

**Budget 2024/25 and Medium-Term Financial Strategy 2024/25 to 2026/27**

**Executive Summary**

This report presents the proposed 2024/25 Budget and the Medium-Term Financial Strategy (MTFS) 2024/25 to 2026/27 that will resource delivery of the council's Business Plan and its priorities.

During 2023/24 the council has faced continued cost pressures, mainly as a result of the on-going high levels of inflation which have continued to remain at much higher levels than originally anticipated. Nevertheless, the council has managed the continued delivery of high-quality services to the residents of Wiltshire. Through continued robust financial management and management action to help mitigate the impact of the inflationary pressures, the council is forecasting a modest underspend position of approximately £0.634m for the 2023/24 financial year. If this position is crystallised at the end of the financial year, the underspend will be transferred to increase reserves to support the on-going prudent approach of setting aside funding to support the financial uncertainties and risks faced by all councils for the MTFS period and beyond and to support the delivery of the council's Business Plan.

This, alongside the approach taken last year to set a balanced budget over the MTFS period puts the council in a good financial position going forwards into 2024/25. This position is further enhanced by the proposal this year of a balanced budget for 2024/25 and for 2025/26 financial year. This means there are no proposals or reliance on reserves to sustain service delivery over the next two years. These budget proposals also support the new High Needs Reserve that starts to set aside funding to help support the significant financial risk the council is exposed to in this service area.

The Secretary of State announced the Provisional Local Government Finance Settlement for 2024/25 on 18 December 2023, which provided some indicative funding values for 2024/25 only. As standard, the Final Local Government Finance Settlement is expected early February, now confirmed as 5 February and although additional changes between the provisional and final funding announcement are likely to be minimal, they are likely to be too late for inclusion within this report. A recommendation is therefore included to manage those changes of funding from government between these announcements. With the MTFS covering a three year period, this one-year funding position brings much uncertainty. Further uncertainty remains on funding and pressures due to delays to the timing and lack of indicative associated funding levels of the introduction of national initiatives, such as Adult Care Reform. This uncertainty impacts the latter part of the MTFS period and assumptions remain prudent in this area.

On 24 January 2024 the Secretary of State announced additional funding for Local Government, supplementary to the funding announced in the provisional

settlement, that will be included in the Final Local Government Finance Settlement for 2024/25, as one-off funding. Nationally £500m of new funding for councils with social care responsibilities was announced and would be distributed through the Social Care Grant, alongside an additional £15m nationally added to the Rural Services Delivery Grant and an increase in the Core Spending Power from 3% to 4% before any local decisions on council tax increases. At this stage the individual council allocations have not been announced and will be confirmed as part of the Final Local Government Finance Settlement due on 5 February 2024. As this announcement is very late in the reporting and governance process, this report to Cabinet will not fully reflect the extra funding that the council will receive. An update will be given at Cabinet to confirm the amounts to be received by the council and this update will note the impact of this additional funding on the proposals set out, such as the increase in the Net Budget.

The proposed 2024/25 budget will ensure that vital services to the residents, businesses and communities of Wiltshire will continue to be provided, as well as delivering on the commitments as set out in the Business Plan and will support maximising the opportunities to set aside funding to support the High Needs deficit risk.

It is key that, to be able to continue to deliver on the Business Plan the council has sound and sustainable finances. The report sets out for approval by Cabinet, the budget setting proposals that deliver a balanced budget over the first two years of the MTFS period 2024/25 to 2026/27, ensuring that the council is managing its finances in a sustainable way. It is also key that expenditure to sustain services continues so an additional £36m gross pressure has been added into the 2024/25 service budgets to support the delivery of quality services focussed on protecting preventative and early help services, delivering the best outcomes for the residents of Wiltshire.

The report sets out the required increase in Council Tax for 2024/25, the increase in fees and charges and the General Fund reserve balance as part of a reserve strategy to provide improved future financial resilience. The key financial risks being faced by the council in estimating the level of reserves to be held are also outlined.

In addition, the report sets out for approval the planned Capital investment being made in 2024/25 and beyond, ensuring the delivery of key infrastructure projects as well as maintaining the council's asset base for future service delivery.

Lastly the report sets out the position of the Dedicated Schools Grant (DSG), to be approved by Schools Forum on 18 January 2024.

## **Proposals**

- a) That a net general fund budget of 2024/25 of £485.772m is approved.
- b) That the Council Tax requirement for the council be set at £351.077m for 2024/25 with a Band D charge of £1,805.73, an increase of £1.65 per week;

- c) That the Wiltshire Council element of the Council Tax be increased in 2024/25 by the following:
  - i. A 2.99% general increase;
  - ii. Plus a levy of 2% to be spent solely on Adult Social Care;
- d) That the Extended Leadership Team be required to meet the revenue budget targets for each service area as set out in Appendix 1 to this report, for the delivery of council services in 2024/25;
- e) That the Extended Leadership Team be required to deliver the revenue savings plans for each service area as set out in Appendix 1 to this report, over the MTFS period 2024/25 to 2026/27;
- f) That the changes in the fees and charges as set out in Appendix 4 are approved;
- g) That the Capital Programme 2024/25 to 2030/31 is approved;
- h) That the Capital Strategy set out in Appendix 2 is approved;
- i) That the DSG budget as approved by Schools Forum is ratified;
- j) That the Medium Term Financial Strategy, the forecast balanced budget over the 2024/25 and 2025/26 financial years and the MTFS 2024/25 to 2026/27 is endorsed.

### **Reason for Proposals**

To enable the Cabinet to recommend to Council a balanced revenue budget for the financial year 2024/25 and to set the level of Council Tax.

To enable effective, transparent decision making and ensure sound financial management as part of the council's overall control environment.

The Cabinet also sets out the final assumptions being used in the budget for growth, inflation, demand for services, the estimated level of income from sales, fees and charges and the level of income estimated from core funding e.g. Council Tax, Business Rates and government grants as well as the level of reserves held and assessed by the council's Section 151 Officer, as required, to provide future financial resilience.

This provides the council with a MTFS to deliver on the Business Plan priorities and drives long term financial sustainability.

**Terence Herbert – Chief Executive**

**Andy Brown – Corporate Director Resources & Deputy Chief Executive**

**Lizzie Watkin – Director of Finance & Procurement (S151 Officer)**

**Perry Holmes – Director of Legal & Governance (Monitoring Officer)**

**Budget 2024/25 and Medium-Term Financial Strategy 2024/25 to 2026/27**

**Purpose of Report**

1. This report sets out the Cabinet's proposals for the Council's Budget 2024/25 and Medium-Term Financial Strategy (MTFS) 2024/25 to 2026/27, as considered at the Cabinet meeting on 6 February 2024.
2. It also sets out the Council's Capital Programme 2024/25 to 2030/31, and the Dedicated Schools Grant (DSG) to be approved by Schools Forum on 18 January 2024. A separate report is being presented to Cabinet on the Housing Revenue Account (HRA) budget 2024/25.
3. The detailed assumptions underpinning the Cabinet's proposals are set out along with the Section 151 Officer's opinion on the robustness of the budget estimates for 2024/25 and the adequacy of the council's reserves, including the General Fund reserve, as required under Section 25 of the Local Government Act 2003.

**Relevance to the Council's Business Plan**

4. The council must set a balanced budget for the financial year 2024/25. Setting out the MTFS for future years supports effective decision making and the alignment of the council's resources to deliver the priorities and objectives as set out in the Business Plan.
5. The 2024/25 budget proposals therefore look to ensure resources are focused and equally, where required, that savings do not undermine the delivery of the Business Plan principles established in 2022:
  - **Empowered People** We want every child to have the best start and life and we will help develop the communities and facilities that enable all residents to enjoy good physical and mental health to live active lives. This includes ensuring that they are safe throughout their life.
  - **Resilient Society** We want people in Wiltshire to build positive relationships and live well together, to be able to get involved, influence and act on what matters in their local communities. We want our communities to be able to grow sustainably with access to arts, heritage and culture and have easy access to high quality and affordable housing in beautiful places.
  - **Thriving Economy** We want to continue to grow the skills of our local workforce, nurture the opportunities available to them and for our economy to thrive. We must mitigate the impacts of COVID-19 on our children's education so that they can prosper and as a county we can attract and retain high value businesses and investment. As we continue to move

forward, we must ensure everyone can take advantage of a sustainable economy with vibrant, well-connected settlements.

- **Sustainable Environment** The council has committed to becoming carbon neutral by 2030 and we now must take the lead and support the whole county as it strives for the same. Together, we must take responsibility for the environment and ensure it is well used, cherished, protected, conserved and enhanced.

## **Background**

6. An update on the Medium-Term Financial Strategy 2024/25 has been included as part of the budget monitoring reports presented to Cabinet during the 2023/24 financial year, with the latest budget gap position presented to Cabinet on 14 November 2023. As a result of the ongoing pressures faced by the council, the estimated budget gap for 2024/25 to 2025/26 stood at around £7m with a further assessment being undertaken of the forecast pressures faced in the third year of the MTFs 2026/27. This budget gap was mainly as a result of the inflationary pressures faced during the current financial year (2023/24) and impact on subsequent years.
7. Given the continued national cost of living crisis and higher than anticipated levels of inflation, the Budget and MTFs has been amended to take account of these. With a relatively small budget gap position, as a result of setting a balanced budget over the MTFs period during last year's budget setting process, the initial approach taken was one of containing costs and the council's Extended Leadership Team were asked to challenge the budget assumptions and reflect management action that would be undertaken to manage costs and inflationary pressures as well as on-going and new demand management approaches. This included identifying compensating action and staffing savings to manage the increased cost of the 2023/24 pay award of £1,925 per FTE pay point for local government services, not only for the cost in 2023/24 but also for the on-going base increase impact.
8. Following these reviews and amendments management were then asked to bring forward saving proposals that consume remaining pressures, focused on protecting preventative and early help services, directed at the period of the MTFs up to 2025/26.
9. Cabinet has continued to review all aspects by undertaking an assurance process.

## **Main Considerations for the Council**

10. The Cabinet is proposing a balanced budget for 2024/25 and 2025/26, which ensures funding for vital services to continue. Critically, the Cabinet continues to effectively manage the Council on a footing of financial sustainability i.e., so it has enough funds to deliver services without needing to draw on reserves.
11. The budget for 2024/25 sees a net £17m increase in service expenditure in those services, ensuring the resources are provided to ensure the delivery of the Business Plan. To assess this, the Cabinet has duly considered the current position of Wiltshire's residents and businesses. The running and continuing

provision of vital services to protect the vulnerable is considered paramount as is, wherever possible, future investment.

12. A budgeted contribution of just less than £7m to the High Needs reserve is included in the proposals, that reinforces the approach taken by Cabinet to maximise the setting aside of funding for this key financial risk for the council, an approach that will reduce the need to capitalise any residual deficit that would present a burden for future years budgets.
13. The council receives nearly 84% of its corporate funding from local taxes, Business Rates and Council Tax, and is dependent on increases in these to deliver services to Wiltshire's residents, communities, and businesses.
14. The Provisional Local Government Financial Settlement was announced on 18 December 2023 and set out the individual allocation of grant funding for each council alongside setting out the Core Spending Power.
15. Core Spending Power is a measure of the resources available to local authorities to fund service delivery. It is derived from funding components of core government grants, including compensation for the freezing of the business rates multiplier, and includes an assessment of councils' Council Tax Requirement. Nationally the average Core Spending Power for 2024/25 has increased by 6.5%. Within this increase it is assumed that councils will utilise the total Council Tax increases available through the regulations. This is the overall quantum of the government funded Core Spending Power increase. The increase for the council is 6.4%, which is less than the average.
16. The detail of this settlement can be seen in Appendix 1. Compared to the grant funding estimated in the previous budget there is a reduction in the New Homes Bonus grant, and a more significant reduction in the Services Grant, with an overall reduction of these grants totalling £2.076m compared to that originally estimated. Additional funding for Social Care was announced with a total of £3.866m confirmed for the council, in line with that previously announced and anticipated.
17. Due to the scale of the increase in the funding announced for the Council in the provisional settlement an additional £1.211m Funding Guarantee grant has been announced for the council. This ensures that the council will see at least a 3% growth in CSP before any council tax increases are applied to the budget.
18. The settlement also confirmed the increase in the basic Council Tax referendum level of 3% and gave upper tier authorities the ability to raise a specific Council Tax levy for Adult Social Care of 2%.
19. Last year some grants were rolled into RSG, and consequently the council will receive £0.606m of RSG, £0.040m more than expected due to inflation increases being applied. We still await funding reforms that will ensure Local Government receives the funding, particularly for Social Care, that it needs to deliver vital services. Even with the provisional settlement from Government, the level of specific grant funding Wiltshire receives from Government to fund core local services stands at just £79m (16%).

20. For 2024/25 the Cabinet is proposing a 2.99% general increase in Council Tax with a proposal of a 2% levy, permitted by government, specifically for Adult Social Care. The levy will raise £6.7m and will help to fund, in part the £16m of inflation and demand growth that has been built into the Adult Social Care budget and overall the increases will provide sufficient funding to enable the delivery of vital services.
21. On 24 January 2024 the Secretary of State announced increased funding for Local Government that would be included in the Final Local Government Finance Settlement for 2024/25, as one-off funding. Nationally £500m of new funding for councils with social care responsibilities was announced and would be distributed through the Social Care Grant, with an aim of reducing pressures not only in social care but other areas such as children's services home to school transport, special educational needs and disability services.
22. Also included in the announcement was a further £15m nationally for the Rural Services Delivery Grant, recognising the challenges of delivering public services to dispersed populations, and an increase to the Funding Guarantee from an increase of CSP before any local decisions on council tax of 3% to 4% was also announced.
23. At the point of authoring this report the specific allocations and increase in funding for each council has not been announced and due to the mechanism used to calculate the funding guarantee the impact of the increases in the Social Care Grant and Rural Services Delivery Grant on the Minimum Funding Guarantee Grant for the council is not clear. It is currently estimated that an additional circa £3.8m of Social Care Grant and circa £0.6m of Rural Services Grant will be announced for the council however, as a result of these increases the council may not receive the £1.2m Minimum Funding Guarantee Grant that was included in the Provisional Settlement announcement. It is estimated therefore that the council will receive a minimum increase in funding of circa £3.2m.
24. The Final Local Government Finance Settlement is due to be announced on Monday 5 February, one day before the Cabinet meeting. Any additional funding will be allocated to services in line with the expectations set out in the minister's announcement, and there will be a consequential increase in the Net Budget of the council to the value of the overall increased grant funding, and this will be confirmed at the Cabinet meeting, with a subsequent amendment in the proposals made to Full Council.
25. The increase in the Social Care Grant will predominantly fund prevention and early intervention activity for children with special educational needs and disability to reduce the need for escalation to Education Health Care Plans. Proposals will specifically focus on early years and those children and young people with social, emotional and mental health and neurodiverse needs; complimenting the plans within the High Needs management plan. There will also be a focus on preparation for adulthood, working with young people at an earlier stage to support independence. All proposals will provide clear invest to save outcomes over a 2 year period, supporting the prevention and early intervention strategy.

26. The increase in the Rural Services Delivery Grant is to be committed to spending on new approaches to air quality monitoring, the recruitment of volunteers to engage with isolated people in rural communities and work to renovate old play areas paving the way to transfer them to parish councils. The precise details will be defined once the final settlement and allocations are announced by government.

### **Cabinet Investment into Business Plan Priorities**


27. The core focus for the Cabinet is to protect and invest in preventative and early help services, thereby ensuring not only key services to Wiltshire's residents and communities are maintained, but that the Council is on a sound financial footing.
28. In addition to this, specific one-off investment has been continued to be made on focused activity throughout the financial year and across the life of the MTFS from the Business Plan Priority reserve.
29. In these budget proposals, ongoing base budget investment will be made into highway prevention, with £1m revenue being invested to increase resilience on the County highway network. This is in addition to the £10m capital investment that was made in July 2023 on resurfacing and increasing the spend on preventative infrastructure in Wiltshire.
30. The Cabinet's business plan priority reserve was created in February 2023 to allocate one-off spend on focused areas, this has already seen £1m allocated to gully emptying, £0.7m to parish stewards, £0.5m to road signage and increased safety and nearly £0.9m to fly tipping and litter enforcement.
31. In this MTFS, and as a result of the Councils ongoing strong financial position, the Cabinet has moved elements of this one off spend into the base budget so that these activities are funded ongoing.
32. The remaining Business Plan Priority reserve will be utilised on enforcement, with a particular focus on planning enforcement. £0.250m has been allocated for each of the next two financial years to increase the capacity of the planning enforcement team and address complex and contentious cases and ensuring the Council increases its presence and activity in this area. £0.821m of other elements of enforcement activity will be identified and delivered over the course of the next 2 years to ensure the safety of our communities remains priority.
33. The Cabinet will continue to allocate funds to invest in preventative measures, especially where this demonstrates and delivers improved outcomes for residents and cost reductions for the council. A key aspect of this investment in prevention activities are the savings in this budget being directly derived from reduced costs. The following paragraphs set out some examples of this investment and the outcomes of this.
34. The £10m Housing Acquisition fund that was set aside by the Cabinet in July 2023 will leverage up to at least £39m of investment and delivers homes for a range of services that support savings delivery and cost avoidance in areas such as placement costs in Adults and Children's Social Care. An example of the use of this is the investment of £10.560m providing housing for 68 care experienced and asylum seeking young people and £1.6m providing four solo children's



homes in Wiltshire which support the delivery of total savings of £1.685m in children's services across the period of this MTFS.

35. Investment has been made and continues in areas such as energy efficiency and solar energy schemes to reduce the on-going running costs for businesses as well as the council. The Home Upgrade Grant, with £3.6m of grant available will provide energy efficiency upgrades and low carbon heating to approximately 175 low income households. The Property Carbon Reduction Programme has seen approved total investment of £10.4m planned to reduce the carbon emissions of the council's assets and at this stage has delivered savings that cover the borrowing cost and additionally just less than £0.5m in the current financial year and planned to deliver a further £0.5m over the next 2 years.
36. The 'Lets Sort It' communication campaign in Waste Services has led to the amount of input rejected material at the Materials Recycling Facility run by Hills, to drop from 16.4% in Feb 2023 to only 8.6% in November 2023. This results in a more efficient process and better-quality materials to enable the council to achieve best price in a very competitive marketplace. This is now being supported by the launch of bag splitting at Household Recycling Centres to ensure more materials are diverted to recycling and away from more expensive landfill options.
37. Pause is a national charity that works to improve the lives of women who have had, or are at risk of having, more than one child removed from their care, and the services and systems that affect them. Wiltshire's Pause team was launched in 2017 and its success is well known. The team costs £0.3m per year and prevents on average 14 children entering care each year. The annual net savings are £0.4m per year.
38. £0.913m was saved in 2022/23, £0.250m in 2023/24 and a further £0.400m saving will be made in the future in Adults services. The Prevention and Wellbeing Team sits at the front door of Adult Care and enables a different conversation with people that contact us for care and support. They seek to maximise people's use of personal and community assets and improve people's connectedness to their community and other networks to enable them to find their own solutions and flourish within their communities. The team supports people to remain independent of, or reduce dependence on, formal care and support services as well as therefore improving people's wellbeing.
39. Further detail on spending for services is provided in the report. The MTFS appendix contains further detail on inflation, growth and savings for individual services provided by the council.
40. A simple overview on where monies are spent is shown below. This is the net spend position that reflects the gross cost less the income services receive so where services receive greater income the overall cost will reduce.

**For every £100 of core funding we receive to fund services, we spend:**

 £38 on caring for vulnerable adults	 £21 on supporting and safeguarding our children and young people
 £9 on managing Wiltshire's waste	 £8 on funding the investment in Wiltshire schools, roads and housing
 £9 on maintaining Wiltshire's highways and subsidising local bus services	 £6 on running the council, holding elections and supporting the environment
 £4 on property assets	 £3 on our online and digital services
 £1 on Wiltshire's leisure and libraries	 £1 on improving Wiltshire's economy

41. The proposals contained in this report provide the details of saving proposals totalling £19.7m, £14.4m of savings included in last year's budget setting process and previously approved, updated to £14.8m to reflect known deliverability and timing changes, and £4.9m of new savings proposals as part of the cost containment activity and to close the remaining budget gap.
42. The paragraphs below provide an analysis by services of the budget being proposed. The tables analyse the movement from the 2023/24 base budget to the proposed base budget in 2024/25.

**People Services - £290m annual spend on services**

Adults Services - £179m annual net spend on services

Table 1 – Budget movement from 2023/24 to 2024/25

	£m
Base Budget 2023/24	180.537
Prior Year Pressure	3.572
Pay Inflation	1.464
Contract Inflation	9.226
Demand	1.402
Savings	(9.721)
	186.479
Movement of Grant into Service	(7.042)
Base Budget 2024/25	179.437

43. There are a number of service areas within the Adults Care directorate and a key objective is to maintain and promote independence for individuals who experience physical, cognitive and sensory difficulties and to support their unpaid carers.
44. In setting the budget for this MTFs period, account has been taken of demographic pressures that will see more people requiring support, and the

rising cost pressures that providers face due both to general inflation, and sector specific cost pressures. We have seen an increase in the cost of placements due to the issues in the market and also the impact of the minimum wage, cost of living crisis and energy price increases. This has significantly impacted the market and inflation estimates are higher to reflect this situation, £9.226m for 2024/25. Additional budget requirements have also been built in for prior year pressures from the base budget impact of increased inflation and demand in 2023/24.

45. We are continuing to work with providers on issues to not only make the market more sustainable but also affordable for both Wiltshire Council and providers and partners in line with the business plan themes of understanding our communities and working together. Wiltshire Council will receive £6.419m Market Sustainability and Improvement funding for 2024/25 and £1.557m Market Sustainability and Improvement funding - Workforce.
46. There are a number of Transformation projects in the Transforming Adult Social Care Programme which will deliver savings that are built into the MTFs. Significant savings will be made by introducing alternative solutions to providing support in those areas where the market is not delivering best value or sufficient choice in terms of self-directed support. This links to our business plan aim to develop the care market in a way that promotes choice and diversity of supply, develops new care models and ensures best value for money and a fair cost for providers.
47. The rolling out of Technology Enabled Care (TEC) is another transformation project that will revolutionise the way services may be delivered to individuals, and lead to savings. This project, along with another Transformation project centred on prevention, will deliver savings across both directorates in Adult Social Care. We want the people of Wiltshire to be empowered to live full healthy and enriched lives. We aspire to do this through prevention and early intervention to prevent and delay need in line with our Business Plan theme 'Prevention and early intervention'.
48. There are a number of broader system pressures, for example, we need to support hospital discharge. A significant percentage of new demand is coming from discharge pathways often with increased complexity and the need for additional support. The Wiltshire Reablement service supports on discharge and delivers savings by ensuring individuals are able to return to living independently.
49. Ensuring that young adults are supported to move from children's to adult's services is vital to them being able to live the lives they chose. The transitions service works with people aged 18-25 to ensure that this happens. It will work closely to bridge the gap between adult's and children's services and will work in partnership with SEND, children's social care, adult's social care as well as voluntary and community sector services being made.
50. The Intensive Outreach Enablement service has evidenced that working in this way can reduce restrictive packages of care and promote independence and is an asset to the council and the prevention strategy. This service is part of a strong prevention and early support strategy working alongside the Prevention and Wellbeing team in order to enhance our community based offer for individuals with complex needs to remain living in their own homes.

51. The Shared Lives Wiltshire Scheme provides an opportunity for a different model of care and support. Its main aim is to support people to live as part of a family, within the carers home, where they receive the support, direction or care they need within a family environment. The service places adults who have an eligible need requiring support for a variety of reasons such as, mental health, learning disabilities, physical impairments, or are elderly or cannot manage to live without support. This has already made savings and further savings are built into this MTFS.

Education and Skills - £35m annual net spend on services.

Table 3 – Budget movement from 2023/24 to 2024/25

	£m
Base Budget 2023/24	29.278
Prior Year Pressure	1.498
Pay Inflation	0.993
Contract Inflation	0.452
Demand	3.569
Savings	(0.687)
Base Budget 2024/25	35.103

52. This service area is facing significant legislative change, the Education White Paper was published March 2022. The White Paper outlined how a strong school system will be delivered by schools, trusts, local authorities, faith bodies and the Department for Education working together. Whilst the White Paper will not be progressed for the foreseeable, the ambition for all schools to be in a strong multi-academy trust (MAT), or with plans to join or form one, remains. Selected statutory duties remain for all schools with additional duties for maintained schools. As a result, services need to reflect demand and require constant review.
53. The service runs a significant amount of school traded activity and as funding for schools grows tighter with the teachers’ pay award and other cost of living increases the risk of income reductions rises. This, together with demand for services which are only available for maintained schools falling in line with conversions to a MAT means that services must plan for reductions between now and 2030. Savings planned in school effectiveness of £0.123m reflect this.
54. The impact of the pandemic continues to put pressure on services and so £0.022m for education welfare officers funded from the latent demand reserve have been included in the MTFS for 2024/25 and 2025/26 financial years.
55. Demand for statutory SEN services has increased with requests for Education Health Care Plan (EHCP) assessments to access support increasing. Wiltshire continues to be slightly above the national average – the table below shows the year on year increase the impact of the pandemic whilst children were not in school and subsequent increase reflecting “catch up” and the impact of the pandemic on children’s needs.

	Number of EHCPs	Movement from prior year	% Movement from prior year
31 March 2022	4,371	253	6.1%
31 March 2023	4,762	391	8.2%
Forecast 31 March 2024	5,617	855	15.7%

56. It is for this reason that the £1.231m investment in statutory SEN is required. This service area is preparing for an inspection and the actions following the Peer Review include a further £0.362m investment to address the recommendations as well as improved performance data resource to support statutory SEN and school improvement, estimated at £0.261m for 2024/25 financial year.
57. The Council has been invited to take part in the DfE’s Safety Valve programme and has confirmed commitment to this work with funding from the £1.6m transformation reserve approved in 2022/23 financial year. Once a Safety Valve agreement is signed the DfE will commit to provide additional DSG to assist the historic deficit. It is expected that the Council will be required to contribute between £70m and £90m at the end of the 5 year plan and therefore a reserve to begin to support the Council’s contribution is being set up in this MTFS.
58. As a large rural authority school transport for children with SEN & disability is a risk on two fronts: firstly, the number of pupils eligible to take up the school transport offer is rising in line with the number of EHCPs and secondly the marketplace is insufficient to meet needs. This means that taxis for example, are a limited resource and unit prices for journeys are rising above inflation. Demand and inflation across the MTFS are estimated at £6.937m. A number of transformational schemes and route reviews are in place to achieve the savings of £0.691m across the MTFS.
59. Other savings include increases in traded income prices to reflect staff pay inflation, service reviews and removing vacant posts where possible to do so.

Families and Children - £71m annual net spend on services

Table 4 – Budget movement from 2023/24 to 2024/25

	£m
Base Budget 2023/24	64.224
Prior Year Pressure	3.498
Pay Inflation	1.339
Contract Inflation	1.688
Demand	1.367
Savings	(1.264)
Base Budget 2024/25	70.852

60. The recent Ofsted inspection in September 2023 recognised the impact that significant investment into prevention and new initiatives is having on positive outcomes for children and young people with us achieving an overall Outstanding grading.
61. Whilst many other local authorities have seen pressure on statutory services, the council’s preventative family support approach and quality practice has reduced and delayed this. Inevitably demand and cost pressures still exist; including an increase in the number of care experienced young people requiring our support for longer as well as numbers asylum seeking young people increasing. The funding councils receive from central government does not cover the full cost of unaccompanied young people’s care given the higher levels of inflation. There are also significant challenges for all care experienced young people post 18 with supported and independent living costs increasing.

62. As a result of national and local area demand increases, the care placement marketplace is saturated, and we are unable to provide in house foster carers for all children requiring this type of care provision. This means that in some cases more expensive placements need to be sourced, which are up to five times more expensive, taking us from hundreds of pounds per week to occasionally placements costing thousands. A consequence of the minimum wage, cost of living, energy and other price increases is that the average unit costs have significantly increased, and inflation is also estimated at higher rates than originally planned. In addition, higher numbers of children in our care have complex needs and these have to have been met with bespoke care arrangements to address risk and complexity.
63. Demand for children and young people services and inflation mirroring staff pay assumptions for in house schemes and from framework agreement contracts are included in the MTFS at £3.750m and £4.767m respectively for Children's Social Care placements and support. This is net of estimates of costs funded through the latent demand reserve.
64. Other inflation is seen in partnership contributions and the adoption west contract estimated at a total of £0.125m
65. Capital investment of £10.560m providing housing for 68 care experienced and asylum seeking young people and £1.6m providing four solo children's homes in Wiltshire is included – this will enable us to provide housing and commission providers at reduced rates. There is a national housing shortage specifically for one bedroom homes, and a capital bid has been agreed to purchase a number of properties for independent tenancies for care experienced young people to reduce costly demands on supported accommodation. Total savings of £1.685m are included across the period of this MTFS. The placement savings presented are linked to the service developments planned, the purchase of the new children's homes and young people's support and accommodation and housing with plans to commission providers offering local placements at a lower unit cost.
66. Other savings plans include funding existing services from the Public Health grant; £0.180m. A review of existing contractual arrangements by commissioning to ensure best value is achieved is expected to achieve £0.050m savings. The remaining £0.781m savings are focussed on staffing reviews, deletion of vacant posts and reductions in agency budgets which are linked to the 2023/24 market supplement investment.
67. When young people with SEN & disability social care needs reach 18 years old they transfer to the new Transitions service within adult social care – the budget associated with the young people turning 18 years is estimated at £0.297m – this is transferred out of children's social care and presented in Adults Services.
68. Other non placement demand included is in the third year of the MTFS, it is anticipated that the Canons House improvements and extension will be operational. The increased running costs included within the demand estimates for providing respite to more children is estimated at £0.526m.
69. The Data and Performance team for people services which is hosted within Families and Children's demand of £0.085m reflects the on-going resource

requirements to support the continued delivery of the Adults Payment to Provider project, which incorporates the Net to Gross project, the roll out of the Provider Portal and Payments on Account projects as part of the Adult Social Care Transformation Programme.

Commissioning - £4m Annual spend on services

	£m
Base Budget 2023/24	2.799
Prior Year Pressure	1.372
Pay Inflation	0.174
Contract Inflation	0.008
Demand	0.014
Savings	(0.060)
Base Budget 2024/25	4.306

70. This service is key to delivering best value in the Council’s highest area of spend, people services; market sustainability work and strategy support ensures value for money in commissioning and procuring services for those who are most vulnerable in our communities. As such it is imperative to have sufficient staffing resource in place and some of these have previously been funded by grant. A rebasing exercise has taken place to ensure that the high level of service continues, and the investment required is £1.566m

**Resources - £42m annual spend on services**

Assets- £18m annual net spend on services

Table 10 – Budget movement from 2023/24 to 2024/25

	£m
Base Budget 2023/24	17.767
Prior Year Pressure	(0.042)
Pay Inflation	0.207
Contract Inflation	1.433
Demand	(0.711)
Savings	(0.457)
Base Budget 2024/25	18.197

71. Assets & Commercial Development service is responsible for managing the council’s estate, which includes the 5,297 Council Housing Dwellings and 1,000 planned new properties from the Council House Build Programme under the Housing Revenue Account. The service is also responsible for the management of the Council’s office, rural, investment and commercial estate.
72. Wiltshire Council takes a strategic and commercial approach to managing assets ensuring assets are well maintained, fit for purpose and that services can operate safely, efficiently, and effectively, thus ensuring the sustainability of the property estate. The council shares resources with other public services and uses technology, buildings, and other assets flexibly to maximise value and reduce costs. This all contributes to delivering the Business Plan by ensuring Wiltshire Council is an efficient and healthy organisation.
73. As seen nationally there have been significant increases in energy prices, increases are forecast for 2024/25 at 20% for electricity, and 5% for gas.

Increasing energy prices are a risk for the service. To ensure the council is operating as efficiently as possible savings are proposed through the property carbon reduction energy strategy for buildings and capital energy efficiency programme which delivers projects to reduce energy consumption and generate renewable electricity.

74. Maintenance contract budgets have been increased by £0.282m for 2024/25 (5%) to reflect increases in price inflation material costs and contractor terms.
75. The council pays Business Rates on its properties. Anticipated inflation on business rates for 2024/25 is 6.7% an increase of £0.364m.
76. Savings proposals focus on efficiency of asset operations and service efficiencies to reduce operating costs. Alongside this Income generation will be maximised wherever possible to do so by leasing vacant space and increasing prices on existing lettings some of which, particularly leasing vacant space in our 3 main office hub buildings has proved challenging in the current economic climate and therefore there is an element of risk to this target.

Transformation and Business Change - £0m net spend (£2.040m annual gross spend)

77. The Council's Business Plan sets out the priorities, outcomes, and aspirations it seeks to deliver over the next ten years and outlines how its progress towards achieving these will be measured and represented. Achieving many of these outcomes will need significant change or transformation of existing business models and delivery methods. This will require innovation in how we approach service design and planning, which should be supported by evidence and insights from the broadest range of data available to us.
78. For 2024/25 onwards, the service will be funded wholly from flexible use of capital receipts and the transformation reserve.
79. Maintaining good financial sustainability to deliver a balanced budget means the demand for transformation should be considered a continuous and required capability. This needs specific financial provision to ensure the right scale of skills and capacity are in place to support the delivery and management of change programmes arising across the complex range of services performed by the council. The council has allocated one-off funding via its transformation reserve to enable this, which is anticipated to be replenished in part through savings delivered by transformation projects. Funding for specific transformation projects will also be utilised through the Flexible Use of Capital Receipts where appropriate and desirable to do so.
80. Many of the recent savings' proposals put forward by services in response to the financial pressures and budget setting process for the next three years were predicated on having access to suitable change and transformation capacity. Services will require timely delivery of significant programmes of work to suppress demand or redesign services and process in areas such as waste and depot strategy and these are anticipating or requesting that provision of large parts of the change capacity and skills needed to support delivery of those programmes will come from the transformation team and associated enabling services. These must be delivered in addition to the existing in-progress strategic



programmes including Adult Social Care Transformation (ASCT), Families and Children Transformation (FACT), Customer Experience, Community Conversations and Evolve. It is important, therefore, to ensure that the flexibility to draw down against allocations of flexible funding sources such as the Transformation Reserve and Flexible Use of Capital Receipts remains in place for the full term of the MTFS.

**Place Services - £102m annual spend on services**

Highways & Transport - £43m annual net spend on services

Table 5 – Budget movement from 2023/24 to 2024/25

	£m
Base Budget 2023/24	40.177
Prior Year Pressure	(0.468)
Pay Inflation	0.502
Contract Inflation	1.372
Demand	1.718
Savings	(0.238)
Base Budget 2024/25	43.063

81. The main pressure facing the service is contract inflation for major contracts for Highways Maintenance and Design, Street Scene, Passenger Transport and energy for Street Lighting. These contracts support communities to get around easily and offer options for different modes of transport, delivering against the Empowering People, Resilient Society, Thriving Economy and Sustainable Environment priorities in the Business Plan. Increasing material prices, fuel prices and driver shortages continue to cause issues and risk for the service.
82. The Public Transport industry is still recovering from the impact of the pandemic with reduced patronage and increasing operating costs, particularly in relation to fuel increases and driver shortages.
83. The Council has been awarded a Bus Service Improvement Plan plus (BSIP plus) grant of £2.1m per year for both 2023/24 and 2024/25. This funding is to improve, enhance and support bus services and assist contractors facing commercial failure to ensure services are maintained.
84. A key condition of the grant is that the Council cannot reduce Public Transport budgets in this period, and delivery of the savings proposals for 2023/24 and 2024/25 will therefore be delayed until 2025/26. This will allow the Council to review its Public Transport policy and ensure a sustainable and financially viable network for 2025/26. The savings impacted for 2023/24 total £0.448m with a further £0.142m for 2024/25, relating to the review, repatterning and reduction of less well used bus services, out of area services and the removal of Saturdays from supported services timetable. The pressure from delaying the savings will be covered in 2023/24 and 2024/25 by the Extended Rights to Travel grant of £0.635m.
85. Additional funding of £1m for Highways preventative flood maintenance including surface repairs and drainage works is included within the revenue budget.
86. Highways & Transport’s budget is supported by income generated by services. The key areas for Highways & Transport are Car Parking and Streetworks income. These income streams are reliant on demand from the Public and Utility companies so can be volatile as demand is affected by changes in the economy

and in the community. For example Wiltshire based companies' policies changing to more working from home, whether communities feel safe and well to go shopping, the cost of living, the level of new development being undertaken, the level of employment and of retail opportunities.

Economy & Regeneration £3m annual net spend on services

Table 7 – Budget movement from 2023/24 to 2024/25

	£m
Base Budget 2023/24	2.520
Prior Year Pressure	0.015
Pay Inflation	0.069
Contract Inflation	-
Demand	0.130
Savings	(0.209)
Base Budget 2024/25	2.526

87. Director level leadership is included within the overall demand in this area, to provide greater leadership capacity, to raise the profile of the team and help to secure and deliver future opportunities and funding, as part of the business plan responsibility to deliver infrastructure to enable local communities to live, work and play locally, and to support businesses to invest and everyone to take responsibility for the environment.
88. The Wiltshire Towns Programme continues with £1m per annum in 2024/25, and will help create and support vibrant town centres and deliver new strategies for regeneration. Plans are in place to continue the delivery of projects using the funding set aside in the earmarked reserve through to 2025/26
89. The service will deliver the £5.8m UK Shared Prosperity Fund between 2022-2025 and achieve associated administrative costs, which will support local business and increase the proportion of Wiltshire's wealth that is spent in the local economy.
90. The service will also support the delivery of broadband across Wiltshire, providing assistance to the Government's 'Project GIGABIT' and other broadband capital programme, to maximise broadband connectivity across Wiltshire.
91. Following Government decision on 4 August 2023, the Economy and Regeneration service will be responsible for delivering the functions of Local Enterprise Partnerships (LEPs) for 2024/25. Details of the financial settlement are unconfirmed but at this stage a balanced position is assumed. As part of this transition guidance has been provided on production of an economic strategy.

Planning - £3m annual net spend on services

Table 6 – Budget movement from 2023/24 to 2024/25

	£m
Base Budget 2023/24	3.396
Prior Year Pressure	0.065
Pay Inflation	0.398
Contract Inflation	-
Demand	0.296
Savings	(1.347)
Base Budget 2024/25	2.808

92. The Planning service continues to have problems recruiting and retaining experienced and high calibre professional officers. Caseloads are 30% higher than the national average and planning appeal numbers are amongst the highest in the country, these issues are being tackled through the planning transformation project. To meet statutory responsibilities the service needs to complete the Local Plan Review and Gypsies and Travellers Plan as quickly as possible and to make significant progress to put in place new Plans for Minerals & Waste. These priorities will help deliver the needs of Wiltshire's growing communities from an economic, environmental and social perspective. This aligns with the four priorities in the Business Plan, Thriving Economy, Resilient Society, Sustainable Environment and Empowered People. The Local Plan is critical as it provides an effective policy framework for the sustainable growth of Wiltshire.
93. Planning application fees are set by Government and have been agreed at a 35% increase for Major Applications and 25% for all other applications from 6<sup>th</sup> December 2023 plus an annual indexation capped at 10% from 1<sup>st</sup> April 2025. The income budget has been increased to reflect this. This income is driven by demand and typically fluctuates according to the national housing market and economic situation. If the market slows there is a risk that the council's income will decrease. Fees tend to increase when the market is buoyant.
94. Building Control fees are set locally but must be set competitively to retain market share with the private sector. Fees are set in the upper quartile when benchmarked against other local authorities.
95. In 2023/24, as part of H M Land Registry, digitalisation Local Land Charges 1 searches will be undertaken by Land Registry. Wiltshire Council will therefore lose Income for this element. This has been assessed in conjunction with overall demand and the income budget rebased by £0.300m across the MTFs period, £0.150m falls into 2023/24

Environment £50m annual net spend on services

Table 8 – Budget movement from 2023/24 to 2024/25

	£m
Base Budget 2023/24	48.485
Prior Year Pressure	(0.317)
Pay Inflation	0.266
Contract Inflation	2.139
Demand	0.086
Savings	(1.125)
Base Budget 2024/25	49.534

96. The significant pressure in Environment services is for the Waste Services contracts for the collection and treatment of Waste. Contracts are focused on reducing the amount of Waste going to Landfill and increasing recycling to keep Wiltshire looking beautiful and taking responsibility for the Environment whilst delivering against the Sustainable Environment priority on the Business Plan. The majority of contracts are linked to CPI forecast at 3%.
97. Tonnage forecasts and waste treatment routes have been derived by looking at past years actuals and trends and have only been increased where there would

need to be an incremental change based on a 0.5% growth rate. Waste tonnages are a risk for the service as a small change in tonnage can have significant financial implications. The council have a minimum requirement to send 110K tonnes through the landfill diversion contracts to Lakeside Energy from Waste or Northacre MBT in Westbury, and failure to meet these requirements incurs compensation events.

98. Waste Services are forecast to generate £9.2m of Income from Green Waste, Bulky Waste and Recycling material. Recycling material income is notoriously volatile and has been particularly influenced through changing economic climate and this is therefore a risk for the service. Budgets for 2024/25 have been based on the 2023/24 performance as industry intelligence is that on average prices will continue in the short term, however some markets are seeing a slight decline. This is closely monitored on a monthly basis.
99. The Environment Act 2021 will require the Waste Service to undertake substantial changes over the next three years, however at this stage there are still significant details awaited from Government to fully evaluate the financial implications and impact on existing and future waste contracts, including long term landfill diversion contracts. The working assumption is that pressures arising from the Act will be covered by Government under New Burdens funding or via new funding streams as part of the proposed schemes.
100. There are three main changes from this legislation that will impact costs of future waste service provision:
  - i. Extended Producer Responsibility (EPR) where producers of packaging will be required to pay into a scheme based on the type and quantity of packaging placed on the market. The Scheme Administrator will be responsible for placing funds with local authorities involved in the collection and management of packaging waste (including litter placed in street litter bins). This is expected to come into force in 2024 and would see additional funding coming to Wiltshire Council. Further detail is required to understand the financial impact, however Wiltshire currently spends circa £8m per annum collecting and managing packaging waste. A modest income target of £0.200m has been built into the budget from 2025/26 for this. Confirmation of this funding will not be received until after April 2024.
  - ii. The Deposit Return Scheme (DRS) is where consumers will pay a deposit on in scope drinks containers which will be refunded through a national network of reverse vending machines at participating retailers and kiosks. This is also expected to be in force in 2024 and models suggest Wiltshire would see a loss of income of circa £0.9m due to a reduction in recyclable material collected via the kerbside services.
  - iii. The Act will require consistency in Recycling Collections which will stipulate that councils must provide separate, weekly food waste collections; fortnightly kerbside collection of recyclables, and fortnightly residual waste collections. Wiltshire Council does not currently provide a separate food waste collection, we have a mixed kerbside recycling collection which is then sorted at a Material Recycling Facility and we generate £5.6m income from chargeable garden waste service which

offsets costs of collection only. This will therefore have a significant financial and operational impact for Wiltshire’s existing contracts and future procurements. The long-term landfill diversion contracts will be at risk as this would lead to significant compensation events payable to the contactor as minimum tonnage levels would not be met. Technical advice is still awaited from Government, but Separate, weekly Food Waste collections have been referenced to come into force in 2025.

101. Additionally, the following legislative challenges are likely to impact waste services in the coming year:
- i. Following EA guidance on Persistent Organic Pollutants (POPs) found in upholstered domestic seating in 2023, the EA is looking at extending this to a wider variety of items that include these chemicals. There is likely to be additional revenue pressure which will be determined once further clarity has been obtained from the Environment Agency.
  - ii. There is a proposal to extend the Emissions Trading Scheme to include Energy from Waste plants. Energy from Waste plant operators would be required to buy credits to cover the fossil-based carbon emissions created by the plant. Wiltshire’s Lakeside contract would fall under this category and would be a cost born by the council due to change in law clauses within the contracts.
  - iii. Government is planning to tax commercial generators of electricity where excessive profits are made. At present Energy from Waste facilities are in scope. This could mean that the gate fees under the Lakeside Energy from Waste contract increase. Local authorities are lobbying Government to exclude Energy from Waste and AD facilities developed to deliver council contracts from being in scope.

Leisure Culture & Communities £5m annual net spend on services

Table 9 – Budget movement from 2023/24 to 2024/25

	£m
Base Budget 2023/24	6.580
Prior Year Pressure	(1.348)
Pay Inflation	0.838
Contract Inflation	0.027
Demand	-
Savings	(0.793)
Base Budget 2024/25	5.304

102. As part of the Business Plan priority to empower people and help people to stay physically and mentally active the council is committed to enabling communities to have access to quality leisure, sports and cultural opportunities, that include libraries.
103. Due to the change in VAT treatment Leisure Operations Income is now overachieving, enabling the saving proposal of £1.172m to be brought forward from 2025/26. The future income budgets are forecast to grow and fees to be increased, savings proposals are included for this which will increase income

budgets by £0.492m in 2024/25. There is a risk the cost of living pressures may impact future demand and income levels.

### **Capital Receipts Flexibilities**

104. The current direction for the Flexible Use of Capital Receipts covers the three financial years ending at March 2025 and was announced at the 2021/22 Final Settlement. The Provisional Settlement confirms that this directive is being extended until March 2030. The flexibility allows local authorities the freedom to use capital receipts from the sale of their own assets to help fund the revenue costs of transformation projects and release savings and/or improve efficiency. [Direction - Flexible use of capital assets \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)
105. It is important that any council using this flexibility is transparent in reporting its plans and the individual projects that are to be funded or part funded, report on planned savings and/or service transformation that is planned to be delivered and report the previous years' activity and realisation of benefits.
106. During 2023/24 £1m of transformational activity was approved to be funded by use of this regulation. The costs being funded again in 2024/25 are the Transformation and Business Change team costs, which support the delivery of the different transformation programmes and projects across the council, and specifically projects that support delivering a more financially sustainable council. The prioritisation of the programmes and projects supported by the Transformation and Business Change team is agreed by CLT and/or the relevant Transformation Board and is reported as part of the quarterly budget monitoring process to ensure the requirement of transparent reporting is met.

### **Fees and Charges**

107. As part of budget setting, where the council has discretion on the setting of fees and charges and increases to these, it is recommended that the fees and charges to the public are increased by appropriate inflation rates to help support the delivery of a balanced budget. Other fees and charges will be based on statutory national levels (where set by statute) or individual agreements.
108. As part of the budget setting process for 2023/24 a 'stretch-target' for some fees and charges income in Place Services was set. During the year it has been forecast that some services are overachieving this target whilst other services are not meeting these targets. These budgets have been adjusted between service lines however overall, there is an achievement of these targets.
109. Detail of the fees and charges where the council has discretion on the setting of the fees and charges, as well as those statutorily set can be seen in Appendix 4.

### **Council Tax**

110. The level of Council Tax income for the council is driven by 2 main factors; the number of 'Band D' equivalent properties, known as the taxbase and the charge per 'Band D' equivalent property.
111. The council is required to set the Council Tax Base annually following regulations. For 2023/24 the taxbase was set at 193,142.94 Band D equivalent

properties and for 2024/25 the Council Tax Base has been set at 194,423.87 Band D equivalent properties, which is an overall increase of 0.66%, less than originally forecast (1.2%).

112. As part of the Provisional Local Government Finance Settlement the basic Council Tax referendum threshold of 3% was announced along with the maximum specific levy for Adult Social Care of 2%. Further detail is given in Appendix 1.

### **Reserves – General Fund and Earmarked**

113. Over the past few years a reserve strategy has been enacted to steadily increase the level of the Council's General Fund reserve to a level more in line with the financial risks the Council potentially faces. This has increased the financial resilience of the council in being able to deal with, and more importantly withstand, any financial risks or shocks that may materialise. The better than forecast outturn position in 2021/22 and the transfer of £7m from the Budget Equalisation reserve as part of the Quarter Three Budget Monitoring Report 2022/23 meant that additional funds were transferred into the reserve to meet the target level of that reserve earlier than planned.
114. For this budget setting cycle, the positive outcome of a continuation of a balanced budget, for the first 2 years of the MTF5 has a positive impact on the reserves and financial resilience of the council. It is vital that the General Fund reserve meets, or is at around, the level of financially assessed risk. For 2023/24 this was set at £31.9m and for 2024/25 this increased slightly to £34m.
115. The general fund reserve risk assessment is shown in annex 8 of appendix 1. This uses the estimates of key financial risks facing the authority in 2024/25 and it provides an estimated risk assessed level of reserves based on the specific complexities and activities unique to Wiltshire Council. This assessment is reviewed and refreshed every year to reflect the known financial risks in that year and provides an update on the financial resilience for the council.
116. The risk assessed level is a tool the Council's Section 151 officer uses to manage and context financial risks facing the authority and is not an exact science. It is key however in determining the financial resilience of the authority in terms of the level of reserves that should be held against the level of assessed and estimated financial risk.
117. The achievement of a balanced budget puts the Council in a strong and sustainable financial position with reserves now at a level to provide financial resilience.
118. In addition to the level of the general fund reserve, there are other reserves held against the financial risks facing the council. These reserves have been created to deal with risks around demand, volatility and risk. A review is undertaken at least annually of these earmarked reserves and the continued need to have funding set aside for the original purposes at the level set aside.
119. The Latent Demand reserve is held to specifically mitigate any unquantified risks facing the authority on social care, particularly children's social care. £3.2m is being drawn down from the reserve in 2023/24 and a further £2.6m is planned to

be utilised over the MTFS to offset increased costs in Children's Social Care and Adult Social Care. On-going budget pressures from latent demand and funded by this reserve have been built into future years of the MTFS and there is therefore no requirement to continue to hold any additional funding in this reserve and the balance of just over £2m has therefore been transferred to the Transformation reserve to support transformational activity across the council.

120. The Collection Fund Volatility reserve was set up to deal with any movement in the collection of Council Tax and Business Rates that fund services. Given the size of the Collection Fund, at £410m, any small variance can potentially have a significant impact on the Council's finances. This risk of loss of income on local taxation in any given year, along with the risk of deficits arising is a general financial risk and as such the Collection Fund Volatility Reserve has been transferred into the General Fund Reserve.
121. In setting the budget every year an assessment is made on the surplus or deficit of the Collection Fund. The volatility and Government support through the COVID pandemic have made forecasting, particularly on business rates, difficult to assess and the impact of the cost of living crisis and continued high levels of inflation during 2023/24 and impact on the economy has also led to complexity of forecasting. There is confidence now that the estimated deficit, of £1.5m can be declared and will require funding in 2024/25. These surpluses and deficits change annually and will be funded by the General Fund Reserve if these costs cannot be contained within the revenue budget in any given year, and this is reflected in the amount set aside in the General Fund Reserve.
122. The provisional settlement included no confirmation on any fair funding review or the re-set of the business rates mechanism, where changes to top-ups and tariffs and levies may apply only adds to the uncertainty in future years. The council could be exposed to significant changes in funding through any re-set and prudence has been applied to the budgets in these areas. If this funding income presents higher than the estimates that have been included in the budget every opportunity will be taken to set this aside to help manage the High Needs deficit and contribution that will be required from council funding should the statutory override not be extended.
123. The council overall has significantly improved its financial standing over the last couple of financial years through its sound and prudent financial management and continues to do so. There is now a significant level of reserve cover against the assessed financial risk in 2024/25. The General Fund reserve now stands at 7% of the Council's net revenue budget.

#### **MTFS 2024/25 to 2026/27**

124. A summary of the overall MTFS proposed budgets for 2024/25 can be seen in the below table at Corporate Leadership responsibility level. More detail can be seen in the Appendix 1, which show the changes to the service budgets from the revised 2024/25 budgets in greater detail.



<b>Wiltshire Council - Proposed Budgets</b>			
<b>Service</b>	<b>2024/25 Proposed Budget £m</b>	<b>2025/26 Proposed Budget £m</b>	<b>2026/27 Proposed Budget £m</b>
Corporate Director People	289.698	293.073	307.044
Corporate Director Resources	42.495	43.013	44.705
Corporate Director Place	103.235	102.977	108.174
Legal & Governance	10.380	9.922	10.236
Corporate Directors & Members	3.292	3.368	3.446
Corporate	36.671	48.630	55.292
<b>WILTSHIRE COUNCIL NET BUDGET</b>	<b>485.772</b>	<b>500.984</b>	<b>528.898</b>

125. The MTF5 sets out the forecast budget position for a 3-year period. The above table shows the proposed service budgets for 2024/25 to 2026/27, and the below table shows the movements in the Net Budget and Funding for the council and the overall financial position of the council. Overall, the budget is fully balanced in the first two years of the MTF5 3-year period, which is a continuation of the strong and sustainable financial basis the council sets out to deliver quality services to the public of Wiltshire.

	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>
<b>Budget 2023/24</b>	<b>469.029</b>	<b>485.772</b>	<b>500.984</b>
Prior Year Adjustments for increased inflation	9.266	-	-
Funding Changes/ Technical Adjustments	(5.589)	(4.857)	0.948
Pay Award	7.788	4.433	4.635
Cabinet Investment	0.024	0.025	-
Contractual Inflation	16.732	11.465	13.127
Demand	8.194	18.299	10.704
Savings approved updated	(14.804)	(9.968)	(0.812)
Cost Containment Savings	(3.833)	(0.352)	(0.057)
New Savings	(1.036)	(3.832)	(0.631)
<b>Budget 2024/25</b>	<b>485.772</b>	<b>500.984</b>	<b>528.898</b>
<b>Funding 2023/24</b>	<b>(469.029)</b>	<b>(485.772)</b>	<b>(500.984)</b>
Council Tax Requirement	(12.201)	(10.566)	(10.886)
Social Care Levy	(6.687)	(3.546)	(3.688)
Rates Retention	(7.016)	(1.496)	-
Collection Fund (surplus) / deficit	8.353	(1.503)	-
Specific Grants	0.808	1.900	-
<b>Funding 2024/25</b>	<b>(485.772)</b>	<b>(500.984)</b>	<b>(515.558)</b>
<b>GAP</b>	<b>(0.000)</b>	<b>0.000</b>	<b>13.340</b>

126. New legislation that allows councils to implement a new second homes premium from 1 April 2025 has been enacted. The Government is introducing certain exemptions from premiums which were outlined in a consultation, provisions for which are included within the Levelling Up and Regeneration Act 2023. The approval for charging premium must be made 12 months in advance of the financial year in which those charges will apply. Detailed guidance on these regulations is expected and Cabinet will assess the impact where other councils have implemented premia charges on second homes. When evidence is available and impacts more certain Cabinet will consider this and an evidence

based proposal may be brought forward in the future. Additional income from this taxation has not been included in the budget figures presented above.

### Capital Programme 2024/25 to 2030/21

127. The Capital Programme is not tied to an annual setting process like the council's revenue budget, with projects and schemes being added on their own merits by the Cabinet during the year. As part of a new robust governance process for Capital Investment, all new Capital requests require a full business case to go through the Capital Investment Programme Board. This is to provide oversight across the programme and alignment with the Business Plan priorities. This governance also provides additional challenge to ensure all figures are validated and profiled realistically.

	2024/25 Budget £m	2025/26 Budget £m	2026/27 Budget £m	Future Years Budgets £m	Total Budget £m
Approved Capital Programme	318.972	178.600	113.050	438.927	1,049.550
Bids Approved by Cabinet Previously	14.010	14.483	14.242	12.561	55.297
Budget Setting programme review and remove	-	(32.604)	-	-	(32.604)
Budget Setting review and reprofile	(81.973)	77.972	4.000	-	(0.001)
2024/25 Budget Setting New Capital Investment	4.657	12.099	8.540	23.906	49.203
<b>Total</b>	<b>255.667</b>	<b>250.550</b>	<b>139.833</b>	<b>475.395</b>	<b>1,121.445</b>

128. The Capital Programme is a key area of investment for the council and in 2024/25 will now stand at £255.667m for that year and over £1.1 billion in total over the 7 year period including HRA. The HRA Capital Programme detail is covered by the separate HRA budget paper being presented to Cabinet. As part of the ongoing review of the capital programme the scheme for the redevelopment of the Maltings. The original proposal is no longer an option and although dialogue continues with the current leaseholder, any new scheme and associated required commitment from the council will be considered in a future report.

### People Services

129. £8m has been added to the Schools Maintenance budget from 2024/25 to 2027/28 to manage the backlog maintenance and mitigate further decline across schools in the county,
130. An investment of £10m from 2024/25 to 2026/27 has been approved by Cabinet in December in lieu of any High Needs Places Allocation grant. This funding supports the proposals in the draft Safety Valve plan and delivery of the plan is dependent on the creation of additional places included in the proposal.
131. £3.500m investment has been added for an extension to Canons House respite Centre in Devizes, to develop a ground floor fully accessible annex for children and young people who are wheelchair users. Canons House is a respite children's home that supports families by providing overnight short breaks for children and young people with profound and multiple learning difficulties and complex health needs.

## Resources

132. £0.715m investment has been added to the programme for essential works to electrical supply and infrastructure at County Hall.
133. 2024/25 represents the last financial year for the existing approved ICT investment programme and a new six year investment programme, totalling over £35m, is being included in this budget. The investment programme will span 2025/26 to 2030/31 and will ensure the Councils ICS infrastructure is secure while delivering projects and transformation.
134. Around £16m of the investment over the 5 years will be on core ICT infrastructure, security improvements and a rolling programme of replacement equipment for the whole council e.g. laptops, smartphones and hybrid technology. Circa £15m of the investment will be the capitalisation of ICT staff directly involved in the delivery of schemes and projects, with the remaining spend, over £4m, being spent on upgrades or replacement of line of business applications e.g. revenues and benefits.

## Place Services

135. Investment of £9.203m has been added to the programme for the replacement of fleet vehicles from 2026/27 to 2029/30. This was approved by Cabinet in December for phase 2 and 3 of the Fleet Strategy. Engine types have been identified to ensure climate impacts are minimised, whilst delivering business continuity resilience and supporting the council's commitment to become a carbon neutral county.
136. Investment of £37.928m is required for delivery of a new central area strategic depot at Melksham while ensuring all remaining depots remain compliant. This will be funded by £1.870m capital receipts and £36.058m borrowing. This funding covers £32.619m for the depot and £5.309m to cover the immediate term requirements across central, south and north existing sites to cover health and safety, operational and resilience work. This allows for 10% contingency and inflationary uplifts. This was approved by Cabinet in December.
137. £0.872m has been added to the programme for Waste Near Term Vehicle Replacement for the replacement of waste vehicles. This is an increase to the existing programme to replace older vehicles.
138. Waste Services requires an additional investment of £0.479m for the purchase of specialist shredding equipment that will provide the necessary infrastructure to minimise the amount of residual waste currently sent to landfill.
139. Waste Services also requires investment for £0.149m to purchase specialist large (1,100 litre capacity) wheeled bins for mixed dry recycling collections from properties that use communal recycling bins. These new bins will reduce contamination in recycling and will improve the quantity and quality of materials collected.
140. Investment of £0.095m has been added to the programme for the provision of new real time monitoring equipment to improve data collection regarding emissions in Westbury.

## Dedicated Schools Grant

141. Dedicated Schools Grant (DSG) is a ring-fenced specific grant used in support of the Schools Budget as defined in the School and Early Years Finance (England) Regulations 2013. The DSG is made up of four blocks with minimal flexibility to move funding between blocks. The allocations for 2024/25 are as follows:

	<b>2023/24 Allocation £m</b>	<b>2024/25 Allocation £m</b>	<b>Increase £m</b>	<b>% Increase</b>
Early Years	32.485	52.886	20.401	62.80%
Schools	346.293	364.468	18.175	5.25%
Central	2.6	2.644	0.044	1.68%
High Needs*	70.918	73.465	2.547	3.59%
<b>TOTAL</b>	<b>452.296</b>	<b>493.461</b>	<b>41.165</b>	<b>9.10%</b>

142. The allocations are driven by the school and early years census data multiplied by specific funding levels and factors in each block and include nationally announced increases from the Autumn 2023 statement and the increases in the Spring Budget 2023 Childcare expansion extending entitlements to working parents of 9 months to 2 year olds and 2 year olds.
143. The Local Authority and Schools Forum set the budget for all blocks. Schools and High Needs blocks are top sliced by the ESFA and funds re-directed to academies and colleges, and maintained school funding is passported via the local authority.
144. **Schools Block** – it is the responsibility of the council to propose and make recommendations to Schools Forum to decide any changes to the formula which is used to allocate schools block DSG to all primary and secondary schools. Wiltshire Schools formula aligns itself as closely as possible to the national funding formula (NFF) in preparation for the hard formula, when the DfE remove or at least limit, local formula flexibility. For 2024/25, schools forum has agreed in principle to transfer £2m from schools block to support high needs pupils which is above the 0.5% they have powers to transfer and therefore a disapplication of the regulations request to the Secretary of State will be submitted.
145. **Early Years Block** – this block is subject to a significant increase in 2024/25 with the additional funding available to working parents of 9 month to 2 year old and 2 year old children. In addition to this the scope of support to children with additional needs from the age of 9 months must proportionately increase. The local authority must passport a minimum of 95% of the funding they receive for the 9 month to 2 year old and 2 year old children working parent entitlement, disadvantaged 2 year olds, universal and additional working parents entitlement for 3 and 4 year olds directly to early years settings. This means up to 5% can be retained by the council to fund the early years central functions and special educational needs inclusion fund. It is the responsibility of the local authority to propose and decide the allocation of early years funding – the schools forum and early years providers are consulted annually to give their view on the local authority proposal. The local authority is consulting on passporting the full DfE funding hourly rate for disadvantaged 2 year olds and reduced rates for the remaining categories to fund required central expenditure.

146. **High Needs Block** – this supports provision for children and young people with special educational needs and disabilities (SEND). The block provides resources for specialist place funding, top up funding and external provision as well as funding high need services including statutory delivered by the local authority. It is the responsibility of the local authority to propose and decide the allocation of high needs block funding – the schools forum is consulted on any proposed changes. The current and forecast demand in this area exceeds the funding from the DfE and as such a drawdown from the DSG reserve will be required. The proposed high needs budget for 2024/25 is in line with year 1 of the draft Safety Valve plan and will result in an increase in the deficit of £28.2m.
147. **Central School Services block** – this provides funding for the local authority to provide central, statutory functions on behalf of pupils in both maintained schools and academies. Services are split, copyright licences for all schools, on-going and historic responsibilities. For 2024/25, the DfE are still in negotiations with the copyright licencing agency and the final allocation will be notified in due course. Funding for historic responsibilities is reduced by 20% year on year. The local authority proposes the spending allocations funded from the Central School Services Block but the final decision is made by the Schools Forum.
148. In the event of an underspend or overspend on the annual grant, the balance transfers to a DSG reserve at the end of each financial year. The 2023/24 quarter 3 figures to be reported to Cabinet in February show an in year overspend of £4.386m, after a planned transfer from the reserve of £16.648m, which leads to a forecast cumulative DSG deficit reserve balance of £56.247m. at the end of the current financial year. The Council has submitted a draft Safety Valve plan to the Department for Education (DfE) presenting proposals to reduce the in year deficit to a balanced position in 5 years. Within that plan the in year deficit is expected to continue to grow for the first two years of the plan and then begin to reduce in the final years of the plan as the mitigations take effect. At the end of the plan the residual cumulative deficit is projected to be approximately £135m and it is expected that the Council will need to contribution between £70m and £90m to write off the deficit at that stage. This remains a significant financial risk to the Council.
149. Final decision making takes place at the Schools Forum meeting on 18 January 2023 however agreements in principle were made at the December meeting and no major deviances are anticipated.

### **Overview and Scrutiny Engagement**

150. Regular reports are taken to Overview & Scrutiny relating to the council's financial position and the budget report will be subject to review by the council's Financial Planning Task Group during January 2024.
151. In addition to reviews by elected members through the scrutiny process, the budget proposals will also be subject to review and scrutiny by a range of stakeholders, including Trade Unions and Business through meetings with them and Schools Forum consideration of the Dedicated Schools Grant changes.

## **Safeguarding Implications**

152. Safeguarding remains a key priority for the council and this report outlines investment in services, in particular Adult Social Care and Children's Services, that reflects the commitment to safeguarding.

## **Public Health Implications**

153. Funding for Public Health services has not been confirmed for 2024/25 and is less certain across the MTFS period, which given the inflationary pressures seen brings risk. With the on-going cost of living crisis, that impacts on the most vulnerable and who often need the support from the services the council provides, it may become more difficult to deliver efficiencies that are required. Currently plans are in place to manage the delivery of Public Health services within the resources available, from the grant and planned use of the ring-fenced Public Health earmarked reserve, although plans may need to be changed should the final grant allocation differ from current assumptions.

## **Procurement Implications**

154. None have been identified as arising directly from this report.

## **Equalities Impact of the Proposal**

155. The council's budget planning framework is supported by the development of Equality Impact Assessments (EIAs) for the budget proposals, identifying possible disproportionate impact in relation to the protected characteristics as described within the Equality Act 2010. The EIAs will also identify potential mitigation where applicable.
156. The council maintains its strong commitment to equality, believing that all groups and individuals within the community and its workforce have equal opportunity to benefit from the services and employment it provides. EIAs help the council to arrive at informed decisions and to make the best judgements about how to target resources.
157. As part of the implementation of savings, once they are approved the Executive Office will support services in undertaking an Equality Impact Assessment for those individual saving proposals to assess whether the proposals are positive or negative for a protected group will be undertaken before the proposal is implemented.
158. In consideration of the overall budget and balancing the gap, Cabinet in putting forward its proposals were keen to ensure that investment and growth were directed to prevention and early help services so that this will have an overall positive impact on communities and service users, particularly children, older people and disabled people. This is in line with its commitments in the Business Plan 2022 – 2032.
159. As part of the corporate planning cycle, during Service Plan reviews in Spring 2024, the Equalities Impact of all service proposals (including their design) will be challenged, with scrutiny welcomed.

## **Environmental and Climate Change Considerations**

160. The business plan and budget that funds it have been developed to support strong, resilient communities in Wiltshire. The budget includes the continued resourcing of the Carbon Reduction Team, formed during 2020/21, and funding within the capital programme for specific schemes aimed at reducing the council's carbon footprint.

### **Risks that may arise if the proposed decision and related work is not taken**

161. There is a statutory requirement to set a balanced budget. This report sets out the services delivered by the council and the financial implications of the budget proposed. Previous budget monitoring reports have included updates on the MTFs and this report provides more visibility on the base assumptions on which the budget is built and sets out how the budget gap is to be addressed to deliver a balanced budget.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

162. The risks around the ongoing implications of the high rates of inflation and cost of living crisis on the council and council services are not fully known with the risk of the increased pressures in costs for the council and future economic forecasts uncertain and increased requirements on services needed to support the residents of Wiltshire, and this risk will remain for 2024/25 and even into future years.
163. Assumptions on risks the council is exposed to have been factored into the council's risk assessment when assessing the level of general fund reserves the council should be holding.
164. The level of uncertainty has always been a risk, in terms of demand on services and with the ongoing higher levels of inflation there is an increased variability of the risk. The council has therefore tried to mitigate this through the increased level of growth assumptions within the MTFs and continues to hold specific reserves to manage some risks, such as latent demand to deal with any demand that outstrips those assumptions, particularly around children's social care as well as holding increased level of General Fund Reserve.
165. Risks associated with the uncertainty on levels of funding from government, specifically in latter two years of the MTFs and changes to the distribution of funding and mechanisms for allocating funding such as Business Rates are mitigated by setting assumptions based on prudence and experience, ensuring that increases in funding are included where indicative increases have been announced, otherwise funding is assumed to remain constant.
166. Risks associated with the savings proposals and service delivery have been assessed and as savings are implemented these risks will continue to be reviewed and monitored through the service and corporate risk management processes.

## **Financial Implications – S.151 Commentary including Section 25 Report**

167. Under Section 25 of the Local Government Finance Act 2003 there is a statutory duty on the Section 151 Officer to report to Council at the time the budget is considered and the Council Tax set, an opinion on the robustness of the budget estimates and the adequacy of financial reserves.
168. There is also a legal requirement under the Local Government Act 1992, section 32 and 43 to set a balanced budget. Critically the 2024/25 budget is balanced, it has no reliance on the use of one off funding i.e. reserves for on-going activity and has a full scheduled savings plan proposed for 2024/25 to achieve this position.
169. Cabinet and the Extended Leadership Team have worked collaboratively and effectively to contain costs, protect preventative and early help services and put forward proposed savings plans to support a balanced position over the first 2 years of the MTFS.
170. With the starting budget position of a fully balanced budget set last year over the MTFS period 2023/24-2025/26 the council started the budget setting cycle for 2024/25 in a good position, with a strong foundation on which to continue financial sustainability. With saving proposals put forward that, together with the proposed increases in funding some of which will be subject to annual decisions on Council Tax, sees the Council continue to have a balanced budget for the coming year, and also for the second year of the MTFS period. Critically this is achieved without the need to draw on reserves to balance and fund on-going services; the Council continues to operate within its financial means and maintains a strong financial management position.
171. Although there are risks in the budget in relation to demand led budgets, in particular Social Care, the level of savings requiring to be delivered remains a key risk, with over £19m in the first financial year (2024/25) and £35m over the three years of the MTFS. The monitoring, tracking and delivery of the Councils planned savings has been reported regularly through to Cabinet during the budget monitoring cycle, as of quarter 3 the Council is forecast to achieve nearly 86% of the savings for 2023/24, 84% for 2024/25 and 87% for 2025/26. This demonstrates the continued tight financial management that is now operating within the performance management framework that operates within services. It is imperative that this continues or where known issues arise these are flagged so that management action can be taken.
172. The risk of changes in funding for the council from both government and local taxation remains, with no certainty on grant funding past the first year of the MTFS and uncertainty on the timing and scale of changes ahead, such as fair funding reviews and any funding reset, particularly in the Business Rates scheme.
173. The most significant risk for the council is the increasing deficit on High Needs Block of the Dedicated Schools Grant, with the position by the end of the MTFS period forecast to be a £141m overall DSG deficit position. There is no certainty of the current statutory override which is in place until 2026 being extended and the financial commitments that are crystallised if an agreement is reached with



the Department of Education (DfE) as part of the Safety Value programme are significant.

174. The council is exposed to cost pressures arising from changing demographics and a growing, ageing population. These lead to increased demand for adult and children services, as well as other services across the Council. These pressures have been built into the budget and will continue to be reviewed to ensure the assumptions remain robust and financial impacts can be reported, and management action taken if necessary, however risk remains on the ability to manage this pressure.
175. The construction of the budget for 2024/25 and examination and validation of the budget proposals has been subject to challenge by the Extended Leadership Team, Heads of Finance and where relevant Heads of Service. Further scrutiny of the MTFS and budget proposals will be undertaken by the Financial Planning Task Group, which will report to the Overview and Scrutiny Management Committee, who will also consider and scrutinise the proposals.
176. For this budget cycle Business Rates assumptions have been significantly revised upwards across retained rates and the S31 grant given to the council mainly to compensate for statutory reliefs and exemptions. In addition the provisional settlement confirmed that Councils would continue to be fully compensated for the freeze in the Business Rates multiplier. With a revision upwards to take into account increased growth, overall there is a total uplift in Business Rates funding of circa £12m.
177. The assumptions on income from Council Tax have been reviewed and reflect the current dynamic with respect to those in receipt of local council tax support, and overall the Council Tax collection rates have held. The Council Tax tax base, the growth in the number of properties, has been less than anticipated, reflecting the increase numbers of working age households in receipt of Council Tax Reduction, and fewer new houses built, resulting in a reduction in the amount generated from Council Tax than that previously forecast.
178. The Consumer Price Index (CPI) has been used as the set standard to forecast increases for contractual inflation. It is intended to move the Council over to this standard for all future contractual negotiations, where possible, to aid financial planning and budget and contract management. The forecast from the BoE is for inflation to continue to fall during 2024 and future year assumptions are predicated on this materialising.
179. Following the 2023/24 pay award the assumption on pay inflation has been adjusted to reflect a likely increased pay award for the 2024/25 financial year. It should be noted that given the current national picture around pay disputes that there is a level of uncertainty and volatility in this area, and this has been reflected in the increase financial risk assessment.
180. The finance settlement only provides certainty for the next year, and therefore there remains considerable uncertainty around what awaits in the following years, which will be covered by a new comprehensive spending review, and any funding reforms to Local Government. These are long overdue and promised. With a general election predicted during 2024 uncertainty increases as to any significant changes in funding in the period of the MTFS.

181. As part of the budget setting process, the levels of balances and reserves is reviewed and determined ensuring that the level is justifiable in the context of local circumstances. The Section 151 officer has reviewed the level in order to ensure a prudent level of balances that reflects a full risk assessment commensurate with the risks that the Council faces and the context within which the authority operates.
182. The risk assessment, as detailed in Annex 8 of Appendix 1, has put context around the level of reserves held compared to a calculated risk adjusted assessment.
183. The forecast levels of earmarked reserves are set out in the appendix and forecast balances for future years over the period of the MTFs are shown. As can be seen although the level of reserves held against risk remains relatively constant the overall level of earmarked reserves is reducing. Although pressures such as demand, and demography are built into the revenue budget there is a continue need to fund transformational activity to ensure the council remains financially sustainable and the transformational reserve that was established to assist in this activity remains important.
184. A significant amount of funding has been set aside in previous and the current financial year in the Collection Fund Volatility reserve. The risk assessment undertaken to ensure prudent levels of reserves are held to mitigate the risks that the council faces considers the risk on the Collection Fund and this reserve need not be held separately. Transferring the appropriate balance to the General Fund reserve to meet the risk assessed level allows for some balance to be transferred to other reserves to mitigate other risks and provide funding for known pressures in future years, such as Insurance, PFI contractual arrangements and the High Needs deficit.
185. As part of the reserves approach all opportunities must be taken to maximise setting aside funding to manage the High Needs DSG deficit, with a positive step taken in 2023/24 to set aside additional Business Rates funding and an element of the Collection Fund Volatility reserve totalling in excess of £11m into a specific reserve and adding £7m to this new reserve as part of the setting of the revenue budget in 2024/25.
186. On the basis of the above, the Section 151 Officer's advice is that the level of reserves, following the prudent management and containment of costs during 2023/24 and the achieving of the objective of the strategic approach to increase the general fund reserve to provide increased reserve coverage of key financial risks is sufficient. The financial standing of the Council is sound and continues to improve in the context of those key risks and that the proposed budget is robust and achievable.

### **Legal Implications**

187. The Monitoring Officer considers that the proposals, together with this report, fulfil the statutory requirements set out below with regard to setting the amount of Council Tax for the forthcoming year and to set a balanced budget:

- Section 30(6) Local Government Finance Act 1992 ('the 1992 Act') requires that Council Tax must be set before 11 March, in the financial year preceding that for which it is set.
- Section 32 of the 1992 Act sets out the calculations to be made in determining the budget requirements, including contingencies and financial reserves.
- Section 33 of the 1992 Act requires the Council to set a balanced budget.
- Section 25(1) Local Government Act 2003 ('the 2003 Act') requires the Chief Finance Officer of the Council to report to it on (a) the robustness of the estimates made for the purposes of the calculations; and (b) the adequacy of the proposed financial reserves.
- Section 25(2) the 2003 Act requires that when the Council is considering calculations under Section 32, it must have regard to a report of the Chief Finance Officer concerning the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- The Local Authorities (Functions & Responsibilities) (England) Regulations 2000 (as amended) set out the respective functions of Council and of the Cabinet. With regard to the setting of the budget and Council Tax for the forthcoming year, the Regulations provide that the Cabinet formulates the plan or strategy (in relation to the control of the Council's borrowing or capital expenditure) and the preparation of estimates of the amounts to be aggregated in making the calculations under Section 32 of the 1992 Act. However, the adoption of any such plan or strategy/calculations is the responsibility of full Council.
- Sections 30 to 36 of the Local Government Finance Act 1992 require that the Council sets a budget and Council Tax by 11 March each year and in doing so make a number of statutory calculations incorporated by resolution. The Localism Act 2011 has amended some of the terms and definitions to accommodate the introduction of powers to call local referendums for excessive Council Tax increase. The Council is now required to make a calculation of the Council Tax Requirement (Section 31A), excluding Parish precepts. The Act (Section 36) further prescribes that a calculation of the basic amount of Council Tax be presented together with an analysis of the Council Tax across the area and by valuation band. These calculations are required to be presented in a prescribed format and be subject to formal resolution by the Council.
- Section 12(2) of the Local Government Finance Act 2012 and The Council Tax (Administration and Enforcement) (Amendment) (No.2) (England) Regulations 2012 gave billing authorities the discretion to levy an empty homes premium of up to 50% on council tax payable in respect of dwellings that have been left empty and unfurnished for two years or more, resulting in a council tax rate for long-term empty properties of up to 150% of the normal liability.
- The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 provided billing authorities with discretion to charge

an additional premium where a property has remained empty and unfurnished for a period in excess of two years. 17.4 The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 as amended by the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 provided an authority with discretion to change the discount in respect of empty and unfurnished properties. Any change to the premium/discount in place needs to be published, as a public notice, within 21 days of the Council adopting any new premium/discount.

- The Local Authorities (Standing Orders)(England) Regulations 2001 deal, amongst other things, with the process of approving the budget. Under the constitution the adoption of the budget and the setting of the Council Tax are matters reserved for the Council upon recommendation from Cabinet.
- Council budget: In reaching their decisions, Members and officers must act reasonably, taking into account all relevant considerations and ignoring irrelevant ones. There is a need to ensure that when making budget decisions the result is not one which is irrational in the Wednesbury sense (i.e. one which no reasonable local authority could have made). The Council's overriding duty is to make a lawful budget and this is the touchstone against which other considerations must be tested.
- The Council must have regard to its public sector equality duties when making decisions. This includes the requirement to undertake a Diversity Impact Assessment in relation to all significant changes to policies, procedures or practice, and to pay 'due regard' to the need to eliminate discrimination and promote equality with regards to race, disability and gender. An overarching Equalities Impact Assessment has been included as an addendum report.
- Appropriate consultation will take place before decisions proposed in this report are made, where required by law or otherwise.
- Legal Obligations: Local authorities provide services pursuant to statutory duties (a mandatory requirement to provide services), and statutory powers, (where the Council has a discretion whether or not to provide services). Where the Council has a legal duty then it still has discretion in determining the manner in which those services are provided, so long as the level of quality of service provision is sufficient to fulfil the statutory duty. The decision to implement budget reductions must not focus solely on financial considerations. Members and officers must address the core question of individual service users' needs. Case law has held that resources may be a relevant consideration in making a decision relating to the manner of service provision, so long as the individual's assessed needs are met.
- Charges for services: In considering charges for services, Members and officers should also try to achieve a fair balance between the interests of the users of council services and Council Tax payers. Where charges are being increased, Members need to bear in mind the scale and extent of the charges, and may need in some cases to have regard to the costs of service provision, associated with the power to charge.

- Members' responsibility to make a personal decision: In Council, Members must make a personal decision on how to vote on the budget proposals. Members' overriding duty is to the whole community. Members have a special duty to their constituents, including those who did not vote for them. Whilst Members may be strongly influenced by the views of others, and of their party in particular, it is their responsibility alone to determine what view to take when deciding upon budget questions. He/she should not follow party loyalty and party policy to the exclusion of other considerations.
- Members need to balance the cost to Council Tax payers of any budget reductions, against the need for the benefits of services of the particular nature, range and quality, under consideration. If having taken into account all relevant (and disregarding all irrelevant) considerations, Members are satisfied that it is financially prudent and reasonable to make the proposed budget reductions and adopt the recommendations then they may properly and reasonably decide to do so.
- Capping: The Localism Act 2011 has superseded the previous capping legislation and dictates that should a council propose an increase in Council Tax which would be deemed to be excessive in accordance with principles and levels designated by the minister, then a local referendum on the proposal would be required. This would necessitate the drafting of an alternative proposal that would meet ministerial requirements to be put to the electorate alongside the 'excessive' proposition. Since this proposed budget is below the 'excessive' threshold this does not apply.
- The Local Authorities (Standing Orders (England) (Amendment) Regulations 2014) require that a recorded vote shall be held on the substantive motion at any Budget Council Meeting.

### **Workforce Implications**

188. Proposals around how the budget gap will be bridged will look at all avenues open to the council and this includes looking at the service the council provides from a statutory and discretionary level as well as the costs that fall within those services most notably third party spend and staffing. Changes to workforce will be minimised in so far as they can be with mitigations such as holding vacancies where possible and steps to mitigate the need for redundancies will be taken.
189. As in the previous year staffing savings have been identified across the MTFS period and steps to deliver these savings will include the deletion of some vacant posts, holding other vacancies temporarily to deliver the vacancy factor of 6.5%, and reviewing service structures to ensure they have the most effective and efficient staffing models. In addition, a freeze on incremental pay progression remains, as agreed last year with the recognised trade unions.
190. Where savings do impact on the workforce the council has in place robust policies and procedures to support this.

## **Options Considered**

191. There is a statutory requirement to set a balanced budget. Other options to close the gap have been considered, however those options have been considered as damaging to the overall delivery of the new business plan and have therefore been discounted.

## **Conclusions**

192. The report supports effective decision making and allows the council to set a balanced revenue budget for 2024/25 and set Council Tax levels. It also ensures that the council has an MTFS to support long-term financial sustainability and aligns the budget to the council's Business Plan.

**Andy Brown - Corporate Director of Resources & Deputy Chief Executive**  
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## **Appendices:**

Appendix 1 – Council Budget 2024/25 & Medium-Term Financial Strategy  
2024/25 to 2026/27

Appendix 2 – Capital Strategy 2024/25 to 2030/31

Appendix 3 – Schools Capital Programme

Appendix 4 – Fees and Charges 2024/25

## **Background Papers**

None