

**Budget 2025/26 and Medium-Term Financial Strategy 2025/26 to 2027/28 -
Addendum**

Addendum Background

The Final Local Government Finance Settlement was announced on 3 February 2025. As part of this final settlement additional funding was confirmed over and above that included in the provisional settlement and assumed in the budget for 2025/26 and MTFS 2025/26 – 2027/28 for Children’s Social Care that has not been included in the draft budget papers published. The final grants have been confirmed as £2.296m for the Children and Families Grant (which was a consolidation of grants previously received and rolled into one grant) and £1.036m for the Children’s Social Care Prevention Grant which has been uplifted since the provisional settlement. Together these grants total £3.332m which is £0.257m more than the grant received in 2024/25 and assumed pressure built into the budget from new burdens associated with the new Children’s Social Care Prevention Grant, which is estimated as £0.500m and included in the budget report that was approved by Cabinet at their meeting on 4 February 2025.

Following the publication of the draft Budget 2025/26 and Medium Term Financial Strategy 2025/26 – 2027/28 report the council was notified of the NJC Trade Unions 2025 pay claim, on 31 January 2025. The request is significantly higher than the amount included in the budget and although this amount may not get paid at this level as the process is agreed through national negotiations, it is prudent to take the opportunity of the additional funding for Children’s Social Care to allocate the additional £0.257m grant to fund existing pressures in Families and Children’s Services and repurpose the same value of general fund funding of services and allocate this and set it aside for any additional pay pressure that might result from the national negotiations. It is therefore recommended as part of the budget setting process that these funds are transferred to the Pay Award reserve to help mitigate the pay award risk should it present in the 2025/26 financial year.

These changes do not affect the Net Budget Requirement or the Council Tax Requirement. The Budget Report 2025/26 and Medium-Term Financial Strategy 2025/26 – 2027/28 and tables and appendices within the report have not been amended to reflect this late change in grant funding from government and subsequent changes to service budgets.

On 5 February the Public Health Grant allocations for 2025/26 were also announced. This grant funding is ring-fenced for Public Health activity and is shown in the service budget line so does not affect the Net Budget of the council. The grant has increased from £19.011m in 2024/25 to £20.365m in 2025/26, which is an increase of £1.354m. This increase will support the staffing cost pressures as a result of pay awards and National Insurance contribution changes and will provide some capacity to manage the inflationary

pressures that are likely to present in the Public Health commissioned services.

This addendum does not impact on any of the proposals included in the Budget 2025/26 report and will only impact the gross budgets and income within Families and Children's Services, Public Health and Corporate Services and does not impact the net budgets reported. This additional grant funding does not impact the calculations used to establish the Council Tax Requirement and therefore there is no change to the Council Tax resolution.

Proposal

There are no changes to the Proposals made in the Draft Budget report approved by Cabinet and recommended to Council.

Reason for Proposal

To ensure that the additional grant funding that government announced as part of the Final Local Government Finance Settlement is reported fully and reported as part of the budget setting process to be considered by Council and to provide transparency on the proposal on the allocation of that funding and continues to provide a balanced revenue budget for the financial year 2025/26 and does not impact on the Council Tax setting.

Lucy Townsend – Chief Executive

Lizzie Watkin – Corporate Director Resources (S151 Officer)

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

Overview and Scrutiny Engagement

1. There has been no review from Overview & Scrutiny Management Committee due to the timing of the reporting and the requirement for the additional funding to be used to fund Children's Social Care activity.
2. This report is being reported to Full Council on 25 February 2025 and there will be opportunity for scrutiny debate at that meeting.

Safeguarding Implications

3. There are no additional Safeguarding implications as a result of this addendum.

Public Health Implications

4. There are no additional public health implications as a result of this addendum.

Procurement Implications

5. There are no additional Procurement implications as a result of this addendum.

Equalities Impact of the Proposal

6. There are no additional Equalities impacts as a result of this addendum.

Environmental and Climate Change Considerations

7. There are no additional Environmental and Climate Change considerations as a result of this addendum.

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

8. There is a statutory requirement to set a balanced budget. This report sets out the impact of the additional funding allocated to the council as part of the Local Government Final Finance Settlement published on 3 February 2025.

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

9. There are no additional risks associated with this addendum to the Budget 2025/26 and Medium-Term Financial Strategy 2025/26 – 2027/28 report.

Financial Implications – S.151 Commentary

10. The additional funding was confirmed by government on 3 February 2025 as part of the Local Government Final Finance Settlement and has been set out as being allocated to fund Children's Social Care. The use of the funding and the implications are set out in this addendum report.

Legal Implications

11. There are no additional Legal implications as a result of this addendum.

Workforce Implications

12. There are no workforce implications as a result of this addendum.

Options Considered

13. There is a statutory requirement to set a balanced budget. The additional funding allocation as part of the Local Government Final Finance Settlement could have been managed within the 2025/26 financial year as part of budget monitoring however time allows for consideration and a proposal to be presented for Council consideration.

Conclusions

14. The report supports effective decision making and allows the council to set a balanced revenue budget for 2025/26 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.

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Appendices

None

Background Papers

None