the reasons set out in this and the various reports and papers I am presenting alongside this one, I am satisfied that the Council's investment plans for revenue and capital in 2024/25 are robust and reserves are adequate to manage the risks the Council is exposed to.

In reaching this view I have considered the areas which have the biggest potential to change or impact upon the assumptions contained within the budget report and set out what has been done to maximise the quality of the estimates, the risk to the estimates, and what action or mitigation could be taken if risks materialise.

Although I am not required at this stage to comment on the robustness of estimates for future years' budgets, it is my view that Councillors must have regard to the medium-term financial position of the Council when deciding the budget and Council Tax for next year.

Despite there being an established medium term financial plan, the degree of uncertainty with future funding allocations combined with a fast-changing economic context and a need to manage risk successfully to avoid further cost increases means that I cannot, at this stage, comment on the robustness of budget estimates with effect from 2025/26. This situation applies across Local Government, therefore is not Calderdale specific, but is important to keep in mind the considerable challenges to ensuring long-term financial resilience.

Strategic Assessment: Robustness of Estimates	
Inflation	<p>The rate of inflation is currently tracking well above the 2% Bank of England target (CPI inflation was 4% in December 2023), with latest Bank of England forecasts suggesting it will come down during 2024/25 and return to below the 2% target after 2025. These forecasts are subject to change and there is a risk of further sustained levels of inflation above the target, which could have implications across all Council spending. The medium-term financial plan provides for additional inflation-led cost increases, specifically around energy, fuel and social care which we think will be sufficient. Should the situation worsen, the Council has some capacity within reserves to offset in the short-term.</p> <p>Re-commissioning and re-procurement provides the Council with the opportunity to ensure contract prices remain market tested.</p>
Adult Social care (demand and cost)	<p>Whilst the Government has postponed planned social care reforms until 2025 it has recognised existing and increasing demands on the system and the importance of social care in management of hospital discharges to enable the NHS to meet the demand for hospital beds. There is also an expectation that councils will have consideration for the fair cost of care exercise and market sustainability when setting provider fees. The impact of the accelerated increase in the National Living Wage creates an additional risk on the affordability of any price increases for care provider rates. The Government has provided additional funding specifically for this aim, and this plan assumes the social care precept will be maximised to increase available resources further. The Council is also investing over and above these amounts. It is expected that this will be sufficient, however there is a risk that local care rates rise quicker than sector specific funding. This is combined with the health and care system risk and the interface between discharge from hospital and care need, which may be in excess of funding allocations. The cost of providing social care is based upon the volume of demand on the service and the cost of care packages for each tier of care. The budget proposal increases affordability limits within adult social care significantly, enabling increased price and activity to be funded. The budget proposal makes an assumption that early intervention and prevention adopted under 'home first' approach continues to have a lasting positive impact. Activity and cost will be tracked during the year.</p>
Children Social Care	<p>Additional budget has been allocated to reflect the cost of care. Whilst the strategy is to enable sufficient care arrangements locally through increasing Calderdale Foster Carers and residential homes, there is an increasing level of complex needs leading to increase in costs. The budget assumptions reflect that over time the cost of externally provided care will reduce. Further policy change is anticipated for Children Social Care as elements of the Government's strategy 'Stable Homes</p>

	Built on Love' is implemented. This will be closely monitored to ensure resources are appropriately aligned.
Pay inflation	Pay is the largest subjective cost element incurred by the Council. The medium-term financial plan provides for the cost of pay awards up to a level of 3%. The rate of inflation is considered elsewhere, but its impact on pay demands is expected to be clear. The 2024/25 pay award is yet to be agreed, there is a risk that the pay award is agreed at a higher level than the Council has budgeted for, a risk which can be managed through the reserve strategy in the short-term.
Other demographic changes	In addition to social care other Council services are also subject to the impact of demographic changes, which could lead to an increase in demand for Council involvement and intervention. An example is home to school transport and temporary accommodation for people who are homeless. The budget makes a prudent assessment of forecast demand in 2024/25 and makes adjustments to affordability limits where necessary. In addition, the Council engages with the public where it can reduce demand where it is appropriate to do so.
Fees and Charges	The Council aims to fully recover costs for its charged for services except where a policy decision has been taken to provide a subsidy. Services are operated with a commercial mindset to generate income alongside providing a positive economic, social and wellbeing impact. Ongoing review ensures full cost recovery, consideration of inflation, alongside a contribution towards Council priorities. A prudent assumption has been made that all fees and charges will be increased at least to the level of inflation.
Council Tax	Income from Council Tax is the largest income stream and the most reliable. A prudent level of collection is assumed in setting the base and the risks to this stream are further mitigated by a provision for bad debt (impairment). Historically, the Council has been able to achieve budgeted collection rates, over a longer timeframe than one year. A more robust monitoring process for business rates and Council Tax will be introduced to ensure progress against budgeted targets are measured with sufficient regularity.
Business Rates	Income from business rates can be volatile but there are a range of mitigations which make the volatility more manageable. The ultimate backstop is the safety net mechanism built into the Business Rates Retention Scheme which guarantees every council a minimum level of funding. This limits the losses any council can incur in a particular year. Locally there are three other measures which mitigate risk. These include a provision for bad debt (Impairment) and a provision for appeals. The former provides for a certain level of uncollectable debt and the latter provides for the likely impact of businesses successfully appealing against the value of their properties.
Government Funding	The report considers funding base uncertainty beyond 2024/25. There could be material changes to the Local Government financing framework – focussed around the updated assessment of needs and resources in development –

	during the next Parliament which could impact on the later year estimates. The Council will ensure full engagement in this process and maximise local intelligence to ensure the position is as well understood as it can be.
Capital Financing	Prudent estimates of the costs of financing the Council's borrowing have been built into the budget. There are two elements to these costs. The Minimum Revenue Provision (MRP) and Interest. The Council's policy on MRP can be found in the Treasury Management Strategy and was revised last year. The interest cost can be split between interest payments on already contracted debt, which are certain, and interest payments assumed on forecast borrowing. As most borrowing is already contracted, the majority of this cost is fully known. Future borrowing will potentially be subject to higher interest rates if the Bank of England base rates continue at these higher rates.

Strategic Assessment: Adequacy of Reserves	
<p>The reserves statement and strategy contained within Annex A provides a clear and detailed explanation of the forecast reserves being held, the risks they are being held to mitigate against, and their planned usage. The budget proposals contained within this report assume that reserves held for a specific purpose reduce, and that strategic reserve balances be maintained broadly at current levels to reflect the reduced certainty beyond 2024/25, among other risks.</p> <p>The Schools and Dedicated Schools Grant (DSG) Reserves are held on behalf of schools and for prescribed purposes for education, special educational needs, and early years provision. At the end of 2022/23 there was a deficit balance on the High Needs DSG of just under £900k, which was allowed to be accounted for outside of the useable reserve balances (statutory override). The deficit has grown significantly in 2023/24 and is anticipated to reach over £6m. Recovery action plans are agreed with the Department for Education with close monitoring to return to a balanced position over a 3-year period. The statutory override which was introduced in 2023 for a period of 3 years, this has been extended to 31 March 2026 at which point any remaining High Needs deficit not recovered through the action plan would be an impact of general fund reserves.</p> <p>The budget also assumes the General Fund Reserve is maintained at no less than £5m in future years, which I deem prudent for the short term, however as other earmarked reserves reduce, I would recommend that the level of general fund balances are gradually increased in the longer-term planning horizon. On balance, I am satisfied that the Council's financial plans are robust and that reserves are adequate to manage the risks the Council is exposed to.</p>	

Becky McIntyre
Director of Resources and Transformation (S151 Officer)

Financial Planning Approach and Updated Medium Term Financial Plan 2024-27**1. Local Policy Context**

1.1 The Corporate Plan 2022 to 2024 sets out our strategic way forward, aims to take our distinctiveness, talent, enterprise, kindness and resilience to the next level and provides the foundation from which policy and use of resources is determined. To achieve our ambitions for Calderdale we prioritise resources to support those who experience the least positive life outcomes, recognising that there are some services that will always be provided for everyone. By targeting resources through our priorities, we aim to maximise impact for people, communities and place.

Corporate Plan Priorities			Wellbeing Priorities
	Reducing Inequalities	Starting Well	
		Developing Well	
	Strong, thriving Towns and Places	Living & Working Well	
		Ageing Well	
	Climate Action		

1.2 In determining budget proposals, it is important to consider the aims set for the financial strategy in the Corporate Plan:

- We will continue to place careful and responsible financial management at the heart of our financial planning.
- We will review and update our MTFP to maintain the Council's financial resilience and will monitor and realign our budgets where needed to ensure we are directing our limited resources to where they make the most difference.

1.3 The Council is responsible for adoption of its budget and policy framework and once in place it is the responsibility of Cabinet to implement it. Cabinet collectively leads on budget and performance monitoring across the whole range of Council activities including delivery oversight to support achievement of Council outcomes within the strategic policy frameworks of the Local Plan and Corporate Plan.

2. Financial Planning Environment

2.1 The resources available to the Council to make a difference need to be used wisely and deliver value for taxpayers' money. The financial strategy guides this and provides the mechanisms to ensure the Council is financially sustainable and resilient. The financial plan enables the Council to achieve its strategic objectives and legal duties for the benefit of residents and businesses.

2.2 The following principles have been used to guide the financial planning process:

- Investment only in services that demonstrate impact against key outcomes & priorities ('prevention with impact')
- Affordability in decision making
- More robust and consistent debt recovery

- Fees and charges – focused reviews to maximise income to protect services
- Appropriate use of taxpayers' money
- Openness to change or reduce service offer/delivery model
- Achieving financial sustainability, using strategic deployment of reserves

2.3 A focus on solid financial management will be required to stay on track within the cash limits set within the proposed budget for 2024/25 and close monitoring on the implementation of the changes required to achieve the savings agreed. Cost efficiencies and opportunities for optimising cost controls will continue to be reviewed throughout the year in order to ensure a financial sustainable position for 2025/26 and beyond.

3. Spending Power and Budget Requirement

3.1 In recent years the Council has responded to and supported recovery from the Covid-19 pandemic. The Council co-ordinated an unprecedented support response to the public health emergency which strengthened integration with partners and a focus on enabling through targeted early intervention and prevention. This legacy continues in the approach the Council and partners take, working together to improve health and social care outcomes.

3.2 Following the Covid-19 recovery, the Council has had to respond to a challenging economic environment. Inflation has been stubbornly high and only recently started showing signs of improvement. The Bank of England's Monetary Policy Committee's (MPC) updated projections (November 2023 report) expected the rate of inflation to continue to fall further this year to around 4.5% and continue to fall towards the 2% target next year. That means prices will be rising more slowly than they have been. The CPI 12 month published rate for December was 4.0%.

3.3 Council spending is exposed to the impact of inflation primarily either through contractual application of an inflation measure (e.g. CPI/RPI) or national pay awards. The current economic environment may impact on the Council's normal activity levels, revenue and funding streams and as our cost base is likely to grow faster than our ability to grow our income, the impact will be closely monitored throughout the year.

3.4 The Council is currently forecasting net operating spend of £207.6m for 2023/24, which is £10.9m above planned budget. After adjusting for an increase in funding (Business Rates), planned use of reserves and agreed use of specific reserves the potential variance is £6.6m. One of the primary pressures has come from increases in the demand for, and cost of adult and children's social care. The Local Government finance settlement has provided additional grant funding and precept funding enabled in 2024/25 relating to adult social care. The Council's sound financial resilience has enabled a prudent release of reserves in year to meet externally driven pressures whilst a review of policy, redesign and transformation is confirmed and implemented.

3.5 Spending Power and Budget Requirement

Table 1

	2024/25 £	2025/26 £	2026/27 £
Core Funding			
Revenue Support Grant	-9,202,191	-9,386,235	-9,573,960
Top-up Grant	-17,325,220	-17,671,724	-18,025,159
New Homes Bonus	-37,100	-37,100	-37,100
Social Care Funding	-19,527,488	-19,527,488	-19,527,488
Housing Benefit & Council Tax Support Admin Grant	-771,751	-771,751	-771,751
Local Services Support Grant	-294,834	-294,834	-294,834
Additional Market Sustainability and True Cost of Care	-4,027,698	-4,027,698	-4,027,698
Discharge Funding	-1,971,283	-1,971,283	-1,971,283
Total	-53,157,565	-53,688,113	-54,229,272
Taxation and Other Grants			
Local Share Retained Rates	-27,514,246	-28,064,531	-28,625,822
Section 31 Grants related to Business Rates reliefs	-14,041,422	-14,322,250	-14,608,695
Council Tax	-101,156,304	-106,418,783	-112,403,380
Social Care Precept	-16,984,539	-19,666,618	-22,634,289
PFI Interest Grant	-1,743,160	-1,490,480	-1,215,490
Total	-161,439,671	-169,962,662	-179,487,676
Total Spending Power	-214,597,236	-223,650,775	-233,716,948

Table 2 – Budget Requirement (Updated MTFP)

	2024/25 £	2025/26 £	2026/27 £
Budget Requirement			
Adult Services and Wellbeing	84,063,659	87,179,077	91,679,077
Chief Executive's Office	4,948,827	4,824,264	4,825,204
Children and Young People's Services	40,238,268	40,268,554	41,247,944
Public Services	33,139,497	33,323,472	32,749,552
Regeneration and Strategy	21,853,698	22,112,227	22,066,056
Resources and Transformation	12,710,348	12,662,811	12,662,811
Total of Directorate Budgets	196,954,297	200,370,405	205,230,644
Centrally Controlled and Other Corporate Budgets	25,288,189	29,440,664	33,283,735
Total Net Revenue Budget Requirement	222,242,486	229,811,069	238,514,379
Less Collection Fund Surplus	-883,000		
Previously Budgeted Use of Reserve	-1,200,000		
Total Funding Requirement	220,159,486	229,811,069	238,514,379

Analysis of Funding (Estimated Spending Power)

- 3.6 The Council's spending power is set out in Table 1. This shows that the Council expects to have £214.6m available to invest in its strategic priorities (before the planned use of reserves), funded by a combination of nationally allocated and locally generated resources (e.g. Council Tax). This is an increase of £16.3m (8.2%) from

2023/24 driven mainly by additional government funding intended for Adult Social Care, inflationary increases in core grants and council tax increases.

- 3.7 The financing framework in which the Council operates is determined by national policy. Over the course of the previous decade, there has been a shift towards ensuring a greater proportion of the cost of local government is funded from locally generated resources, intended to further strengthen local accountability and act as an incentive for local authorities to promote economic growth to generate increased resources from a bigger taxbase. For councils that have a relatively low tax base, due to the proportion of properties that are Band A or B, it is more challenging to grow the taxbase to achieve a similar level of funding.
- 3.8 The Council has funding certainty only for the next year through the local government finance policy statement and Settlement.
- 3.9 The analysis in this section sets out the national policy environment, and the impact on each funding source within the settlement. The basis on which they have been calculated is explained with any risk that may cause the figures to vary considered.

National Policy Environment and Economic Context

- 3.10 The Government set out the medium-term path for public finances in the Autumn Statement on 22 November 2023. The statement confirmed that departmental expenditure limit (DEL) budgets in 2024/25. Future years will follow the profile set at Spring Budget 2023. After this Spending Review period, planned departmental resource spending will continue to grow at 1% a year on average in real terms, excluding the funding provided to local authorities in 2024/25 as part of the one-year Retail, Hospitality, and Leisure relief scheme. Departmental capital spending will follow the cash profile agreed at Spring Budget 2023, with new commitments funded in addition to this, including further support for levelling up programmes and business access to finance. As a result, total departmental spending (DEL) will be around £85 billion higher in real terms by 2028/29 than it was at the start of the current Parliament (2019/20). Departmental resource and capital budgets beyond 2024/25 will be set at the next Spending Review.
- 3.11 The Office of Budget Responsibility (OBR) publishes economic and fiscal forecasts - the key messages relating to growth and inflation: - UK wide economic growth (GDP) is forecast to be 0.7% in 2024 increasing to 1.4% in 2025 (latest update November 2023). - ONS data shows CPI inflation is 3.9% and RPI inflation is 5.3% (November 2023 data). The OBR expects both to reduce slowly during 2024 before stabilising and returning to below 2% after 2025.
- 3.12 The Bank of England Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target in a way that helps sustain growth and employment. In response to their projections for activity and inflation the MPC increased the Bank of England Base Rate over the past 12 months and it now stands at 5.25% and is expected to remain at this level until the third quarter of 2024, before gradually reducing. The potential implications for the Council are considered elsewhere in this report.

National Policy Intent

- 3.13 In addition to providing an update on the state of public finances, the Autumn Budget set out other policy announcements including:
- From 1 April 2024, the National Living Wage (NLW) will increase by 9.8% to £11.44 with the age threshold lowered from 23 to 21 years old.
 - Increasing Local Housing Allowance rates to the 30th percentile of local market rents in April 2024 to support low income households with the rising costs of rent.
 - A business rates support package worth £4.3 billion over the next five years to support small businesses and the high street. The small business multiplier will be frozen for a fourth consecutive year, and Retail, Hospitality and Leisure (RHL) relief will be extended, ensuring the most vulnerable businesses continue to be supported. The standard rate multiplier will be uprated Autumn Statement 2023 in line with CPI inflation.
 - The Autumn Statement reaffirms the commitments made at Autumn Statement 2022 to provide additional support to the NHS and adult social care in England in response to the pressures facing the health service.
 - Passing the Procurement Bill, which consolidated over 350 different procurement regulations and will enable more flexible procurement procedures across government.
 - An additional £32 million across housing and planning to unlock thousands of homes across the country. This includes additional funding to tackle planning backlogs in Local Planning Authorities (LPA), alongside further reforms to streamline the system through a new Permitted Development Right to enable one house to be converted into two homes.
 - Allocating £450 million to a third round of the Local Authority Housing Fund, which will provide additional funding for new Temporary Accommodation as well as homes for Afghan refugees.
 - Extending 'thank you' payments into a third year for Homes for Ukraine sponsors across the UK. These will remain at £500 per month and reflect the ongoing generosity of hosts in supporting those who have fled the war. Funding of £120m for the devolved administrations and local authorities in England to invest in homelessness prevention, including to support Ukrainian households who can no longer remain in sponsorship.

Local Government Finance Settlement 2024/25

- 3.14 The annual finance settlement is the mechanism by which the Government translates national funding allocations into specific funding for local authorities. The draft settlement was published on 18th December 2023 and allocations were confirmed in the final settlement 5th February 2024. The settlement is a one-year only allocation. Longer term finance reform has been deferred until at least 2025/26. Key headlines from the Minister's statement were:
- The referendum limit for core Council Tax increases will be 3% with councils allowed to raise up to an additional 2% in respect of the Social Care Precept from 2024/25, i.e. 4.99% in total.
 - Business Rates retention – local authorities compensated for freezing of the multiplier
 - Confirmation that local authorities' Core Spending Power will increase by an average of 7.5% (Calderdale 6.9%). **However, it does also assume that councils will put up their Council Tax by the maximum allowable referendum limit to help achieve this.**

- Revenue Support Grant (RSG) allocations will be uplifted in line with the Consumer Price Index of 6.7% (£8.6m to £9.2m for Calderdale).
- Social care grants to increase by £1.88bn (£18.3m in 2023/24 to £25.5m in 2024/25 for Calderdale).
- 4% Funding Guarantee for authorities who fall below the 4% increase in CSP before Council Tax.
- Our allocation of Services grant has fallen from £1.7m to £0.3m (Nationally by £406.4m)
- New Homes Bonus (NHB) will continue in 2024/25 but again with no legacy payments.

- 3.15 The settlement set out £64.7bn in core spending power for England, a £4.5bn increase from 2023/24. To realise the increase, the sector must generate an additional £2.1bn through Council Tax increases. Council Tax setting is a local decision and therefore actual core spending power will differ.
- 3.16 According to Government calculations, Calderdale's maximum core spending power in 2024/25 is £215.2m, which is an increase of £13.9m from 2023/24. Of the increase, £6.1m is predicated on Council Tax increases, with the remainder due to increased grant funding.
- 3.17 To aid future financial planning, officers have assessed how much resource Calderdale might expect to receive from future settlements given the stated core spending power in 2025/26 and 2026/27 and reflected within the spending power estimate for those years in the settlement figures.
- 3.18 Council Tax continues to become increasingly important. The changing composition of Council funding can be seen in the following chart:

The change in Calderdale's core spending power funding profile is shown in the pie-charts below (as per draft settlement December 2023 tables):



Council Tax and Business Rates

- 3.19 The Council Tax Base report is covered in a separate report on this agenda. Nearly 2/3rd of properties within Calderdale are in either band A or B. The total increase in 2024/25 for a band A equates to £4.87 per month. The increase in Council Tax when

applied to the new tax base as per below table, provides additional income of £5.6m income when compared to 2023/24.

	2024/25	2025/26	2026/27
New Tax Base	64,017.71	65,076	66,384
<u>Per Band D</u>			
Core Council Tax	1,580.13	1,635.30	1,693.23
ASC Precept	265.31	302.21	340.96
	1,845.44	1,937.51	2,034.19
Core Council Tax	£101,156,304	£106,418,783	£112,403,380
ASC Precept	£16,984,539	£19,666,618	£22,634,289
Council Tax Income	£118,140,843	£126,085,401	£135,037,669

- 3.20 Achieving financial sustainability remains a major long-term aim for the Council, where the Council generates enough resource from local sources to fund local need. Under the current funding system, the Treasury requires local decision making about council tax income levels relative to investment need within the national policy framework.
- 3.21 In addition to investment need, other factors in considering the rate of Council Tax are financial resilience and the burden on taxpayers. If a decision is taken to not maximise the Council Tax increase in any year(s), this will result in a permanent funding impairment which cannot be recovered in later years.
- 3.22 Since 2013/14, the Council has been able to keep a share of the business rates paid in its area, under the 50% business rates retention scheme. In its simplest form, the Treasury currently receives 50%, with the Council keeping 49% and passing 1% to West Yorkshire Fire and Rescue. The scheme aims to provide financial incentives for local authorities to grow their economies.
- 3.23 The current business rates retention system sets out a baseline funding level for the Council (what it is deemed to need) and a forecast of the net yield (what it is expected to collect). The difference results in either a tariff due to be paid (if the latter is higher than the former) or a top-up if vice versa. The tariffs/top-ups are structurally fixed between full rating list revaluations or a reset of business rate baselines. The rating list has been revalued effective from 1 April 2023 and as a result our Top-up has been reset from 2023/24 until the next trigger point. The baseline funding is incorporated into the core spending power assessment and used to calculate the Council's share of Central Government Funding.
- 3.24 The Council's actual income from Business Rates is set when we calculate the Business Rates base as part of Government's National Non-Domestic Rates Return (NNDR1) process. The following table shows the respective shares of Business Rates retained by the three parties mentioned above with a comparison to 2023/24 also included. For information, the Council gets to keep 100% of Business Rates collected from renewable energy schemes (e.g. windfarms) rather than the normal 49% share. The Council and Fire Authority also receive grant funding from Government by way of compensation for changes to the system mainly due to the cumulative effect of

freezing the multiplier over a number of years and doubling of small business rate relief.

	2023/24 £	2024/25 £
Central Government Share (50%)	26,669,885	27,328,621
Fire Authority Share (1%)	533,398	546,572
Fire's Business Rates related grant from Govt	253,035	283,768
Calderdale Share of Rates (49%)	26,136,487	26,782,048
Renewable Energy Properties (100%)	603,326	732,198
Business Rates related grant from Govt	12,501,430	14,041,422
Calderdale Total	39,241,243	41,555,668
Total	66,697,561	69,714,629

- 3.25 There is another mechanism built into the Business Rates Retention Scheme designed to protect authorities from losing income should a large reduction in rates in its area occur (e.g. from the closure of a major business). This is called the Safety Net threshold and is effectively a funding guarantee from Government should income from Business Rates drop below 92.5% of percentage of income (Baseline Funding level is used as a proxy for this).
- 3.26 For Calderdale our Safety Net threshold is set at £42.0m compared to our Baseline Funding Level of £45.4m, i.e. a loss above £3.4m would theoretically be recompensed.

Other Grants

- 3.27 The Council receives a Public Health grant from the Department of Health and Social Care, ring-fenced to public health activities to contribute to the outcomes of the Health and Wellbeing Strategy. The indicative allocation for 2024/25 is £14.69m for Calderdale which is a small increase of £0.23m or 1.6%.

Schools and Dedicated Schools Grant

- 3.28 In addition to core funding, the Council also receives direct government grants provided for specific purposes. Direct grants are either passed through the Council to the intended recipient (e.g. housing benefit), or fund specific activities required by Government but not included within the overall financial settlement to local government (e.g. Dedicated Schools Grant).
- 3.29 Dedicated Schools Grant is the main source of funding for the schools' sector. The funding is planned to be distributed in accordance with the relative proportions set out below. This primarily relates to four main blocks: schools block; early years; high needs; and a central block.
- 3.30 As can be seen in the table below, total dedicated schools grant funding for Calderdale is increasing to £253.5m, an increase of £18.2m (8.06%). The majority of the increase is planned to be invested within individual school budgets and in high needs provision, reflecting the national trend of increased need for specialist educational support. The national funding formula determines per pupil factor

amounts. The local schools funding formula used to distribute the funding for mainstream schools and academies is decided by the Local Authority in accordance with the School Finance Regulations in consultation with schools, academies and Schools Forum.

2023/24**		2024/25			
Total	DSG Funding and Allocation	Central	Schools*	High Needs	Early Years**
234,585,456	Total DSG	1,810,285	192,534,921	34,773,286	24,376,487
3,461,699	NNDR and High Needs deduction		1,758,895	1,844,000	
231,123,757	Total Funding	1,810,285	190,776,026	32,929,286	24,376,487
	Budget Distribution				
75,831,121	Maintained Schools Funding		61,785,729	16,337,000	
111,192,954	Academy Funding		128,890,297	5,800,000	
146,607	Growth/falling rolls		100,000		
1,922,524	Central Expenditure	1,810,285			
15,127,300	Early Years				24,376,487
12,416,714	High Needs - Central			10,792,286	
216,637,220	Total Planned Budget	1,810,285	190,776,026	32,929,286	24,376,487

*Individual Schools Budget not yet confirmed

**Early Years 23/24 not final and 24/25 allocation is provisional

Analysis of Net Operating Expenditure

- 3.31 The Council's Net Operating Expenditure represents the day-to-day cost and income sources of the Council. The Council aligns revenue budget with its strategic priorities out in the Corporate Plan.
- 3.32 Each year, the Council undertakes a strategic financial planning process which principally aims to establish a robust and balanced budget proposal which ensures affordable allocation of resources to achieve the Council Vision and its strategic priorities. The medium-term financial plan considers different factors, such as: the current cost base, new and/or emerging local and national policy intent, the Corporate plan, the economic context and availability of funding.
- 3.33 In its simplest form, the medium-term financial plan represents an amalgamation of assumptions in respect of anticipated Council expenditure, income and funding. The Council is legally bound to set a balanced budget for the upcoming financial year, having due regard to the adequacy of reserves and robustness of estimates (see Cabinet Budget Proposals Report Appendix 2).

- 3.34 The updated medium-term financial plan, budget requirement is set out in Table 2 and contains a series of adjustments from the 2023/24 budget position. In determining that the budget proposal and medium-term financial plan demonstrate robust estimates, the following cost drivers have been considered:
- Policy decisions (new and emerging)
 - Activity/demand
 - Economic (inflation, interest rates, national living wage and pay)
 - Other operating environmental factors (compliance etc)
- 3.35 The latest MTFP 2024/27 builds upon the position agreed by Budget Council in February 2023. The table below summarises the movements at the review points in consideration of the above cost drivers.

	2024/25 £	2025/26 £	2026/27 £
Budget Council 2023 Position	0	3,349,938	3,349,938
<u>Medium Term Financial Plan Revisions</u>			
<i>Income</i>			
Estimated Additional Funding from Government	-5,653,000	-5,665,000	-6,479,000
Change to Business Rates estimated income	-1,756,000	-2,315,000	-2,885,000
Change to Council Tax estimated income	1,849,000	-225,000	-9,178,000
Assume no longer use balances	298,832	368,046	368,046
Adults Social Care Demographic Growth			2,000,000
<i>Expenditure</i>			
Additional Pay Rise Inflation	600,000	1,200,000	4,200,000
Additional Large Contract Inflation	200,000	200,000	600,000
Additional Energy Price Inflation			200,000
Adult Care Contract Inflation			3,500,000
Childrens Social Care Inflation/Growth	1,500,000	3,000,000	4,500,000
Budget Pressures in directorates	19,906,000	19,906,000	19,206,000
Treasury Management Savings	-5,853,000	-4,732,000	-4,787,000
November 2023 MTFP Position	11,091,832	15,086,984	14,594,984
<u>Additional MTFP Adjustments - Consultation Budget and Final Settlement</u>			
<i>Income</i>			
Updated Council Tax Position	-110,192		
Updated Business Rates Position	442,921	451,779	460,814
Impact of Provisional Local Govt Finance Settlement	-658,280	-1,983,241	-1,997,313
Impact of Final Local Govt Finance Settlement	-1,911,767	-1,386,963	-1,386,963
Collection Fund Surplus	-883,000		
Additional Grant - Swimming Pool Fund	-495,000		
Implementation of ASC Charging Policy	-1,000,000	-1,130,000	-1,130,000
Car Parking Implementing 2023 policy	-200,000	-200,000	-200,000
Fees and charges uplift and policy reviews		-300,000	-300,000
<i>Expenditure</i>			
Pension contributions and Deferred borrowing	-683,000	-783,000	-400,000
Operational Property Rates Efficiencies	-170,000		
Transformation CIC accommodation - more in-house		-250,000	-500,000
Contract - Price change re legal requirements (Waste Treatment & Disposal)	450,000	450,000	450,000
Temporary B&B Accommodation Pressures	700,000	700,000	700,000
Demographic growth assumption adjustment	-1,000,000	-2,000,000	-3,000,000
Underlying budget pressures adjustment (risk management)		-2,484,035	-2,484,035
Other Small Adjustments/Roundings	-11,264	-11,230	-10,056
New Budget MTFP Position	5,562,250	6,160,294	4,797,431
Growth Proposals	480,000	511,000	562,000
Savings Proposals	-3,132,000	-6,342,000	-7,689,000
Change in Proposed Use of (-)/Contribution to(+) Reserves	-2,910,250	-329,294	2,329,569
Recommended Budget Deficit/Surplus Position	0	0	0

3.36 There are several different elements to inflationary pressures. In addition to normal business forward planning elements in respect of pay awards and contract inflation, there are additional items to consider for 2024/25 including the prolonged level of energy prices, and specific costs relating to the National Living Wage affecting social care provision.

- 3.37 The financial plan in future years assumes a gradual return to normal inflation levels, although higher levels are expected to persist over the coming year. If inflation and energy costs continue to increase/remain high for a prolonged period, there are likely to be consequences for the budget in future years.
- 3.38 In addition to funding inflation costs, the budget proposal for 2024/25 also makes adjustments to fund increasing activity levels primarily within social care. Social care activity – particularly within adult social care – continues to increase both in terms of quantum and complexity, which reflects the permanent impact of the pandemic on a generation of residents, with reduced social interaction and therefore less opportunity for early help.
- 3.39 Before applying any savings proposals or new planned use of reserves there is a forecast sustainability gap of £5.6m in 2024/25 with the potential financial sustainability gap over the 3 years of the medium-term unless there are significant changes to the settlement in future years.
- 3.40 Strong financial management cannot exist without strong risk management. The ability to identify, influence and ideally mitigate risk is a fundamental pre-requisite to being a sustainable Council. Within financial plans, there are a series of identified risks which could materialise and translate into cost pressures if mitigating action is not taken. In stress testing every pound spent, it remains a key part of the medium-term financial plan that nominated leads will be tasked with taking action to reduce the chance of risks materialising. However, the reality is that not all risks can be mitigated, and this approach relies upon there being sufficient capacity within reserves if needed (see Section 4).
- 3.41 The financial planning process is strategic in nature and incorporates the best knowledge from across the Council which informs investment need. It also adjusts for materialised risks which have been flagged up during 2023/24 financial reporting (e.g. social care activity).
- 3.42 The base for 2024/25 is therefore considered to be adequate. However, uncertainty beyond next year – and indeed the continuing uncertainty in year – mean that financial plans may need to change in future. This budget represents a sound base for future years, noting the scope for changes in the future which reflect clarifications in the operating environment.
- 3.43 The Council focusses its spending power to maximise outcomes, directing resources to where the biggest difference can be made and ensuring we achieve value for money. The financial plan reflects a steady tax base growth from Council Tax and our commitment to the Local Plan will further accelerate this growth in the medium term. The financial plan is based on the best information available, ensuring robust plans that enable us to secure best value and matches the Council's Vision for Calderdale. In summary, the medium-term financial plan proposals allows the Council to continue to make a significant difference to the lives of its residents through its allocation of resources.

Financial Resilience

- 3.44 Financial resilience, the ability to weather financial shocks, is an important consideration for council sustainability. There are a number of indicators of the current health of council finances, which form part of the overall consideration in determining financial plans and budgets.
- 3.45 External auditors gave a clean bill of health on the council's accounts for 2020/21. Due to ongoing nationwide issues facing external audit companies, there are a significant number of audit opinions outstanding for accounts for the many Local Authorities, including Calderdale for 2021/22 and 2022/23. There have been no material issues raised during the audit process for the 2021/22 and we anticipate these accounts to also receive a positive opinion. Work on the 2022/23 is yet to commence. The external auditors also review the arrangements for securing economy, efficiency and effectiveness in the use of resources. The last VFM judgements received for Calderdale have been positive.
- 3.46 The Chartered Institute of Public Finance and Accountancy (CIPFA) publish a financial resilience index, which is designed to support and improve discussions surrounding the financial resilience of individual Council's. The index shows each Council's performance against a range of measures associated with financial risk, covering: reserve levels, social care spending, fees and charges, and debt. Unfortunately, at the time of writing this report, the 2022/23 index had not yet been published. The reserves elements though of the resilience index are considered further in Section 4 based on the Council's own calculations and forecasts.

Financial Accountability

- 3.47 The day-to-day management of revenue budgets is allocated to officers to ensure clear lines of oversight and accountability. Gross and net cost of services categorised under each Directorate is shown in Appendix 1 of the Budget Proposals Cabinet Report.
- 3.48 Investment can be presented subjectively as well as by area of activity. This gives an indication of how much the Council expects to spend on different spend categories (e.g. pay, goods and services). The subjective budget is shown by Directorate in Appendix 1 of the Budget Proposals Cabinet Report.
- 3.49 Financial management, monitoring and oversight is undertaken through Chief Officer structures and delegations. A financial monitoring report is presented to Cabinet four times a year. In addition there are opportunities for more detailed oversight for the Executive and Corporate Leadership Team through bi-annual Budget Challenge meetings.
- 3.50 Government policy sets the mandate to what Local Government does, how it operates, and determines the financial context of resource availability. Locally, the Council interprets national policy to establish and tailor the services it delivers to maximise outcomes for Calderdale, based on understanding the local population and area's need, forecasting and managing demand, determining affordability limits and ensuring the link between all areas are understood. This inevitably gives rise to some prioritisation. The local policy also sets out how the Council operates within the law.

3.51 Under Section 25 of the Local Government Finance Act 2003 it is a legal requirement for the Council to have assurance, in the form of a report, that delivery activity in the plan period is properly costed, that proposals for spending are quantified and deliverable, and that risks are properly evaluated. The Council is required to set a balanced budget; that is, it may not budget for a deficit. The budget contained within this report complies with this requirement.

4. Reserves Strategy

4.1 An estimate was made in the third quarter revenue monitor on the closing balances for 2023/24 financial year. This showed a starting reserves position at 1/4/2024 of £51.509m and when general unallocated balances are added it rises to £57.991m as can be seen in the table below. A similar estimate of reserves levels based on the proposals in the Budget has also been made for future years.

Reserve Category	Reserves at 31/3/23 £000s	Estimated Reserves at 31/3/24 £000s	Reserves Used for 2024/25 Budget £000s	Remaining Reserves at 31/3/25 £000s	Reserves Used for 2025/26 Budget £000s	Remaining Reserves at 31/3/26 £000s	Reserves Used for 2026/27 Budget £000s	Remaining Reserves at 31/3/27 £000s
Unallocated General Balances	6,482	6,482		6,482		6,482		6,482
Corporate Risk Reserves	36,488	24,132	-4,258	19,874	-477	19,397	2,182	21,579
Service Specific Earmarked Reserves	15,249	12,793		12,793		12,793		12,793
Ringfenced Reserves - Public Health	4,163	3,462	-283	3,179	0	3,179	0	3,179
Total Council Reserves	62,382	46,869	-4,540	42,328	-477	41,851	2,182	44,033
Ringfenced Reserves - Schools	11,122	11,122		11,122		11,122		11,122
Total Reserves	73,504	57,991	-4,540	53,450	-477	52,973	2,182	55,155

- 4.2 Some reserves have greater restrictions on them than others so the reserves have been categorised to reflect this availability (Public Health reserves, for example, can only be used for Public Health related activity). Schools Reserves have also been separated out as although these schools are technically part of the Council they are held in school bank accounts and have been accumulated from schools' delegated budgets (Dedicated Schools Grant). As can be seen in the table then, at the end of 2026/27, the Council would have £44.033m of reserves left (excluding schools) based on the current position and assuming the proposals in this Budget are approved.
- 4.3 The Chief Financial Officer of the authority is required, under section 25 of The Local Government Act 2003, to report to it on the adequacy of the proposed financial reserves. Section 26 of the same act places an onus on the Chief Financial Officer to establish a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined when finalising the proposed budget.
- 4.4 The Council adopts a risk led approach to the setting of reserves, seeking to ensure the amount set aside is sufficient to cover identified risk. This appendix sets out the Council's assessment of risk, which in turn informs the level of reserves it plans to carry and the capacity available to support delivery of the Corporate Plan.
- 4.5 The Council holds reserves for three key purposes. They are held either; to responsibly manage risk, for a specific purpose, or on behalf of others. Reserves help the Council manage risks and challenges in several ways:

- Provide sufficient resilience to withstand funding or expenditure shocks
- Facilitate transformation and provide additional capacity to transition to a financially sustainable council
- Carry forward unapplied grant or amounts set aside for specific purposes to cover costs which are expected to arise in future years

- 4.6 The minimum prudent levels of reserves and balances that the Council should maintain are a matter of judgement. It is the Council's safety net for unforeseen circumstances and must last the lifetime of the Council unless contributions are made from future years' revenue budgets. It is currently for local authorities themselves, taking into account all the relevant local circumstances, to make a professional judgement on what the appropriate level of reserves and balances should be.
- 4.7 The Medium-Term Financial Plan and the Reserves Strategy have consideration for the uncertainty within the Council's operating environment, which is currently brought about principally by:
- the current economic context (e.g. inflation),
 - the potential for higher and more complex need,
 - the short-term focus of Government in planning public service delivery.
- 4.8 These uncertainties represent an increased risk of funding or expenditure shocks which need to be fully considered and reflected in the Council's reserve statement, to ensure the organisation remains financially safe.
- 4.9 The CIPFA Resilience Index (see Financial Resilience section above) aims to aid scrutiny and oversight of financial sustainability for each council. The Index is a comparative analytical tool designed to support good financial management and shows the Council's position on a range of measures associated with financial risks, including the Council's reserves position. In recent years the reserves levels increased as Covid-19 funding from government was allocated. This funding has now been used, reflecting a steady decline in reserves available to use.
- 4.10 The Council breaks down its reserves into three categories. Strategic reserves have the greatest flexibility and include the general fund and risk and sustainability reserve. Earmarked and grant reserves are held to meet service/project specific costs and must be spent in line with any applicable grant conditions. School reserves are held on behalf of schools, with their usage decided by schools themselves, subject to Council oversight.

Corporate Risk Reserves

- 4.11 A financial risk assessment considers the estimated exposure, likelihood and possible mitigation in the context of the Council's overall approach to risk management and internal financial controls. This information can be used to determine the optimum level of reserve holdings needed to meet the requirements of a working balance and contingency, based on a financial assessment of the specific risks. Some examples of these risks are as follows:-
- Business Rates – reset of the retention scheme/appeals/valuation changes
 - Other funding or expenditure shocks, e.g. economic, fiscal or demand-related
 - Transition to lower cost base and delivery of savings
 - Self-Insurance
 - Recovery of outstanding short term and long-term debt

- 4.12 The risk assessment identifies that costs, funding or income could change quickly and therefore the Council must have regard to this in the reserves it holds. It must have a fluid approach to respond to the exposure to sudden changes and ensure risk mitigation strategies are tailored appropriately. The level of identified risk is regularly reviewed which therefore means the level of reserves needing to be held is also regularly tested, to ensure a proportionate level is held at any given time. The earmarked reserves are regularly reviewed. This is done as part of the development of the MTFP, as part of the formal budget setting process and as part of the closedown procedures at the end of the financial year. Monitoring and further reviews are also undertaken throughout the year as part of the quarterly Revenue Monitoring processes.
- 4.13 Based upon the advice of the Chief Finance Officer, the Council has previously agreed that the General Fund balance is to be maintained at no less than £5m to cover any unforeseen demands that could not be reasonably defined when finalising the proposed budget, as required under section 26 of the Local Government Act 2003. The current balance is £6.4m and the reserve statement assumes the balance at this level is maintained. As earmarked reserves are utilised over the plan period, it is recommended that the level of general fund balances beyond this period be gradually increased to provide additional financial resilience.
- 4.14 The corporate risk reserve, see above table, provides capacity to cover the specific identified risks set out in the budget risk assessment (over and above existing risk mitigation actions). Whilst the level of General Fund balances is maintained across the Medium-Term Financial Plan at prudently assessed levels the risk assessment provides scope for the planned release £4.7 over years one and two of the planning period from the corporate risk reserves with a contribution to reserves of £2.2m in 2026/27, while still retaining sufficient balances to manage residual risk and uncertainty. The careful use of reserves is seen as a short-term measure only to ensure a balanced budget position is maintained whilst savings are delivered, it is not foreseen as a long-term solution. Based on the inherent and residual financial risks described above, the projected level of the corporate reserves is adequate.

Earmarked and Grant Reserves

- 4.15 There are some modest earmarked reserves and grant reserves, which must be spent in line with the conditions attached to the original allocations. The Council also has a public health reserve, which must be spent in accordance with the Public Health grant conditions.
- 4.16 The public health grant reserve has been funding school crossing patrol. The use of the reserve is regularly reviewed to ensure it is providing the greatest impact on improving health and wellbeing. A review of safe and active travel has been undertaken and analysis of the findings is currently underway. Initial findings highlight that school crossing patrols are just one of a number of factors identified that that enable safe and active travel to school, along with physical safety measures, safety training/ education, school streets, walking buses, staggered opening times and concern regarding climate change. Use of reserves is temporary in nature and therefore a permanent, sustainable budget solution needs to be identified going forward.

Schools Reserves

- 4.17 The Council holds two reserves that may only be used to support spending in schools or in support of schools. These balances have been set aside from Dedicated Schools Grant. How school reserves are applied is a matter for individual schools according to their individual circumstances. There are several drivers that can affect these balances over the period of the plan, including variations in pupil numbers; cost pressures; and funding changes. At a collective council level there are impacts to be managed in High Needs funding and in ensuring the stability of the local school funding system.
- 4.18 There has been severe pressure on the High needs budget which has resulted in an overspend in 2022/23 of £868k. Councils with a High needs deficit are required to produce a recovery plan with the aim to bring their expenditure back in line with their grant allocation. There has continued to be pressure on the High needs budget & there is forecast to be a further overspend of £6.8m by the end of 2023/24. This means a cumulative overspend of £7.7m.
- 4.19 The recovery plan is a means by which the Council can mitigate the overspend by looking at the SEN & inclusion service costs and use of resources and then plan future delivery model and service offer within the High Needs DSG allocation, whilst ensuring the needs of children and young people are met. This will include increasing in house capacity, working collaboratively & creating work groups involving all stakeholders.
- 4.20 The Recovery Plan is in the early stage of being implemented, with oversight from the Department for Education.
- 4.21 The 2024/25 High needs allocation has been increased by 4.5% which is an uplift equivalent to current inflation, this means that in real terms the funding is at a comparable level in 2024/25 to that of the current year & therefore with no further action this will result in a further £5.5m overspend in 2024/25 & each subsequent future year.
- 4.22 The current accounting treatment of the High Needs Deficit allows Council's to show balances against Unusable reserves, meaning that it does not fall upon the general fund balances. This is a temporary override introduced by the Secretary of State for 3 years, ending on 31 March 2026. After this date, deficit balances in the DSG would be required to be met from general fund balances. This increases the risk profile on potential call on reserves in future years.