

**REPORT TO:** Executive Board  
**DATE:** 25 February 2025  
**REPORTING OFFICER:** Director of Finance  
**PORTFOLIO:** Corporate Services  
**SUBJECT:** Budget 2025/26  
**WARD(S):** Borough-wide

## **1.0 PURPOSE OF REPORT**

1.1 To recommend to Council the revenue budget, capital programme and council tax for 2025/26.

## **2.0 RECOMMENDATION: That Council be recommended;**

- (i) To adopt the resolution set out in Appendix A, which includes setting the budget at £183.052m, the Council Tax requirement of £68.208m (before Parish, Police, Fire and LCR Combined Authority precepts) and the Band D Council Tax for Halton of £1,846.66;**
- (ii) To approve the capital programme set out in Appendix E;**
- (iii) To approve the Use of Capital Receipts Strategy set out in Appendix H;**
- (iv) To approve the budget savings set out in Appendix G;**
- (v) To approve 100% Council Tax premium being applied to properties which have been unoccupied and unfurnished for a minimum period of 12 months.**

## **3.0 SUPPORTING INFORMATION**

### **3.1 Medium Term Financial Strategy**

3.1.1 The Board approved the Medium Term Financial Strategy (MTFS) at its meeting on 14 November 2024. In summary, funding gaps of £38.1m in 2025/26, £14.5m in 2026/27, £7.3m in 2027/28, and £9.3m in 2028/29 were identified. The Strategy had the following objectives:

- Deliver a balanced and sustainable budget
- Prioritise spending towards the Council's priority areas
- Avoid excessive Council Tax rises

- Achieve significant cashable efficiency gains
- Protect essential front-line services and vulnerable members of the community
- Deliver improved procurement

## **3.2 Budget Consultation**

3.2.1 The Council uses various consultation methods to listen to the views of the public and Members' own experience through their ward work is an important part of that process.

3.2.2 Individual consultations are taking place in respect of specific budget proposals and equality impact assessments will be completed where necessary.

## **3.3 Review of the 2024/25 Budget**

3.3.1 The Executive Board receives regular reports detailing spending in the current year against the budget. The latest report indicates that spending is forecast to be over budget in the current year by approximately £20.757m against a net budget of £149.496m. The most significant budget pressure for the Council continue to be Children's Social Care costs, in particular residential care costs. Overall costs are being controlled where possible, and income being maximised, as well as making use of all available grant funding.

3.3.2 Given the scale of the financial challenges facing the Council, over the past year monitoring reports have been issued every other month to the Council's Senior Management Team and Executive Board. They present up to date information of the in-year financial position to enable urgent action to be taken wherever possible. Monthly financial focus groups are also held monthly with Executive Directors in order for decisions to be considered to mitigate the impact of the financial pressures and bring net spending back in line with the budget as far as possible.

3.3.3 The level of reserves held by the Council is also reviewed every other month and reported to Executive Board. The level of useable reserves is not sufficient to cover the scale of the Council's overspend position for the current year.

## **3.4 2025/26 Revenue Budget**

3.4.1 The proposed revenue budget totals £183.052m. The departmental analysis of the budget is shown in Appendix B, along with a breakdown of these changes in Appendix C. The departmental budgets provided at the time of writing this report are subject to change pending any further alterations to funding and the recalculation of the Council's internal recharges.

3.4.2 The net budget is calculated as per Table A, taking into account the level of growth, savings, grant allocations, and collection fund estimated for 2025/26.

**Table A – Net Budget Calculation**

	<b>2025/26 Base Budget Position (£m)</b>
2024/25 Approved Revenue Budget	149.496
Less Increase in Government Grants as per Provisional Settlement (see Table B)	-11.827
Less Increase in Other Grants Outside Settlement	-0.939
Plus Increase in Net Costs (See Table C)	54.547
Less Agreed and Proposed Savings (see Appendices F and G)	-8.225
<b>2025/26 Proposed Budget</b>	<b>183.052</b>

### **3.5 Budget Savings Proposals**

3.5.1 A total of £1.349m of savings to be achieved in 2025/26 were previously approved by Council on 01 February 2023. These savings are detailed in Appendix F.

3.5.2 Further savings of £6.876m have been proposed for the 2025/26 financial year and are detailed in Appendix G.

### **3.6 Funding of the 2025/26 Net Budget**

3.6.1 Funding of the net budget traditionally comes from council tax and business rates, including top-up grant from Government.

3.6.2 Table B shows the forecast level of council tax and business rates for the next year and highlights the deficit between this and the proposed budget need for next year.

**Table B – Funding of 2025/26 Budget**

	<b>2025/26 Base Budget Position (£m)</b>
2025/26 Proposed Budget (Table A)	183.052
Funded by:	
2025/26 Council Tax Requirement (see Table G)	-68.208
2025/26 Forecast Income from Business Rates (see Table G)	-85.459
<b>2025/26 Budget Deficit - To be Funded from Exceptional Financial Support</b>	<b>29.385</b>

### **3.7 Exceptional Financial Support**

- 3.7.1 Table B above demonstrates the Council is in a position where it is unable to present a balanced 2025/26 budget without seeking Exceptional Financial Support (EFS) from Government. Receipts from Council Tax and Business Rates are insufficient to fund the forecast net spend for 2025/26.
- 3.7.2 The Government's EFS arrangement provides councils in financial difficulty with exceptional permission to capitalise annual revenue costs and then fund them from long term borrowing (usually over 25 years) from the Public Works Loans Board (PWLB). EFS provides permission to borrow and does not provide grant funding.
- 3.7.3 The Council's request for EFS seeks support from Government to provide alternative arrangements that would allow the Council to close the budget gap and set a balanced budget.
- 3.7.4 A capitalisation direction is a last resort for the Council to balance the 2025/26 budget. Government will only provide capitalisation support one year at a time. It is imperative the Council seeks to set out how it will aim to balance the budget in future without the need for ongoing capitalisation support. This can only be done through growing income receipts or looking to rationalise current levels of expenditure.
- 3.7.5 Table B forecasts the Council will have to borrow £29.385m in 2025/26 to provide a balanced budget. Without a credible savings plan being implemented over the next year, the unfunded deficit will roll forward to 2026/27.
- 3.7.6 On 04 December 2024, Council approved that an application for EFS be made to the Ministry of Housing, Communities and Local Government. The application was initially submitted on 13 December with an amended submission made post publication of the Provisional Local Government Financial Settlement. The submission includes an ask for EFS for 2024/25 of £20.8m and for 2025/26 of £32m. These values are higher than the budget gaps identified within the report as they provide an element of contingency. The actual level of support required will be determined by the final deficit position.

3.7.7 Provisional approval of the Council's EFS application is still awaited from Government at the time of preparing this report, but is expected to be received in late February 2025.

### 3.8 2025/26 Local Government Grant Funding

3.8.1 The proposed budget incorporates the grant figures announced in the Local Government Finance Settlement. The provisional settlement was published on 18 December 2024 with the Final Settlement published on 03 February 2025.

3.8.2 Table C provides an updated position of grants announced at the settlement and how the allocation compares to 2024/25.

**Table C – 2025/26 Grant Allocations**

<b>Funding</b>	<b>2024/25 Grant Funding (£m)</b>	<b>2025/26 Final Settlement (£m)</b>	<b>2025/26 Change in Funding (£m)</b>
<b>Funding Budgeted Spend</b>			
Services Grant	0.252	0.000	-0.252
Recovery Grant	0.000	4.487	4.487
New Homes Bonus	0.124	0.181	0.057
National Insurance Contributions Compensation	0.000	1.604	1.604
Extended Producer Responsibility	0.000	3.134	3.134
Social Care Grant	15.026	17.744	2.718
Children's Social Care Prevention Grant	0.000	1.410	1.410
Children and Families Grant	1.404	1.404	0.000
Adult Social Care Market Sustainability and Improvement Fund	2.796	2.796	0.000
Adult Social Care Discharge Fund	1.631	0.000	-1.631
<b>Ringfenced Grants</b>			
Homelessness Prevention Grant	0.471	0.548	0.077
Rough Sleeping Prevention Grant	0.000	0.139	0.139
Domestic Abuse Safe Accommodation Grant	0.341	0.425	0.084
<b>Total Government Grants</b>	<b>22.045</b>	<b>33.872</b>	<b>11.827</b>

3.8.3 Government Grants include £0.181m for the New Homes Bonus grant, an increase of £0.057m from 2024/25. New Homes Bonus allocations are now received for one year only, with no legacy payments available. Government have stated that 2025/26 will be the final year of New Homes Bonus payments. It has not been confirmed whether a new scheme aimed at rewarding housing growth will be implemented, or whether the funding will be redistributed elsewhere within the Settlement.

- 3.8.4 The budget includes Local Authority Better Care Grant (previously known as the Improved Better Care Fund) of £8.614m. This allocation includes £1.631m which was previously received separately as the Adult Social Care Discharge Fund. No inflationary increase has been provided for 2025/26. The Local Authority Better Care Grant is funded through retained business rates rather than received as a separate cash allocation.
- 3.8.5 Additional funding for Adult's and Children's Social Care was announced as part of the provisional grant settlement. The 2025/26 grant allocation of £17.744m is inclusive of an additional allocation of £2.718m awarded for the forthcoming year. This funding will be included in the Council budget to help to fund existing pressures within Social Care services.
- 3.8.6 £2.796m will be received in 2025/26 from the Adult Social Care Market Sustainability and Improvement Fund. There has been no change to this allocation from 2024/25. In previous years, this has been used to help fund increases in rates paid to social care providers. Given that there is no uplift to the allocation, it cannot be used to fund increases specifically for 2025/26.
- 3.8.7 The Children's Social Care Prevention Grant is new funding, worth £270m nationally. The grant has been distributed according to a new Children's Services needs-based formula and is worth £1.410m to Halton in 2025/26. It is intended that this grant will be used to fund early intervention and preventative services. Work is currently being undertaken to determine whether any of the additional spend proposed as part of the Children's Improvement Programme meets the funding criteria for this grant. Pending the completion of this work, £1.410m has been included within the Council's contingency budget to allow for any additional spending requirements.
- 3.8.8 A number of existing grants funded by the Department for Education have been consolidated into a Children and Families Grant, consisting of:
- Supporting Families
  - Supported Accommodation Reforms – New Burdens
  - Staying Put
  - Virtual Heads Extension for Previously Looked After Children
  - Leaving Care Allowance
  - Personal Advisors

The allocations for these grants have remained at their 2024/25 levels, although the payment by result conditions for the Supporting Families Grant has been ended, meaning that the full allocation is guaranteed for next year. This funding stream is outside of core spending power in 2025/26, but it is intended that this will be rolled in with the Children's Social Care Prevention Grant in 2026/27.

- 3.8.9 The non-ringfenced Services Grant, worth £0.252m to Halton in 2024/25, has been discontinued for 2025/26.
- 3.8.10 The Recovery Grant is a new, non-ringfenced, one-off grant worth £600m nationally, introduced for 2025/26. This funding is targeted at local authorities with high levels of need and demand for services and less ability to raise income through council tax. Halton has received a grant allocation of £4.487m for 2025/26.
- 3.8.11 Halton's allocation of Homelessness Prevention Grant and Rough Sleeping Prevention Grant has increased by £0.077m and £0.139m respectively, and there has been an increase to the Domestic Abuse Safe Accommodation Grant of £0.084m for 2025/26. These three funding streams are ringfenced, therefore the increase in funding is not available to support existing spending pressures.
- 3.8.12 At the provisional settlement, it was announced that £515m of funding will be distributed to local authorities to compensate for the direct impact of increases to employer National Insurance Contributions. Allocations were published as part of the final settlement, with Halton receiving £1.604m in 2025/26. It is anticipated that this will not be sufficient to fund the increase in direct staffing costs that are incurred through the increase in National Insurance Contributions. No compensation has been provided for increases in provider costs to the Council, which is likely to significantly impact on the cost of Adult Social Care contracts, and on agency staffing rates.
- 3.8.13 2025/26 will be the first year that local authorities will receive funding through the Extended Producer Responsibility Scheme. This funding is intended to cover the net efficient costs associated with collection and disposal of household packaging waste from kerbside and communal collections, and from waste deposited at Household Waste and Recycling Centres. This grant is distributed by the Department for Environment, Food & Rural Affairs (Defra) and is ultimately funded by a tax levied on the producers of packaging. Halton's estimated allocation for 2025/26 is £3.134m. Future year allocations are dependent on the collection of producer fees and will be subject to change, but for 2025/26 only, Government have guaranteed that authorities will receive at least their provisional allocation. £0.5m of additional expenditure has been included within the budget to fund preparatory work ahead of the changes to recycling legislation in 2026/27, with the remainder of the grant being used to fund existing recycling collection and disposal costs.
- 3.8.14 Government have confirmed the continuation of the 100% Business Rates Retention pilot within the Liverpool City Region for 2025/26. The pilot comes with a no detriment guarantee from Government that no authority will be worse off than had they not been in the pilot.

### 3.9 Estimated Price Increases

3.9.1 Since the MTFs was published in November 2024, the 2025/26 base budget position has been reviewed in detail. This included reviewing assumptions included within the MTFs and updating these within the base budget. Table D provides further information of the level of growth required to bring the budget to a position which funds existing services, inflation increases and service demand.

**Table D – Estimated Price Increases**

	<b>Budget Position (£m)</b>
<b>General Spend Increase</b>	
Salary Inflation and Increments	5.870
Price Inflation	5.033
Income Inflation	-0.853
Capital Programme	1.094
Other Known Additional Costs	3.455
Previously Approved Savings Unachieved	5.217
<b>Adult Social Care Additional Budget Increase</b>	
2024/25 Overspend – Adult Social Care	2.433
Social Care National Insurance Provider Uplift	1.770
Service Demand Pressures – Adult Social Care	2.382
<b>Children’s Directorate Additional Budget Increase</b>	
2024/25 Overspend – Children’s Services	11.300
2024/25 Overspend – Home to School Transport	0.294
Service Demand Pressures – Children’s Social Care	1.218
Service Demand Pressures – Home to School Transport	0.350
Children’s Improvement Funding	4.802
SEN Assessments and Psychology Services	0.997
<b>Environment &amp; Regeneration Additional Budget Increase</b>	
Contingency – Extended Producer Responsibility	0.500
<b>Corporate &amp; Democracy Additional Budget Increase</b>	
Treasury Management	4.124
Contingency	4.561
<b>Total Increase in Costs</b>	<b>54.547</b>

3.9.2 Local Government pay rates for 2025/26 have not yet been agreed. A 2% rise on all pay bands has been assumed in the budget for 2025/26, alongside the additional costs arising from the changes in National Insurance.

3.9.3 Inflation of 1.7% has been applied to contractual (non-controllable) expenditure budgets for 2025/26. Additional inflation of 6.4% has been applied to social care contract costs which will increase at above normal inflation rates due to the increase of 6.7% in National Living



Wage rates from April 2025. Further inflation of 3.22% has been applied to Adult Social Care contract costs to reflect the increase in Employers' National Insurance costs. Electricity and gas budgets have been reduced by 15% and 20% respectively due to a forecast decrease in energy costs, whilst water budgets have been increased by 23%.

- 3.9.4 The risk to the Council's budget continues over the next year due to historical service demand pressures. To mitigate this risk, budgets have been increased in 2025/26 to reflect the current departmental budget overspends. These increases are based on the 2024/25 full-year expenditure projections. This should provide realistic, sustainable departmental budgets for the 2025/26 financial year. The increases provided for the departmental budgets are detailed in Appendix C.
- 3.9.5 It is prudent for the budget to include a general contingency of £1m. At this stage, it is considered sufficient to cover the potential for price changes and increases in demand-led budgets, as well as a general contingency for uncertain and unknown items.
- 3.9.6 An additional contingency budget of £1.5m has been set aside to mitigate the potential impact of a proposed change to the accounting for pooled investment funds. A statutory override of the relevant accounting standard is currently in place to prevent changes in the fair value of these funds from impacting on the Council's General Fund, however this is due to expire on 31 March 2025. The Council has a £10m investment with the CCLA Property Fund that is currently valued at £8.576m. If the override were to end, and the value of the Council's investment remained the same at the end of the 2025/26 financial year, a £1.5m charge would need to be made to the General Fund, which would be covered by the contingency included within next year's budget. Gains or losses would then be charged to the Council's General Fund each year based on the changes in the value of the original investment. An estimate of the impact of this change has been included within the Council's consultation response to Government on the Provisional Local Government Finance Settlement. Government have since announced that the override will end on 31 March 2025 for all new pooled investments, but that further work will be undertaken to determine whether transitional arrangements for existing investments should be put in place. At the time of writing this report, no further announcement has been made, therefore it is considered prudent for the £1.5m provision to remain in the budget.
- 3.9.7 Additional funding has been included within the 2025/26 budget for increased demand within Adult's and Children's Social Care. The increase in estimated costs has been based on prior year demand increases.

- 3.9.8 During 2024/25, £4.2m of funding per year was approved by Council to drive improvement within Children's Services. This has been included within the budget for 2025/26 and uplifted to £4.8m to take into account the estimated increase in staffing costs from the Local Government Pay Award and the increase in National Insurance costs. It is anticipated that this programme will have a positive impact on reducing the demand for costly residential placements. A savings target of £1.5m has been included within the proposed savings in Appendix G to reflect this.
- 3.9.9 Following clarification from the Department for Education that the costs of special educational needs assessments and education psychology services can no longer be met from the Dedicated Schools Grant, an additional £0.997m has therefore been built into the base budget for 2025/26 to accommodate this.

### **3.10 Local Government Finance Settlement**

- 3.10.1 The Government announced the provisional Local Government Finance Settlement on 18 December 2024, with the final Settlement published on 03 February 2025.
- 3.10.2 As part of the Liverpool City Region, the Council will continue to participate in a pilot scheme of 100% business rates retention. Government have reiterated that the pilot scheme will operate under a "No Detriment" policy, in that no council operating as part of the pilot will see a reduction in their funding in comparison to what it would have received under the 49% national scheme. The pilot will result in additional business rates being retained by the Council, although offset by Revenue Support Grant and Local Authority Better Care Grant no longer being received.
- 3.10.3 Government has committed to a comprehensive review of its approach to distributing funding between local authorities, with the aim of introducing reforms to funding from 2026/27 onwards. The proposals that are currently subject to consultation are related to the objectives and principles of redistribution, with no indicative allocations provided. It is likely that this funding review will coincide with a reset of the business rates system, meaning that there is a risk that the LCR business rates retention pilot will end, with Halton losing the growth that has accumulated over the duration of the scheme.
- 3.10.4 For 2025/26, the Council will receive Top-Up Grant funding of £5.638m, representing the difference between Halton's baseline funding need, as assessed by Government, and the amount that can be generated from business rates. The Top-Up Grant includes £1.631m for the Adult Social Care Discharge Grant which has been rolled in with the Local Authority Better Grant and included within the Council's increased business rates retention.

- 3.10.5 The Government's Spending Power analysis (the total of business rates, council tax and Government grant funding available to each council) calculates that over the period 2010/11 to 2025/26, in cash terms there has been an increase in funding for Halton of 13.4% and in real terms (i.e. allowing for inflation), a cut of 22.3%. This real terms cut equates to a reduction in funding of £791.40 per dwelling within the Borough.
- 3.10.6 The Council is required to provide an annual forecast of business rates to Government by the end of January of the preceding year. The forecast has been undertaken and the Council expect net collectable rates to be £65.491m for 2025/26.
- 3.10.7 The business rates multiplier is fixed centrally by Government and then applied to each premises' rateable value. For 2025/26 the small business rates multiplier will be frozen at 49.9p whereas the standard rate multiplier will be increased by 1.7%, from 54.6p to 55.5p. The cost of freezing the small business rates multiplier is fully met by Central Government, through the provision of additional grant funding to the Council.
- 3.10.8 The level of Adult Social Care council tax precept levied by the Council in each year since its introduction is detailed in Table E below.

**Table E – Adult Social Care Precept Levels**

<b>Financial Year</b>	<b>Adult Social Care Precept</b>
2016/17	2%
2017/18	3%
2018/19	3%
2019/20	0%
2020/21	2%
2021/22	3%
2022/23	1%
2023/24	2%
2024/25	2%

- 3.10.9 The Policy Statement, published on 28 November 2024 confirmed that the maximum permitted Adult Social Care precept for 2025/26 will be an increase of 2%. The Settlement includes an assumption that councils will adopt the maximum 2% Adult Social Care precept.

### **3.11 Budget Outlook**

- 3.11.1 The Final Local Government Finance Settlement, published on 03 February 2025, provided funding allocations for the 2025/26 financial year only.

3.11.2 Government has stated their intention to provide councils with a multi-year settlement for 2026/27 onwards, which will coincide with the planned introduction of reforms to the local government funding system.

3.11.3 Alongside the settlement, Government have issued a consultation seeking views on the objectives and principles of local government funding reform. There are no detailed proposals included within the consultation, although one of the stated aims of the reform is to target additional funding at areas with higher service needs and demands, and to recognise that authorities have a differing ability to raise revenue through council tax.

3.11.4 The Medium-Term Financial Strategy has been updated to take into account the 2025/26 Local Government Finance Settlement and multi-year allocations and savings measures already agreed or proposed. It includes a number of assumptions for 2026/27 including:

- Settlement Funding Assessment as per 2025/26 plus 2% inflation.
- Pay, prices and income growth of 2%.
- Social care contract growth of 4%.

3.11.5 The resulting total funding gap over the subsequent three financial years (2026/27 to 2028/29) is forecast to be in the region of £43.169m. This is in addition to the funding gap of £29.384m for 2025/26, giving a total funding gap of £72.553m over the next four financial years. This funding gap is inclusive of the estimated costs of Exceptional Financial Support up to the 2028/29 financial year.

## **3.12 Halton's Council Tax**

3.12.1 The Government no longer operates council tax capping powers, but instead there is a requirement for councils to hold a local referendum if they propose to increase council tax by more than a percentage threshold prescribed by the Government.

3.12.2 The Government have confirmed that the general council tax referendum threshold will remain at 3% for 2025/26, with an additional 2% Adult Social Care precept increase permitted. The Final Grant Settlement includes an assumption that councils will adopt the maximum Adult Social Care precept and general council tax increase.

3.12.3 The Levelling-Up and Regeneration Bill, published on 11 May 2022 introduced legislation which will allow authorities to increase the council tax payable on a dwelling where there is no resident, and which is substantially furnished (typically referred to as second homes), by up to 100%. The determination to apply the charge must be made at least one year before the beginning of the financial year in which the charge

will be applied. The introduction of the 100% premium was approved by Council on 08 March 2023 and will come into effect on 01 April 2025.

3.12.4 The same Bill referred to in Para 3.51 also allowed authorities to apply the 100% premium to unfurnished and unoccupied properties bringing forward the minimum period from 2 years to 1 year. This will allow the Council to bring empty properties back into use at a quicker rate.

3.12.5 The tax base (Band D equivalent) for the Borough has previously been set by Council at 36,936.

3.12.6 As at March 2025 it is estimated that there will be a balanced position on the council tax element of the Collection Fund and there will therefore be no surplus available to contribute towards the 2025/26 budget.

3.12.7 The combined effect of the budget proposals presented within this report, Government grant support, business rate retention and the council tax base, requires the Council to set a Band D council tax for Halton of £1,846.66 (equivalent to £35.51 per week). This is an increase of 4.99% (£87.77 per annum or £1.69 per week) over the current year.

### 3.13 Parish Precepts

3.13.1 The Parish Councils have set their precepts for the year as shown below, with the resultant additional Council Tax for a Band D property in these areas being as follows:

**Table F – Parish Precept Levels 2025/26**

	Precept	Precept Increase		Additional Council Tax	Basic Council Tax
	£	£	%	£	£
Hale	xx,xxx	x,xxx	x.xx	xx.xx	x,xxx.xx
Daresbury	14,430	4,750	49.07%	47.94	1,894.60
Moore	6,271	55	0.88%	18.23	1,864.89
Preston Brook	73,538	21,094	40.22%	197.15	2,043.81
Halebank	40,960	900	2.25%	75.02	1,921.68
Sandy Moor	47,853	1,135	2.43%	29.09	1,875.75

### 3.14 Average Council Tax

3.14.1 In addition, it is also necessary to calculate the average Council Tax for the area as a whole. This is the figure required by Government and used for comparative purposes. For a Band D property the figure is £x,xxx.xx, an increase of £xx.xx per annum.

### **3.15 Police Precept**

3.15.1 The Cheshire Police and Crime Commissioner has set the precept on the Council at £10.229m, which is £276.94 for a Band D property, an increase of £14.00 or 5.32%. The figures for each Band are shown in Recommendation 5 in Appendix A.

### **3.16 Fire Precept**

3.16.1 The Cheshire Fire Authority has set the precept on the Council at £3.512m, which is £95.09 for a Band D property, an increase of £5.00 or 5.55%. The figures for each Band are shown in Recommendation 6 in Appendix A.

### **3.17 Liverpool City Region Mayoral Precept**

3.17.1 The Liverpool City Region Combined Authority has set the precept on the Council at £0.886m which is £24.00 for a Band D property, an increase of £5.00, or 26.32%. The figures for each Band are shown in Recommendation 7 in Appendix A.

### **3.18 Total Council Tax**

3.18.1 Combining all these figures will give the Total Council Tax for 2025/26 and these are shown in Recommendation 8 in Appendix A. The total Band D Council Tax (before Parish precepts) is £2,242.69, an increase of £111.77 or 5.25%. The inclusion of parish precepts means the increase in Hale is x.xx%, in Daresbury is 5.24%, in Moore is 5.20%, in Preston Brook is 7.36%, in Halebank is 5.07%, and in Sandymoor is 5.17%.

3.18.2 It is expected that Halton's total council tax will continue to be amongst the lowest in the North West. Given that nearly half of all properties in the Borough are in Band A, and 82% of properties are in Bands A-C, most households will pay less than the "headline" figure. In addition, many households will receive reduced council tax bills through discounts, and these adjustments will be shown on their bills.

3.18.3 A complex set of resolutions, shown in Appendix A, needs to be agreed by Council to ensure that the Budget and Council Tax level are set in a way which fully complies with legislation, incorporating changes required under the Localism Act 2012.

### **3.19 Business Rates**

3.19.1 For 2025/26, a 1.7% inflationary increase has been applied to the business rates retention system. The impact for Halton is a 1.7% increase to top-up grant received, plus an additional £1.631m for the Adult Social Care Discharge Grant which will be included within the

Liverpool City Region Business Rates Retention Pilot in 2025/26 instead of being received as a separate grant.

3.19.2 The standard business rates multiplier has been increased by 1.7p to 55.5p, with the small business rates multiplier again being frozen. Government have confirmed that authorities will be compensated for the freeze in the small business rates multiplier by an increase in the under-indexing compensation grant.

3.19.3 An estimate of Halton’s anticipated business rates income for 2025/26 was provided to the Ministry of Housing, Communities and Local Government in January 2025.

3.19.4 The impact of the changes to Halton’s Council Tax and Business Rates income is shown in Table G.

**Table G – Council Tax and Business Rates Income 2025/26**

	2024/25 Income £m	2025/26 Income £m	Change in Funding £m
<b>Council Tax</b>			
Council Tax Base Income	64.039	68.208	4.169
Council Tax Surplus / Deficit	0.234	0	-0.234
<b>Total Income from Council Tax</b>	<b>64.273</b>	<b>68.208</b>	<b>3.935</b>
<b>Business Rates</b>			
Net Rates Payable	63.091	65.491	2.400
Business Rates Surplus / Deficit	2.472	-0.116	-2.588
Section 31 Grants	17.851	17.328	-0.523
Under-Indexation Compensation	-2.710	-2.882	-0.172
Top-Up Grant	3.940	5.638	1.698
Top-Up Reconciliation	0.579	0	-0.579
<b>Total Income from Business Rates</b>	<b>85.223</b>	<b>85.459</b>	<b>0.236</b>
<b>Total Council Income</b>	<b>149.496</b>	<b>153.667</b>	<b>4.171</b>

### 3.20 Capital Programme

3.20.1 The following table brings together the existing capital programme spend and shows how the capital programme will be funded.

**Table H – Capital Programme 2025/26 – 2027/28**

	2025/26 £000	2026/27 £000	2027/28 £000
<b>Spending</b>			
Scheme Estimates	69,614	10,847	3,715

<b>Funding</b>			
Borrowing and Leasing	48,717	2,270	1,669
Grants and External Funds	19,497	8,177	2,046
Direct Revenue Finance	0	0	0
Capital Receipts	1,400	400	0
	<b>69,614</b>	<b>10,847</b>	<b>3,715</b>

3.20.2 The committed Capital Programme is shown in Appendix E.

3.20.3 As the Capital Programme is fully committed, there are no funds available for new capital schemes unless external funding is available or further savings are identified to cover capital financing costs.

### 3.21 Prudential Code

3.21.1 The Local Government Act 2003 introduced the Prudential Code which provides a framework for the self-regulation of capital expenditure. The key objectives of the Code are to ensure that the Council's:

- capital expenditure plans are affordable;
- external borrowing is within prudent and sustainable levels;
- treasury management decisions are taken in accordance with good professional practice; and
- there is accountability through providing a clear and transparent framework.

3.21.2 To demonstrate that Councils have fulfilled these objectives, the Prudential Code sets out a number of indicators which must be used. These are included in the Treasury Management Strategy report elsewhere on the Agenda. The prudential indicators are monitored throughout the year and reported as part of the Treasury Management monitoring reports to the Executive Board.

### 3.22 School Budgets

3.22.1 Schools are fully funded by Government Grants, primarily the Dedicated Schools Grant (DSG) which is mainly used to fund the Individual School Budgets. DSG is allocated in four blocks: Schools Block, Central Schools Services Block, Early Years Block and High Needs Block. The funding is subsequently allocated to schools by way of a formula, in accordance with the National Funding Formula (NFF) framework introduced in 2018/19.

3.22.2 The 2025/26 DSG settlement was announced on 18 December 2024, allocating Halton a total of £168.551m, which is broken down as £117.833m for the Schools Block, £0.765m for the Central Schools Services Block, £29.267m for the High Needs Block, and £20.686m for



the Early Years Block. This last Block is, as usual, provisional, being based on the January 2024 Early Years census; it will be amended during the Summer to reflect January 2025 data.

- 3.22.3 Schools Block pupil numbers in mainstream primary and secondary schools have decreased from 17,830 for 2024/25 to 17,489 for 2025/26. Funding for mainstream primary and secondary schools is based on the pupil cohort on the October 2024 census.
- 3.22.4 The Schools Block of £117.833m includes the Mainstream Schools Additional Grant (MSAG), and is now added together with the similar mainstreaming of Teachers' Pay Additional Grant (TPAG), Teachers' Pension Employer Contribution Grant (TPECG), and the full-year effect of Core Schools Block Grant (CSBG, introduced as an addition during the current financial year). A small uplift of less than 1% has been added to formula funding values in recognition of inflationary pressures. The effect of all these is that the Schools Block has increased by £6.645m when compared to 2024/25. The Schools Block is distributed to schools and academies in accordance with Schools' Forum recommendations and in compliance with the National Funding Formula (NFF) requirements.
- 3.22.5 The Minimum Funding Guarantee (MFG) will be set, with Schools Forum agreement at 0.0%. This is in line with the greatest protection allowed in 2025-26 by the Department of Education, which suggests that because the full-year effect of CSBG 'bakes in' an increase to the baseline, a zero MFG still represents increased funding. By comparison, last year MFG of up to +0.5% was allowable, which Halton replicated.
- 3.22.6 The Central Schools Services Block (CSSB) was split from the Schools Block for the first time in 2018/19, following the introduction of the ring-fenced requirement for the Schools Block to be wholly passed to primary and secondary schools - with the exception of any Schools Forum-agreed transfer to the High Needs Block. There are regulations in place which limit what the CSSB grant can be used for and limit budgets to the same level as previous years. The CSSB includes budgets which are de-delegated from maintained schools. As more schools convert to academy status, the de-delegated funds are reduced unless schools are asked to contribute a higher amount.
- 3.22.7 The Early Years Block indicative allocation for 2025/26 is £20.686m which is £5.572m greater than the revised 2024/25 allocation. Reasons for the increase include an annualised increase in the hourly funding rates, and a presumed continued expansion in 2-year old and, particularly, pre-2-year old provision, with numbers expected to significantly increase from September 2025. The Block is presently indicative as its underpinning activity data is based on the Early Years Census taking place in January. Until the data from the January 2025

census can be validated, and allocations recalculated, during the Summer, the Block is provisional in nature.

- 3.22.8 The hourly rate the Council is funded at for 3 and 4 year old provision, (as opposed to the hourly rate we pay providers), has increased from £5.72 per hour for 2024/25 to £5.97 per hour for 2025/26. The hourly rate the Council is funded at for 2 year old provision has increased from £8.20 per hour to £8.52 per hour and also the hourly rate for the expansion to include under 2 year old provision is £11.60 per hour (up from £11.18).
- 3.22.9 The High Needs Block for 2024/25 was £27.079m before recoument by the Department for Education (DfE) for commissioned places in special academies and further education. For 2025/26, the High Needs Block before deductions is £29.267m, which is an increase of £2.188m or 8.1%. Further conditions of grant in respect to High Needs have been continued for 2025/26 which require all authorities to pass on a minimum guaranteed increase to their specialist provisions.
- 3.22.10 The Pupil Premium Grant (PPG) rates for school age children have not been increased compared to 2024/25, and so remain at £1,480 per primary pupils and £1,050 per secondary pupils who are, or have been eligible, for Free School Meals in the last six years. Children who have been adopted from care and children who leave care under a special guardianship order or residence order will be funded at £2,570 per pupil. Eligibility for the Service Children Premium will be funded at £340 per pupil. The amount for Looked after Children which comes to the Council for distribution is £2,570 per pupil. Early Years Pupil Premium, which forms part of the Early Years Block rather than sitting outside it as a separate grant, is increasing, from £388 to £570 (£1.00 per hour per child).

### **3.23 Section 25 Report**

- 3.23.1 Section 25 of the Local Government Act 2003 places a requirement on the Chief Financial Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

#### Robustness of Estimates

- 3.23.2 It is clear within the report the Council finds itself in an extremely challenging financial position. Regular financial monitoring reports have been shared with the Executive Board and Policy and Performance Boards over the past year, highlighting cost pressures and the impact of those being significantly higher than what has been allowed in the 2024/25 budget.

- 3.23.3 The 2025/26 budget setting process and the information provided should be sufficient to allow the Council to come to an informed view regarding the 2025/26 revenue budget, capital programme and council tax. Significant additional budget has been identified next year to cover the main 2024/25 overspending areas including, Children's Social Care, Adult Community Care, Internal Care Homes and Home to School Transport.
- 3.23.4 The impact of updated estimates around inflation, service demand and increasing complexities of care have been included within the forecast of costs over the next year.
- 3.23.5 It is considered the net budget position is sufficient to cover planned net expenditure over the next 12 months. The impact of updated estimates around inflation, service demand and increasing complexities of care have been included within the forecast of costs. Nevertheless as these form the greatest risk to the Council's budget position, the Council must be alert to these risks and immediate action must be taken throughout the financial year where it is identified costs and demand will exceed the available budget.
- 3.23.6 Greater risk is also identified within the planned 2025/26 savings. Failure to act and achieve these savings within the correct timeframe will have a detrimental impact on the Council's finances.
- 3.23.7 To help mitigate against the risk, regular reports will be received by Executive Board every other month to advise on the updated financial position, and these will also be shared with the Policy and Performance Boards. The Council's Financial Management team will work with all service leads to develop rigorous budget monitoring processes and identify immediately where spend is out of alignment against budget.
- 3.23.8 Similar to many councils, Halton is experiencing a significant deficit in respect of the cost of children with special educational needs and disabilities (SEND). It is forecast that this deficit may be £10.8m by the end of 2025/26. The Council is currently part of the Government's Delivering Best Value in SEND programme, to bring about changes in service delivery which will result in cost reductions.
- 3.23.9 Whilst this expenditure would normally be funded from the Dedicated Schools Grant (DSG), legislation requires that any deficit is funded from the Council's general fund. This would have a significant impact for the Council and require additional capitalisation under the Exceptional Financial Support arrangement. The previous Government introduced a statutory over-ride, whereby the SEND deficit can be carried forward each year-end as part of the DSG budget, but the statutory override expires at 31 March 2026. However, the Government are fully aware of the difficulties this would cause for councils and it is

expected that clarification of the position going forward will be made as part of the Government's commitment to significant funding reform in 2026/27.

#### Adequacy of Reserves

- 3.23.10 The Council has for a number of years been reliant on Council reserves to help meet the level of cost pressures over and above available budget. As a result the Council is now in a position where useable reserves are insufficient to meet the current and future budget deficits. As a result the Council are in a position where they have no option but to seek Exceptional Financial Support through borrowing to fund day to day running costs.
- 3.23.11 The current level of general and earmarked reserves totals £54.8m, although only £11.4m of this is available for immediate need. The remaining balance of reserves are committed for specific purposes.
- 3.23.12 Within future budgets the Council must be committed to increasing the value of reserves held for general purposes. As part of the 2026/27 financial forecast, £2m growth has been applied to add to the value of the Council's General Reserve. It is assumed this will be applied year on year until such point where it is considered the level of reserves are suitably matched against future financial risk.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 The Council's budget will support the delivery of all of the Council's services.

#### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The financial implications relating to the Council's budget are as set out within the report and appendices.

#### **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

- 6.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**
- 6.2 **Building a Strong, Sustainable Local Economy**
- 6.3 **Supporting Children, Young People and Families**
- 6.4 **Tackling Inequality and Helping Those Who Are Most In Need**
- 6.5 **Working Towards a Greener Future**
- 6.6 **Valuing and Appreciating Halton and Our Community**

The budget will support the Council in achieving the aims and objectives set out in the Community Strategy for Halton and the Council's Corporate Plan and has been prepared in consideration of the priorities listed above.

## **7.0 RISK ANALYSIS**

7.1 The budget is prepared in accordance with detailed guidance and timetable to ensure the statutory requirements are met and a budget is prepared that aligns resources with corporate objectives.

7.2 A number of key factors and risks have been identified in the budget, these are provided mainly within the section covering the statutory Section 25 Report. Close monitoring and regular reporting of the updated outturn forecast will give the Council the best and most timely opportunity to correct the budget. Immediate action must be taken where and when overspends against budget are highlighted.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 Equality Impact Assessments will be undertaken in relation to the individual savings proposals as required.

## **9.0 CLIMATE CHANGE IMPLICATIONS**

9.1 There are no direct climate change issues.

## **10.0 REASON FOR THE DECISION**

10.1 To seek approval for the Council's revenue budget, capital programme and council tax for 2025/26.

## **11.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

11.1 A number of alternative budget proposals have been considered by the Budget Working Group.

## **12.0 IMPLEMENTATION DATE**

12.1 05 March 2025.

## **13.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

<b>Document</b>	<b>Place of Inspection</b>	<b>Contact Officer</b>
Local Government Finance Report (England) 2025/26	Financial Management Halton Stadium	Steve Baker

## APPENDIX A

### DRAFT RESOLUTION FOR SUBMISSION TO THE COUNCIL AT ITS MEETING ON 05 MARCH 2025

**RECOMMENDATION:** that the Council adopt the following resolution:

1. The policies outlined in this paper be adopted, including the budget and council tax for 2025/26 and the Capital Programme set out in Appendix E.
2. That it be noted that at the meeting on 4 December 2024 the Council agreed the following:
  - (a) The Council Tax Base 2025/26 for the whole Council area is 36,936 (item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the Act) and
  - (b) For dwellings in those parts of its area to which a Parish precept relates, be set out as follows:

Parish	Tax Base
Hale	674
Daresbury	301
Moore	344
Preston Brook	373
Halebank	546
Sandymoor	1,645

being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which special items relate.

3. Calculate that the Council Tax requirement for the Council's own purposes for 2025/26 (excluding Parish precepts) is £68,208,788.
4. In accordance with the relevant provisions of the Local Government Finance Act 1992 (Sections 31 to 36), the following amounts be now calculated by the Council for the year 2025/26 and agreed as follows:
  - (a) £xxx,xxx,xxx – being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the said Act, taking into account all precepts issued to it by Parish Councils.

- (b) £xxx,xxx,xxx – being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £xx,xxx,xxx – being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (item R in the formula in Section 31A(4) of the Act).
- (d) £x,xxx.xx – being the amount at 3(c) above (item R), all divided by item T (2 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £xxx,xxx.xx – being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act, each individual Parish precept being:

	£
Hale	xx,xxx
Daresbury	14,430
Moore	6,271
Preston Brook	73,538
Halebank	40,960
Sandymoor	47,853

- (f) £1,846.66 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by item T (2(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

- (g) Part of the Council's Area

	£
Hale	xx.xx
Daresbury	47.94
Moore	18.23
Preston Brook	197.15
Halebank	75.02
Sandymoor	29.09

being the amounts given by adding to the amounts at 3(e) above the amounts of the special item or items relating to dwellings in

those parts of the Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings of its area to which one or more special items relate.

(h) Part of the Council's Area

Band	Hale	Daresbury	Moore	Preston Brook	Halebank	Sandymoor	All other Parts of the Council's Area
	£	£	£	£	£	£	£
A	x,xxx.xx	1,263.07	1,243.26	1,362.54	1,281.12	1,250.50	1,231.11
B	x,xxx.xx	1,473.58	1,450.47	1,589.63	1,494.64	1,458.92	1,436.29
C	x,xxx.xx	1,684.09	1,657.68	1,816.72	1,708.16	1,667.33	1,641.48
<b>D</b>	<b>x,xxx.xx</b>	<b>1,894.60</b>	<b>1,864.89</b>	<b>2,043.81</b>	<b>1,921.68</b>	<b>1,875.75</b>	<b>1,846.66</b>
E	x,xxx.xx	2,315.62	2,279.31	2,497.99	2,348.72	2,292.58	2,257.03
F	x,xxx.xx	2,736.64	2,693.73	2,952.17	2,775.76	2,709.42	2,667.40
G	x,xxx.xx	3,157.67	3,108.15	3,406.35	3,202.80	3,126.25	3,077.77
H	x,xxx.xx	3,789.20	3,729.78	4,087.62	3,843.36	3,751.50	3,693.32

being the amounts given by multiplying the amounts at 3(f) and 3(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

5. It is further noted that for the year 2025/26 the Cheshire Police and Crime Commissioner has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:

	£
A	184.63
B	215.40
C	246.17
<b>D</b>	<b>276.94</b>
E	338.48
F	400.02
G	461.57
H	553.88



6. It is further noted that for the year 2025/26 the Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with the Local Government Act 2003 for each of the categories of dwellings shown below:

	£
A	63.39
B	73.96
C	84.52
<b>D</b>	<b>95.09</b>
E	116.22
F	137.35
G	158.48
H	190.18

7. It is further noted that for the year 2025/26 the Liverpool City Region Combined Authority have stated the following amounts in precepts issued to the Council, in accordance with the Local Government Act 2003 for each of the categories of dwellings shown below:

	£
A	16.00
B	18.67
C	21.33
<b>D</b>	<b>24.00</b>
E	29.33
F	34.67
G	40.00
H	48.00

8. That, having calculated the aggregate in each case of the amounts at 4h, 5, 6 and 7 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2025/26 for each of the categories of dwellings shown below:

Band	Hale	Daresbury	Moore	Preston Brook	Halebank	Sandymoor	All other Parts of the Council's Area
	£	£	£	£	£	£	£
A	x,xxx.xx	1,527.09	1,507.28	1,626.56	1,545.14	1,514.52	1,495.13
B	x,xxx.xx	1,781.61	1,758.50	1,897.66	1,802.67	1,766.95	1,744.32
C	x,xxx.xx	2,036.11	2,009.70	2,168.75	2,060.18	2,019.36	1,993.50
<b>D</b>	<b>x,xxx.xx</b>	<b>2,290.63</b>	<b>2,260.92</b>	<b>2,439.84</b>	<b>2,317.71</b>	<b>2,271.78</b>	<b>2,242.69</b>
E	x,xxx.xx	2,799.65	2,763.34	2,982.02	2,832.75	2,776.61	2,741.06
F	x,xxx.xx	3,308.69	3,265.77	3,524.21	3,347.80	3,281.46	3,239.44
G	x,xxx.xx	3,817.72	3,768.20	4,066.40	3,862.85	3,786.30	3,737.82
H	x,xxx.xx	4,581.26	4,521.84	4,879.68	4,635.42	4,543.56	4,485.38

being satisfied that:

- (a) The total amount yielded by its Council Taxes for the said financial year will be sufficient, so far as is practicable, to provide for items mentioned at 4(a) to (c) above; and, to the extent that they are not, to be provided for by any other means.
  - (b) Those amounts which relate to a part only of its area will secure, so far as is practicable, that the precept or portion of a precept relating to such part will be provided for only by the amount yielded by such of its Council Taxes as relate to that part.
9. The Director - Finance be authorised at any time during the financial year 2025/26 to borrow on behalf of the Council by way of gross bank overdraft such sums as he shall deem necessary for the purposes of this paragraph, but not such that in any event the said overdraft at any time exceeds £10m on an individual bank account (£0.5m net across all bank accounts) as the Council may temporarily require.

**APPENDIX B****DEPARTMENTAL OPERATIONAL BUDGETS****£000****Adult Services Directorate** **71,206****Children's Services Directorate**

Children's Services 52,693

Education, Inclusion &amp; Provision 11,231

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**64,016****Public Health Directorate** **1,479****Environment & Regeneration Directorate**

Community &amp; Greenspace 22,585

Economy, Enterprise &amp; Property 2,319

Policy, Planning and Transportation 9,196

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**34,100****Chief Executive's Directorate**

Finance 6,301

ICT &amp; Support Services 3,542

Legal &amp; Democratic Services -95

Chief Executive's Delivery Unit 1,340

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**11,088****Departmental Operational Budgets** **181,889**Corporate and Democracy 

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1,255**Total Operational Budget** 

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**183,052**

**KEY COMPONENTS IN DEVELOPING THE DEPARTMENTAL OPERATIONAL BUDGETS**

	Adult Social Care	Children's Services	Education, Inclusion & Provision	Public Health	Community & Greenspace	Economy, Enterprise & Property	Policy, Planning & Transportation	Finance	ICT & Support Services	Legal & Democratic Services	Chief Executive's Delivery Unit	Corporate & Democracy	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>2024/25 Base Budget</b>	<b>59,800</b>	<b>38,071</b>	<b>9,675</b>	<b>1,460</b>	<b>25,407</b>	<b>2,337</b>	<b>8,405</b>	<b>5,029</b>	<b>2,277</b>	<b>-571</b>	<b>1,215</b>	<b>-3,608</b>	<b>149,496</b>
Staffing	2,294	562	504	441	854	126	200	338	189	166	136	-37	5,773
Care Contract Costs	9,768	13,502	0	0	0	0	0	0	0	0	0	0	23,270
Care Homes Expenditure	452	0	0	0	0	0	0	0	0	0	0	0	452
Children's Improvement Plan	0	4,601	0	0	0	0	0	0	87	114	0	0	4,802
SEN Costs Previously Funded from DSG	0	0	997	0	0	0	0	0	0	0	0	0	997
Schools Transport	0	0	682	0	0	0	0	0	0	0	0	0	682
Concessionary Travel	0	0	0	0	0	0	0	154	0	0	0	0	154
Other Transport	102	10	0	0	0	0	12	0	0	0	0	0	124
Additional Fleet Driver Posts	0	0	0	0	0	0	358	0	0	0	0	0	358
Environmental Consultancy	0	0	0	0	0	0	143	0	0	0	0	0	143
Premises Costs	-39	-34	0	0	-245	-126	-5	0	-21	0	0	0	-470
Software Costs	0	0	4	0	3	1	0	21	584	0	3	0	616
Postage Costs	0	0	0	0	0	0	0	0	228	0	0	0	228
Legal Expenses	0	0	0	0	0	0	0	0	0	204	0	0	204
Capital Costs	0	0	0	0	0	0	0	0	0	0	0	1,094	1,094
Interest Expenditure	0	0	0	0	0	0	0	0	0	0	0	4,124	4,124
Contingency	0	0	0	0	0	0	0	0	0	0	0	4,561	4,561
Other Costs	279	98	0	739	312	60	80	183	0	1	0	148	1,900
Reserves Movements	0	1,000	0	-1,000	0	0	0	0	0	0	0	0	0
Sales, Fees, Charges , and Other Income	-294	3	-55	-2	-258	-31	-46	-112	-34	-9	-14	-91	-943
Loss of Youth Justice Service Income	0	0	0	0	0	0	0	0	232	0	0	0	232
Rent Allowances Shortfall	0	0	0	0	0	0	0	100	0	0	0	0	100
Changes in Grant Funding	709	-3,220	-276	-114	-3,218	0	0	42	0	0	0	-5,885	-11,962
Prior Year Unachieved Savings	1,015	0	0	0	0	52	150	0	0	0	0	4,000	5,217
Savings Approved February 2023	-1,225	0	0	0	0	0	0	0	0	0	0	0	-1,225
Proposed Savings (See Appendix G)	-1,655	-1,900	-300	-45	-270	-100	-100	-100	0	0	0	-2,406	-6,876
Transfers Between Departments	0	0	0	0	0	0	0	646	0	0	0	-646	0
<b>2025/26 Base Budget</b>	<b>71,206</b>	<b>52,693</b>	<b>11,231</b>	<b>1,479</b>	<b>22,585</b>	<b>2,319</b>	<b>9,196</b>	<b>6,301</b>	<b>3,542</b>	<b>-95</b>	<b>1,340</b>	<b>1,255</b>	<b>183,052</b>
Total Growth from 2024/25 Budget	11,406	14,622	1,556	19	-2,822	-18	791	1,272	1,265	476	125	4,863	33,555

**APPENDIX D**

**MEDIUM TERM FINANCIAL FORECAST**

	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Spending</b>			
Previous Year's Budget	183,052	199,256	217,324
<u>Inflation</u>			
Pay	2,303	2,330	2,358
Prices	3,748	4,194	4,342
Income	-654	-670	-686
<u>Other</u>			
Service Demand Pressures	6,253	8,115	11,653
Contingency	1,500	2,000	2,000
End of Increased Business Rates Retention	2,099	2,099	2,099
Replenish Reserves	2,000	0	0
Budget Forecast	199,256	217,234	239,090
<b>Resources</b>			
Baseline Business Rates Funding and Top-Up Grant	87,287	29,032	90,813
Council Tax	70,950	73,802	76,769
	158,237	162,834	167,582
<b>Cumulative Funding Gap</b>	<b>-42,064</b>	<b>-55,535</b>	<b>-72,553</b>

## APPENDIX E

### COMMITTED CAPITAL PROGRAMME 2025/28

SCHEME	2025/26 £000	2026/27 £000	2027/28 £000
Schools Capital Projects	1,306	0	0
<b>Children's Directorate</b>	<b>1,306</b>	<b>0</b>	<b>0</b>
Disabled Facilities Grant	600	600	600
Stairlifts	540	540	540
<b>Adult's Directorate</b>	<b>1,140</b>	<b>1,140</b>	<b>1,140</b>
Stadium Minor Works	30	30	30
Children's Playground Equipment	65	65	65
Landfill Tax Credit Schemes	340	340	340
Upton Improvements	13	0	0
Crow Wood Park Play Area	12	0	0
Open Spaces Schemes	600	600	600
Runcorn Town Park	280	280	0
Spike Island / Wigg Island	1,889	0	0
Pickerings Pasture Café	491	0	0
Replacement Cremator Widnes	224	0	0
Litter Bins	20	20	20
3MG	134	0	0
Equality Act Improvement Works	300	300	300
Property Improvements	200	200	200
Runcorn Town Centre Development	7,190	0	0
Port of Weston	3,957	0	0
Sci-tech Daresbury Project Violet	2,200	0	0
Street Lighting – Structural Maintenance	200	200	200
East Runcorn Connectivity	5,852	5,852	0
Risk Management	120	120	120
Fleet Replacements	1,423	1,000	0
<b>Environment &amp; Regen Directorate</b>	<b>25,540</b>	<b>9,007</b>	<b>1,875</b>
IT Rolling Programme	700	700	700
Halton Smart Microgrid	10,872	0	0
Transformation Programme	1,000	0	0
Exceptional Financial Support	29,056	0	0
<b>Chief Executive Directorate</b>	<b>41,628</b>	<b>700</b>	<b>700</b>
<b>Total Capital Programme</b>	<b>69,614</b>	<b>10,847</b>	<b>3,715</b>

**APPENDIX F**

**PREVIOUSLY APPROVED BUDGET SAVINGS 2025/26**

**Adult Social Care Department**

<b>Ref.</b>	<b>Service Area</b>	<b>Net Budget £000</b>	<b>Description of Saving Proposal</b>	<b>2025/26 Savings Value £000</b>
ASC1	Housing Solutions	474	Remodel the current service based on good practice evidence from other areas.	125
ASC19	Voluntary Sector Support	N/A	Review the support provided by Adult Social Care, and all other Council Departments, to voluntary sector organisations, This would include assisting them to secure alternative funding in order to reduce their dependence upon Council funding. A target saving phased over two years has been estimated.	100
ASC14	Care Management – Community Care Budget	18,982	Attract £500k investment from the pooled budget (BCF) from 2024/25. Undertake work in years 1 and 2 to reduce reliance upon contracted services from 2025/26. Services are currently in the process of being redesigned on a “Strengths Based Approach” i.e. focused upon prevention.	1,000
<b>Total Adult Social Care Department</b>				<b>1,225</b>

### Children and Families Department

Ref.	Service Area	Net Budget £000	Description of Saving Proposal	2025/26 Savings Value £000
C1	Children's Centres	1,293	Review the operation of Windmill Hill Children's Centre, where there is the potential to save on premises and staffing costs.	22
<b>Total Children and Families Department</b>				<b>22</b>

### Community and Greenspace Department

Ref.	Service Area	Net Budget £000	Description of Saving Proposal	2025/26 Savings Value £000
COMM5	Stadium and Catering Services – School Meals	12	Cease to deliver the school meals service, which has made significant losses of over £200,000 for a number of years and is forecast to make a similar loss by year-end. Work would be undertaken with schools over the next two years to support them to secure an alternative means of delivery, whether in-house or via an external provider.	12
<b>Total Community and Greenspace Department</b>				<b>12</b>



## Finance Department

<b>Ref.</b>	<b>Service Area</b>	<b>Net Budget £000</b>	<b>Description of Saving Proposal</b>	<b>2025/26 Savings Value £000</b>
F9	Internal Audit	300	Restructure in light of potential retirements over the next two years within the Internal Audit Team.	50
F17	Council Tax	84	Increase the charges applied when a court summons is issued by 30% (£23), to achieve full cost recovery over the three year period.	40
<b>Total Finance Department</b>				<b>90</b>

**APPENDIX G**

**PROPOSED BUDGET SAVINGS 2025/26 – TO BE APPROVED**

<b>Item</b>	<b>Proposed Saving</b>	<b>Amount £000</b>
	<b>Corporate Items</b>	
1	Purchase of Additional Leave – development of a voluntary scheme to enable staff to purchase additional annual leave.	100
2	Voluntary Severance Scheme – development of a policy whereby staff may be offered voluntary severance in appropriate circumstances, but without creating a significant pension strain liability.	200
3	Apprenticeships - implement an “Apprentice First” policy, with all appropriate vacant posts assessed initially to determine whether they might be suitable as an apprenticeship. This will build longer term resilience into the organisation’s workforce and provide short term cost savings by drawing down funding from the apprenticeship levy. The scheme will be co-ordinated by the newly appointed Apprenticeship Officer, funded and supported by the Transformation Delivery Unit.	200
4	Agency Staff Reduction – continuation of the work being co-ordinated by the Transformation Delivery Unit to reduce the reliance upon agency workers across the Council, in particular within Adults and Children’s Social Care. Target net savings of £1.7m for 2025/26, £1.3m for 2026/27 and £1.1m for 2027/28.	1,700
5	Review all existing contracts across the Council to re-consider their requirements and performance on the basis of outputs achieved.	200
	<b>Environment &amp; Regeneration Directorate</b>	
6	Accelerate the lease or sale of surplus land, non-operational buildings, surplus space within building, etc. to either generate lease rentals or capital receipts to help fund capital schemes and thereby reduce future capital financing costs.	100
7	Green Waste – increase green waste charges from £43 to £50 per annum, to bring Halton onto a comparable basis with charges levied by neighbouring councils.	100
8	Area Forums – cease the funding for Area Forums.	170
9	LED Advertising Screens – install LED advertising screens at appropriate locations within the Borough in order to generate advertising revenue. The estimated annual income is the Council’s share of advertising revenue net of capital financing costs for the installations.	100
	<b>Adults Directorate</b>	
10	Community Wardens/Telecare Service – a review will be undertaken of the various options available for the future delivery	280

	of these services, with support from the Transformation Delivery Unit.	
11	Community Care – continuation of the work being undertaken to review care provided through the Community Care budget, in order to reduce the current overspend and ongoing costs.	1,000
12	Review of Service Delivery Options – reviews will be undertaken of the various service delivery options available for a number of areas including; Day Services, Halton Supported Housing Network, In-House Care Homes, Reablement Service and Oak Meadow.	375
<b>Children’s Directorate</b>		
13	Home to School Transport – undertake consultation with stakeholders and partners with regard to implementing a new Home to School and College Travel and Transport Policy for Children and Young People with Special Educational Needs and Disabilities.	300
14	Residential Placements – continuation of the work being undertaken to review residential placements, especially high cost placements, and identify opportunities to step-down placements or find alternatives, in order to reduce the current overspend and ongoing costs.	1,500
15	Independent Fostering Agencies and Out of Borough Fostering – continuation of the work being undertaken to review placements, to increase use of In-Borough foster carers wherever possible and thereby reduce costs, in order to reduce the current overspend and ongoing costs.	200
16	Court Costs – implementation of measures in conjunction with Legal Services, to reduce the backlog and ongoing number of Children’s cases going to court, thereby reducing the timescales involved and cost of court proceedings, in order to reduce the current overspend and ongoing costs.	200
<b>Public Health Directorate</b>		
17	Pest Control – increase charges for pest control on the basis of benchmarking data, to bring Halton onto a comparable basis with charges levied by neighbouring councils.	45
<b>Chief Executive’s Directorate</b>		
18	Deputy Mayor – cease provision of the Deputy Mayor’s allowance, whilst retaining a nominated Deputy Mayor.	6
19	Debt Management – undertake a review of debt management policies and procedures, in order to implement a more robust approach to debt management and debt recovery, considering options such as seeking payment in advance wherever possible, to improve cashflow and reduce the risk of non-recovery.	100
<b>Total</b>		<b>6,876</b>

### Flexible Use of Capital Receipts Strategy

#### 1.0 Introduction

- 1.1 On 01 February 2023 Council approved the three year transformation programme and funding arrangements. The report set out the Council's approach to transformation, shape of the programme and how it will be resourced.
- 1.2 It was agreed that the Council adopt an approach, commonly adopted by other Councils, whereby this investment in transformation is regarded as one-off expenditure in order to deliver a long-term, sustainable, financial position. On 02 August 2022 Government issued a direction which gives local authorities the continued freedom to use capital receipts from the sale of their own assets, to help fund the revenue costs of transformation projects and thereby deliver savings.
- 1.3 The current direction is in place for financial years 2022/23, 2023/24 and 2024/25 only. In November 2024, as part of the policy statement on local government finance, Government signaled intentions to extend this through to 2030.
- 1.4 In December 2023 the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) announced a call for views inviting local authorities, sector representatives and other stakeholders to provide views on a set of options with respect to capital flexibilities and borrowing, to be managed locally, that could be used to encourage and enable local authorities to invest in ways that reduce the cost of service delivery and provide more local levers to manage financial resources. The proposals are summarised as follows:
  - Extending capitalisation flexibilities to include a wider set of eligible costs, in particular general revenue costs.
  - Extending the flexible use of capital receipts to allow authorities to borrow for the revenue costs of invest-to-save projects.
  - Allowing additional flexibilities for the use of the proceeds of selling investment assets.
  - Introducing a reduced interest rate for borrowing from the Public Works Loans Board for invest-to-save projects.
- 1.5 In order to use capital receipts to fund the Transformation Programme, the Council needs to approve a Flexible Use of Capital Receipts Strategy. The Strategy is required to list projects which will make use of the capital receipts flexibility and list the expected savings/service transformations to be delivered. The Strategy should also report the

impact upon the local authority's Prudential Indicators for the forthcoming year and subsequent years.

## 2.0 Qualifying Expenditure

- 2.1 Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years. It is for individual local authorities to decide whether or not a project qualifies for the flexibility and such decisions will be reviewed by the Council's External Auditor.
- 2.2 The common theme of the Council's Transformation Programme is that it can be used as the catalyst for change internally and externally. The Transformation Programme is known as "Re-imagining Halton" in reference to the principles that will enable the Council to successfully re-design services and deliver a sustainable financial position going forward. Work is being undertaken with members, staff, partners and residents to "re-imagine" how services are delivered.
- 2.4 Saving estimates will be updated on a regular basis over the next year as the programme gathers pace. Changes to future forecasted savings will be reported to Transformation Programme Board during the period of the programme and annual reports will present the level of actual savings made.
- 2.5 The cumulative savings to date and those forecast over the medium term are summarised at Table A, this will be updated over the next year
- 2.6 Savings have been broken down between actual savings against budget, cost reductions and income growth.

**TABLE A – Actual and Estimated Savings**

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Budgeted Savings</b>	0.000	0.099	2.091	3.336	1.215	6.741
<b>Cost Reductions</b>	0.511	0.161	0.166	0.000	0.000	0.838
<b>Income Generation</b>	0.000	0.000	0.066	0.143	0.000	0.209
<b>Total</b>	<b>0.511</b>	<b>0.260</b>	<b>2.323</b>	<b>3.479</b>	<b>1.215</b>	<b>7.788</b>

### 3.0 Qualifying Asset Disposals

- 3.1 For the purposes of the strategy, a qualifying disposal is an asset sale made within the period for which the Strategy applies, by the Council to an entity outside the Council's group structure.
- 3.2 Capital receipts which are to be used by the Council under the flexibilities afforded by the Direction, should be from genuine disposals of assets. Where the Council still retains some control of the assets, directly or indirectly, and retains exposure to the risks and rewards from those assets, the disposal does not give rise to a capital receipt that can be used in accordance with the Direction.

### 4.0 Forecast Costs

- 4.1 A budget for the Transformation Programme delivery resource has been set at £7m over the three year period. The current estimated costs for the programme are shown in the table below.

**TABLE B – Estimated Costs**

	2023/24	2024/25	2025/26
	£m	£m	£m
Programme Running Costs	1.941	2.360	2.427
Allowable Severance Costs	0.382	0	0
<b>Total Transformation Programme Costs</b>	<b>2.323</b>	<b>2.360</b>	<b>2.317</b>

- 4.2 Capital receipts to fund these costs have been identified and will be earmarked to fund future costs.
- 4.3 The impact upon the Council's treasury management prudential indicators is included within the Council's Treasury Management Strategy which is recommended for approval by Council, elsewhere on the Agenda.