

Calderdale's Approved Budget for 2025/26 to 2027/28 as Agreed at Budget Council 24th February 2025

This budget is produced against the backdrop of the change of control in national government after the 2024 election. This means that this is very much a transitional year, with a one-year financial settlement now, but also the prospect of a longer term, sustainable and robust financial settlement for councils in future years. As a Council therefore we have planned a transitional budget for Calderdale which aims to balance the books, stop us slipping back to the short-termism of recent years, to give us some flexibility to respond to changing circumstances and allow us to begin the rebuilding of our local public services.

The last fourteen years have seen an erosion of local government finance and a particular dependence on bidding for time-limited one-off pots of money for major projects. This has hampered our ability to act, as a Council, for the long term good of the people of Calderdale and reduced funding for basic services. We will be working constructively with national government to ensure a shared commitment to stability in local government finance.

Current position

We welcome the additional funding in the final Local Government Finance Settlement, with an uplift of 8.3% in the base funding, but in this transitional year even this uplift does not fully mitigate the financial challenge that we are currently facing.

The demand for adults and children's social care continues to provide the biggest challenge on our budgets and we have seen the proportion of our spend on these vital services grow over several years at 70% of our total budget. The continued legacy of COVID has also contributed to the complexity of need within our populations, in particular people with long-term health conditions and disabilities and the growing number of children requiring Education, Health and Care Plans. This, combined with the rising costs of service delivery from the very high inflation we have seen in recent years have led to a tough financial position.

But we haven't stood still during this period. We have actively managed the finances using every mechanism available to balance the budget over recent years. The Council has levered in as much money for Calderdale as possible from the West Yorkshire Combined Authority and other sources, we use digital to save costs, we have brought money in from providing services to other organisations like schools, and we have squeezed our estate, selling buildings and land, or transferring them to local organisations for community benefit. Over this period we have made strenuous efforts to contain the budget by reducing staffing numbers, avoiding compulsory redundancy wherever possible and in the last year only recruiting to essential and externally funded roles.

We also continue, in spite of the tough financial position, to be ambitious for our residents and communities and have restated our commitment to our priorities for the area when we published our Corporate Plan earlier this year:-

- Reducing inequalities

- Thriving towns and places
- Climate action
- A sustainable and effective council

And we have a lot to be proud of in our management of the Council and its finances. We perform well when compared to similar councils with the majority of our key performance indicators ranking high, in the top or second quartile. Ofsted, national government's inspection body, have judged our Children's Services as **Good** across all areas. We have transformed our planning performance and we have a fully adopted Local Plan which will stand us in good stead in meeting future housing targets.

Difficult decisions

To maintain these standards and levels of performance is becoming increasingly challenging though so we have to prioritise our scarce resources. We made some difficult decisions in setting the budget for 2024/25 and we have further difficult decisions ahead.

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

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

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

We have also budgeted to have something in "reserve" in this budget. All councils are having to be prudent in the projections for the coming year because it makes sense to make continued proper provision (in addition to inflation) for new responsibilities in-year which may lead to additional costs or unexpected crises. The risks that we face include delays to a capital or highways infrastructure scheme because of flooding or landslips; increases in commissioning costs in areas like social care where we are largely dependent on private sector providers; in year pressures on Homelessness, SEND, Home to School Transport, Children and Young People's Services, our local Voluntary Sector and Adult Social Care. All of these areas are under financial strain and it would be imprudent not to face that fact by

reducing in-year flexibility. We might once have used reserves to meet these eventualities, but in this budget, we have been prudent with our contingencies and over the plan period we are looking to replenish those reserves as we begin to fix the foundations for our local services into the future.

National context

There is, of course, some continuing uncertainty, as the Local Government Finance Settlement only provides for 2025/26 and it is therefore difficult to accurately forecast the level of public resources available for local government beyond a one-year horizon although we are hopeful that we will see further investment in public services. The Government has signalled that there will be significant reform for local government, but more detail won't be known after the Spring Spending Review 2025. We welcome the possibility of an improving financial outlook, particularly for metropolitan councils like Calderdale, as the Government have indicated a review of funding formulas, better reflecting need and an area's ability to raise taxes to meet need through the Council Tax base. Nonetheless, as well as balancing the books for this year, we are also working as prudently and as realistically as possible to ensure that our finances are on as strong a footing for the future.

Councils across the country have been facing extreme financial difficulties, with more councils than ever accessing Exceptional Financial Support from Government to avoid running out of cash. This means getting permission to borrow for day to day spend and/or raising Council Tax beyond the referendum limits. Calderdale Council does not want to be in that position and aims to maintain its reputation for our proud record of robust financial management and low borrowing. Therefore, we are committed to continuous review of our financial position throughout the next year, to ensure we achieve financial sustainability amidst this period of public finance uncertainty.

Maintaining our services

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

The targeting of local government for significant cuts by firstly the Conservative-Liberal Democrat Coalition and then the following Conservative Governments have forced the Council to find savings which now amount to over £130m per year compared with the services we were providing in 2010. The new Government recognises that it will take time to rebuild public service finance and to provide security for local authorities. Unfortunately, this means we are faced with some difficult choices when setting next year's budget and looking ahead over the next few years. There are a range of proposals presented where we are unable to continue to deliver everything we currently provide. As a fiscally responsible council it is important that we spend within our means, whilst continuing to demonstrate value for money and achieving the best outcomes from the money we spend.

Council Tax increases

As in many previous years, the Government's solution to funding of social care includes an additional burden on local council taxpayers. We know that many residents are struggling to make ends meet as the cost-of-living crisis continues, however the Council is experiencing similar inflationary pressures. And many of the residents on low incomes are also those who would be worst hit by further cuts in local services.

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

What you Told us During the Budget Consultation

This is a budget which addresses the pressures and themes I set out above. We asked for comments and suggestions on the Budget and the consultation period ran from the 14th January 2025 to the 7th February 2025 using a wide range of formats, including survey, presentations, attendance at groups and forums. We reached out to all stakeholders, including residents, partner organisations (including the Voluntary Sector), the business community, young people, staff and trades unions.

We have conducted a range of consultation and engagement activity since the Consultation Budget was published. These include Q&As for Calderdale staff and for the public, discussions at Ward Forums and liaison with Town and Parish Councils. Our Director of Resources and Transformation attended Calderdale Youth Council. We received over 720 responses to the Consultation Questionnaire with more than 1400 detailed comments through the various channels. Elected Members also raised issues with us.

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

We have carefully considered the responses.

The final funding settlement received last week confirmed overall government grant to be £621k less than forecast. This has required a reduction in our contingency provisions in the short term. In order to recommend a balanced budget to Council, we present the budget with no other changes. We want to acknowledge the feedback received during the consultation, which we will consider in developing future strategies and plans.

We want to make a commitment, as Corporate Parents to the support we offer to our Care Leavers and have decided to include a commitment to expand the Financial Support to Care Leavers Policy in the new financial year in the form of an allowance for Council Tax. This will be funded through an uplift in the Children and Families grant allocation.

My colleagues on Council and I would like to thank everyone who took the time to contribute to the consultation. Your feedback was greatly appreciated.

Councillor Jane Scullion

Leader, Calderdale Council

Council Budget Plans

The Council is going to balance the budget next year with the following measures.

1. In line with the local government core spending power assumptions, general Council Tax will be increased by 2.99%, in line with the maximum allowable under the referendum limit. The Adult Social Care precept will also be increased by 2%.
2. A range of budget reductions, cost savings, flexible use of external funding and income from fees and charges have been agreed to bring the net operating costs in line with spending power.
3. The savings are summarised below, with more detail contained within the Directorate budget sections that follow.

Council Agreed Savings

	2025/26 £	2026/27 £	2027/28 £
<u>Adult Services and Wellbeing</u>			
Review/reduce Adult Social Care Package Assessments	-500,000	-500,000	-500,000
Review of in-house Mental Health provision	-400,000	-400,000	-400,000
Review and likely cessation of the Appropriate Adult Service	-20,000	-20,000	-20,000
	-920,000	-920,000	-920,000
<u>Chief Executive's Office</u>			
Communications Campaigns and service efficiency	-55,000	-55,000	-55,000
Deletion of vacant Information Governance post	-40,000	-40,000	-40,000
Democratic and Member Services efficiencies	-80,000	-80,000	-80,000
Deletion of apprentice public health practitioner posts	-69,000	-96,000	-96,000
Further targeting of Better Living Service	-50,000	-50,000	-50,000
Streamline community connectors and community health & wellbeing support	-75,000	-150,000	-150,000
	-369,000	-471,000	-471,000
<u>Children and Young People's Services</u>			
Remodel targeted youth work	-154,000	-154,000	-154,000
Reduction of a senior key worker, Family Intervention Team			
Cessation of discretionary D-Catch inclusion funding	-265,000	-265,000	-265,000
	-419,000	-419,000	-419,000

Agreed Savings Cont'd

	2025/26 £	2026/27 £	2027/28 £
<u>Public Services</u>			
Increase in discretionary Register Office fees	-30,000	-30,000	-30,000
Reduce Book Fund Spend	-30,000	-30,000	0
Reduce Shibden Hall Investment	-30,000	-30,000	-30,000
Garden & Bulky Waste Price Increase	-30,000	-70,000	-70,000
Reduction in investment in Victoria Theatre	-50,000	-75,000	-75,000
Staffing Reduction - Welfare & Benefits (Universal Credit) Migration	-30,000	-30,000	-30,000
Targeted Increase in Parking Charges	0	-700,000	-700,000
Biochar (invest to save)	0	0	-500,000
	-200,000	-965,000	-1,435,000
<u>Regeneration and Strategy</u>			
Corporate maintenance and further buildings rationalisation	-125,000	-250,000	-250,000
Use one-off funding for Highway Maintenance	-200,000	-105,000	-60,000
Introduction of Lane Rental Scheme (net saving)	0	-200,000	-500,000
Deletion of one FTE Conservation Officer	-48,000	-48,000	-48,000
	-373,000	-603,000	-858,000
<u>Resources and Transformation</u>			
Remove generic print model	-50,000	-100,000	-150,000
Remove duplication of software applications	-25,000	-100,000	-170,000
Digital Solutions - better use of automation (internal business systems)	-100,000	-150,000	-150,000
Management Review across Resources and Transformation	-80,000	-80,000	-80,000
	-255,000	-430,000	-550,000
<u>Cross Council</u>			
Facilities Management and Business Supplies contract efficiency	-25,000	-25,000	-25,000
Targetted reduction in the use of Agency Workers	-400,000	-400,000	-400,000
	-425,000	-425,000	-425,000
Total Savings Proposals	-2,961,000	-4,233,000	-5,078,000

Budget Summary and Council Tax Requirement 2025/26

Revenue Budget Requirement	Updated MTFP Position			Growth	Savings	Approved Budget 2025/26
	Gross Expenditure 2025/26	Gross Income 2025/26	Net Expenditure 2025/26			
	£	£	£	£	£	£
Directorate Service Controlled Expenditure - Cost of CMBC Services to the Public						
Adult Services and Wellbeing	129,693,292	-37,119,792	92,573,500		-920,000	91,653,500
Chief Executive's Office	20,147,256	-15,248,419	4,898,837		-369,000	4,529,837
Children and Young People's Services	59,906,138	-10,855,335	49,050,803		-419,000	48,631,803
Public Services	51,789,693	-16,046,269	35,743,424		-200,000	35,543,424
Regeneration and Strategy	31,662,191	-9,730,658	21,931,533		-373,000	21,558,533
Resources and Transformation	16,602,655	-2,354,430	14,248,225		-255,000	13,993,225
Total of Directorate Budgets	309,801,225	-91,354,903	218,446,322	0	-2,536,000	215,910,322
Centrally Controlled/Other Corporate Budgets & Inflation			34,347,104		-425,000	33,922,104
Total Revenue Budget Requirement			252,793,426	0	-2,961,000	249,832,426
Contributions to(+)/from(-) Earmarked Reserves						
Other Centrally Controlled Earmarked Reserves			0			0
Total Funding Requirement			252,793,426			249,832,426
General Funding						
Revenue Support Grant			-9,665,377			-9,665,377
Top-up/Tariff			-17,670,171			-17,670,171
New Homes Bonus and Housing & C Tax Admin Grant			-1,106,376			-1,106,376
Small Business Rate Relief, Business Rate Cap			-13,305,865			-13,305,865
PFI Grant			-1,490,480			-1,490,480
Social Care Funding			-22,955,207			-22,955,207
Market Sustainability and Fair Cost of Care Fund			-4,027,698			-4,027,698
Improved Better Care Fund (iBCF)			-10,407,682			-10,407,682
Extended Producer Responsibility			-4,797,000			-4,797,000
Childrens Social Care Prevention Grant			-1,130,738			-1,130,738
Recovery Grant			-3,905,881			-3,905,881
Domestic Abuse Safe Accommodation Grant			-592,188			-592,188
Employer National Insurance Contributions Grant			-1,689,680			-1,689,680
Share of Business Rates Levy Distribution			-354,152			-354,152
Local Taxation						
Retained Rates			-28,382,457			-28,382,457
Adult Social Care Precept			-20,020,077			-20,020,077
Council Tax			-108,331,397			-108,331,397
Total General Grant Funding and Local Taxation			-249,832,426			-249,832,426
Budget Deficit (+)/Surplus(-)			2,961,000			0

Calderdale MBC Council Tax for 2025/26 using the agreed Council Tax Base of 66,245.58

	2024/25	2025/26		
	Council Tax Band D £ p	% Change to Basic Relevant Amount %	Council Tax Band D £ p	Council Tax Income £
Calderdale Council Relevant Amount Previous Year (calculation of % increase)		1,845.44		
Calderdale Council Tax	1,580.13	2.99%	1,635.30	108,331,397
Adult Social Care Precept	265.31	2.00%	302.21	20,020,077
Total Estimated Calderdale Council Tax - Basic Relevant Amount	1,845.44	4.99%	1,937.51	128,351,474

Provisional Budget Summary and Council Tax Requirement 2026/27

Revenue Budget Requirement	Updated MTFP Position			Growth £	Savings £	Indicative Budget 2026/27 £
	Gross Expenditure 2026/27 £	Gross Income 2026/27 £	Net Expenditure 2026/27 £			
Directorate Service Controlled Expenditure - Cost of CMBC Services to the Public						
Adult Services and Wellbeing	133,285,662	-37,113,542	96,172,120		-920,000	95,252,120
Chief Executive's Office	20,126,366	-15,213,419	4,912,947		-471,000	4,441,947
Children and Young People's Services	60,878,250	-10,763,867	50,114,383		-419,000	49,695,383
Public Services	51,472,763	-16,146,269	35,326,494		-965,000	34,361,494
Regeneration and Strategy	31,213,485	-9,175,292	22,038,193		-603,000	21,435,193
Resources and Transformation	16,650,205	-2,354,430	14,295,775		-430,000	13,865,775
Total of Directorate Budgets	313,626,731	-90,766,819	222,859,912	0	-3,808,000	219,051,912
Centrally Controlled/Other Corporate Budgets & Inflation			40,770,494		-425,000	40,345,494
Total Revenue Budget Requirement			263,630,406	0	-4,233,000	259,397,406
Contributions to(+)/from(-) Earmarked Reserves						
Other Centrally Controlled Earmarked Reserves			1,014,675			1,014,675
Total Funding Requirement			264,645,081			260,412,081
General Funding						
Revenue Support Grant			-9,858,684			-9,858,684
Top-up/Tariff			-18,023,574			-18,023,574
New Homes Bonus and Housing & C Tax Admin Grant			-1,106,376			-1,106,376
Small Business Rate Relief, Business Rate Cap			-13,571,982			-13,571,982
PFI Grant			-1,215,490			-1,215,490
Social Care Funding			-23,365,212			-23,365,212
Market Sustainability and Fair Cost of Care Fund			-4,027,698			-4,027,698
Improved Better Care Fund (iBCF)			-10,407,682			-10,407,682
Extended Producer Responsibility			-4,797,000			-4,797,000
Childrens Social Care Prevention Grant			-1,130,738			-1,130,738
Recovery Grant			-3,905,881			-3,905,881
Domestic Abuse Safe Accommodation Grant			-592,188			-592,188
Employer National Insurance Contributions Grant			-1,689,680			-1,689,680
Share of Business Rates Levy Distribution			-354,152			-354,152
Local Taxation						
Retained Rates			-28,950,106			-28,950,106
Adult Social Care Precept			-23,032,871			-23,032,871
Council Tax			-114,382,766			-114,382,766
Total General Grant Funding and Local Taxation			-260,412,081			-260,412,081
Savings yet to be identified/Potential Additional Government Funding			4,233,000			0

Calderdale MBC Council Tax for 2026/27 using the forecast Council Tax Base of 67,553

	2025/26	2026/27		
	Council Tax Band D £ p	% Change to Basic Relevant Amount	Council Tax Band D £ p	Council Tax Income £
		%		
Calderdale Council Relevant Amount Previous Year (calculation of % increase)		1,937.51		
Calderdale Council Tax	1,635.30	2.99%	1,693.23	114,382,766
Adult Social Care Precept	302.21	2.00%	340.96	23,032,871
Total Estimated Calderdale Council Tax - Basic Relevant Amount	1,937.51	4.99%	2,034.19	137,415,637

Provisional Budget Summary and Council Tax Requirement 2027/28

	Updated MTFP Position			Growth	Savings	Indicative Budget 2027/28
	Gross Expenditure 2027/28 £	Gross Income 2027/28 £	Net Expenditure 2027/28 £			
Revenue Budget Requirement				£	£	£
Directorate Service Controlled Expenditure - Cost of CMBC Services to the Public						
Adult Services and Wellbeing	137,785,662	-37,113,542	100,672,120		-920,000	99,752,120
Chief Executive's Office	20,068,366	-15,213,419	4,854,947		-471,000	4,383,947
Children and Young People's Services	62,378,250	-11,063,147	51,315,103		-419,000	50,896,103
Public Services	51,346,483	-16,246,269	35,100,214		-1,435,000	33,665,214
Regeneration and Strategy	31,219,398	-9,023,092	22,196,306		-858,000	21,338,306
Resources and Transformation	16,620,205	-2,354,430	14,265,775		-550,000	13,715,775
Total of Directorate Budgets	319,418,364	-91,013,899	228,404,465	0	-4,653,000	223,751,465
Centrally Controlled/Other Corporate Budgets & Inflation			46,022,658		-425,000	45,597,658
Total Revenue Budget Requirement			274,427,123	0	-5,078,000	269,349,123
Contributions to(+)/from(-) Earmarked Reserves						
Other Centrally Controlled Earmarked Reserves			2,850,000			2,850,000
Total Funding Requirement			277,277,123			272,199,123
General Funding						
Revenue Support Grant			-10,055,858			-10,055,858
Top-up/Tariff			-18,384,046			-18,384,046
New Homes Bonus and Housing & C Tax Admin Grant			-1,106,376			-1,106,376
Small Business Rate Relief, Business Rate Cap			-13,843,422			-13,843,422
PFI Grant			-916,210			-916,210
Social Care Funding			-23,783,417			-23,783,417
Market Sustainability and Fair Cost of Care Fund			-4,027,698			-4,027,698
Improved Better Care Fund (iBCF)			-10,407,682			-10,407,682
Extended Producer Responsibility			-4,797,000			-4,797,000
Childrens Social Care Prevention Grant			-1,130,738			-1,130,738
Recovery Grant			-3,905,881			-3,905,881
Domestic Abuse Safe Accommodation Grant			-592,188			-592,188
Employer National Insurance Contributions Grant			-1,689,680			-1,689,680
Share of Business Rates Levy Distribution			-354,152			-354,152
Local Taxation						
Retained Rates			-29,529,108			-29,529,108
Adult Social Care Precept			-26,212,943			-26,212,943
Council Tax			-120,476,924			-120,476,924
Total General Grant Funding and Local Taxation			-271,213,323			-271,213,323
Savings yet to be identified/Potential Additional Government Funding			6,063,799			985,799

Calderdale MBC Council Tax for 2027/28 using the forecast Council Tax Base of 68,685

	2026/27	2027/28		
	Council Tax Band D £ p	% Change to Basic Relevant Amount %	Council Tax Band D £ p	Council Tax Income £
Calderdale Council Relevant Amount Previous Year (calculation of % increase)		2,034.19		
Calderdale Council Tax	1,693.23	2.99%	1,754.05	120,476,924
Adult Social Care Precept	340.96	2.00%	381.64	26,212,943
Total Estimated Calderdale Council Tax - Basic Relevant Amount	2,034.19	4.99%	2,135.69	146,689,867

CONTEXTUAL INFORMATION - RESOURCE ALLOCATION

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

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

Key elements within the service include:

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

Key Outputs:

Calderdale Council supports 663 people in permanent residential & nursing care. 489 receive day care services from the Council. The Council helps around 895 individuals to live independent and healthy lives by supporting them with home care services so that they can continue to live in their own homes. To do this, we provide 13,959 hours of service per week.

The Council also supports 1,930 adult social care service users who receive a personal budget which enables them to have control over the social care they receive. 554 people receive a cash or part cash payment so that they can purchase care directly which is appropriate to their requirements. 13 people receive an Individual Service Fund.

Adult Services and Wellbeing – Service Controlled Budget after Agreed Savings

	2025/26 Approved Budget £'	2026/27 Indicative Budget £'	2027/28 Indicative Budget £'
Gross External Service Controlled Expenditure			
All Age Disability Service and Adult Mental Health Service	55,194,102	58,227,042	60,477,042
Integrated Commissioning	9,045,040	9,100,010	9,100,010
Personalised Long Term Support	52,154,490	52,622,000	54,872,000
Prevention and Early Help	10,662,180	10,693,020	10,693,020
Strategic Management	1,717,480	1,723,590	1,723,590
Service Controlled Expenditure	128,773,292	132,365,662	136,865,662
Gross External Service Controlled Expenditure			
Employee Related	25,215,068	25,313,688	25,313,688
Premise Related	279,269	279,269	279,269
Transport Related	296,092	296,092	296,092
Supplies and Services	4,356,782	4,400,532	4,400,532
Agency (External Contracts)	82,145,401	84,945,401	85,945,401
Transfer Payments	16,480,680	17,130,680	17,130,680
Service Controlled Expenditure	128,773,292	132,365,662	133,365,662
Gross External Service Controlled Income			
Grants and Contributions	-23,162,982	-23,156,732	-23,156,732
Customer Client Receipts	-13,956,810	-13,956,810	-13,956,810
Service Controlled Income	-37,119,792	-37,113,542	-37,113,542
Total Service Controlled Budget	91,653,500	95,252,120	99,752,120

Adult Services and Wellbeing – Detail of Agreed Savings

Review/reduce Adult Social Care Package Assessments

The saving will be achieved through reducing the cost of packages through a review of the level of social care need and changes in contribution from Health. Work will also focus on duplication of effort across partners and targeting prevention at the front door as intervening early in a strengths-based approach can effectively prevent, reduce and delay the need for paid statutory services.

Review of in-house Mental Health provision

Interim reviews have been completed across in-house services within Mental Health. Initial findings suggest that some services are completing work that is not aligned to any Council duties or powers under The Care Act 2014 and in some cases services completing work that is delivered by commissioned NHS services. Non-statutory work will be reduced back under the review as it is not the core function of the Local Authority.

Review and likely cessation of the Appropriate Adult Service

This is a non-statutory commissioned service to provide an appropriate adult to support and advocate for people in custody and identified by the police as vulnerable and do not have family, friends or advocates. No new contract will be tendered on the expiry of the existing contract at the end of March 2025.

Chief Executive's Office – Summary of Services Provided

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

COMMUNICATIONS

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

LEGAL AND DEMOCRATIC SERVICES

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

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

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

PUBLIC HEALTH

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

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

In addition, local authorities' other responsibilities include:

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

Chief Executives – Service Controlled Budget after Agreed Savings

	2025/26 Approved Budget £'	2026/27 Indicative Budget £'	2027/28 Indicative Budget £'
Gross External Service Controlled Expenditure			
Chief Executive Management	1,067,057	1,070,677	1,012,677
Corporate	451,470	451,710	451,710
Democratic & Partnership Services	4,119,860	4,130,110	4,130,110
Public Health	14,139,869	14,002,869	14,002,869
Service Controlled Expenditure	19,778,256	19,655,366	19,597,366
Gross External Service Controlled Expenditure			
Employee Related	5,350,245	5,336,415	5,278,415
Premise Related	45,920	45,920	45,920
Transport Related	9,610	9,610	9,610
Supplies and Services	3,674,400	3,640,340	3,640,340
Agency (External Contracts)	10,698,081	10,623,081	10,623,081
Transfer Payments	0	0	0
Service Controlled Expenditure	19,778,256	19,655,366	19,597,366
Gross External Service Controlled Income			
Grants and Contributions	-15,081,209	-15,081,209	-15,081,209
Customer Client Receipts	-132,210	-132,210	-132,210
Service Controlled Income	-15,213,419	-15,213,419	-15,213,419
Appropriations From(-) Earmarked Reserves	-35,000	0	0
Total Service Controlled Budget	4,529,837	4,441,947	4,383,947

Chief Executives – Detail of Agreed Savings

Communications Campaigns and service efficiency

The Communications Service's campaign budget will be reduced. Campaigns will be tailored to the available budget, utilising no cost or low cost channels to maximise impact and continue to support services which are delivering the Council's priorities. Some other operational costs will also be reduced.

Deletion of Vacant Information Governance post

Consideration will need to be given to the impact on the service (along with efficiencies within the service and use of technology), but, subject to that, a vacancy exists and the saving therefore is immediately available.

Democratic and Member Services Efficiencies

This involves reviewing the support required to the Council to achieve efficient and effective democratic processes, including Scrutiny Support and the political support offer to members.

Deletion of apprentice practitioner posts in Public Health

In 2022, three Apprentice Public Health Practitioners were recruited as part of a regional workforce development programme. These three posts were reflected as recurrent posts in the new Public Health team structure implemented in 2022. As the apprenticeships come to a conclusion, all three Apprentices have secured substantive posts in other councils. This provides an opportunity to delete these posts.

Further targeting of Better Living Service

The Better Living Services is hosted in Sports Services and funded by public health. It supports people adopt healthy behaviours and delivers weight management support. More targeted support has already been implemented to people who are waiting for healthcare procedures so they are as healthy as possible when they have their NHS treatment which can reduce length of stay and likelihood of re-admission. There are opportunities to make savings by further targeting this provision to support the prevention of need for adult social care and to align with Adult Health and Wellbeing Services Better Lives Hubs which are in development in communities across the borough.

Streamline community connectors and community health and wellbeing support

There remain a number of services delivered in the NHS and Adult Services and Wellbeing that provide similar functions. There is the potential for further transformation and integration to reduce duplication and streamline and join up these services, building on the work undertaken to date to develop Integrated Health and Wellbeing Support for Adults.

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

EARLY INTERVENTION AND SAFEGUARDING

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

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

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

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

EDUCATION AND INCLUSION SERVICES

Education and Inclusion Services is responsible for monitoring, supporting and challenging schools to improve attainment and the quality of provision for children and young people aged 3 to 19 years. There are 16,467 primary, 14,461 secondary, 2,726 nursery and 2,203 6th form pupils being educated in schools in Calderdale. The service also has the responsibility to intervene in maintained schools when necessary. The service carefully targets resources provided towards those schools needing the most support to secure improvement in teaching and learning and the attainment and achievement of pupils. This service also provides:-

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

Children & Young People's Services – Service Controlled Budget after Agreed Savings

	2025/26 Approved Budget £'	2026/27 Indicative Budget £'	2027/28 Indicative Budget £'
Gross External Service Controlled Expenditure			
Childrens Early Intervention & Safeguarding	46,609,273	48,182,423	49,682,423
Education & Inclusion	6,029,003	5,671,735	5,671,735
Integrated Commissioning	5,506,721	5,506,721	5,506,721
Strategic Management	1,342,141	1,098,371	1,098,371
Service Controlled Expenditure	59,487,138	60,459,250	61,959,250
Gross External Service Controlled Expenditure			
Employee Related	22,267,279	22,328,906	22,328,906
Premise Related	98,002	98,002	98,002
Transport Related	362,168	361,508	361,508
Supplies and Services	7,821,301	7,232,446	7,232,446
Agency (External Contracts)	26,974,886	28,474,886	29,974,886
Transfer Payments	1,963,502	1,963,502	1,963,502
Service Controlled Expenditure	59,487,138	60,459,250	61,959,250
Gross External Service Controlled Income			
Grants and Contributions	-10,496,182	-10,404,714	-10,703,994
Customer Client Receipts	-359,153	-359,153	-359,153
Service Controlled Income	-10,855,335	-10,763,867	-11,063,147
Total Service Controlled Budget	48,631,803	49,695,383	50,896,103

Children & Young People's Services – Detail of Agreed Savings

Remodel the Targeted Youth and Family Service (Youth Service)

The Council currently delivers targeted youth work for vulnerable children and commissions open access youth work in the four most deprived areas in the borough. The proposal is to reduce the targeted work delivered by the Council whilst maximising remaining capacity by integrating with the Youth Justice service.

Cessation of the discretionary D-Catch inclusion funding

Disabled Children's Access to Childcare (DCATCH) is a non-statutory local arrangement that supports providers of wrap-around childcare and out of school or holiday care improve access for children with SEND, including supporting staff training and increased staffing ratios. Removing the base budget allocation for D-Catch for 2025/26 onwards can be done immediately and providers advised for April 2025. This proposal is being put forward to bring us in line with many other Councils who no longer offer this discretionary financial support.

Public Services – Summary of Services Provided

NEIGHBOURHOODS

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

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

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

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

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

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

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

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

Transport Services: Provides a passenger transport service from home to school/day care centres and manages and maintains the Council's fleet of 182 vehicles, including compliance with Operator's Licencing requirements and management of the Battinson Road Depot.

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

CUSTOMER SERVICES

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

Libraries and Information Services: The service is currently responsible for the Central Library in Halifax, 6 hub libraries and 5 community libraries.

Museums and Arts: The service runs two museums - Shibden Hall and Bankfield in addition to providing education and outreach activities for schools, community groups and adult learners. The Council also provides a contribution, in the form of a grant to The Piece Hall Trust to support the maintenance and operation of this important heritage asset.

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

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

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

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

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

Victoria Theatre: The Victoria Theatre is a 1,600/1,900 capacity live arts and entertainment venue presenting about 170 performances throughout the year. 30% of the artistic programme comprises of community work liaising with local societies and businesses. The professional programme comprises of a broad range of music, theatre, opera, dance and comedy.

Todmorden Town Hall: used for a variety of functions.

Public Services – Service Controlled Budget after Agreed Savings

	2025/26 Approved Budget £'	2026/27 Indicative Budget £'	2027/28 Indicative Budget £'
Gross External Service Controlled Expenditure			
Customer Services	13,674,511	13,208,831	13,238,831
Group Director	1,766,574	1,767,514	1,767,514
Neighbourhoods	36,208,608	36,331,418	35,705,138
Service Controlled Expenditure	51,649,693	51,307,763	50,711,483
Gross External Service Controlled Expenditure			
Employee Related	24,510,110	24,597,665	24,598,845
Premise Related	620,872	620,872	620,872
Transport Related	3,361,577	3,487,657	3,491,067
Supplies and Services	6,367,369	5,811,804	5,860,934
Agency (External Contracts)	16,789,765	16,789,765	16,139,765
Transfer Payments	0	0	0
Service Controlled Expenditure	51,649,693	51,307,763	50,711,483
Gross External Service Controlled Income			
Grants and Contributions	-157,185	-157,185	-157,185
Customer Client Receipts	-15,949,084	-16,789,084	-16,889,084
Service Controlled Income	-16,106,269	-16,946,269	-17,046,269
Total Service Controlled Budget	35,543,424	34,361,494	33,665,214

Public Services – Detail of Agreed Savings

Increase in discretionary Register Office fees

Discretionary fees have only been increased by the rate of inflation in recent years and have not kept pace with actual cost of provision. In line with other local authorities an above inflation rate increase is being proposed for 2025/26, which will be a 10% increase on all discretionary fees with effect from 1st April 2025.

Reduce Book Fund Spend

A temporary reduction for 2 years to the Book Fund (i.e. the purchase of books for Calderdale's libraries) from 1st April 2025 for 2 years. Although the saving may impact our ability to maintain an updated catalogue across borough libraries in the short term, one-off grant funding opportunities to supplement the book fund whilst there is this temporary reduction might be available.

Reduce Shibden Hall Investment

A reduction in the level of subsidy for Shibden Hall has been made possible through the significant investment that has been made into Shibden over the last few years. The saving will be achieved through an anticipated increase in visitor numbers and subsequent income for the venue.

Garden & Bulky Waste Price Increase

The costs of both Bulky and Garden waste collections in Calderdale need to be brought in line with the increased costs of operating the respective services.

Bulky Waste charges are £25 for up to 8 items and has been kept at this price since 2018. The proposal is to retain the initial £25 charge but reduce the number of items to 5 and for collections in excess of 5 items there will be an additional charge of £5/item.

The Garden Waste collection service commenced in 2016 at a rate of £40/year and has been increased well below the rate of inflation over the intervening years to the current rate of £48 (£46 if paid online). The proposal is to increase the charge by £10/year from August 1st 2025, when all subscriptions will be brought in line with a uniform start date.

Reduction in investment in Victoria Theatre

A reduction in the level of subsidy for Victoria Theatre has been made possible through the significant investment that has been made through the Future High Streets Fund, improving the building and customer experience over the last few years. The saving will be achieved through an anticipated increase in ticket sales.

Staffing reduction - Welfare and Benefits (UC) Migration

The reduction in workload as Universal Credit migration continues to roll out means that the Council can reduce staffing by 1 full time equivalent post. This is a vacant post and therefore there is no risk of redundancy to any individuals.

Targeted Increase in Parking Charges

Area Parking Studies are being undertaken across each of the six towns in Calderdale in order to ensure they are targeted and appropriate to the locality. The proposal will potentially require Statutory Traffic Regulation Orders (TRO) for new charges/changes and Notices of Variation for tariff changes. The proposal will support Council policies and aspirations around modal shift, active travel, Vision Zero/Road Safety and improved air quality through better traffic management.

Biochar (Invest to Save)

This is an opportunity for the Council to generate significant income by establishing and operating a pyrolysis plant which will use green waste as a feedstock to break this material down at high temperature, in the absence of oxygen, to produce three saleable outputs – biochar, green electricity and carbon credits.

Regeneration and Strategy – Summary of Services Provided

PLANNING

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

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

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

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

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

STRATEGIC INFRASTRUCTURE

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

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

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

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

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

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

CORPORATE ASSET AND FACILITIES MANAGEMENT

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

The CAFM Service comprises three main areas of activity:

Asset Management ensures that the Council's estate matches its current and future requirements through systematic review, advice and action, including, acquisitions, disposals and leading on community asset transfers. Carries out estate management functions, such as leasing, licensing and valuations and minimises the Council's liability for non-domestic rates.

Operational Facilities Management ensures that buildings are operational, clean, safe, and secure, including meeting all statutory and maintenance requirements. Ensures value for money through effective contracting, workflow management, quality assurance and performance reporting and operates the Service Desk as the front door to the Service.

Technical Facilities Management develops and delivers revenue and capital schemes, from concept to design and delivery and including major and minor refurbishments, addressing health and safety and fire safety issues, delivering energy reduction schemes and ensuring a fit for purpose estate. Leads on carbon reduction and energy monitoring and management and audits key activities.

Key outputs: Total property asset value c £337m. Around 260 buildings managed; around 9,000 maintenance jobs handled per year; £10m per year spent on maintaining and running corporate buildings and a further spend of £3m to £5m per year, from a range of funding sources, on capital planned programmed work.

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

Key outputs: 26 Market days provided each week; 16,530 open market stall daily lettings per year, requiring 4,000 stall builds; 100 tenants supported; 2.53 million visitors to Halifax Borough Market; and 160 tonnes of waste recycled.

ECONOMY HOUSING AND INVESTMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MAJOR PROJECTS

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

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

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

Regeneration and Strategy – Service Controlled Budget after Agreed Savings

	2025/26 Approved Budget £'	2026/27 Indicative Budget £'	2027/28 Indicative Budget £'
Gross External Service Controlled Expenditure			
Business, Skills & Investment	4,197,172	3,753,725	3,764,481
CAFM & Major Projects	11,068,948	11,008,798	11,008,798
Housing & Green Economy	4,476,591	4,429,351	4,429,351
Markets	653,500	655,190	655,190
Planning Services	3,295,296	3,306,266	3,306,266
Strategic Infrastructure	7,376,239	7,389,539	7,420,652
Service Controlled Expenditure	31,067,746	30,542,869	30,584,738
Gross External Service Controlled Expenditure			
Employee Related	13,297,995	12,965,027	12,861,585
Premise Related	8,648,036	8,574,036	8,604,036
Transport Related	88,309	89,149	89,149
Supplies and Services	6,675,303	6,381,554	6,355,865
Agency (External Contracts)	2,340,403	2,515,403	2,656,403
Transfer Payments	17,700	17,700	17,700
Service Controlled Expenditure	31,067,746	30,542,869	30,584,738
Gross External Service Controlled Income			
Grants and Contributions	-3,697,075	-3,078,520	-2,906,520
Customer Client Receipts	-6,033,583	-6,296,772	-6,616,572
Service Controlled Income	-9,730,658	-9,375,292	-9,523,092
Appropriations To(+) Earmarked Reserves	221,445	267,616	276,660
Total Service Controlled Budget	21,558,533	21,435,193	21,338,306

Regeneration and Strategy – Detail of Agreed Savings

Corporate maintenance and further buildings rationalisation

The saving will require service change or reduction that releases buildings for disposal. However, property disposals take time, are reliant on finding purchasers and can have specific issues, such as covenants, that need to be dealt with. Although the Council has been reducing its spend on buildings for a number of years, further reductions in the repairs and maintenance budgets will be necessary at least in the short term until the number of buildings is reduced sufficiently to meet this budget reduction. Should buildings not be released / disposed of, then the proposed further reductions in corporate maintenance will have to be managed very carefully to minimise risk.

Use of One off funding for Highway revenue maintenance programme

The Highways Service is looking at a number of modest savings and efficiencies including the one-off use of discretionary funds to reduce the pressure on highway maintenance in the short-term along with income from additional electric vehicle charging points being planned in the borough to help target those who do not have off-street parking.

Introduction of Lane Rental Scheme (net saving)

A Lane Rental Scheme introduces a mechanism of charging any works promoter carrying out activities in the highway for the time (days) those works occupy the highway. Subject to central government timetables, the intention is to introduce Lane Rental in Calderdale from April 2026.

Deletion of one FTE Conservation Officer

The post is currently vacant, following a retirement and subsequent internal promotion. It could therefore be deleted without impacting directly on establishment staff and on statutory performance indicators.

Resources and Transformation – Summary of Services Provided

DIGITAL & ICT

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

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

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

Transformation: To advise and carry out work on transformation across the Council and provide business intelligence and performance monitoring information across the Council.

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

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

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

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

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

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

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

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

FINANCE SERVICES

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

- To prepare the Council's medium term financial plans, annual budgets, co-ordinate the Capital Programme and produce its statutory financial statements.
- To provide guidance and advice in relation to both revenue and capital monitoring and the completion of grant claims.
- To ensure that payments to suppliers for the provision of goods and services are made in a timely manner.
- To administer Council Tax, Non-Domestic Rates, income collection and general banking and Cashiers services.
- To provide a comprehensive internal audit function and a range of other functions including the provision of general financial advice, insurance, and specialist financial support staff within other directorates and schools.
- To provide advice and support to the Council in all aspects of purchasing goods and services, promoting of best practice and achieving value for money. Ensure that all procurement is in line with Council, National and European rules and regulations.

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

HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

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

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

Resources and Transformation – Service Controlled Budget after Agreed Savings

	2025/26 Approved Budget £'	2026/27 Indicative Budget £'	2027/28 Indicative Budget £'
Gross External Service Controlled Expenditure			
Digital & ICT	7,509,604	7,353,644	7,233,644
Finance Services	4,869,245	4,885,335	4,855,335
Human Resources & Transformation	3,968,806	3,981,226	3,981,226
Service Controlled Expenditure	16,347,655	16,220,205	16,070,205
Gross External Service Controlled Expenditure			
Employee Related	13,432,969	13,480,519	13,450,519
Premise Related	1,600	1,600	1,600
Transport Related	16,390	16,390	16,390
Supplies and Services	2,895,696	2,720,696	2,600,696
Agency (External Contracts)	1,000	1,000	1,000
Transfer Payments	0	0	0
Service Controlled Expenditure	16,347,655	16,220,205	16,070,205
Gross External Service Controlled Income			
Grants and Contributions	-270,755	-270,755	-270,755
Customer Client Receipts	-1,745,565	-1,745,565	-1,745,565
Service Controlled Income	-2,016,320	-2,016,320	-2,016,320
Appropriations From(-) Earmarked Reserves	-338,110	-338,110	-338,110
Total Service Controlled Budget	13,993,225	13,865,775	13,715,775

Resources & Transformation and Cross-council – Detail of Agreed Savings

Remove Generic Print Model

This saving is to further utilise electronic methods of communication to negate the need for paper records and communications. The Council's centralised print facilities could be used to produce most of the print output with sufficient planning but the overriding strategy will be to adopt more digital-only format working and behaviours across our workforce to encourage colleagues to not print at all and reserve the print facilities for items that have to be printed (e.g. Elections and Registrars). Communication of the plan will be key to significantly reduce and ultimately remove print devices from most of the Council's physical locations. Low-usage devices will be removed first from the estate with the project being rolled out over a period of 3 years with a view to having a much-depleted print estate or the removal of the print contract entirely. The benefits of non-print electronic forms of communication in addition to cost efficiencies will be storage savings and a reduction in negative environmental impacts.

Remove Duplication of Software Applications

The saving is to significantly reduce and ultimately remove some software from the estate centralising control of the purchase and delivery of all applications by reviewing and reducing the number of duplicate applications in use. The conceptual model is to fully utilise the existing applications available on an M365 first basis to ensure that the number of applications fulfilling the same function are reduced.

Digital Solutions

The saving involves the better use of technology internally to give digital solutions that will provide productivity gains going forward utilising the Microsoft 365 stack of products that the Council has invested in alongside corporate applications. With further work to embed and improve usage of these systems material efficiency gains can be made with no impact anticipated on services provided.

Management Review across Resources and Transformation

This will involve a review of management structures across the Resources and Transformation Directorate (i.e. Finance Services, ICT and Digital, Human Resources & Occupational Development) with the aim of streamlining management capacity. Likely implementation will be July 2025 and vacant posts may be utilised where appropriate and consideration of the outcome of expressions of interest in Voluntary Severance, Voluntary Early Retirement and Flexible Retirement.

Centrally-controlled and Corporate Budgets

There are a small number of budget areas, which, due to their corporate nature or relative uncontrollability (meaning they are generally not part of day-to-day operational service delivery), are managed centrally for the whole of the Council with variances being taken into balances. These have been placed into four categories – Levies, Debt Financing Costs, Inflation Contingency and Other centrally-controlled items.

Levies

Certain bodies (West Yorkshire Combined Authority (for the Transport Levy) and the Environment Agency agree their own budget requirements each year and issue a levy demand to the relevant councils within their areas of responsibility.

Debt Financing Costs

These are the costs in Treasury Management of servicing the Council's debts. The budget covers both the principal repayment element of loans borrowed (also known as the Minimum Revenue Provision) as well as interest charged to us (offset by any interest income receivable on any investment balances). For context, using current Public Works Loan Board interest rates of 6% and an average repayment period for debt of 25 years, the debt financing costs of a £1m loan is £74k per annum.

Inflation Contingency

In the MTFP, allowance is made for future price rises in things such as contracts in Social Care and Waste Collection & Disposal as well as the Council's pay levels. This inflation is held centrally until such time the cost of inflation is known when it is released into the relevant service area for use.

Other Centrally-controlled and Corporate Areas

These are wide-ranging and include the net effect of benefits payments, certain pension contributions outside of the rate attributed to direct pay, the Insurance Fund and payments to joint authorities (West Yorkshire Joint Services and Coroners).

Centrally-controlled and Corporate Budgets - Detail of Agreed Savings

Facilities Management and Business Supplies Contract Efficiency

Although spend in this area has reduced significantly over the past decade, there is still the potential to seek further savings from controlled purchase of office and business supplies across the Council. Prices and products will be reviewed and benchmarked to ensure value for money along with ensuring that supplies are not being sourced separately by services so that further efficiencies may be achieved. There may also be opportunities to reduce or remove some services on our buildings.

Targeted reduction in the use of agency workers

Due to the flexibility and in some cases particular knowledge or skills that they bring, interims are sometimes used by the Council but these individuals can be more expensive to employ than permanent members of staff. The cost of employing agency workers has risen in recent years and now stands at approximately £5m per year. The saving would involve a conscious effort to reduce the numbers of agency workers – a target 8% reduction has been assumed and employ permanent staff instead (if needed) by implementing controls through the Agency Panel and focussing on the most expensive contracts to achieve the saving.

Appendix 2 - Chief Finance Officer's Statement

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

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

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

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

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

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

For the reasons set out in this and the various reports and papers I am presenting alongside this one, I am satisfied that the Council's investment plans for revenue and capital in 2025/26 are robust and reserves are adequate to manage the risks the Council is exposed to.

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

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

Despite there being an established medium term financial plan, the degree of uncertainty with future funding allocations combined with a fast-changing economic context and a need to manage risk successfully to avoid further cost increases means that I cannot, at this stage, comment on the robustness of budget estimates with effect from 2026/27. This situation applies across Local Government, therefore is not Calderdale specific, but is important to keep in mind the considerable challenges to ensuring long-term financial resilience.

Strategic Assessment: Robustness of Estimates and Risk	
Inflation	<p>The rate of inflation dipped below the 2% Bank of England target in September 2024 (CPI inflation was 1.7%) but has since returned to above the target at 2.6% in November 2024. The latest Bank of England forecasts suggest it will remain around this level until 2026 when it will return to around 2%. These forecasts are subject to change and there is a risk of further sustained levels of inflation above the target, which could have implications across all Council spending. The medium-term financial plan provides for additional inflation-led cost increases, social care which we think will be sufficient. Re-commissioning and re-procurement provides the Council with the opportunity to ensure contract prices remain market tested.</p>
Adult Social care (demand and cost)	<p>The combined impact of the accelerated increase in the National Living Wage and changes to the National Insurance rates and thresholds is a significant risk on the affordability of any price increases for care provider rates. Whilst the local government finance settlement has allocated an increase in the social care grant, the Improved Better Care Fund, Market Sustainability and Discharge Fund have been fixed at the same level as 2024/25. The Government indicated in the Policy Statement on Local Government Finance that they are committed to reforming adult social care and improving the quality of care for people in need and aim, over the long term to create a National Care Service based on consistent national standards. The Government expect local authority spending on adult social care to increase to reflect demand and cost pressures. The Department of Health and Social Care (DHSC) will monitor local authority budgets and spending in 2025/26, with an expectation that local authorities make appropriate use of the sources of income to support adult social care outcomes. The budget proposals make an increased provision for adult social care however there is a risk that local care rates continue to rise quicker than sector specific funding. This is combined with the health and care system risk and the interface between discharge from hospital and care need, which may be in excess of funding allocations. The cost of providing social care is based upon the volume of demand on the service and the cost of care packages for each tier of care. The budget proposal makes an assumption that early intervention and prevention adopted under 'home first' approach continues to have a lasting positive impact. Activity and cost will be tracked during the year.</p>
Children Social Care	<p>Additional budget has been allocated to reflect the cost of care. Whilst the strategy is to enable sufficient care arrangements locally through increasing Calderdale Foster Carers and residential homes, there is an increasing level of complex needs leading to increase in costs. The budget assumptions reflect that over time the cost of externally provided care will reduce. The settlement increases funding specifically for</p>

	Children's Social Care distributed based on need, cost of services and a council's ability to raise Council Tax. It is expected that the government will have a focus on children's social care for reform over the coming years. The Spending Review 2025 will identify further changes to policy and funding for Children's Prevention. The assumptions made for cost of children's social care will be closely monitored to ensure resources are appropriately aligned.
Pay inflation	Pay is the largest subjective cost element incurred by the Council. The medium-term financial plan provides for the cost of pay awards up to a level of 3.5% in 2025/26. The rate of inflation is considered elsewhere, but its impact on pay demands is expected to be clear. The 2024/25 pay award was agreed at a higher level than the Council budgeted for which has been reflected in the latest MTFP. There is a risk that any future pay awards will be more than assumed if the lower salary spinal points continue to be targeted. Whilst pay negotiations have yet to conclude, the offer requested from the Trades Unions would represent an average uplift higher than 3.5%.
National Insurance	<p>The Chancellor's Autumn Budget in October 2024 introduced changes to National Insurance (NI). The thresholds at which employers pay NI are reducing from £9,100 to £5,000 and the rate increases by 1.2%. The settlement sets aside a fund totalling £502m intended to cover the direct cost of the NI changes for local authorities. The grant has been allocated based upon a relative net cost of services ratio. Based on our estimate of the cost of this measure the grant allocation is not sufficient to cover the additional costs.</p> <p>In addition, NI changes on commissioned services may affect the overall cost of services. A provision has been estimated within the budget proposals, but due to the shortfall in NIC grant to cover direct costs, this contingency has been reduced. Close monitoring will be required to assess the impact.</p>
Other demographic changes	Other Council services are also subject to the impact of demographic changes, which could lead to an increase in demand for Council involvement and intervention. Home to school transport for children with Education Health and Care Plans and temporary accommodation for people who are homeless have seen a significant rise in demand. The budget makes a prudent assessment of forecast demand in 2025/26 and makes adjustments to affordability limits where necessary. The individual transport requirements can make planning cost effective provision difficult. Mitigations are being considered to avoid costs increasing further. The Council is working in partnership with Crisis to focus on preventative approaches to the need for temporary accommodation.
Environment and Climate	Over recent years there have more extreme weather events nationally and internationally. When this occurs locally, additional costs are incurred as part of the Council's response to incidents. This is difficult to predict and budget accurately

	for. Therefore, the financial impact of the risk of more frequent adverse weather incidents would need to be met from the corporate risk reserves.
Fees and Charges	The Council aims to fully recover costs for its charged for services except where a policy decision has been taken to provide a subsidy. Services are operated with a commercial mindset to generate income alongside providing a positive economic, social and wellbeing impact. On-going review ensures full cost recovery, consideration of inflation, alongside a contribution towards Council priorities. A prudent assumption has been made that all fees and charges will be increased at least to the level of inflation. Each service will consider the need for increases above this to meet operational requirements and exigencies of the service.
Council Tax	Income from Council Tax is the largest income stream and the most reliable. A prudent level of collection is assumed in setting the base and the risks to this stream are further mitigated by a provision for bad debt (impairment). Historically, the Council has been able to achieve budgeted collection rates, over a longer timeframe than one year. A more robust monitoring process for business rates and Council Tax will be introduced to ensure progress against budgeted targets are measured with sufficient regularity. There is a risk that the change to Council Tax Reduction Scheme (CTRS) increases the non-collection rate. The estimates make provision for a variable collection rate for CTRS accounts. The taxbase has also assumed a reduction in the number of single person discount households as a result of eligibility checks.
Business Rates	Income from business rates can be volatile but there are a range of mitigations which make the volatility more manageable. The ultimate backstop is the safety net mechanism built into the Business Rates Retention Scheme which guarantees every council a minimum level of funding. This limits the losses any council can incur in a particular year. Locally there are two other measures which mitigate risk. These include a provision for bad debt (Impairment) and a provision for appeals. The former provides for a certain level of uncollectable debt and the latter provides for the likely impact of businesses successfully appealing against the value of their properties.
Collection Fund	The income from Council Tax and Business Rates is estimated from forecasts made in the calculation of the tax base, as described above. There are a number of variables which could affect the actual income collected. The debits and credits associated with Council Tax and Business Rates are accounted for in the Collection Fund. Any surplus or deficit that arises at the end of one financial year must be accounted for in subsequent years. This can create a lag, creating a risk that the forecasts used to set the budget are more or less than the final position. Part of the risk reserves is to smooth any variances within the Collection Fund between years.

Government Funding	The report considers funding base uncertainty beyond 2025/26. There could be material changes to the Local Government financing framework – focussed around the updated assessment of needs and resources in development – during the next Spending Review which could impact on the later year estimates. The Council will ensure full engagement in this process and maximise local intelligence to ensure the position is as well understood as it can be.
Capital Financing	Prudent estimates of the costs of financing the Council's borrowing have been built into the budget. There are two elements to these costs. The Minimum Revenue Provision (MRP) and Interest. The Council's policy on MRP can be found in the Treasury Management Strategy. The interest cost can be split between interest payments on already contracted debt, which are certain, and interest payments assumed on forecast borrowing. As most borrowing is already contracted, the majority of this cost is fully known. The Bank of England interest rates are slowly reducing, however the risk remains that if the economy does not grow at the rate forecast and interest rates do not get back to the 2% target, higher interest rates may be required. This would affect the cost of borrowing.

Strategic Assessment: Adequacy of Reserves	
<p>The reserves statement and strategy contained within Annex A provides a clear and detailed explanation of the forecast reserves being held, the risks they are being held to mitigate against, and their planned usage. The budget proposal contained within this report assumes that reserves held for a specific purpose will gradually be utilised, and that strategic reserve balances need to be replenished beyond 2025.</p> <p>The Schools and Dedicated Schools Grant (DSG) Reserves are held on behalf of schools and for prescribed purposes for education, special educational needs, and early years provision. The deficit balance on the High Needs DSG has grown significantly in 2023/24 to £6m and continues to increase by an even faster rate in 2024/25. Recovery action plans are agreed with the Department for Education with close monitoring to return to a balanced position over a 3-year period. The statutory override which was introduced in 2023 for a period of 3 years, should this come to an end in advance of the High Needs deficit being recovered, there would be an impact of general fund reserves. The High Needs issue affects over three quarters of upper tier authorities and is expected to be addressed as part of the Government Reforms and Spending Review 2025.</p> <p>The budget also assumes the General Fund Reserve is maintained at no less than £7m in future years, which I deem prudent for the short term, however as other earmarked reserves reduce, I would recommend that the level of general fund balances are gradually increased in the longer-term planning horizon. On balance, I am satisfied that the Council's financial plans are robust and that reserves are adequate to manage the risks the Council is exposed to.</p>	



Becky McIntyre
Director of Resources and Transformation (S151 Officer)

Financial Planning Approach and Updated Medium-Term Financial Plan 2025-28

1. Local Policy Context

- 1.1 The Corporate Plan 2024 to 2026 outlines how we will deliver our ambition and four strategic priorities to Reduce Inequalities, create Thriving Towns and Places, focus on our Climate Action programmes, and ensure we remain a Sustainable and Effective Council. The Corporate Plan is underpinned by our shared aspiration for the place which is being refreshed to jointly create the Vision 2034 for Calderdale. To achieve our ambitions for Calderdale we prioritise resources to support those who experience the least positive life outcomes, recognising that there are some services that will always be provided for everyone. By targeting resources through our priorities, we aim to maximise impact for people, communities and place.
- 1.2 As leaders of place, the Council has a key role in promoting wellbeing, enabling economic growth and protecting the most vulnerable. To achieve the positive change for the borough, the Corporate Plan also sets out how we will transform and ensure we remain a sustainable and effective organisation, that is an employer of choice for all our residents and diverse communities to facilitate this. We know that we must become a more modern, efficient and financially sustainable council that is able to meet the many and varied challenges (including economic and social) and threats (including data and cyber security) if we are to continue to be successful with this and undertake the necessary transformation. The transformation will have at its core a focus on four key areas; service redesign in children's and adults' services; bringing the Local Plan to life in transforming the place; developing new ways of delivering waste management and highways; and implementing a refreshed Digital Strategy that changes the way we interact with people.
- 1.3 Our financial sustainability is key to underpinning the delivery of this transformation. Current and future constraint on local government budgets, aligned with ever rising demand for our services will therefore continue to shape our Medium-Term Financial Plan (MTFP). The MTFP sets the key elements including a focus to maximise income and funding, investment in the things that have the biggest impact, in line with our priorities, and minimising the impact of savings on our communities.
- 1.4 The Council is responsible for adoption of its budget and policy framework and once in place it is the responsibility of Cabinet to implement it. Cabinet collectively leads on budget and performance monitoring across the whole range of Council activities including delivery oversight to support achievement of Council outcomes within the strategic policy frameworks of the Local Plan and Corporate Plan.

2. Financial Planning Environment

- 2.1 The resources available to the Council to make a difference need to be used wisely and deliver value for taxpayers' money. The financial strategy guides this and provides the mechanisms to ensure the Council is financially sustainable and resilient. The financial plan enables the Council to achieve its strategic objectives and legal duties for the benefit of residents and businesses.
- 2.2 The following principles have been used to guide the financial planning process:-
- Setting a detailed financial plan that balances over the next 3 years
 - Replenish reserves used in 2024/25 to start to rebuild resilience
 - Minimise impact on staff and need for compulsory redundancy
 - Align spend to priorities
 - Sustain controls on in-year overspend in alignment with our Best Value Duty
 - Step-up our transformation – implement further digital solutions, maximise income, deliver major housing and infrastructure developments, lead and enhance our work to transform adult and children's social care, maximising the impact of our high-quality prevention work
 - Adapt to being a smaller Council, remaining agile and adaptive in collaboration with the voluntary sector and our communities
 - Be a proactive, ambitious and positive part of West Yorkshire Combined Authority (WYCA) and Integrated Care Board (ICB)
- 2.3 A focus on solid financial management will be required to stay on track within the cash limits set within the budget for 2025/26 and close monitoring on the implementation of the changes required to achieve the savings agreed. Cost efficiencies and opportunities for optimising cost controls will continue to be reviewed throughout the year in order to ensure a financial sustainable position for 2026/27 and beyond.

3. Spending Power and Budget Requirement

- 3.1 The Council has been operating for the past few years within a challenging economic environment. Inflation has only recently reduced to around the fiscal target of 2%. The Bank of England's Monetary Policy Committee's (MPC) updated projections (November 2024 report) expected the rate of inflation to remain around 2.6% and return to the 2% target towards the end of the forecast period. The CPI 12 month published rate for November was 2.6%.
- 3.2 Council spending is exposed to the impact of inflation primarily either through contractual application of an inflation measure (e.g. CPI/RPI) or national pay awards. The current economic environment may impact on the Council's normal activity levels, revenue and funding streams and although the CPI rates have decreased, inflation impact on prices continue to impact our cost base more than our ability to grow our income, the impact will be closely monitored throughout the year.

3.3 The Council is currently forecasting net operating spend of £227.4m for 2024/25, which is £12.0m above planned funding without the additional use of reserves. One of the primary pressures has come from increases in the demand for, and cost of adult and children's social care. The Local Government finance settlement has provided additional grant funding and precept funding in 2025/26 relating to adult social care and additional grant for children's social care prevention. The Council's sound financial resilience has enabled a prudent release of reserves in-year to meet externally driven pressures whilst a review of policy, redesign and transformation is confirmed and implemented. The use of reserves at this level though is not sustainable and the budget proposal sets out the need to plan to replenish reserves over the medium-term.

3.4 Spending Power and Budget Requirement

Table 1 – Funding Forecast

Funding 2024/25 £	3 YEAR FORECAST		
	2025/26 £	2026/27 £	2027/28 £
<u>Funding Forecast</u>			
<u>General Funding</u>			
-9,202,191 Revenue Support Grant	-9,665,377	-9,858,684	-10,055,858
-808,851 New Homes Bonus, Housing Benefit & Council Tax Admin Grant	-1,106,376	-1,106,376	-1,106,376
-14,041,422 Section 31 Grants related to Business Rates reliefs	-13,305,865	-13,571,982	-13,843,422
-294,834 Local Services Support Grant	0	0	0
-4,027,698 Market Sustainability and Fair Cost of Care	-4,027,698	-4,027,698	-4,027,698
-10,407,682 IBCF (and existing Discharge Funding rolled in)	-10,407,682	-10,407,682	-10,407,682
-19,527,488 Social Care Funding	-20,500,229	-20,910,234	-21,328,439
-1,743,160 PFI Interest Grant	-1,490,480	-1,215,490	-916,210
-27,514,246 Local Share Retained Rates	-28,382,457	-28,950,106	-29,529,108
-17,325,220 Top-up Grant	-17,670,171	-18,023,574	-18,384,046
0 Extended Producer Responsibility	-4,797,000	-4,797,000	-4,797,000
0 Childrens Social Care Prevention Grant £250m	-1,130,738	-1,130,738	-1,130,738
0 Recovery Grant	-3,905,881	-3,905,881	-3,905,881
-475,173 Domestic Abuse Safe Accommodation Grant	-592,188	-592,188	-592,188
0 Employer National Insurance Contributions Grant	-1,689,680	-1,689,680	-1,689,680
-345,152 Share of Business Rates Levy Distribution	-354,152	-354,152	-354,152
0 Additional Social Care Grant	-2,454,978	-2,454,978	-2,454,978
-101,156,304 Council Tax (Increases of 2.99% p.a.)	-108,331,397	-114,382,766	-120,476,924
-16,984,539 Social Care Precept (Increases of 2% p.a.)	-20,020,077	-23,032,871	-26,212,943
-223,385,862	-249,832,426	-260,412,081	-271,213,323
<u>Other Grants and Contributions</u>			
-4,993,250 Agreed Contribution from(-)/to(+) Reserves	0	1,014,675	2,850,000
-4,993,250	0	1,014,675	2,850,000
-228,379,112 Forecast Total Income	-249,832,426	-259,397,406	-268,363,323

Table 2 – Budget Requirement

Spend Budget 2024/25 £	3 YEAR FORECAST		
	2025/26 £	2026/27 £	2027/28 £
Service Controlled Net Expenditure			
83,627,659 Adult Services and Wellbeing	88,947,500	92,546,120	96,046,120
4,426,827 Chief Executives	4,549,837	4,563,947	4,505,947
39,771,268 Children and Young People's Services	46,043,803	47,107,383	48,308,103
33,172,497 Public Services	34,901,424	34,259,494	34,283,214
21,318,698 Regeneration and Strategy (incl. Buildings)	21,389,329	21,440,989	21,503,102
12,485,348 Resources & Transformation	13,479,225	13,526,775	13,496,775
194,802,297 Service Controlled Net Expenditure	209,311,118	213,444,708	218,143,261
Unallocated Inflation and other Centrally Managed Budgets			
8,649,814 Levies to WYCA and Environment Agency (incl. 2% uplift 2026/27 onwards)	8,649,814	8,822,810	8,995,807
7,192,106 Debt Financing Costs	8,028,356	8,116,113	8,372,850
4,200,000 Other Inflation yet to be allocated	3,271,990	5,765,557	8,912,907
4,746,269 Other Centrally Controlled/Corporate Budgets	5,137,352	4,829,422	4,527,502
219,590,486 Total Gross Expenditure (net of DSG and Benefits)	234,398,630	240,978,610	248,952,327
Identified Pressures, Agreed Growth & Savings			
Adults Services Demographics	0	0	1,000,000
Adults & Wellbeing cost pressures	3,626,000	3,626,000	3,626,000
Chief Executives cost pressures	349,000	349,000	349,000
Children and Young Peoples cost pressures	3,007,000	3,007,000	3,007,000
Public Services In year cost pressures	902,000	902,000	902,000
Regeneration & Strategy cost pressures	491,000	491,000	491,000
Resources and Transformation cost pressures	469,000	469,000	469,000
Winter Services Policy Review	400,000	480,000	576,000
Efficiencies previously required from Directorates agreed at Budget Council 2	2,484,035	2,484,035	2,484,035
Reduction in budget for Homelessness Grants credited directly to Regenerat	-323,796	-323,796	-323,796
Social Care Service Pressures and Effect of New National Insurance Rates	2,379,357	2,379,357	2,379,357
Financing Costs of Borrowing for Approved Capital Programme	1,538,000	3,881,000	4,908,000
Financing Costs of Borrowing for Potential new schemes required	407,000	2,941,000	5,441,000
Prioritisation of new capital schemes	0	-400,000	-1,450,000
Loss of Extended Rights Home to School Transport Grant rolled into RSG	251,200	251,200	251,200
Growth in Revenues Team to target Collection Rate & Single Person Discour	300,000	300,000	300,000
Reduce the contribution to The Piece Hall by 50%	0	225,000	225,000
Street Lighting – reduced provision (Additional to existing budget saving prop	-25,000	-50,000	-50,000
Household Waste Recycling Sites Additional to the saving previously approve	0	0	-150,000
Fees and Charges Inflationary Uplift	-500,000	-1,000,000	-1,500,000
Bereavement Service & Moving Traffic Enforcement Fees Increases	-60,000	-60,000	-160,000
Estimated Effect of National Insurance Changes 2025/26 onwards	2,700,000	2,700,000	2,700,000
	18,394,796	22,651,796	25,474,796
Forecast Total Expenditure	252,793,426	263,630,406	274,427,123

Analysis of Funding (Estimated Spending Power)

- 3.5 The Council's spending power is set out in Table 1. This shows that the Council expects to have £249.8m available to invest in its strategic priorities, funded by a combination of nationally allocated and locally generated resources (e.g. Council Tax).
- 3.6 The financing framework in which the Council operates is determined by national policy. Over the course of the previous decade, there has been a shift towards ensuring a greater proportion of the cost of local government is funded from locally generated resources, intended to further strengthen local accountability and act as an incentive for local authorities to promote economic growth to generate increased resources from a bigger taxbase. For councils that have a relatively low tax base, due to the proportion of properties that are Band A or B (like Calderdale), it is more challenging to grow the taxbase to achieve a similar level of funding.

- 3.7 The Council has funding certainty only for the next year through the local government finance policy statement and Settlement.
- 3.8 The analysis in this section sets out the national policy environment, and the impact on each funding source within Table 1. The basis on which they have been calculated is explained with any risk that may cause the figures to vary considered.

National Policy Environment and Economic Context

- 3.9 A change of Government following the General Election in Summer 2024 means a change to the national policy environment. Plans set at the Spring Budget 2024 were for day-to-day departmental spending to fall from 16.7% of GDP in 2023/24 to 16.0% in 2028/29 and for public sector net investment to fall from 2.5% of GDP in 2023/24 to 1.7% in 2028/29. This was in the context of declining public service performance and GDP per capita lower than at the start of the last Parliament. The new Government set out its approach in the Autumn Budget Statement 30th October 2024. Key headlines from the Autumn Budget 2024 included:-
- Sustainable public finances by setting new fiscal rules and taking difficult decisions on tax, welfare and spending.
 - Growing day-to-day departmental spending at an average of 2.0% per year in real terms between 2023/24 and 2029/30 to support public services.
 - Capital investment of over £100 billion over the next five years, including in transport, housing and research and development, with a greater focus on value for money and delivery to help unlock long-term growth.
- 3.10 The Office for Budget Responsibility (OBR) assessed the impact of the Government's decisions in their Economic and Fiscal Outlook. Growth is forecast to increase to 2.0% in 2025 before moderating to 1.6% by 2029. Public sector net investment averages 2.6% of GDP over the Parliament. The OBR judges that higher investment will add to GDP during the forecast period, and if sustained will increase the size of the economy in the long term.
- 3.11 The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target in a way that helps sustain growth and employment. In response to their projections for activity and inflation the MPC has only slowly reduced the Bank of England Base Rate over the past 12 months and it now stands at 4.75% and is expected to gradually fall again into 2025. The potential implications for the Council are considered elsewhere in this report.

National Policy Intent

- 3.12 In addition to providing an update on the state of public finances, the Autumn Budget set out other policy announcements including:-
- From 1 April 2025, the National Living Wage (NLW) will increase by 6.7% to £12.21.
 - The Budget sets a 2% productivity, efficiencies and savings target for government departments

- To protect vulnerable people, the Household Support Fund (including discretionary housing payments) will continue to be supported with £1bn of investment in 2025/26
- The state pension triple lock will be maintained for the life of this Parliament
- The government will deliver a fairer business rates system through permanently lower business rates multipliers for retail, hospitality and leisure (RHL) properties from 2026/27. The Budget also provides £1.9 billion of support to small businesses and the high street in 2025/26 by freezing the small business multiplier and providing 40% relief on bills for RHL properties, up to a £110,000 cash cap.
- To raise funding for public services an increase in the rate of employer NICs by 1.2 percentage points to 15%. The per-employee threshold at which employers start to pay National Insurance will be reduced from £9,100 per year to £5,000 per year. These changes will apply from 6 April 2025. Small business will be protected from this by an increase to the Employment Allowance from £5,000 to £10,500 and removing the £100,000 threshold, expanding this to all eligible employers.
- Through Phase 1 of Spending Review 2025 the government is resetting public spending and departmental budgets for 2026/27.
- The government is providing an additional £22.6 billion of resource spending in 2025/26, compared to 2023/24 outturn, for the Department of Health and Social Care to support NHS improve waiting times and outcomes for patients.
- The Budget fixes the envelope for Phase 2 of the Spending Review, which will deliver a new mission-led, technology-enabled, and reform-driven settlement for public services. The Spending Review will conclude in late spring/summer 2025.

Local Government Finance Settlement 2025/26

3.13 The annual finance settlement is the mechanism by which the Government translates national funding allocations into specific funding for local authorities. The draft settlement was published on 18th December 2024 and was confirmed in the final settlement published 3rd February 2025. The settlement is a one-year only allocation. The settlement was a holding position, designed for stability and certainty for planning purposes and to promote financial sustainability within available resources. Longer term finance reform has been deferred until at least 2026/27 with a Spending Review due to begin in Spring 2025. Key headlines from the Settlement were:

- The referendum limit for core Council Tax increases will be 3% with councils allowed to raise up to an additional 2% in respect of the Social Care Precept from 2025/26, i.e. 4.99% in total
- Business Rates retention – local authorities compensated for freezing of the multiplier
- Confirmation that local authorities' Core Spending Power will increase by an average of 6.8% (Calderdale 8.3%). **However, it does also assume that councils will put up their Council Tax by the maximum allowable referendum limit to help achieve this.**
- Revenue Support Grant (RSG) allocations increased due to grants being rolled in and an uplift in line with the Consumer Price Index of 1.7% (£9.2m to £9.7m for Calderdale)

- Social care grants to increase by £1.1bn (£33.9 in 2024/25 to £38.4m in 2025/26 for Calderdale), this includes the new children's social care prevention grant
- Services Grant will no longer be paid meaning a loss of £0.3m for the Council
- New Homes Bonus (NHB) will continue in 2025/26 but again with no legacy payments.

3.14 The settlement set out £69.41bn in core spending power for England, a £4.4bn increase from 2024/25. To realise the increase, the sector must generate an additional £2.16bn through Council Tax increases. Council Tax setting is a local decision and therefore actual core spending power will differ. The breakdown by funding source is as follows:

Table 3 – England Local Government Core Spending Power

England	2024-25	2025-26	Change	Change
	£m	£m	£m	%
Settlement Funding Assessment	16,562.65	16,841.04	278.39	1.68%
Compensation for under-indexing the business rates multiplier	2,581.30	2,695.92	114.62	4.44%
Council tax requirement excluding parish precepts	36,153.51	38,311.81	2,158.30	5.97%
Local Authority Better Care Grant	2,139.82	2,639.82	500.00	23.37%
New Homes Bonus	290.81	290.46	-0.34	-0.12%
Rural Services Delivery Grant	110.00	0.00	-110.00	-100.00%
Social Care Grant	5,043.97	5,923.97	880.00	17.45%
Market Sustainability and Improvement Fund	1,050.00	1,050.00	0.00	0.00%
ASC Discharge Fund	500.00	0.00	-500.00	-100.00%
Funding Guarantee	268.57	0.00	-268.57	-100.00%
Services Grant	87.40	0.00	-87.40	-100.00%
Domestic Abuse Safe Accommodation Grant	129.74	160.00	30.26	23.32%
Recovery Grant	0.00	600.00	600.00	100.00%
Children's Social Care Prevention Grant	0.00	269.67	269.67	100.00%
Employer National Insurance Contributions Grant	0.00	502.00	502.00	100.00%
Funding Floor	0.00	121.19	121.19	100.00%
Grants rolled in	64.34	0.00	-64.34	-100.00%
Core Spending Power	64,982.11	69,405.88	4,423.77	6.81%

3.15 According to Government calculations, Calderdale's maximum core spending power in 2025/26 is £234.9m, which is an increase of £17.9m from 2024/25. Of the increase, £6.6m is predicated on Council Tax increases, with the remainder due to increased grant funding. This can be seen below:-

Table 4 – Local Government Settlement - Calderdale

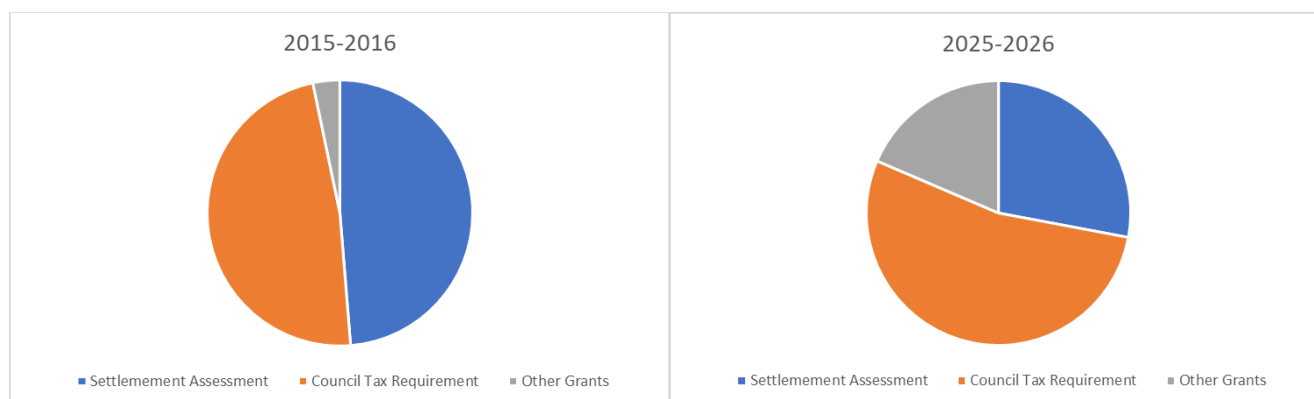
Calderdale	2024-25	2025-26	Change	Change
	£m	£m	£m	%
Settlement Funding Assessment	54.65	55.54	0.90	1.64%
Compensation for under-indexing the business rates multiplier	9.14	9.62	0.48	5.26%
Council tax requirement excluding parish precepts	118.14	124.69	6.55	5.54%
Local Authority Better Care Grant	8.44	10.41	1.97	23.37%
New Homes Bonus	0.04	0.33	0.30	801.95%
Social Care Grant	19.53	22.96	3.43	17.55%
Market Sustainability and Improvement Fund	4.03	4.03	0.00	0.00%
ASC Discharge Fund	1.97	0.00	-1.97	-100.00%
Services Grant	0.29	0.00	-0.29	-100.00%
Domestic Abuse Safe Accommodation Grant	0.48	0.59	0.12	24.63%
Recovery Grant	0.00	3.91	3.91	100.00%
Children's Social Care Prevention Grant	0.00	1.13	1.13	100.00%
Employer National Insurance Contributions Grant	0.00	1.69	1.69	100.00%
Grants rolled in	0.29	0.00	-0.29	-100.00%
Core Spending Power	216.99	234.90	17.91	8.25%

- 3.16 To aid future financial planning, officers have assessed how much resource Calderdale might expect to receive from future settlements given the stated core spending power in 2025/26 and reflected within the spending power estimate for those years in the table above.
- 3.17 Although Government hasn't announced any funding beyond 2025/26, this year has been used as a proxy for future years estimates of government settlement funding in this MTFP, in the absence of any better information, i.e. a continuation in the quantum (but not necessarily the exact distribution) from 2025/26.
- 3.18 Council Tax continues to become increasingly important. The changing composition of Council funding can be seen in the following table and chart:-

Table 5 – Summary Settlement Core Spending Power

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Settlement Funding Assessment	73.5	64.0	56.9	53.0	48.7	49.5	49.6	49.8	52.4	54.6	55.5
Compensation for under-indexing the business rates multiplier	0.6	0.6	0.6	0.9	1.4	1.7	2.2	4.3	7.5	9.1	9.6
Council tax requirement excluding parish precepts	73.0	77.0	81.7	88.0	92.3	97.1	100.0	104.7	111.0	118.1	124.7
General Grant Funding	5.0	5.5	9.3	10.1	12.0	15.6	17.2	23.7	31.1	35.1	45.0
Core Spending Power	152.0	147.0	148.6	152.0	154.4	163.9	168.9	182.4	202.0	217.0	234.9

The change in Calderdale's core spending power funding profile is shown in the pie-charts below:-



Council Tax and Business Rates

- 3.19 According to the Council Tax Base report approved by Cabinet 30th January, nearly 2/3rd of properties within Calderdale are in either band A or B. The total approved increase in Council Tax for a Band A in 2025/26 equates to £5.11 per month. The increase in Council Tax when applied to the new tax base as per below table, provides additional income of £6.1m income when compared to 2024/25 rates.

		<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
Council Tax Base		66,245.58	67,553.00	68,685.00
<u>Rate Per Band D</u>				
Core		1,635.30	1,693.23	1,754.05
Adult Social Care		302.21	340.96	381.6438
		1,937.51	2,034.19	2,135.70
<u>Income</u>				
Core		108,331,397	114,382,766	120,476,924
Adult Social Care		20,020,077	23,032,871	26,212,943
		128,351,474	137,415,637	146,689,867

- 3.20 As mentioned previously, Council Tax increases of 2.99% each year of the MTFP plus an additional 2% Social Care Precept underpin the budget (a continuation of the policy agreed at Budget Council of increases to the referendum limit). The forecast is also based on new housing estimates set out in the Council's Local Plan built on the 2025/26 Council Tax Base. The Local Government Finance policy statement indicates that in future years the Adult Social Care Precept will be combined into the Core Council Tax charge.
- 3.21 Achieving financial sustainability remains a major long-term aim for the Council, where the Council generates enough resource from local sources to fund local need. Under the current funding system, the Treasury requires local decision making about Council Tax income levels relative to investment need within the national policy framework.

- 3.22 In addition to investment need, other factors in considering the rate of Council Tax are financial resilience and the burden on taxpayers. If a decision is taken to not maximise the Council Tax increase in any year(s), this will result in a permanent funding impairment which cannot be recovered in later years.

Settlement Funding Assessment (Base Funding from the Business Rates Retention Scheme to Cover Government's Assessment of Basic Need)

- 3.23 In addition to the Revenue Support Grant, the other elements associated with the settlement funding assessment are the local share of Business Rates, related Business Rates Grants and Top-up Grant. Over the 3-year period of the MTFP no growth assumptions are currently included apart from annual increases by the previous September's CPI which this Consultation Budget/MTFP assumes at 2% (Government's CPI inflation target).
- 3.24 Since 2013/14, the Council has been able to keep a share of the business rates collected in Calderdale under the rates retention scheme, i.e. currently the Treasury receives 50%, the Council 49% and 1% goes to West Yorkshire Fire and Rescue with the aim of providing financial incentives for local authorities to grow their economies.
- 3.25 The current business rates retention system sets out a baseline funding level for the Council (what it is deemed to need) and a forecast of the net yield (what it is expected to collect). The difference results in either a tariff due to be paid (if the latter is higher than the former) or a top-up if vice versa. The tariffs/top-ups are structurally fixed between full rating list revaluations or a reset of business rate baselines. The rating list has been revalued effective from 1 April 2023 and as a result our Top-up has been reset from 2023/24 until the next trigger point. The baseline funding is incorporated into the core spending power assessment and used to calculate the Council's share of Central Government Funding.
- 3.26 Calderdale is part of a regional business rates pool, Leeds City Region Business Rates Pool. The main benefit of the regional pool is to maximise the collective top-ups to minimise or remove the need for tariff authorities to pay a levy, hence retaining more rates to be used locally.
- 3.27 The Council's actual income from Business Rates is set when we calculate the Business Rates base as part of Government's National Non-Domestic Rates Return (NNDR1) process. The following table shows the respective shares of Business Rates retained by the three parties mentioned above with a comparison to 2024/25 also included. For information, the Council gets to keep 100% of Business Rates collected from renewable energy schemes (e.g. windfarms) rather than the normal 49% share. The Council and Fire Authority also receive grant funding from Government by way of compensation for changes to the system mainly due to the cumulative effect of freezing the multiplier over a number of years and doubling of small business rate relief.

Allocation of Calderdale Business Rates Collected and Related Grant Funding

	2024/25 £	2025/26 £
Central Government Share (50%)	27,328,621	28,301,537
Fire Authority Share (1%)	546,572	566,031
Fire's Business Rates related grant from Govt	283,768	268,971
Calderdale Share of Rates (49%)	26,782,048	27,735,506
Renewable Energy Properties (100%)	732,198	646,951
Business Rates related grant from Govt	14,041,422	13,305,865
Calderdale Total	41,555,668	41,688,322
Total	69,714,629	70,824,861

- 3.28 There is another mechanism built into the Business Rates Retention Scheme designed to protect authorities from losing income should a large reduction in rates in its area occur (e.g. from the closure of a major business). This is called the Safety Net threshold and is effectively a funding guarantee from Government should income from Business Rates drop below 92.5% of percentage of income (Baseline Funding level is used as a proxy for this).
- 3.29 For Calderdale our Safety Net threshold is set at £42.4m compared to our Baseline Funding Level of £45.9m, i.e. a loss above £3.5m would theoretically be recompensed.

Grants

- 3.30 The Local Government Settlement makes some changes to existing grants and introduces new grants. The following are of note:-
- **Revenue Support Grant (RSG)** – for 2025/26 it is proposed that four grants are consolidated into the RSG, including 3 MHCLG new burdens grants and a DFE Extended rights to school transport grant. For Calderdale, these have a total value of £0.31m, which have been adjusted for in the MTFP. The overall increase to RSG is by CPI 1.7% and the allocation for 2025/26 is £9.7m.
 - **Recovery Grant** – this is a new grant for 2025/26 and uses a distribution methodology that takes account of levels of need (deprivation) and ability to raise Council Tax to meet the demand. Not all local authorities will receive this grant. Based on Calderdale's relative levels of deprivation and low taxbase, we have benefited from this methodology of distribution with an allocation of £3.9m. This grant is for 2025/26 as the Spring Spending Review will consider the application of needs-based formula in the review of local government funding.
 - **Children's Social Care Prevention Grant** – this is new for 2025/26 and based on levels of need within the children's population. The allocation for Calderdale is £1.1m.
 - **Social Care Grant** has been increased nationally by £880m to £5.9bn. Calderdale's allocation is £23m, an increase of £3.5m from last year.

- **Domestic Abuse Safe Accommodation Grant** has been brought into the core settlement grants and is £0.6m. The MTFP has been adjusted to reflect the change is treatment from service to core funding.
- **Improved Better Care Fund and Discharge Fund** have been consolidated into one grant. The allocation for Calderdale in 2025/26 is £10.4m which is the same as the two combined for 2024/25. The MTFP has been adjusted to show these grants both as core funding (they remain utilised in conjunction with the ICB as part of the overall Better Care Fund Plans).

- 3.31 Following the Chancellors' Autumn Budget the Extended Producer Responsibility grant allocations were confirmed, for Calderdale this is £4.8m. For 2025/26 this amount is guaranteed, however the mechanism for this grant going forward will be based on volumes of the different types of recyclable waste streams and the average cost of collection for each. The funding source for this grant comes from the Levy placed upon the supply chain of packaging as an incentive to reduce the amount of packaging that ends up in the waste collection and disposal system.
- 3.32 New Homes Bonus, Council Tax and Housing Benefit Administration Grant, Market Sustainability Grant, Extended Producer Responsibility income, Childrens Social Care Prevention, Recovery Grant and Domestic Abuse Safe Accommodation Grant are either new or have not always historically been inflated by Government so for prudence no uplift in the value of them has been reflected in future years' forecast. However, it has been assumed that the main Social Care Grant will be increased in line with inflation (at 2%) going forwards as this has been the case in the past.
- 3.33 From 2025/26, Government has reduced the threshold at which employers pay National Insurance (NI) from £9,100 to £5,000 whilst simultaneously increasing the NI rate from 13.8% to 15%. The Council has estimated that this will cost around £2.7m per annum. Government had promised to compensate the Public Sector for the cost of this but the Employer National Insurance Contribution Grant announced at final settlement was only £1.7m giving a shortfall for the Council to deal with.
- 3.34 The Council receives a Public Health grant from the Department of Health and Social Care, ring-fenced to public health activities to contribute to the outcomes of the Health and Wellbeing Strategy. For Calderdale, the allocation in 2024/25 was £14.807m and the overall grant will increase by 5.4% for 2025/26 to £15.691m. The uplift reflects the requirement to fund the NHS pay award and will be held as part of the overall contingency for commissioned services, supporting the overall financial pressures across related services.

Schools and Dedicated Schools Grant

- 3.35 In addition to core funding, the Council also receives direct government grants provided for specific purposes. Direct grants are either passed through the Council to the intended recipient (e.g. housing benefit), or fund specific activities required by Government but not included within the overall financial settlement to local government (e.g. Dedicated Schools Grant).
- 3.36 Dedicated Schools Grant is the main source of funding for the schools' sector. The funding is planned to be distributed in accordance with the relative proportions set out below. This primarily relates to four main blocks: schools block; early years; high needs; and a central block.

3.37 As can be seen in the table below, total dedicated schools grant funding for Calderdale is increasing to £274.9m, an increase of £25.0m (10.0%). The majority of the increase is planned to be invested within individual school budgets and early years provision, reflecting in part the national trend of increased need for specialist educational support in these areas. The national funding formula determines per pupil factor amounts. The local schools funding formula used to distribute the funding for mainstream schools and academies is decided by the Local Authority in accordance with the School Finance Regulations in consultation with schools, academies and Schools Forum. The figures are indicative at this stage and potentially subject to change/confirmation.

2024/25				2025/26		
Total £	<u>DSG Funding and Allocation</u> £	Central £	Schools £	High Needs £	Early Years £	Total £
253,494,979	Total DSG	1,778,792	204,343,340	38,232,431	34,410,656	278,765,219
3,602,895	NNDR and High Needs deduction + trf between blocks		-2,904,093	-956,432		-3,860,525
249,892,084	Total Funding	1,778,792	201,439,247	37,275,999	34,410,656	274,904,694
	<u>Budget Distribution</u>					
78,122,729	Maintained Schools Funding		54,587,378	18,882,526		73,469,904
134,690,297	Academy Funding		146,787,157	7,824,147		154,611,304
100,000	Growth/falling rolls					
1,810,285	Central Expenditure	1,778,792	64,712			1,843,504
24,376,487	Early Years				34,410,656	34,410,656
10,792,286	High Needs - Central			10,569,326		10,569,326
249,892,084	Total Planned Budget	1,778,792	201,439,247	37,275,999	34,410,656	274,904,694

Analysis of Net Operating Expenditure

- 3.38 The Council's Net Operating Expenditure represents the day-to-day cost and income sources of the Council. The Council aligns revenue budget with its strategic priorities set out in the Corporate Plan.
- 3.39 Each year, the Council undertakes a strategic financial planning process which principally aims to establish a robust and balanced budget proposal which ensures affordable allocation of resources to achieve the Council Vision and its strategic priorities. The medium-term financial plan considers different factors, such as: the current cost base, new and/or emerging local and national policy intent, the Corporate Plan, the economic context and availability of funding.
- 3.40 In its simplest form, the medium-term financial plan represents an amalgamation of assumptions in respect of anticipated Council expenditure, income and funding. The Council is legally bound to set a balanced budget for the upcoming financial year, having due regard to the adequacy of reserves and robustness of estimates (see Appendix 1).

3.41 The updated medium-term financial plan, budget requirement is set out in the table earlier and contains a series of adjustments from the 2024/25 budget position. In determining that the budget proposal and medium-term financial plan demonstrate robust estimates, the following cost drivers have been considered:

- Policy decisions (new and emerging)
- Activity/demand
- Economic (inflation, interest rates, national living wage and pay)
- Other operating environmental factors (compliance etc)

3.42 The MTFP 2025/28 builds upon the position agreed by Budget Council in February 2024. This includes a range of savings that represent a full year effect of implementation that commenced in 2024/25 or scheduled to commence, summarised in the table below.

Table – Approved Savings MTFP 2024-27

Approved Saving	2025/26 £000's	2026/27 £000's
Transformation of Day Services	200	
Commissioned and Contracted Services**	161	1,000
Young Person's Supported Accommodation	762	
Inclusion funding (DCATCH)	100	
Disposal of the Shay	161	
BSL alternative provision	29	
Closure HRC (Elland)	100	50
Bus Lane and TMA enforcement		100
Street Lighting Policy Review	50	140
Housing strategy and Healthy Homes*		310
Events and Filming*		19
Climate and Environment*		181
Business Engagement*		71
VCS grants and volunteering support*		100
Council Tax – Second Homes ***	300	
Council Tax Reduction Schemes ***	1,000	

*See note on Gainshare Funding below

**Residual balance

***This has been factored in to revised MTFP – council tax funding, as per Council Tax Base calculation report

3.43 The MTFP has been updated to reflect known changes in respect of the previously approved savings. The Winter Service has been maintained beyond the minimum standard set in the Policy. The estimated cost of this is £400k in 2025/26 which has been included in the net cost of service over the period of the MTFP. Budget Council in 2024 approved a saving around policy decisions on street lighting and efficiencies from the lighting estate. Further savings are now expected of £25k next year rising to £50k thereafter, which have been included in the net cost of service estimates in the MTFP. The saving for household recycling centres was subject to a Cabinet Decision

13th January 2025 increasing the potential full year effect saving in Year 3 to £300k. A further adjustment has been made to the estimated income from implementation of bus lane enforcement and moving traffic violations increasing the original estimate of £100k in Year 3 to £200k.

- 3.44 West Yorkshire Combined Authority is proposing to allocate £30m Gainshare Funding over the next 3 years to the 5 districts, based upon population. There is already £5m committed for 2025/26 and the additional £25m will be subject to the relevant governance and assurance processes. Local Authorities are able to use their allocation to support achievement of the Combined Authority's objectives. The 3-year additional allocation (share of £25m) for Calderdale equates to £2.18m. This provides the opportunity to extend use of gainshare to fund the elements in the above savings table for a further 2 years to March 2028. It will also enable the protection and continuation of core activities that support the delivery of the combined authority strategic priorities:

Backfill Funding (extension of savings 2024/25-2025/26)

Service/Activity	2026/27	2027/28
Volunteering capacity	30,900	31,827
Housing delivery and healthy homes	269,100	277,173
Climate team	191,580	197,327
Events and filming	20,157	29,762
Total	511,737	527,089

Capacity Funding

WY Investment Priority	2025/26	2026/27	2027/28
Good jobs and resilient business	5,000	210,499	216,064
Skills and training		57,508	59,233
Creating great places and accelerating infrastructure	86,211	119,478	182,296
Tackling climate emergency and environmental sustainability	50,000	45,000	
Culture, Creative Industries, Sport and Physical Activity		55,594	57,262
Total	141,211	488,079	514,855

- 3.45 The West Yorkshire Transport Levy is set to increase by 2% each year from 2026/27. Assuming that the other levy payable (Environment Agency) rises by a similar amount this means that the total levy payable by Calderdale increases from £8.649m in 2025/26 to £8.823m and £8.996m in 2026/27 and 2027/28. The MTFP reflects the increase.

- 3.46 There are several different elements to inflationary pressures. In addition to normal business forward planning elements in respect of pay awards and contract inflation, there are additional items to consider for 2025/26 including the effect of National Insurances increases on our contracted services and specific costs relating to the National Living Wage affecting social care provision. From 2025/26 the previous MTFP allowed for annual pay awards of approximately 3.5%. The consensus within local government for more modest pay awards going forwards and following the easing of inflation and the potential for lower pension fund contributions after the latest agreement ends, this has now been adjusted to 2.5% each year from 2026/27.
- 3.47 The financial plan assumes a return to normal inflation levels. Some allowance has also already been made within the budget for inflation covering large contracts (especially waste collection and disposal), energy, Adults social care and Childrens Social Care inflation for the next 2 years and the MTFP “rolls on” another year so additional inflation in the final year of 2% on non-social care contracts of 2% and 5% on energy and social care has been factored in. There is likely to be an additional financial impact on contract costs due to the changes to National Insurance, therefore it is deemed prudent to set aside a contingency budget of £2.4m to allow for this once the impact on providers is fully understood. If inflation and prices do increase above the contingencies made over the period, there are likely to be consequences for the budget in future years.
- 3.48 In addition to funding inflation costs, the budget proposals for 2025/26 also make adjustments to fund increasing activity levels primarily within social care. Social care activity – particularly within adult social care – continues to increase both in terms of quantum and complexity, which reflects the permanent impact of the pandemic on a generation of residents, with reduced social interaction and therefore less opportunity for early help.
- 3.49 The net cost of services budgets includes expenditure and income directly attributable to services. There are a number of services that have specific fees and charges that contribute to the cost of delivery. Whilst some services assess fees and charges based upon market conditions, others follow statutory guidance when setting and increasing prices. As a minimum, the MTFP assumes that all prices, fees and charges will increase annually by a minimum of inflation, this has been estimated to generate an additional £500k each year. Where fees and charges increase above this, the estimates are factored into the net cost of service budgets within Directorates.
- 3.50 The MTFP assumes a continuation of the grant provided to support the maintenance and operation of the Piece Hall but at a reduced rate. The contribution for 2024/25 and 2025/26 is £450k per annum, agreed in July 2023, effectively extending the SLA. The Piece Hall Trust has acknowledged that to ensure medium term sustainability a reduced contribution will be required. A revised business plan is being developed, which will set out the sustainability funding request over the next 3 to 5 years. Pending this an indicative amount of £225k has been set aside in this financial plan.
- 3.51 The baseline budgets for services have been reviewed to take account of current cost pressures. Last year’s MTFP assumed an increase of £19.206m in year 1 of the plan

based upon the operating environment reducing by £2,484k in year 2 based upon action being taken to manage demand for services. Based on the prevailing and systemic increase in need, the demand and costs of services for the most vulnerable that require additional support, including temporary accommodation, special educational needs school transport, adult social care and children in care specialist residential care, this assumption has been reversed in the revised plan. In addition, an increase of £8.8m has been allocated within the plan to reflect ongoing budget pressures in these critical services.

- 3.52 Service budgets have been adjusted to reflect changes to the treatment of some grants, that have been 'rolled-in' to the core settlement. For example, Extended Rights in Home to School Transport grant previously worth £251k per annum has now been rolled into Revenue Support Grant so the loss of it needs to be reflected in the MTFP by the size of the gain in RSG. Improved Better Care Fund has had the Discharge Fund rolled in, this grant is now shown on the funding side of the MTFP to mirror the settlement figures. The opposite side of this adjustment increases the net expenditure total for Adult Services and Wellbeing by £8.436m.
- 3.53 The savings include some costs required to achieve the savings, these have been incorporated in the MTFP, included the operational delivery costs of the Council Tax developments on single person discount and debt recovery, built into the taxbase report.

Capital Investment

- 3.54 The Council's Capital Programme is funded by a mix of external capital grants, use of capital receipts and borrowing. In recent years' the Treasury Strategy has adopted the use of internal borrowing (cash balances) to defer the need to borrow the amount set in the Capital Finance Requirement (CFR). The latest cost estimates and delivery timetable have been used to calculate these borrowing costs over the next 3 years and included in the forecast above.
- 3.55 The Council's Capital Investment Strategy sets out the long-term context in which capital expenditure and investment decisions are made giving due consideration to both risk and reward and the impact on the achievement of priority outcomes. A revised Capital Strategy was reported to Cabinet in February and presented a Capital Programme based upon available funding. The Capital Strategy is intended to:-
- ensure capital expenditure is aligned with the Council's priorities
 - maximise the use of resources
 - provide a clear framework for decisions relating to capital expenditure
 - establish a corporate approach to generating capital resources
- 3.56 The budget proposal sets a budget for the cost of borrowing based upon committed schemes and new investment required. The cost of borrowing estimates include the interest on loans and the cost of Minimum Revenue Provision (which is an amount set aside to cover the cost of repayment of principal in future years).
- 3.57 The Council has a good track record of securing external funding to improve Calderdale's assets and infrastructure and we will continue to seek to maximise this

opportunity. The Government has announced additional funding for pot-hole repairs, enhancing the highways maintenance pot by £500m for 2025/26. This is allocated to West Yorkshire Combined Authority as part of the City Region Sustainable Transport Allocation.

Financial Sustainability

- 3.58 Before applying any savings proposals there is a forecast sustainability gap of £3m in 2025/26 with the potential financial sustainability gap increasing over the 3 years of the medium-term unless there are significant changes to the settlement in future years.
- 3.59 Strong financial management cannot exist without strong risk management. The ability to identify, influence and ideally mitigate risk is a fundamental pre-requisite to being a sustainable Council. Within financial plans, there are a series of identified risks which could materialise and translate into cost pressures if mitigating action is not taken. In stress testing every pound spent, it remains a key part of the medium-term financial plan that nominated leads will be tasked with taking action to reduce the chance of risks materialising. However, the reality is that not all risks can be mitigated, and this approach relies upon there being sufficient capacity within reserves if needed (see Section 4).
- 3.60 The financial planning process is strategic in nature and incorporates the best knowledge from across the Council which informs investment need. It also adjusts for materialised risks which have been flagged up during 2024/25 financial reporting (e.g. social care activity).
- 3.61 The base for 2025/26 is therefore considered as adequate. However, uncertainty beyond next year – and indeed the continuing uncertainty in-year – mean that financial plans may need to change in future. This budget represents a sound base for future years, noting the scope for changes in the future which reflect clarifications in the operating environment.
- 3.62 The Council focusses its spending power to maximise outcomes, directing resources to where the biggest difference can be made and ensuring we achieve value for money. The financial plan reflects a steady tax base growth from Council Tax and our commitment to the Local Plan will further accelerate this growth in the medium term. The financial plan is based on the best information available, ensuring robust plans that enable us to secure best value and matches the Council's Vision for Calderdale. In summary, the medium-term financial plan proposals allow the Council to continue to make a significant difference to the lives of its residents through its allocation of resources.

Financial Resilience

- 3.63 Financial resilience, the ability to weather financial shocks, is an important consideration for council sustainability. There are a number of indicators of the current health of council finances, which form part of the overall consideration in determining financial plans and budgets.

- 3.64 External auditors gave a clean bill of health on the Council's accounts for 2020/21. Due to on-going nationwide issues facing external audit companies, there were a significant number of audit opinions outstanding for accounts for the many Local Authorities, including Calderdale for 2021/22 and 2022/23. There were no material issues raised during the audit process for these two years and the accounts were approved by Audit Committee on the 2nd December 2024 but a disclaimer opinion on the accounts has been given by our external auditors as they could not complete their work. This reset of the system will allow the sector to draw a line under the backlog of audit work and begin subsequent years with a fresh start. The external auditors also manage to complete their review of the arrangements for securing economy, efficiency and effectiveness in the use of resources. These last VFM judgements received for Calderdale for 2021/22 and 2022/23 were positive, identifying one recommendation relating to financial resilience. This highlights the need for close review and monitoring to ensure delivery of savings in-year recognising that the levels of corporate reserves are relatively low.
- 3.65 The Chartered Institute of Public Finance and Accountancy (CIPFA) publish annually a financial Resilience Index, which is designed to support and improve discussions surrounding the financial resilience of individual councils. The index shows each council's performance against a range of measures associated with financial risk versus the other 34 metropolitan districts on a relative basis using net revenue expenditure (i.e. relative to financial size). The 2023/24 Index was very recently published and the key messages were:-
- Level of Reserves – Calderdale's are relatively low (i.e. higher risk) but are not being used up quite as fast as most of the other metropolitan districts
 - Interest costs – Calderdale is low risk
 - Gross External Debt Levels – Calderdale is considered low risk
 - Social care spending ratio – Calderdale has a relatively high level of spend
 - Fees and charges – Calderdale's income is average for a metropolitan district

The reserves elements of the Resilience Index are considered further in Section 4.

Financial Accountability

- 3.66 The day-to-day management of revenue budgets is allocated to officers to ensure clear lines of oversight and accountability. Gross and net cost of services categorised under each directorate is shown in Appendix 1 of this budget document.
- 3.67 Investment can be presented subjectively as well as by area of activity. This gives an indication of how much the Council expects to spend on different categories of expenditure (e.g. pay, goods and services). The subjective budget is shown by directorate in Appendix 1 of the budget report.
- 3.68 Financial management, monitoring and oversight is undertaken through Chief Officer structures and delegations. A financial monitoring report is presented to Cabinet four times a year. In addition, there are opportunities for more detailed oversight for the Executive and Corporate Leadership Team through bi-annual Budget Challenge

meetings. Governance and assurance will be further strengthened by introducing monthly monitoring reporting on high-risk budgets. Corporate Leadership and the Cabinet Team will have as standard a monthly update on the financial position and savings delivery.

- 3.69 Government policy sets the mandate to what Local Government does, how it operates, and determines the financial context of resource availability. Locally, the Council interprets national policy to establish and tailor the services it delivers to maximise outcomes for Calderdale, based on understanding the local population and area's need, forecasting and managing demand, determining affordability limits and ensuring the links between all areas are understood. This inevitably gives rise to some prioritisation. The local policy also sets out how the Council operates within the law.
- 3.70 Under Section 25 of the Local Government Finance Act 2003 it is a legal requirement for the Council to have assurance, in the form of a report, that delivery activity in the plan period is properly costed, that proposals for spending are quantified and deliverable, and that risks are properly evaluated. The Council is required to set a balanced budget; that is, it may not budget for a deficit. The budget contained within this report complies with this requirement.

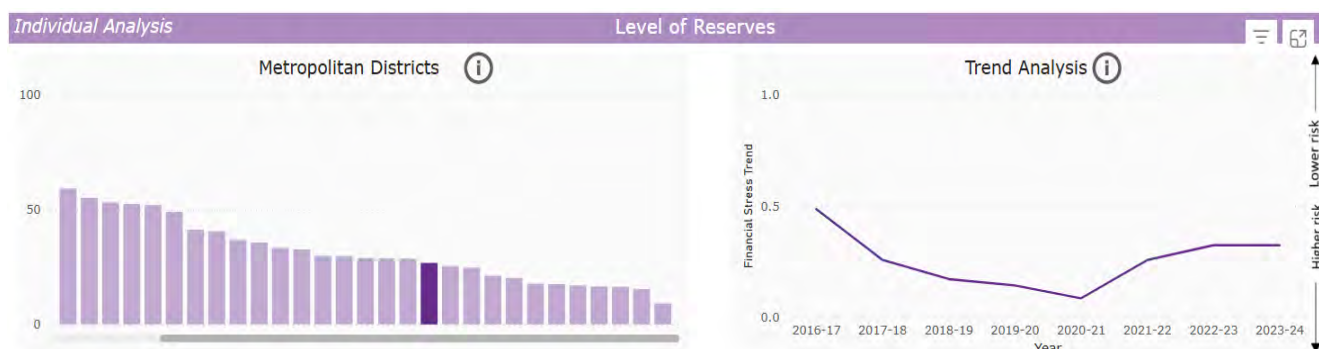
4 Reserves Strategy

- 4.1 The Chief Financial Officer of the authority is required, under section 25 of The Local Government Act 2003, to report on the adequacy of the proposed financial reserves. Section 26 of the same Act places an onus on the Chief Financial Officer to establish a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined when finalising the budget.
- 4.2 Based upon the advice of the Chief Finance Officer, the Council has previously agreed that the General Fund balance is to be maintained at no less than £5m to cover any unforeseen demands that could not be reasonably defined when finalising the budget, as required under section 26 of the Local Government Act 2003. The current balance is £7.2m, which is a steady increase from the previous year and the reserve statement assumes the balance at this level is maintained. As earmarked reserves are utilised over the plan period, it is recommended that the level of general fund balances beyond this period continues to gradually be increased to provide additional financial resilience.
- 4.3 The Council holds revenue reserves for three key purposes. They are held either; to manage risk, for a specific purpose, or on behalf of others. Reserves help the Council manage risks and challenges in several ways:
- Provide sufficient resilience to withstand funding or expenditure shocks
 - Facilitate transformation and provide additional capacity to transition to a financially sustainable council
 - Carry forward unapplied grant or amounts set aside for specific purposes to cover costs which are expected to arise in future years
- 4.4 The minimum prudent levels of reserves and balances that the Council should maintain are a matter of judgement. It is the Council's safety net for unforeseen

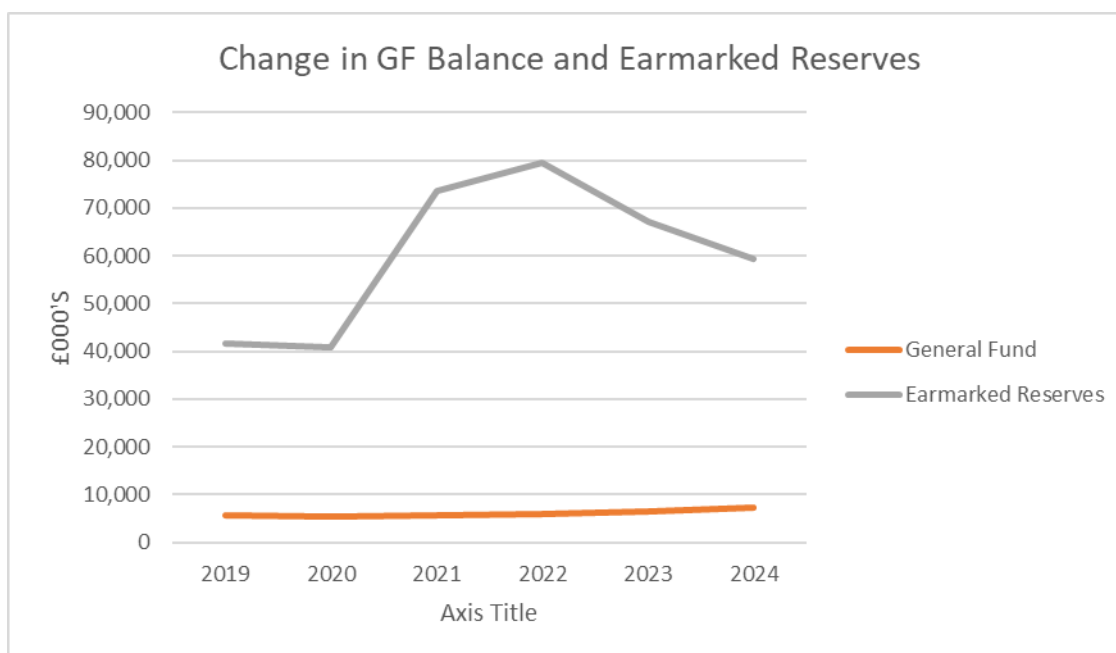
circumstances and must last the lifetime of the Council unless contributions are made from future years' revenue budgets. It is currently for local authorities themselves, taking into account all the relevant local circumstances, to make a professional judgement on what the appropriate level of reserves and balances should be.

- 4.5 The Medium-Term Financial Plan and the Reserves Strategy have consideration for the uncertainty within the Council's operating environment, which is currently brought about principally by:-
- the current economic context (e.g. inflation),
 - the potential for higher and more complex need,
 - the short-term focus of Government in planning public service delivery.
- 4.6 These uncertainties represent an increased risk of funding or expenditure shocks which need to be fully considered and reflected in the Council's reserve statement, to ensure the organisation remains financially safe.
- 4.7 The CIPFA Resilience Index (see Financial Resilience section above) aims to aid scrutiny and oversight of financial sustainability for each council. The Index is a comparative analytical tool designed to support good financial management and shows the Council's position on a range of measures associated with financial risks, including the Council's reserves position. The main measure is reserves as a proportion of net revenue expenditure. Calderdale, at 27%, is 24th of 35 metropolitan districts, the same position as in 2022/23.

Reserves as a Proportion of Net Revenue Expenditure – Calderdale vs Metropolitan Districts



- 4.8 The table below shows the historical position on revenue reserves. After the earmarked reserves balances peaked at the end of 2021/22, they have gradually been utilised to meet service cost pressures. The key areas of cost pressures relate to increased levels of need and complexity leading to higher cost intervention and packages of care. The reserves accrued through COVID were set aside in anticipation of lagged demand.



- 4.9 The Council breaks down its reserves into three categories. Strategic corporate reserves have the greatest flexibility and include the general fund and risk and sustainability reserve. Service earmarked and grant reserves are held to meet service/project specific costs and must be spent in line with any applicable grant conditions. School reserves are held on behalf of schools, with their usage decided by schools themselves, subject to Council oversight.
- 4.10 The level of utilisation of reserves over the past few years is not sustainable as a means of managing systemic cost pressures. The forecast outturn for 2024/25 will likely require more than originally planned for. The budget proposal, therefore, includes provision to restore the level of reserves specifically to cover unplanned and one-off risks. The table below shows the current position and forecast of reserves.

Reserve Category	Reserves at 31/3/24 £000s	Reserves Used for 2024/25 Budget £000s	Estimated Reserves at 31/3/25 £000s	Reserves Used for 2025/26 Budget £000s	Remaining Reserves at 31/3/26 £000s	Reserves Added for 2026/27 Budget £000s	Remaining Reserves at 31/3/27 £000s	Reserves Added for 2027/28 Budget £000s	Remaining Reserves at 31/3/28 £000s
Unallocated General Balances	7,254	0	7,254	0	7,254	0	7,254	0	7,254
Corporate Risk Reserves	25,455	-657	24,798	-148	24,650	867	25,518	2,703	28,220
Service Specific Earmarked Reserves	14,939	-3,730	11,209	0	11,209	0	11,209	0	11,209
Ringfenced Reserves - Public Health	3,143	-783	2,360	0	2,360	0	2,360	0	2,360
Total Council-controlled Reserves	50,790	-5,169	45,622	-148	45,474	867	46,341	2,703	49,044
Ringfenced Reserves - Schools	15,677	-590	15,087	0	15,087	0	15,087	0	15,087
Total Reserves	66,467	-5,758	60,709	-148	60,561	867	61,428	2,703	64,131

- 4.11 Whilst the table above shows the impact of budgeted use of reserves, the projected variance at the end of 2024/25 is likely to require the additional use of reserves to fund the overspend over and above that shown. This could significantly reduce the opening balance at 1st April 2025 on the Corporate Risk Reserves to just under £13m.
- 4.12 At Budget Council in February 2024, to help balance the budget in 2025/26, Members assumed the modest use of £329k of reserves with a contribution to reserves of £2,330k every year thereafter to give the Council more financial resilience and options

going forwards. Given the additional funding announced in the Finance Settlement and savings agreed, the anticipated use of reserves to support the budget has been removed in 2025/26 with a modified contribution to reserves of £1m in 2026/27 and £2.85m from 2027/28 onwards (£867k and £2,703k after taking account of the annual budgeted use of part of the Insurance Fund). No use of general unallocated balances has been assumed in this MTFP.

Corporate Risk Reserves

4.13 A financial risk assessment considers the estimated exposure, likelihood and possible mitigation in the context of the Council's overall approach to risk management and internal financial controls. This information can be used to determine the optimum level of reserve holdings needed to meet the requirements of a working balance and contingency, based on a financial assessment of the specific risks. Some examples of these risks are as follows:-

- Business Rates – reset of the retention scheme/appeals/valuation changes
- Other funding or expenditure shocks, e.g. economic, fiscal or demand-related
- Transition to a lower cost base and delivery of savings
- National policy change and unfunded new burdens
- The treatment of High Needs DSG deficit post 31 March 2026
- Increasing complexity of need leading to higher demand for services
- Self-insurance
- Recovery of outstanding short term and long-term debt
- Spending review 2025 and changes to core funding mechanisms such as Business Rates

4.14 The risk assessment identifies that costs, funding or income could change quickly and therefore the Council must have regard to this in the reserves it holds. It must have a fluid approach to respond to the exposure to sudden changes and ensure risk mitigation strategies are tailored appropriately. The level of identified risk is regularly reviewed which therefore means the level of reserves needing to be held is also regularly tested, to ensure a proportionate level is held at any given time. The earmarked reserves are regularly reviewed. This is done as part of the development of the MTFP, as part of the formal budget setting process and as part of the closedown procedures at the end of the financial year. Monitoring and further reviews are also undertaken throughout the year as part of the quarterly Revenue Monitoring processes.

4.15 The corporate risk reserve, see above table, provides capacity to cover the specific identified risks set out in the budget risk assessment (over and above existing risk mitigation actions). Whilst the level of General Fund balances is maintained across the Medium-Term Financial Plan at prudently assessed levels the risk assessment indicates that provision should be made to strengthen resilience by increasing the corporate risk reserves over the life of the MTFP. The careful use of reserves is seen as a short-term measure only to ensure a balanced budget position is maintained whilst savings are delivered, it is not foreseen as a long-term solution. Based on the inherent and residual financial risks described above, the projected level of the corporate reserves is adequate when considered alongside the scope for further transformation and the opportunity that a review of local government funding may provide for metropolitan councils such as Calderdale.

Earmarked and Grant Reserves

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

Schools and Education Reserves

- 4.18 The Council holds two reserves that may only be used to support spending in schools or in support of schools. These balances have been set aside from Dedicated Schools Grant. How school reserves are applied is a matter for individual schools according to their individual circumstances. There are several drivers that can affect these balances over the period of the plan, including variations in pupil numbers; cost pressures; and funding changes. At a collective council level there are impacts to be managed in High Needs funding and in ensuring the stability of the local school funding system.
- 4.19 There has been severe pressure on the High needs budget which has resulted in an overspend in 2022/23 of £868k and another £5,255k in 2023/24. Councils with a High needs deficit are required to produce a recovery plan with the aim to bring their expenditure back in line with their grant allocation. There continues to be pressure on the High needs budget and there is forecast to be a further overspend of £14.6m by the end of 2024/25. This means a cumulative overspend of £20.7m.
- 4.20 The recovery plan is a means by which the Council can mitigate the overspend by looking at the SEN & inclusion service costs and use of resources and then plan future delivery model and service offer within the High Needs DSG allocation, whilst ensuring the needs of children and young people are met. This will include increasing in-house capacity, working collaboratively & creating work groups involving all stakeholders.
- 4.21 The Recovery Plan is in the early stages of being implemented, with oversight from the Department for Education.
- 4.22 The 2025/26 High Needs allocation nationally has been increased by £1bn with local authorities receiving at least 7% per head of population (2 to 18 year olds). However, the scale of the issue is much higher than this extra funding, so, with no further significant action (and using the current year as a proxy), this could result in a projected £14.6m overspend in 2025/26 and each subsequent future year being added to the cumulative deficit.
- 4.23 The current accounting treatment of the High Needs Deficit allows councils to show this negative (deficit) balance as an unusable reserve, meaning that it does not fall as a cost upon their general budget. This is a temporary override though introduced by the Secretary of State for 3 years (ending 31st March 2026).