

Leader's Budget Statement

A transitional budget

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 our 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 proposed budget assumes a Council Tax increase of 2.99% in line with the limit applied by Government and an additional 2% Social Care Precept to help fund and protect social care services to vulnerable adults, 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.

These included 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 and we carefully considered the responses.

The final funding settlement received in early February confirmed overall government grant to be £621k less than forecast. This required a reduction in our contingency provisions in the short term but no other changes to set a balanced budget. We want to acknowledge the feedback received during the consultation, which we will consider when developing future strategies and plans.

We have also made 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.

Councillor Jane Scullion

Leader, Calderdale Council