

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

Executive Summary

This report presents the proposed 2025/26 Budget and the Medium Term Financial Strategy (MTFS) 2025/26 to 2027/28 that will continue to resource delivery of the council's Business Plan and its priorities.

The approach taken in the last two years to set a balanced budget over more than one year of the MTFS period puts the council in a good financial position going forwards into 2025/26. There are no proposals or reliance on reserves to sustain service delivery for the next financial year and the budget proposals also support setting aside funding for Waste Transformation in the future to ensure delivery of the changes required to meet the environmental and regulatory requirements.

The Local Government Finance Policy Statement 2025 to 2026 that was published on 28 November 2024 set out the direction of focus for funding for local government, which would be targeting funding to those councils deemed 'most in need' based on council tax revenue raising abilities and deprivation indicators. It also confirmed that the finance settlement for 2025/26 would be one year only. Following this announcement the Secretary of State announced the Provisional Local Government Finance Settlement for 2025/26 on 18 December 2024, which provided some indicative funding values for 2025/26 only. As standard, the Final Local Government Finance Settlement is expected early to mid 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. If changes to funding are made recommendations will come forward appropriately. With the MTFS covering a three year period, this one-year funding position brings much uncertainty especially with new grant funding allocations changing for 2025/26 and the basis of this being one where the council is unlikely to see additional funding from government. Further uncertainty remains on pressures due to changes to government and national initiatives brought about by the change in Government. This uncertainty impacts the latter part of the MTFS period, and funding assumptions remain prudent in this area although risk remains significant if funding through mechanisms such as Business Rates fundamentally changes. Due to the breadth of funding and uncertainty of changes to government and national initiatives there is no proposal to fully balance the budget across the MTFS period. The budget gaps are not as significant as has been seen in previous years and significant steps are already being taken to address the pressures and identify changes required in service delivery to ensure the council remains financially sound.

The proposed 2025/26 budget ensures that vital services to the residents, businesses and communities of Wiltshire will continue to be provided, as well as delivering on the commitments set out in the Business Plan and will support maximising the opportunities to continue to have funding set aside and not draw from reserves to support future financial risks.

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 without the need to use reserves funding, 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 £53m gross pressure has been added into the 2025/26 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 2025/26, 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 2025/26 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 23 January 2025.

Proposals

That Council agree:

- a) That a net general fund budget of 2025/26 of £527.420m is approved;
- b) That the Council Tax requirement for the council be set at £368.818m for 2025/26 with a Band D charge of £1,886.99, an increase of £1.56 per week;
- c) That the Wiltshire Council element of the Council Tax be increased in 2025/26 by the following:
 - i. A 2.5% 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 2025/26;
- 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 2025/26 to 2027/28;
- f) That the changes in the fees and charges as set out in Appendix 4 are approved;
- g) That the Capital Programme 2025/26 to 2031/32 is approved;
- h) That the Capital Strategy set out in Appendix 2 is approved;

- i) That the Schools Capital Programme 2025/26 to 2030/31 in Appendix 3 is approved, including the proposal recommendations included and set out in that appendix;
- j) That the DSG budget as approved by Schools Forum is ratified;
- k) That the Medium Term Financial Strategy, the forecast balanced budget for 2025/26 financial year and the MTFS 2025/26 to 2027/28 is endorsed.

Reason for Proposals

To enable the Cabinet to recommend to Council a balanced revenue budget for the financial year 2025/26 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.

Lucy Townsend - Chief Executive

Lizzie Watkin - Corporate Director of Resources (S151 Officer)

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

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

Purpose of Report

1. This report sets out the Cabinet's proposals for the Council's Budget 2025/26 and Medium Term Financial Strategy (MTFS) 2025/26 to 2027/28.
2. It also sets out the Council's Capital Programme 2025/26 to 2031/32, and the Dedicated Schools Grant (DSG) to be approved by Schools Forum on 23 January 2025. A separate report is being presented to Cabinet on the Housing Revenue Account (HRA) budget 2025/26.
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 2025/26 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 2025/26. 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 2025/26 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 as an organisation 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. When the 2024/25 budget was set an approach was taken to manage the financial position of the council over the medium term and a balanced budget was set not only for the 2024/25 financial year but also for 2025/26. This provided a strong position for the council during the year and leading in to setting the budget for the 2025/26 financial year. This balanced position included savings identified to be delivered in 2025/26 of £14.151m.
7. At the beginning of the 2024/25 financial year pressures were being seen mainly in demand led services such as Adults and Children's social care and SEN Transport and the forecast at quarter one was that the council was facing an overall overspend in the region of £8m by the end of the year. These pressures were assessed as significant and due to the strong financial management approaches taken cost control measures were implemented to ensure the council managed its financial position effectively for the remainder of the year.
8. The council continues to face these pressures and is forecasting a much reduced overspend of approximately £1.749m at quarter three. Significant work continues to manage this position, and officers are confident that the position will be managed to a balanced position by year end. The cost control measures that were implemented at quarter one remain in place. If the current forecast position is crystalised at the end of the financial year, the overspend will be met by a transfer from reserves, and if earmarked reserves are not available to re-purpose for this impact will be met by the General Fund Reserve. This would reduce the capacity of reserves 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.
9. Much of the pressure being faced in 2024/25 is assessed as impacting the base budget and would therefore likely to impact the budget position for 2025/26. Despite the pressures faced and the cost control measures implemented the council has managed the continued delivery of high quality services to the residents of Wiltshire.
10. With this pressure, 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. Some of the identification at that stage resulted in some savings proposals which are included in the savings annex to this report.
11. Following the cost containment reviews and amendments management were then asked to bring forward further saving proposals that consume remaining pressures,

focused on protecting preventative and early help services, directed at 2025/26 but considering the longer term where possible.

12. During October 2024 three face to face interactive public budget engagement events were held in Salisbury, Chippenham and Trowbridge libraries. We invited residents to give their views on how the council should prioritise spending in 2025/26. An online survey was also available for those who were not able to attend in person. More than 140 people attended the face-to-face drop-in events. They were asked to place tokens in 10 boxes that represented Wiltshire Council services, to indicate which services they would prioritise and allocate money to. The services were:

- Adults – supporting the vulnerable
- Bus service subsidies
- Council services – promoting online access
- Maintenance of highways and footpaths
- Maintaining council buildings
- Leisure and libraries
- Waste and recycling services
- Local economy – promoting growth in business and employment
- Supporting and safeguarding children
- Investment in housing, roads and school buildings.

13. Top came leisure centres and libraries (15%) and supporting and safeguarding children (15%), closely followed by investment in housing, roads and school buildings (13%) and supporting vulnerable adults (12%).

14. The online survey which closed on 8 November 2024 also asked people to allocate tokens to the same service areas they thought most important. 1,699 people completed the survey and the top four service areas that respondents said Wiltshire Council should prioritise spending on were maintenance of highway and footpaths (17%), supporting and safeguarding children (13%), adults – supporting the vulnerable (12%) and investment in housing, roads and school buildings (11%).

15. Due to the requirement to provide services (statutory services) the council has limited ability to move resources around flexibly to deliver services as prioritised by the public. Additional funding and investment decisions will consider the results of the consultation to ensure the public's view is taken into account.

16. Cabinet has continued to review all aspects by undertaking an assurance process.

Main Considerations for the Council

17. The Cabinet is proposing a balanced budget for 2025/26, which ensures funding for vital services to continue. Work continues on the identification of options to manage the budget gap in the second two years of the MTFs where there is less certainty on government funding. 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.

18. The budget for 2025/26 sees a net £37m increase in service expenditure, ensuring resources are provided to deliver the priorities set out in 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.

19. The council receives nearly 82% 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.
20. The Provisional Local Government Financial Settlement was announced on 18 December 2024 following the Autumn Budget Statement and Local Government Policy Statement 2025/26. The Provisional Settlement set out the expected individual allocations of grant funding for each council alongside setting out the Core Spending Power.
21. 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 2025/26 has increased by 6%. 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 4.3%, which is significantly less than the average.
22. The detail of this settlement can be seen in Appendix 1. There were several grants that although previously assumed to continue were confirmed in both the policy statement and provisional settlement as no longer continuing. The grants ceasing were confirmed as Rural Services Delivery Grant, Service Grant and Minimum Funding Guarantee. In 2024/25 the council received £4.503m, £0.404m and £1.289m respectively for these grants (total of £6.196m). New grant funding streams were announced and included a new Recovery Grant, worth £600m nationally and new Children's Social Care Prevention Grant. The council was not allocated any Recovery Grant and was allocated £2.296m of Children's Social Care Prevention Grant. It was confirmed that 'the Family Help grant (previous known as Supporting Families grant) was now included in the new Children's Social Care grant, alongside five other existing grants being rolled in to fund this new grant, which in 2024/25 totalled £2.390m. Additional funding for Social Care was announced with a total of £4.861m confirmed for the council, and this grant in line with that previously announced and anticipated.
23. 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%.
24. 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 received from Government to fund core local services stands at just £96m (18%).
25. The Governments Autumn Budget set out increases to employer's National Insurance contributions and also confirmed that local authorities would be compensated for this pressure for directly employed staff only and have allocated £515m nationally to cover this cost. This value will not fully compensate councils, with an estimated £0.750m

pressure added to the council's budget to ensure provision is made for any cost not compensated and funded by Government.

26. For 2025/26 the Cabinet is proposing a 2.5% general increase in Council Tax with a proposal of a 2% levy, permitted by government, specifically for Adult Social Care. The levy will raise £7m and will help to fund, in part the £20m 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.
27. The Final Local Government Finance Settlement is due to be announced in early to mid February. Any additional funding announced 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 if announced by that meeting, with a subsequent amendment in the proposals made to Full Council.

Cabinet Investment into Business Plan Priorities

28. 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.
29. In addition to this, specific one-off investment has been continued to be made on focused activity from the Business Plan Priority reserve.
30. In July 2023 £10m capital investment was made on resurfacing and increasing the spend on preventative infrastructure in Wiltshire. In the 2024/25 budget setting process base budget investment was made into highway prevention, with £1m revenue being invested to increase resilience on the County highway network.
31. The Cabinet's business plan priority reserve was created in February 2023 to allocate one-off spend on focused areas, and overall current forecast is spend of £1m for gully emptying, £0.578m for parish stewards, £0.434m for road signage and increased safety, £0.499m for fly tipping and litter enforcement and £0.105m for other enforcement activity across council services. The investment in enforcement of waste offences such as fly tipping, fly posting and littering has led to reductions in the cost of clearing the waste, additional income and a noticeable improvement in the cleanliness of Wiltshire. Funding for the employees delivering enforcement work in 2025/26 continues through the Council Wide Enforcement Activity fund detailed below.
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 2024/25 and 2025/26 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. £0.300m of other elements of enforcement activity have been identified and delivered in 2024/25 and a further £0.521m over the course of 2025/26 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 £40m 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 £0.935m in children's services across the period of this MTFS.
35. We are on target to complete installation of retrofit measures to 86 homes by the end of March 2025, funded via the Home Upgrade Grant (HUGS2) that will provide energy efficiency measures for low income off grid homes and help with mitigation of fuel poverty. Efficiencies continue to be seen in street lighting which has delivered £1.088m of savings to date with a further £0.250m in the 2025/26 budget. The Property Carbon Reduction Programme also continues to deliver energy savings and a reduction in carbon emissions across the council's assets, the overall £10.4m programme which commenced in 2021/22 is scheduled to be completed in 2026 at the end of which it will have delivered £0.707m in revenue savings in the operational estate and an additional £0.3m to be saved in the 2025/26 budget.
36. In 2024 Waste Services purchased a shredder that has enabled diversion of waste from landfill and a reduction in disposal costs via energy from waste contracts of £0.140m a year.
37. Wiltshire has a strong preventative approach with a wide range of evidence led early help programmes within the Families and Children's Service.
 - a) Wiltshire's Pause team was launched in 2017 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 thus reduce pressure on the services and systems that affect them. Based on Pause national data, the small team prevents on average 19 children entering care each year.
 - b) Stronger Families edge of care service provides families with intensive support and intervention, for aged 10 –17 year olds, working to prevent family breakdown. The service prevented 94% of all young people identified as being on the edge of care, from entering the care system as reported in September 2024.
 - c) Families and Children Transformation (FACT)
 - i. Transitional Safeguarding is an emerging discipline that seeks to provide an approach to safeguarding practice for adolescents crossing into early adulthood (defined as aged between 10 and mid-20's).
 - ii. multi-agency Family Help arrangements to enable children, young people and families to access the right help at the right time through a co-ordinated approach to prevention and early intervention
 - d) Dads Matter too was originally a 12-month project introduced focusing on supporting "hard to engage" fathers of children under the age of 1, including

unborn children. This programme had an 80% engagement success rate which has led to this programme becoming “business as usual” providing intervention, consultation and training for fathers.

- e) Canons House, rated good by Ofsted in November 2023 provides overnight short break care for up to 34 children and young people with profound and multiple difficulties and complex health and care needs, ensuring that these children and young people can remain at home with their families and preventing family breakdown that may otherwise have resulted in entry to the care system.

- 38. The council invested £3.8m from the additional pressures money allocated by government to children's services in 2024/25 to fund early help activity to support the delivery of the SEND Sustainability Plan. The funding is focused on new activity such as support and mentoring for pupils with social emotional and mental health needs in secondary schools, training for schools in supporting pupils with Autistic Spectrum Condition, Dyslexia and other needs across mainstream provision, and increased capacity within the statutory SEND service. This activity continues into 2025/26.
- 39. 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.
- 40. 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.
- 41. 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
 £10 on managing Wiltshire’s waste and protecting the environment	 £9 on funding the investment in Wiltshire schools, roads and housing
 £8 on maintaining Wiltshire’s highways and subsidising local bus services	 £5 on running the council
 £4 on the council’s extensive property assets	 £3 on our online and digital services
 £1 on Wiltshire’s leisure and libraries	 £1 on improving Wiltshire’s economy

42. There are £29m of savings proposals over the MTFS period detailed in this report and appendices. In 2025/26 there is a proposed £15.4m of savings, £14.2m of savings included in last year's budget setting process and previously approved, updated to £9m to reflect known deliverability and timing changes, and £6.4m of new savings proposals as part of the cost containment activity and to close the remaining budget gap for 2025/26.
43. The paragraphs below provide an analysis by services of the budget being proposed. The tables analyse the movement from the 2024/25 base budget to the proposed base budget in 2025/26.

People Services - £312m annual spend on services

Adults Services - £194m annual net spend on services

Table 1 – Budget movement from 2024/25 to 2025/26

	£m
Base Budget 2024/25	179.614
Prior Year Pressure	10.455
Technical Adjustments	3.225
Pay Inflation	1.060
Contract Inflation	4.458
Demand	3.875
Savings	(8.237)
Base Budget 2025/26	194.450

44. The key objective within the Adult Social Care directorate is to ensure individuals with care and support needs are achieving outcomes and have choice and control in all aspects of their lives. Adult Social Care effectively promotes independence and maximises opportunities for individuals.
45. In setting the budget for this MTFS period, account has been taken of demographic pressures that will see more people requiring support, despite the effective preventative approach in place. This is on addition to the rising cost pressures that providers face due both to general inflation, and sector specific cost pressures. Consideration has also been made for the budget pressures seen in 2024/25 as we have seen increased costs to sustain the market and a number of extremely high-cost packages coming through for existing and new individuals. The customers that are being referred to the Whole Life Pathway services are increasing in complexity with a notable increase in the people who have autism.
46. Technical adjustments of £3.225m have been made to the budget in 2025/26. These net off across the council's budgets in total. £0.832m is being transferred from Families and Children's for the transition of young people with SEN social care needs into Adults Services. £2.393m is included to adjust for the income previously received into the service for Adults Social Care Discharge funding. The funding has been amalgamated with the iBCF in the provisional settlement. There is no impact to the overall quantum and funding services will receive.
47. We are continuing to work with providers to deliver a sustainable and affordable market with community focused provision that ensures value for money for both

Wiltshire Council, providers and partners in line with the business plan themes of understanding our communities and working together.

48. Transforming Adult Social Care (TASC) continues to deliver the priorities within the business plan. The Self-Directed Support (SDS) project is focusing on improving people's choice and control in terms of achieving their outcomes. This will be delivered through improved access to Direct Payments, Individual Service Funds, Personal Health budgets and a community catalyst approach. TASC also has a focus on prevention, and this is evident in the Technology Enabled Care (TEC), Practice development and quality assurance, and prevention and community projects. Practice development guidance is in place which ensures all staff within the department are using a strength based, preventative approach which will benefit people who use adult social care whilst at the same time delivering savings. TASC workstreams are focused on identifying further opportunities to prevent and delay need.
49. Capital investment has enabled the purchase of a number of properties that are being used for supported living. This allows individuals with care and support needs to have a home of their own while receiving person centred support rather than living in more traditional care home settings.
50. 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 people to develop both new skills and return to previous levels of independence while delivering financial savings.
51. 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 children's and adult'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.
52. 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.
53. 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.

Public Health – Grant funded, no net movement from last year

54. Public Health Services are funded by the Public Health Grant. The grant is spent on activities such as the Public Health Nursing service, Drug and Alcohol Substance Use

services, Sexual Health services, Domestic Abuse services for Wiltshire and a wide range of health improvement services such as health improvement coaches.

55. In 2025/26 there are also the following grants to support the services provided by Public Health. The smokefree grant for £0.553m is allocated towards enhancing Wiltshire's smoking cessation offer. This funding supports the government's commitment to create a smokefree generation, alongside the Tobacco and Vapes Bill. The Domestic Abuse Safe Accommodation Grant of £1.078m, which will be spent in accordance with Central government stipulations, is an increase to the £0.865m received in 2024/25.
56. The Drug and Alcohol Drug and Alcohol Treatment and Recovery Improvement Grant (DATRIG) of £1.215m (which remains indicative until Treasury approval) and will be spent in accordance with the grants terms and conditions. This is a consolidation of the Supplemental Substance Misuse Treatment and Recovery (SSMTR) grant, the Rough Sleeping Drug and Alcohol Treatment Grant (RSDATG) and the Inpatient Detoxification (IPD) grant received in 2024/25.

Education and Skills - £38m annual net spend on services.

Table 2 – Budget movement from 2024/25 to 2025/26

	£m
Base Budget 2024/25	38.682
Prior Year Pressure	0.354
Cabinet Investment	0.240
Pay Inflation	0.427
Contract Inflation	0.407
Demand	(1.250)
Savings	(0.779)
Base Budget 2025/26	38.080

57. This service area continues to face significant legislative change since the Education White Paper was published March 2022. The White Paper outlined how a strong school system will be delivered by schools, multi academy trusts, local authorities, faith bodies and the Department for Education working together. The ambition for all schools to be in a strong multi-academy trust (MAT), or with plans to join or form one, have been removed, with more of a focus on improving education outcomes for learners. The DfE support grant for academies to voluntarily convert to an academy ended on 1 January 2025. There are no plans for the DfE to continue to run the Trust establishment and growth fund. The government's new Regional Improvement for Standards and Excellence (RISE) teams will sit within a new framework of support and intervention. This provides new opportunities for local authority school improvement teams to be part of the targeted support offer within the RISE model. Selected statutory duties remain for all schools with additional duties for maintained schools. As a result, services continue to require constant review to reflect changes in demand.
58. New statutory guidance for schools and local authorities in relation to "Working together to improve school attendance" which reflect increased early intervention, changes in the law, a new national framework and the introduction of parenting contracts came into force on 16th August 2024 and this has put additional duties into the education welfare and targeted services.

59. The Children’s Wellbeing and Schools Bill was debated in Parliament on 8 January 2025 and passed its second reading. Stronger powers for local authorities are anticipated to make sure children are getting the right education, along with requirements for a register of children not in school, to avoid children vanishing from education and to strengthen safeguarding.
60. As a result of these changes, monies have been set aside in a reserve (requested as part of the Quarter 3 budget monitoring report) which will assist initial implementation plans and MTFs demand includes additional education welfare officers.
61. 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. Previous years savings planned in school effectiveness of £0.123m due to the previous government’s plans for all schools to be part of a MAT by 2030 are now unable to be delivered due to the change in approach to academisation taken by the DfE.
62. Demand has increased for commitments for pension costs of former school staff, this overspend in 2024/25 financial year and therefore £0.176m is included in the demand estimate as an on-going pressure is expected.
63. Despite the efforts of the SEN & Inclusion transformation programme to reduce demand, demand for statutory SEN services continues to show an upward trajectory with increased requests for Education Health and Care needs assessments to access support. In 2023, requests for assessments average at 100 requests received per month equating to a 29.1% increase over the last 5 years and above the national average of 23%. During the current financial year, we have started to see demand for assessments levelling off and becoming more predictable.
64. The table below shows the year-on-year increase in EHCPs issued; (Note peak in 2024 likely to be additional resource was put in place to reduce delays in assessments.)

	Number of EHCPs	Movement from prior year	% Movement from prior year
31 March 2022	4,371	253	6.10%
31 March 2023	4,762	391	8.20%
31 March 2024	5,605	843	17.70%
Forecast 31 March 2025	6,269	664	11.80%

65. It is for this reason that the continued investment in statutory SEN is required in the management, SEN and educational psychology areas with a total £0.416m included for 2025/26 financial year. The outcome of the inspection was extremely pleasing however there were some recommendations and this investment alongside an existing reserve will ensure improvements are resourced.
66. The Council has a Safety Valve agreement in place with the DfE. Under this agreement the DfE have committed to provide an additional £67m Dedicated Schools Grant (DSG) to assist the historic deficit whilst the Council must commit to bringing the high needs budget into an in year balance. The Council is delivering the required transformation through the High Needs Sustainability Plan. Whilst the activity against

the plan is broadly on track the financial limits are not yet on track and therefore progress against the agreement has been reported as off track. A revised plan has been submitted to the DfE, ratified by Cabinet in January 2025, forecasting that an in year balance can be achieved by April 2031. It is expected that the Council will be required to contribute up to £123.4m at the end of the 7 year period and therefore a reserve to begin to support the Council's contribution has been set up.

67. 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 and in other cases they have simply not been available. In response to this a fleet of vehicles has been leased to transport pupils to the Silverwood school sites. Demand for expanded specialist places and price inflation across the MTFS are estimated at £8.881m. A number of transformational schemes and route reviews are in place to achieve the savings of £0.570m across the MTFS.
68. Other inflation is in relation to externally commissioned contracts and includes increases in traded income prices (negative inflation) to reflect staff pay inflation.

Families and Children - £75m annual net spend on services

Table 3 – Budget movement from 2024/25 to 2025/26

	£m
Base Budget 2024/25	70.675
Prior Year Pressure	2.146
Technical Adjustments	0.095
Pay Inflation	0.857
Contract Inflation	1.765
Demand	1.903
Savings	(2.399)
Base Budget 2025/26	75.042

69. Performance continues to be strong following the Ofsted inspection in September 2023 which recognised the impact that significant investment into prevention and new initiatives is having on positive outcomes for children and young people with a resulting overall Outstanding grading.
70. 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 of 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.
71. As a result of national and local area demand increases, the care placement marketplace remains 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 expected. 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. This means demand for higher cost placements increases although the overall numbers of children and young people in care remains static.

72. Demand for children and young people services and inflation mirroring staff pay assumptions for in house schemes and from a mixture of spot and framework agreement contracts are included across the period of the MTFS at £2.378m for prior year placement pressure; £1.109m for 2025/26 placement demand, these are both based on increased numbers of children in higher cost placements due to the challenging market place and the complexities of the children and young people being placed. There is a £0.794m allocation from the children's social care prevention grant and £1.693m for inflation for Children's Social Care placements and support. The balance of inflation is inflation on the adoption west contract and partnership contributions.
73. 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 was approved in the 2024/25 capital budget – 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 £0.935m are included across the period of this MTFS as a result. 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.
74. Other placement related savings are centred around the continued partnership with finance and commissioning to deliver £0.350m of placement sufficiency savings and £0.360m relating to care experienced young people "staying close" linked to investment in care homes and other accommodation above.
75. Discussions with the Integrated Care Board (ICB) are on-going around appropriate levels of health funding to support the health needs of children and young people. A target of £0.500m has been included in 2025/26 to reflect the anticipated additional future income.
76. Other savings plans are focussed on staffing reviews including deletion of vacant posts of £0.319m and funding £0.160m family key worker roles against the new children's social care prevention grant, comprising 5 grants, including the former Supporting Families grant.
77. 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 £0.832 in 2025/26m and this is

transferred out of Children’s Social Care and presented in Adults Services to meet the transfer of costs.

78. External legal fees budget of £0.390m is transferred to legal services to prevent use of expensive external solicitors and to invest in capacity in internal staffing to facilitate better value at case level.

Resources - £47m annual spend on services

Assets- £20m annual net spend on services

Table 4 – Budget movement from 2024/25 to 2025/26

	£m
Base Budget 2024/25	18.089
Prior Year Pressure	0.343
Pay Inflation	0.138
Contract Inflation	1.225
Demand	0.190
Savings	(0.310)
Base Budget 2025/26	19.675

- 79. The Assets service is responsible for managing the council’s estate. The service is also responsible for the management of the Council’s office, rural, investment and commercial estates.
- 80. 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.
- 81. As seen nationally there have been significant increases in utility prices above CPI that are forecast for 2024/25 at 10% for electricity, 7.5% for maintenance and 10% for water. 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.
- 82. Demand in 2025/26 includes spend relating to compliance and inspections of all lifts and pressure systems and a one-off cost of a database to support compliance management. In addition, a review of health and safety requirements means the investment is required in relation to staffing, personal safety devices and system costs. Additional costs of £0.466m were estimated across the three year period in the depot strategy and these have been included in the MTFS.
- 83. Savings proposals focus on efficiency of asset operations and service efficiencies to reduce operating costs with £0.5m for energy efficiency projects across the period of the MTFS. Alongside this a review of the Councils’ operational estate is underway to ensure resources are optimised in order to achieve best value which may mean

rationalisation, disposal or moving of services or transfer of selected assets leading to savings of £1m in the latter part of the MTFS.

Transformation and Business Change - £0.277m net spend (£2.556m annual gross spend)

84. The Council's Business Plan sets out the priorities, outcomes, and aspirations it seeks to deliver over 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.
85. A decision was made in 2024/25 to fund this service wholly from flexible use of capital receipts and the Transformation Reserve. This approach has been reviewed during 2024/25.
86. 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.
87. Although funding for specific transformation projects will continue to be utilised through the transformation reserve and Flexible Use of Capital Receipts where appropriate and desirable to do so, there is a change in strategic approach to fund the service in a more permanent manner and therefore £2.265m is included to fund in a phased way in the latter part of the MTFS.
88. In addition to this demand for the data and insights service outstrips capacity and £0.290m is included in demand to facilitate expansion of this service so that it can properly meet the business plan aim to "deliver data and business insights from a central hub" to support evidence based decisions across the council.
89. 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 processes 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 Transforming Adult Social Care Transformation (TASC), Families and Children Transformation (FACT), Customer Experience, Community Conversations and SEN and Inclusion transformation. 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 2025/26, reducing in the latter part of the MTFS as funding is baselined.

Place Services - £102m annual spend on services

90. Many Place Services receive significant levels of income from fees and charges, with this income shown in the service budgets. A focus on maximising these income streams has continued considering the market in which the services operate. Increases in the income budgets can be as a result of increased volumes of fees and charges as well as price increases and where these increases exceed the overall additional pressures in services the net budget will show as decreasing.

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

Table 5 – Budget movement from 2024/25 to 2025/26

	£m
Base Budget 2024/25	43.803
Prior Year Pressure	0.032
Technical Adjustments	0.909
Pay Inflation	0.348
Contract Inflation	0.976
Demand	(1.962)
Savings	(0.679)
Base Budget 2025/26	43.427

91. The main pressure facing the Highways and Transport service continues to be increasing costs on major contracts for Highways Maintenance and Design, Street Scene and Passenger Transport. These contracts support communities to move 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 the increase in contractor Employer National Insurance continue to cause issues and risk for the service and the prolonged and extreme weather, including Storms Bert and Darragh, place unprecedented demand on available resources. The extreme weather has increased demand for resources both by requiring immediate response efforts and by accelerating the deterioration of the highway network, which in turn raises the need for repairs. Driver shortages continue to present challenges in SEND Transport and for some public transport services.
92. Wiltshire Council will delegate certain services to Westbury Town Council who will deliver all the litter, grounds, allotment and cemetery services within their boundary. This will be achieved in phases, commencing 1 January 2025, with the major delegation being on the 1st March 2025. This will result in reductions in the Street Scene contract costs of £0.210m in 2025/26 and future years.
93. The Fleet strategy has led to vehicle modernisation and travel savings of £0.114m in the 2025/26 budget along with £0.080m for various maintenance and operational reviews to seek efficiencies. Energy efficiencies continue to be seen in street lighting and a reduction in the energy budget of £0.250m has been built into the 2025/26 budget to reflect this
94. Additional funding of £1m for Highways preventative flood maintenance including surface repairs and drainage works was added to the revenue budget in 2024/25 and

this now forms part of the base budget allowing this enhanced service level to continue.

95. The Council was awarded Bus Service Improvement Plan plus (BSIP plus) grant of £2.1m per year for both 2023/24 and 2024/25, further increased BSIP funding of £5.891m has been confirmed for 2025/26 and includes capital as well as revenue funds. This funding is to improve, enhance and support bus services, improve infrastructure supporting services and assist contractors facing commercial failure to ensure services are maintained. It is also helping to manage inflation and tender pressures within the service.
96. A key condition of the BSIP grant is that the Council cannot reduce Public Transport services in this period, and delivery of savings proposals will therefore be delayed while this grant funding continues to be received. The savings impacted total £0.590m, 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. A review of all supported public transport routes is underway after the successful introduction of the revised public transport policy in 2024, to ensure they remain fit for purpose in a post COVID environment. This may mean a change in provision from more traditional type bus services to an extension of Demand responsive Transport (DRT) for example, or the merging of some services.
97. £0.600m of savings will be delivered in future years through the Public Transport Network Review if additional grant funding is not available.
98. The Wiltshire Transport Model (WTM) has a base year of 2018, derived from traffic flow data collected between 2015 and 2018. The WTM will require updating or a new model developed, to ensure the council is best placed to meet Business Plan objectives in the longer term and to ensure robust business case submissions for future funding opportunities, including for development opportunities. The costs associated are identified as a budget pressure in 2026/27 and 2027/28.
99. The Highways & Transport budget is supported by income generated by services. The key areas for Highways & Transport are Car Parking and Street Works with growth of £0.475m included in the Street Works income budget for 2025/26 and an updated Parking Plan for 2026-2030. 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.

Economy & Regeneration £2m annual net spend on services

Table 6 – Budget movement from 2024/25 to 2025/26

	£m
Base Budget 2024/25	2.526
Prior Year Pressure	(0.019)
Pay Inflation	0.045
Contract Inflation	-
Demand	0.043
Savings	(1.000)
Base Budget 2025/26	1.595

100. The Economy and Regeneration service has expanded to include the functions previously held by the Local Enterprise Partnership, now termed the Swindon and Wiltshire Business and Growth Unit. A new economic strategy for Swindon and Wiltshire will be considered by Cabinet in January 2025 as part of the conditions of this transfer. Government funding for 2025/26 for these LEP core functions has not been confirmed, but reserves held for transferred functions from the LEP provide funding for a further year only.
101. Funding for the Growth Hub has been confirmed in principle for 2025/26, which will see the service continue to act as the key point of contact for business support. The Growth Hub provides navigation, advice and guidance for businesses seeking support.
102. The £1m saving in this service area is the ending of the £1m investment in Wiltshire Towns that was agreed every year over a four year period. Some funding remains from that investment and has been set aside in a reserve and the Wiltshire Towns Programme will draw down the remaining earmarked reserve for 2025/26 to continue its work. The fund has supported 61 new businesses to open on the high street, supported events across Wiltshire and supported strategies for regeneration in Chippenham and Westbury. The Trowbridge Investment Framework is in development, and there is further work due to commence for additional towns.
103. The service will receive a further year of the UK Shared Prosperity Fund for 2025/26 at £1.8m. The capital allocation is substantially reduced and a revised Investment Plan for spend will come to Cabinet in February 2025. To date, the funding has been used to support start-up businesses and rural hubs, support businesses to grow, as well as to transition to Net Zero, reduce Fuel Poverty, support people with mental health and to transition to employment, and to invest in the training equipment and facilities necessary to train the next generation of green skills.
104. The service continues to 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.
105. The Government has set out that future funding across these programmes will be subject to Devolution and the Comprehensive Spending Review.

Planning - £3m annual net spend on services

Table 7 – Budget movement from 2024/25 to 2025/26

	£m
Base Budget 2024/25	2.799
Prior Year Pressure	(0.101)
Pay Inflation	0.294
Contract Inflation	-
Demand	0.150
Savings	(0.212)
Base Budget 2025/26	2.930

106. A recruitment campaign has been underway since May 2024 to fill over 20 vacant posts and 18 new posts within the Planning service. Recruitment to some posts has been challenging and agency workers have been used throughout 2024/25 to fill some

of the vacancies in essential areas of the service. At the end of 2024, 70% of new or vacant posts had been filled.

107. Good progress is being made to secure an up-to-date Local Plan. This is due to be considered at examination later in 2025. This 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.
108. Planning application fees are set by Government and the most recent increase in fees were introduced in December 2023 following a consultation earlier that year. This included an annual indexation capped at 10% from 1 April 2025. The income budget was adjusted in the MTFs that was approved in 2024 to reflect this. This income is driven by demand and typically fluctuates according to the national housing market and economic situation.
109. In December 2024, as part of wider planning policy changes, the government announced its intention to take forward measures in the proposed Planning and Infrastructure Bill to allow local authorities to be able to set their own planning fees based on cost recovery. These proposals are expected to be taken forward following a government review in 2025. Changes are also expected in 2025 to increase planning fees for other categories of planning application (including householder development).
110. 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.

Environment £50m annual net spend on services

Table 8 – Budget movement from 2024/25 to 2025/26

	£m
Base Budget 2024/25	49.582
Prior Year Pressure	(1.351)
Pay Inflation	0.175
Contract Inflation	1.923
Demand	(0.306)
Savings	(0.438)
Base Budget 2025/26	49.584

111. The significant pressure in Environment services primarily arises from the Waste Services contracts for collection and waste treatment. The contracts are focused on reducing the amount of household waste sent to landfill and increasing recycling to keep Wiltshire looking beautiful and taking responsibility for the environment whilst delivering against the Sustainable Environment priority in the Business Plan. Pressures from inflation were lower than expected in 2024/25 and the budget has been adjusted to reflect this and other contract savings. The majority of waste contracts are linked to CPI forecast at 2.2%.
112. Tonnage forecasts and waste treatment routes have been derived from a review of past years actuals and current trends and have not been increased for 2025/26. Waste tonnages are a risk for the service as a small change in tonnage can have significant financial implications. The council has a minimum requirement to send 110K tonnes of

residual waste through two landfill diversion contracts (Lakeside Energy from Waste and Northacre MBT in Westbury), and failure to meet these requirements incurs compensation events.

113. Waste Services are forecast to generate £9.295m of income from Bulky Waste collection charges, sale of material collected for recycling in 2024/25 and Chargeable Garden Waste subscriptions. As recycling material income is particularly influenced by the changing global economic climate and near-term legislative changes it is notoriously volatile and difficult to predict. Budgets for 2025/26 have been based on the 2024/25 performance.
114. The Environment Act 2021 will require the Waste Service to deliver substantial service changes over the next three years, including the separate weekly collection of food waste from August 2027. Collections of flexible plastics will also be required to be included in the council's recycling collection services in the same year. In recent months government has released further details on the format of service delivery councils are required to move towards, but the financial implications of these changes need to be assessed, alongside the impact on existing and future waste contracts, which include the two 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, but the full detail of this is still awaited.
115. There are two main changes from this legislation that will impact costs of future waste service provision:
 - Extended Producer Responsibility for packaging (pEPR) where producers are now required to pay into a national scheme based on the type and quantity of packaging that they place onto the market. The Scheme Administrator is responsible for passing collected funds to local authorities involved in the collection and management of packaging waste. In December, Government announced Wiltshire's pEPR payment with a minimum value set at £7.6 million for the 2025/26 financial year. Year 1 scheme funding has been underwritten by Government, and it is expected that this money should be used to fund effective and efficient service delivery and increase recycling rates for packaging materials. Future funding will be determined by the scheme, based on an assessment of the effectiveness and efficiency of the council's waste services, and could be reduced by up to 20% in future years if efficiency and effectiveness improvements are deemed necessary.
 - The national Deposit Return Scheme (DRS) will require consumers to pay a deposit on all drink containers in scope of the new scheme (e.g. PET plastic bottles, steel and aluminium cans), which will be refunded through a national network of reverse vending machines at participating retailers and kiosks. After numerous delays, this is now expected to come into force from October 2027 and modelling suggests that Wiltshire would likely see a loss of income of circa £0.900m due to a reduction in recyclable material collected via the kerbside services negatively impacting revenue income.
116. Under new "Simpler Recycling" provisions, all councils will be required to collect the same materials for recycling at least fortnightly plus a separate weekly collection of food waste, and regular 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 £5.861m income from chargeable garden waste service which offsets costs of collection only. These new requirements will have a significant financial and operational impact for Wiltshire’s existing contracts and future procurement of new arrangements. To mitigate some of the anticipated additional costs, Wiltshire Council’s Cabinet resolved in November 2024 to implement a new “three stream“ recycling collection service which will keep glass separate from paper and cardboard and other mixed recyclables when collected at the kerbside, thereby increasing the amount of materials successfully recycled and potential income from material sales. However, increasing recycling and implementing food waste collections will reduce the amount of residual waste available for the long-term landfill diversion contracts, so these will also require close review. The council has secured agreement with DEFRA to commence separate weekly collection of food waste from August 2027 and under New Burdens has secured £4.990m capital funding for scheme set up, but details of the promised additional revenue funding is still awaited.

117. Other changes deriving from the Environment Act 2021 include supporting natures recovery including through Biodiversity net gain and the development of a Local Nature Recovery strategy. In England, biodiversity net gain is required under a statutory framework introduced by Schedule 7A of the Town and Country Planning Act 1990 (inserted by the Environment Act 2021). Under the statutory framework, subject to some exceptions, every grant of planning permission is deemed to have been granted subject to the condition that the biodiversity gain objective is met. This objective is for development to deliver at least a 10% increase in biodiversity value relative to the pre-development biodiversity value of the onsite habitat.
118. This combined with other ecological legislative changes related to species and habitat have increased pressure on the Ecology team. A budget increase is required to part fund an additional resource and to fund a contribution towards the creation of a new Wiltshire and Swindon Nature Recovery Partnership in collaboration with Natural England, National Trust, Wiltshire Wildlife Trust and Swindon Borough Council.
119. The Public Protection service will increase income by £0.015m through the pest control service and licensing fees, both of which have exceeded income targets in 2024/25. The new ARCUS system will continue to develop, allowing annual fees and some applications to become autonomised, making efficiencies. During 2025/26 customers will have the ability to report complaints online, as well as accessing information on which complaints are actionable based on the legislation available.
120. A new Community Safety Partnership manager will be funded using Enforcement Management group funding in 2025/26 allowing for the development of the Community Safety Strategy and closer working arrangements to tackle Anti-Social Behaviour.

Leisure Culture & Communities £4m annual net spend on services

Table 9 – Budget movement from 2024/25 to 2025/26

	£m
Base Budget 2024/25	5.379
Prior Year Pressure	0.019
Pay Inflation	0.644
Contract Inflation	(0.589)
Demand	(0.780)
Savings	(0.652)
Base Budget 2025/26	4.020

121. 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 and heritage.
122. Leisure Operations future income budgets are forecast to grow based on increased fees, updating of fitness equipment, business case developments and a new Trowbridge leisure facility. Savings proposals are included for this which will increase income budgets by £2.185m in 2025/26. Whilst all indications suggest this growth is very achievable it does bring with it additional risk from factors such as cost of living and competition.
123. £0.170m additional funding has been built into the libraries budget to deal with challenges in staffing cover and to enable book purchasing to ensure stock remains up to date and relevant to the needs of library service customers. The 2025-2030 Library strategy has been approved and will ensure that the service remains innovative, with efficient use of the allocated budget.

Chief Executive Directorates - £47m annual spend on services

Corporate Directors and Members £4m annual net spend on services

Table 10 – Budget movement from 2024/25 to 2025/26

	£m
Base Budget 2024/25	3.292
Prior Year Pressure	0.515
Pay Inflation	0.079
Contract Inflation	-
Demand	0.181
Savings	(0.130)
Base Budget 2025/26	3.937

124. The Corporate Directors and Members budget has been reviewed following forecast overspends in 2024/25. The budget has not been uplifted sufficiently historically so to rectify this £0.515m has been built into the 2025/26 proposed budget to ensure a managed position is achieved moving forwards.

Capital Receipts Flexibilities

125. The final finance settlement for 2024/25 confirmed that the capitalisation directive was extended until March 2030 and has again been confirmed in the provisional settlement for 2025/26. 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)
126. 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.

127. During 2024/25 £1m of transformational activity was approved to be funded by use of this regulation and this funding assumption is on going for 2025/26. The costs being funded again in 2025/26 are £1m relating to 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

128. 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.

129. 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

130. 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.

131. The council is required to set the Council Tax Base annually following regulations. For 2024/25 the taxbase was set at 194,423.87 Band D equivalent properties and for 2025/26 the Council Tax Base has been set at 195,453.54 Band D equivalent properties, which is an overall increase of 0.53%, less than originally forecast (1%).

132. 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

133. 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.

134. It is vital that the General Fund reserve meets, or is at around, the level of financially assessed risk. For 2024/25 this was set at £34m and for 2025/26 the level of risk remains at a similar level.

135. 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 2025/26 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.

136. 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.
137. The achievement of a balanced budget without the need to use reserves for on-going activity puts the Council in a strong financial position with reserves now at a level to provide financial resilience with robust additional budgets included in the 2025/26 budget for known risks that are not fully quantifiable.
138. 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.
139. The Latent Demand reserve was set up when ongoing demand increases that were suppressed during the COVID-19 pandemic specifically mitigate any unquantified risks facing the authority on social care, particularly children's social care. The reserve has a small (£0.123m) balance that will be used in the 2025/26 financial year and all other on-going budget pressures from latent demand have been built into future years of the MTFS.
140. Given the size of the Collection Fund, at nearly £430m, any small variance can potentially have a significant impact on the Council's finances. The 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 this risk is included in the amount required to be set aside in the General Fund Reserve.
141. In setting the budget every year an assessment is made on the surplus or deficit of the Collection Fund. There is confidence now that an estimated surplus, of £2.990m can be declared and the benefit of this will be seen in 2025/26. 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. In previous years the Collection Fund risk has been mitigated with a separate reserve.
142. Alongside the Provisional Settlement MHCLG has published a consultation on funding reform. The Autumn 2024 Budget announced the Government's intention to pursue a comprehensive set of reforms to place local government in a more sustainable position, and the Autumn Budget promised a deprivation-based approach in 2025/26, followed by broader reform through a multi-year settlement from 2026/27. The government also intends to reset the business rates retention system in 2026/27. The reset will apply nationally. This adds great uncertainty to funding in future years and the council could be exposed to significant changes in funding through any re-set. 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.

143. 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 2025/26. The General Fund reserve now stands at 6.55% of the Council's net revenue budget.

MTFS 2025/26 to 2027/28

144. A summary of the overall MTFS proposed budgets for 2025/26 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 2025/26 budgets in greater detail.

Wiltshire Council - Proposed Budgets			
	2025/26 Proposed Budget £m	2026/27 Proposed Budget £m	2027/28 Proposed Budget £m
Corporate Director People	311.965	324.160	336.041
Corporate Director Resources	46.849	49.500	51.710
Corporate Director Place	101.557	103.692	106.205
Chief Executive Directorates	14.210	14.597	14.982
Corporate	52.839	56.270	57.749
WILTSHIRE COUNCIL NET BUDGET	527.420	548.220	566.687

145. The MTFS sets out the forecast budget position for a 3-year period. The above table shows the proposed service budgets for 2025/26 to 2027/28, 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 balanced in year one with gaps in years two and three of the MTFS period that are significantly lower than previous budget gaps, which is a continuation of the strong and sustainable financial basis the council sets out to deliver quality services to the public of Wiltshire.

	2025/26 £m	2026/27 £m	2027/28 £m
Budget 2024/25	490.298	527.420	548.220
Prior Year Base Budget Changes	13.778	-	-
Funding Changes/ Technical Adjustments	(0.239)	0.948	-
Pay Award	5.309	4.752	4.687
Cabinet Investment	0.240	-	0.387
Contractual Inflation	13.303	10.570	9.273
Demand	20.096	12.675	9.947
Savings	(15.365)	(8.144)	(5.826)
Budget 2025/26	527.420	548.220	566.687
Funding 2024/25	(490.298)	(527.420)	(544.157)
Council Tax Requirement	(10.683)	(13.876)	(13.713)
Social Care Levy	(7.059)	(7.432)	(7.881)
Rates Retention	(3.496)	-	-
Collection Fund (surplus) / deficit	(4.493)	2.990	-
Specific Grants	(11.391)	1.581	-
Funding 2025/26	(527.420)	(544.157)	(565.750)
GAP	(0.000)	4.063	0.937

146. New legislation allowing councils to implement a new second homes premium from 1 April 2025 were enacted prior to the setting of the budget for 2024/25. The approval for charging premium must be made 12 months in advance of the financial year in which those charges will apply. Due to the timing of the legislation councils who have approved premia charges have yet to bill, due to the 12 month lead in, and therefore the impact of implementing premia charges on second homes is not known yet. 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 2025/26 to 2031/32

147. 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 the more 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.

	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	Future Years Budgets £m	Total Budget £m
Approved Capital Programme	250.511	209.669	132.353	395.601	988.134
2025/26 Budget Setting New Capital Investment	2.884	1.868	1.682	4.288	10.722
Total	253.395	211.537	134.035	399.889	998.856

148. The Capital Programme is a key area of investment for the council and in 2025/26 will now stand at £253.395m for that year and £998.856m 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.

Resources

149. £0.480m investment has been added to the programme to carry out essential interim maintenance to the Maltings Car Park, Salisbury under the terms of an underlease. Works include brickwork, drainage, parapet and handrails (replacement/refurbishment) and protective coating to exposed brickwork.

150. £0.250m investment has been added to the capital programme to establish a dedicated maintenance budget for non-operational assets, providing greater transparency of maintenance for these assets and preserving the operational budget for its intended purposes.

151. An inflationary uplift of £0.206m has been added to the programme annually to the Facilities Maintenance Capital scheme budget. This covers capital maintenance, repair and replacement of building systems and infrastructure in council buildings, ensuring they remain compliant and operational. The budget has stayed static for

several years. This inflationary increase will help prevent an effective real term decline in capital maintenance.

152. Investment of £5.630m to provide dedicated maintenance/upgrade funding to four strategic buildings that have a long-term future and will address critical infrastructure and deferred cosmetic improvements.

Place

153. £0.505m investment is required for a 5 year plant and equipment replacement plan to support Winter and Resilience, Local Highways and Fleet Services. The plan will provide snow ploughs, blowers and emergency equipment (welfare units/lighting). Where feasible carbon neutral solutions will be sought.
154. Additional investment of £0.800m in 2025/26 to be funded from borrowing is required to complete the Hindon Stagger depot. The Hindon Stagger project is the last of 7 projects that form the Depot & Office Strategy Phase 1 capital programme of works. The overall programme commenced in 2018/19 and has a total budget envelope of £11.310m to deliver all projects. Cost increases over time have resulted in an increase in the total programme forecast being circa £0.800m over budget. The Hindon Stagger project has faced numerous challenges including its location requiring a significant volume of additional survey work and associated mitigations to secure approval for construction and inflationary cost pressures.
155. A total of £0.113m has been added to the capital programme for two air quality equipment schemes £0.035m for the purchase of two new real time sensor-based air quality monitors for Marlborough and Devizes to support the councils statutory responsibilities and provide data to inform the development and planning process, secure s106 contributions and support decision making around health impacts. Secondly £0.078m for the purchase of a new air quality monitoring station street box including nitrogen dioxide and fine particulates analyser in Calne. These will be funded through contributions from revenue.

Dedicated Schools Grant

156. 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 2025/26 are as follows:

	2024/25 Allocation £m	2025/26 Allocation £m	Increase £m	% Increase
Early Years	52.886	76.914	24.028	45.43%
Schools	364.468	391.209	26.742	7.34%
Central	2.644	2.881	0.238	8.99%
High Needs	74.271	80.886	6.615	8.91%
TOTAL	494.268	551.89	57.623	11.66%

157. The allocations are driven by the school and early years census data multiplied by specific funding levels and factors in each block.

158. The council 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 council.
159. **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 2025/26, schools forum has agreed in principle to transfer £0.916m from schools block to support high needs pupils which is 0.24% of schools block.
160. **Early Years Block** – this block is subject to a significant increase in 2025/26 with the full year impact of the additional funding available to working parents of 9 month to 2 year old and 2 year old children. The council must passport a minimum of 96% (previously 95%) of the funding they receive for all four types of funding stream. This means up to 4% can be retained by the council to fund the early years central functions. 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 council 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. The Council sets the provider rates and other early years block budgets following consultation with the sector and Schools Forum.
161. **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 council. It is the responsibility of the council 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 transfer of the deficit to the DSG reserve will be required and this will increase the DSG deficit. The proposed high needs budget for 2025/26 is in line with the draft revised SEND Sustainability Plan submitted to the DfE in December 2024 and will result in an increase in the deficit of £29.813m after Safety Valve payments as at 31st March 2026.
162. **Central School Services block** – this provides funding for the council to provide central, statutory functions on behalf of pupils in both maintained schools and academies. Selected services are for all schools, for example copyright licences, (£0.571m) others are a statutory duty only for maintained schools. The block is funded per pupil for on-going responsibilities but the allowance for historic responsibilities funding (£0.151m) is reduced by 20% year on year. This element funds education services to children looked after and child protection in schools and early years for 2025/26. As the funding reduces costs will need to be covered from the council's budget where appropriate to do so. The council proposes the spending allocations funded from the Central School Services Block, but the final decision is made by the Schools Forum.

163. 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 2024/25 quarter 3 figures to be reported to Cabinet in February show an in year overspend of £15.535m, after a planned transfer of the deficit to the reserve of £28.254m, which leads to a forecast cumulative DSG deficit reserve balance of £66.826m. at the end of the current financial year. The Council has a Safety Valve agreement in place with the Department for Education (DfE) and a revised plan was submitted to the DfE in December 2024 proposing changes to the length of the plan and to the mitigations within the plan. At the end of the revised proposal it is expected that the council will need to contribute £123.4m to write off the cumulative deficit. This remains a significant financial risk to the Council.

164. Final decision making takes place at the Schools Forum meeting on 23 January 2025 however agreements in principle were made at the December meeting and the working group met to discuss the papers in January and so no major deviances are anticipated.

Overview and Scrutiny Engagement

165. 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 on 24 January 2025.

166. 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

167. 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

168. Funding for Public Health services has not been confirmed for 2025/26 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

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

Equalities Impact of the Proposal

170. 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. Equalities Impact Assessments (EIAs)

help the council to arrive at informed decisions and to make the best judgements about how to target resources.

171. The council's budget planning framework is supported by a risk-based approach to the development of EIAs for the budget proposals, identifying, where appropriate, possible disproportionate impact in relation to the protected characteristics as described within the Equality Act 2010. The EIAs, where completed, also identify potential mitigation where applicable.
172. As part of the implementation of savings, once they are approved the Executive Office will support services in undertaking full Equality Impact Assessments 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.
173. 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.
174. As part of the corporate planning cycle, during Service Plan reviews in Spring 2025, the Equalities Impact of all service proposals (including their design) will be challenged, with scrutiny welcomed.

Environmental and Climate Change Considerations

175. 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

176. 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. This report provides 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

177. 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.
178. The level of uncertainty has always been a risk, in terms of demand on services and with the increased costs nationally with changes to National Insurance 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, has included a corporate budget for the impact on prices paid of National Insurance changes where services are not able to manage any pressure above that budgeted and continues to hold specific

reserves to manage some risks, that outstrips budget assumptions, as well as holding increased level of General Fund Reserve.

179. 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 core grants and 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.
180. 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

181. 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.
182. There is also a legal requirement under the Local Government Act 1992, section 32 and 43 to set a balanced budget. Critically the 2025/26 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 2025/26 to achieve this position.
183. 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 this balanced position.
184. With the starting budget position of a fully balanced budget set last year over the first two years of the MTFs period (for 2024/25 and 2025/26) the council started the budget setting cycle for 2025/26 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 only small gaps for the second and third year of the MTFs period in comparison to previous years. 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.
185. 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 £15.4m in the first financial year (2025/26) and £29.3m over the three years of the MTFs. The monitoring, tracking and delivery of the Councils planned savings continues to be reported regularly through to Cabinet during the budget monitoring cycle, as of quarter 3 the Council is forecast to achieve nearly 85% of the savings for 2024/25, 61% for 2025/26 and 100% for 2026/27. 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. Where savings are assessed as not being deliverable they are written back to the

budget, recognising the pressure that these present, and managing that pressure effectively.

186. 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 with confirmation of funding reform intentions and an intention to reset the Business Rates scheme in 2026/27. With the changes seen within the Provisional Finance Settlement the trajectory of impact is concerning.
187. 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 £131m overall DSG deficit position after Safety Valve payments. There is no certainty of the current statutory override, which is in place for the financial year 2025/26 being extended and the financial commitments that are crystalised are significant.
188. 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.
189. The government announcement as part of the Autumn Budget to increase National Insurance costs for employers has been confirmed as being compensated by government for directly employed staff. Although a formula has been provided for the basis of the allocation of £515m funding nationally some data is missing, and therefore allocations have not yet been published but are expected by the Final Settlement. High level calculations have been carried out and it is likely that the council will not be fully compensated for the cost of this direct payroll cost pressure. What is certain is that there is no additional funding announced at this stage to support this NI pressure on commissioned services and this therefore exposes the council to additional inflationary pressures in its contracted services. To mitigate this risk an allowance has been provided for although this may not prove to be sufficient.
190. The construction of the budget for 2025/26 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.
191. For this budget cycle Business Rates assumptions across retained rates and the S31 grant given to the council mainly to compensate for statutory reliefs and exemptions have been reviewed and updated based on the current scheme mechanisms. In addition the provisional settlement confirmed that Councils would continue to be fully compensated for the freeze in the Business Rates multiplier.
192. 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 taxbase, the growth in the number of properties, has been less than anticipated for a second year,

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. Forecasts for future years have been reviewed and reduced to reflect these economic factors.

193. 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 remain roughly the levels they are during 2025 and future year assumptions are predicated on the forecasts for future years.
194. Following the 2024/25 pay award the assumption on pay inflation has been adjusted to reflect a likely increased pay award for the 2025/26 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.
195. 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 the funding reforms to Local Government. These are long overdue and promised however the indications from the change in funding from the Provisional Finance Settlement gives an indication that the council is likely to see further losses of grant income in future years.
196. 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.
197. 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.
198. 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.
199. 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 income as well as general financial risks the council faces.
200. 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. No further contributions are currently planned however it is critical that the council plans for the funding of the deficit that will arise over the period it takes to bring the in-year position of the DSG into balance. There is a significant value required by the end of the plan period and there is no confirmation of the statutory override being extended, which places a significant risk on the council.

201. 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 2024/25 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.

202. The statement above is drafted on the presumption that Government will find a solution towards dealing with (and accounting for) the accumulated deficit prior to the end of 2025/26, when the current statutory override is due to end. That is a considerable financial risk, and if a resolution to this is not forthcoming (in the financial year 2025/26) then the financial viability of the Council would need to be reconsidered.

Legal Implications

203. 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:

- i. 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.
- ii. Section 32 of the 1992 Act sets out the calculations to be made in determining the budget requirements, including contingencies and financial reserves.
- iii. Section 33 of the 1992 Act requires the Council to set a balanced budget.
- iv. 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.
- v. 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.
- vi. 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.

- vii. 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.
- viii. 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.
- ix. 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.
- x. 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.
- xi. 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.
- xii. 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.

- xiii. Appropriate consultation will take place before decisions proposed in this report are made, where required by law or otherwise.
- xiv. 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.
- xv. 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.
- xvi. 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.
- xvii. 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.
- xviii. 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.
- xix. 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.

- xx. This budget has been prepared and the requirements of Section 25 of the Local Government Act 2003 ('the 2003 Act') met relying on a "statutory override" provided by the Government to the Dedicated Schools Grant ("DSG") deficit. The relevant legislation is The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.2) Regulations 2022 (2022 No. 1328) which amends The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. The explanatory memorandum says: "Regulation 30L of the 2003 Regulations provides that where a local authority has a deficit on its schools budget relating to its accounts for a financial year beginning on 1st April 2020, 1st April 2021 or 1st April 2022, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its schools' budget. This instrument extends the application of that provision to financial years beginning on 1st April 2023, 1st April 2024 and 1st April 2025." The legislative override has been interpreted as meaning that for the "financial year" starting on 1 April 2025 the Council can make any of the calculations for Council Tax needed under the Local Government Finance Act 1992 (which defines "financial year" as "a 12 month period beginning with 1 April") and the Section 151 Officer can make their section 25 of the 2003 Act assessment, relying on the statutory override.

Workforce Implications

204. 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.
205. 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.
206. Where savings do impact on the workforce the council has in place robust policies and procedures to support this.

Options Considered

207. 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

208. 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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17 February 2025

Appendices

Appendix 1 - Council Budget 2025/26 & Medium Term Financial Strategy 2025/26 to 2027/28

Appendix 2 - Capital Strategy 2025/26 to 2031/32

Appendix 3 - Schools Capital Programme

Appendix 4 - Fees and Charges 2025/26

Background Papers

None