

Committee Name and Date of Committee Meeting

Council – 05 March 2025

Report Title

Budget and Council Tax 2025/26 and Medium Term Financial Strategy

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

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Ward(s) Affected

All

Report Summary

This report proposes the Council's Budget and Council Tax for 2025/26, based on the Council's Final Local Government Finance Settlement for 2025/26, budget consultation and the consideration of Directorate budget proposals. A review of the financial planning assumptions within the Medium Term Financial Strategy (MTFS) has been undertaken.

The proposed Budget and Medium Term Financial Strategy reflects the Council's priorities as set out in the Council Plan 2022-2025 and Year Ahead Delivery Plan. The development of the Budget proposals for 2025/26 and the further update of the MTFS take into account prevailing economic factors, supplier market factors, demand and complexity of care pressures, and the lasting impact of periods of high inflation during 2023/24. Following the Council's technical MTFS updates, proposed budget decisions within this report and the impact of the Final Financial Settlement, the Council has been able to propose a balanced budget for 2025/26 and 2026/27 with a potential £3.2m funding gap in 2027/28.

The Autumn Statement and Policy update, along with the Final Financial Settlement, have given the Local Authority sector a much needed boost in terms of the funding package available. The confirmation of £1.3bn additional grant for the sector was much needed, with £0.68bn towards Adult Social Care (£3.8m for RMBC) and £0.7bn to be provided through the new Recovery Grant allocated on a deprivation basis (meaning £8.7m of new un-ringfenced grant for RMBC). Whilst some smaller grants have been removed to support this £1.3bn national uplift, overall the funding package represents a substantial increase in Local Authority funding. This settlement

represents the most significant increase in core funding in the last 15 years and the Council will be around £14m better off in 2025/26 than was expected a year ago.

Though the position for Local Authority Funding has shifted positively, the Council remains committed to increasing efficiency and delivering on the priorities of residents. As such, in order to invest in key priorities, this Budget includes Budget savings proposals of £2.6m aimed to increase the efficiency of service delivery and reduce or remove spending on services that are no longer required or can be delivered differently, for example, through maximising grant funding opportunities in Childrens Services or route optimisation within Waste Management.

In recognition of escalating cost pressures within Adult Social Care, relating to increased complexity of care and rising demand for the service, market inflation and transitions, the Council will provide for approximately £17m of additional funding to support the delivery of Adult Social Care services. Further investment of £4.3m will also be provided to address unavoidable cost pressures in complying with Home to School Transport requirements and £1.5m for unavoidable Waste Management costs. In addition, the Budget will provide some additional investments to help support people and to support with delivering on the Council's ambitions for the Borough with specific regard to the Council Plan aims of;

- People are safe, healthy and living well,
- Expanding economic opportunity,
- A cleaner, greener local environment
- One council approach

In setting the proposed 2025/26 budget, Cabinet has recommended to Council a 3% increase in Council Tax, made up of an increase of 1% in the Council's basic Council Tax plus an increase of 2% for the Adult Social Care precept.

The Budget also proposes a further year of a Local Council Tax Support Top-up Scheme to operate across 2025/26 to provide further support to low income working age households in the Borough to assist them in managing the impacts of the cost of living crisis and support the most financially vulnerable households.

Recommendations

That Council

1. Approves the Budget and Financial Strategy for 2025/26 as set out in the report and appendices, including a basic Council Tax increase of 1% and an Adult Social Care precept of 2%.
2. Approves the extension to the Local Council Tax Support Top Up scheme, that will provide up to £126.12 of additional support to low income households accessing the Council's Council Tax Support scheme. It will support the most financially vulnerable to rising household costs, through reduced Council Tax bills as described in Section 2.5.15.

3. Approves the proposed changes to the Local Council Tax Support scheme as set out at 2.5.10 and proposed changes to Council Tax Premiums as set out in Section 2.5.19.
4. Approves the updated Medium Term Financial Strategy (MTFS) to 2027/28, as described within Section 2.6.
5. Approves the Reserves Strategy as set out in Section 2.8 noting that the final determination of Reserves will be approved as part of reporting the financial outturn for 2024/25.
6. Notes and accepts the comments and advice of the Strategic Director of Finance and Customer Services (Section 151 Officer), provided in compliance with Section 25 of the Local Government Act 2003, as to the robustness of the estimates included in the Budget and the adequacy of reserves for which the Budget provides as set out in Section 2.14.
7. Notes the feedback from the public and partners following the public consultation on the Council's budget for 2025/26 which took place from 18 November 2024 to 10 January 2025, attached as Appendix 5.
8. Approves the proposed increases in Adult Social Care provider contracts and for Personal Assistants as set out in Section 2.4.
9. Approves the proposed approach and increases in Childrens Social Care costs as set out in Section 2.4.25.
10. Approves the revenue investment proposals set out in Section 2.7 and Appendix 2.
11. Approves the proposed revenue savings set out in Section 2.7 and Appendix 4.
12. Approves the Council Fees and Charges for 2025/26 attached as Appendix 7.
13. Approves the application of the Business Rates Reliefs as set out in Section 2.10, in line with Government guidance.
14. Approves the proposed Capital Strategy and Capital Programme as presented in Section 2.12 and Appendices 3A to 3F.
15. Approves the Treasury Management matters for 2025/26 as set out in Appendix 9 of this report including the Prudential Indicators, the Minimum Revenue Provision Policy, the Treasury Management Strategy and the Investment Strategy.
16. Approves the continuation of the principles and measures adopted since April 2020 to make faster payments to suppliers on receipt of goods, works and services following a fully reconciled invoice as described in Section 2.11.
17. Approves the Budget allocations for the Community Leadership Fund as set out in Section 2.9.

18. Approves that the Capital Programme Budget continues to be managed in line with the following key principles:

- (i) Any underspends on the existing approved Capital Programme in respect of 2024/25 be rolled forward into future years, subject to an individual review of each carry forward to be set out within the Financial Outturn 2024/25 report to Cabinet.
- (ii) In line with Financial and Procurement Procedure Rules 7.7 to 7.11 and 8.12, any successful grant applications in respect of capital projects will be added to the Council's approved Capital Programme on an ongoing basis.
- (iii) Capitalisation opportunities and capital receipts flexibilities will be maximised, with capital receipts earmarked to minimise revenue costs.

List of Appendices Included

Appendix 1	Council Tax Base 2025/26
Appendix 2	Proposed Revenue Budget Investments
Appendix 3A	Proposed Capital Investments Summary
Appendix 3B	Capital Investment Proposals
Appendix 3C to 3F	Capital Programme 2024/25 to 2028/29
Appendix 4	Proposed Revenue Savings
Appendix 5	Budget Consultation 2025/26
Appendix 6	Statutory Resolution of Council Tax 2025/26
Appendix 7	Fees and Charges Proposals 2025/26
Appendix 8	Background to the Budget & Financial Strategy
Appendix 9	Prudential Indicators and Treasury Management and Investment Strategy
Appendix 10	Flexible Use of Capital Receipts Strategy 2025/26
Appendix 11	Initial Equality Screening Assessment (Part A)
Appendix 12	Carbon Impact Assessment

Background Papers

- Council Tax Base 2025/26 – Officer Delegated Decision record
- HRA Business Plan, Rent Setting and Charges 2025-26 – Cabinet 16 December 2024
- Provisional Local Government Financial Settlement – 18 December 2024
- Final Local Government Financial Settlement – 3 February 2025
- Budget and Council Tax 2024/25 and Medium Term Financial Strategy – Council 12 February 2024, Council 28 February March 2024
- Financial Outturn 2023/24 – Cabinet 29 July 2024
- Treasury Management Outturn 2023/24 – Cabinet 29 July 2024, Audit Committee 30 July 2024
- Medium Term Financial Strategy – Cabinet 16 December 2024
- December Financial Monitoring Report – Cabinet 10 February 2025
- Mid-Year Treasury Management and Prudential Indicators Monitoring Report 2024/25 – Audit Committee 26 November 2024

- CIPFA – The Prudential Code for Capital Finance in Local Authorities 2011 (as amended 2012) and related Guidance Notes 2013

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Overview and Scrutiny Management Board – 05 February 2025

Cabinet – 10 February 2025

Council – 05 March 2025

Council Approval Required

Yes

Exempt from the Press and Public

No

Budget and Council Tax 2025/26

1. Background

- 1.1 The Final Local Government Finance Settlement, published on the 3 February 2025, was a significant moment for authorities like Rotherham. As the best core funding settlement in 15 years, the Council will be around £14m better off in 2025/26, than was expected a year ago. Being the 12th largest percentage increase in funding of all local authorities in the country, this provides valuable resources to support communities and residents across the borough.
- 1.2 This increase in funding is therefore highly welcome. However, it must be seen in the context of the immense pressures facing local government finances following austerity, inflation and rising demand for services. Since 2010 alone the Council has needed to make and address significant reductions in funding, reductions in expenditure and services provided and deliver significant savings programmes. When taken together this equates to savings in excess of £200m. Throughout this period the Council has needed to make difficult decisions to ensure that vital services to Rotherham residents can be maintained along with a robust financial position to ensure sustainability of those services. Whilst the final settlement means that the Council's financial outlook is better than anticipated, some difficult decisions continue within this year's budget given local pressures and rising demand for services.
- 1.3 Against a difficult financial backdrop, the Council has remained focused on its largest regeneration programme in a generation. Rotherham town centre is being revitalised and the opening of Arc Cinema and the Travelodge hotel were major milestones. The leisure and visitor economy is being strengthened, with investments in major attractions such as Wentworth Woodhouse and Gulliver's Valley and the Council's events programme, for example, for the first time since the 1970s, a major concert, the Reytons homecoming gig, was held at Clifton Park bringing more than £1 million pounds to the local economy. Meanwhile, town and district centres across the borough are being improved through the Towns and Villages Fund and consultation has been undertaken on the Our Places fund, with residents, to identify several priority areas for improvement. More homes for local people are being created and the Council has delivered 600 of its target of 1,000 new Council homes. Creating a range of opportunities, these developments are supporting the vision of the Council Plan to become a reality.
- 1.4 Despite the progress made, the need to deliver change and realise these ambitions for the borough remains clear. For many people in Rotherham life is still very hard. Deep structural challenges persist in the area's economy and the high levels of deprivation mean that communities and residents have been particularly impacted by the high cost of living over recent years. The Borough is amongst the 14% most deprived local authority areas in England. 11,100 children live in 'absolute poverty' and the number of children in receipt of free school meals has increased by around 600 or 4.6% in the year to December to c.13,300.

- 1.5 The pressures being seen by residents, families and businesses across the Borough are also leading to parallel pressures on the Council. Demand for services is rising and the impact of inflation continues to be difficult to predict, along with the financial settlement 2022/23, 2023/24 and 2024/25 falling significantly short of mitigating those pressures.
- 1.6 Set within this context and as the Council Plan refresh is well underway, the vision at the heart of this Plan remains as important as when it was agreed in January 2022. That is to build a borough where opportunity is extended to everyone, where people can grow, flourish and prosper and where no one is left behind.
- 1.7 Through the investments made in recent years the Council has:
- Delivered more than 600 homes against the target of creating 1,000 new council homes.
 - Invested £1.8m to improve libraries across the borough, with the opening of the new library at Swinton in July the most recent example.
 - Seen the number of potholes in the borough decline from 33,099 in 2015/16 to 20,130 in 2023/24 representing a decrease of 39.2%, which is testament to the road's investment programme.
 - Supported the most vulnerable children and families by providing high quality services and in November services for children and young people with special education needs and abilities (SEND) were awarded the highest rating by Ofsted.
 - Began construction of Castle View Day Service and new homes at Canklow started with 'spade in the ground' events held in September and October 2024 to provide day opportunities for people with high support needs.
 - Secured more than £100m of Government investment to deliver regeneration and jobs, with Arc Cinema and the Travelodge at the flagship Forge Island development opening last summer.
- 1.8 Throughout 2025/26 the Council will build on this and go further, making more progress in delivering it's vision by supporting the most vulnerable children and adults, providing high quality services and making the borough an even better place to live, work, visit and invest in.
- 1.9 A series of budget investment proposals are set out within this document for consideration. Informed by a number of sources including feedback from residents through the Resident Satisfaction Survey, Budget and Council Plan consultations and wider best practice, the Council will:
- Increase investment in adult social care by around £17m on the base budget to meet rising demand and increasingly complex needs. Alongside this, decisions are being taken to uplift fees on care packages.
 - Improve feelings of safety in town and village centres by providing a visible, uniformed Council presence through the establishment of the Street Safe Team.

- Create a cleaner and greener borough, investing to improve roadside cleansing and maintenance, more visible road markings and a further freeze on bulky waste charges. In addition, to reduce the impact of flooding through the Catcliffe Village Flood Alleviation Scheme.
- Provide additional support for residents with the high cost of living, by providing increased funding for families to help with school uniform costs. In addition, to continuing to provide additional advice to help eligible residents access benefits like pension credits. Finally, £130k is being provided into additional Council Tax support to better support working people on low incomes, as well as extending the Council Tax Support Top Up Scheme for a further year.
- Ensure neighbourhoods are welcoming and safe, delivering the green spaces repairs programme, improving overflow parking at Clifton Park and freezing leisure activity prices at Rother Valley and Thrybergh Country Parks. In addition to making a further investment of £2m to continue to improve roads and pavements across the Borough, the Council will also invest £600k in improving community facilities to sustain and increase the participation, activities and engagement within them.
- Create a more inclusive economy by making permanent funding available for our Employment Solutions service which will help around a further 1,200 people into work or training up to 2028, and improving our business incubation centres. The Council will also support local businesses and residents by making the first hour free, in town centre off-street parking.
- Deliver high quality services, focused on meeting the needs of all customers across the borough, including reducing wait times for callers to the contact centre.

1.2 Budget Context

- 1.2.1 The Council set a balanced budget position for 2024/25 as part of the Budget and Council Tax Report 2024/25 approved at Council on 28th February 2024. The MTFS contained within that report included a balanced position for 2024/25 and a funding gap of £6.3m for 2025/26. The Council could not accurately project further than 2025/26 in terms of the MTFS due to the significant uncertainty that existed in the Local Authority funding environment with another single year settlement for 2024/25 and a pending national election. However, the Budget and MTFS position was set based on sound financial assumptions at the time, factoring in funding for service market pressures within Adult Social Care in particular.
- 1.2.2 During 2024/25 the Council has continued to see rising pressures due to market inflation, demand and the complexity of care packages increasing. At its peak in 2024/25 the Council's Directorate overspend was £17m, made up of social care pressures, Home to School Transport, Homelessness, Waste Management and the impact of the Local Government Pay Award. Whilst the Council anticipated some of these pressures, with £6.9m of Budget Contingencies and £4m of continued

savings in Treasury Management, this still left a pressure of £6.1m. As such the Council has been working hard to reduce this overspend in year through a series of management actions and detailed service reviews to further improve the Council's efficiency and effectiveness across the board.

- 1.2.3 Despite this challenging environment the Council has continued to set a robust Budget and MTFs and monitor the performance of that Budget effectively. The Council has faced significant challenges in year but has taken swift action to rectify them or set in place clear recovery plans to address those pressures over time. The success of this approach is evident through the Budget and MTFs that the Council now brings forward for approval. Whilst there remain challenges to overcome, the Council has a clear plan and has adequate cover in place for risk. In this Budget and MTFs the Council has not been required to identify an increased call on reserves across 2025/25 and 2026/27.
- 1.2.4 Looking ahead to 2025/26, Local Authorities must consider their Budget and MTFs amidst ongoing funding uncertainty for the Local Government sector beyond 2025/26, as the Local Government Financial Settlement for 2025/26 was only a one-year allocation. However, there is real positivity from a funding perspective in the sector following confirmation of £1.3bn additional grant for the sector which was much needed, with £0.68bn towards Adult Social Care (£3.8m for RMBC) and £0.7bn to be provided through the new Recovery Grant allocated on a deprivation basis (meaning £8.7m of new un-ringfenced grant for RMBC). Whilst some smaller grants have been removed to support this £1.3bn uplift, overall the funding package represents a substantial increase in Local Authority funding. The settlement, one of the most significant increases in the last 15 years, the Council will be around £14m better off in 2025/26, than was expected a year ago. So, whilst Councils continue to face financial challenges they can do so with a more positive outlook on how Local Authority funding will look for 2026/27 onwards.
- 1.2.5 Given that the Local Authority sector funding environment has improved and that cost pressures continue it has been an unusual budget setting process compared to recent years. The Council still faces cost pressures but is more appropriately prepared to deal with them. As such the Council has considered a package of savings as well as investments as part of the Budget for 2025/26. The aim of the Council remains to be meeting this challenge whilst protecting the services that the Council provides to residents and businesses within the Borough and whilst providing further support to residents to address the cost of living crisis.
- 1.2.6 The Council remains committed to protecting the most vulnerable children and adults and to delivering the improved cost effectiveness of these services. CYPS placements remains a budget risk with a projected overspend of £5.2m in 2024/25 due to rising market costs and challenges faced in delivering the in-house residential homes programme. However, the demand pressures that the Council has previously seen have reduced and the Looked After Children numbers continue to fall at a pace greater than forecast when setting the 2024/25 Budget. However, whilst demand

has fallen, cost reductions have been more stubborn, principally due to market pressures which remain a budget risk given the CYPS placement savings. As such, the Council has retained the Social Care Contingency reserve of £3.4m in 2025/26. A benchmarking exercise undertaken against statistical neighbours has shown that the Council's direction of travel on CYPS costs remains positive and projects to put the Council in the middle of the pack within the next few years. As such, the Council needs to continue its direction of travel to achieving this alignment with its statistical neighbours.

- 1.2.7 Adult Social Care is experiencing significant pressures that are out of the Council's control due to a rise in the complexity of people's needs and an ageing population. The adult care market remains volatile due to rising demand pressures and staff shortages. This pressure has been exacerbated by inflation and the rise in the Real Living Wage meaning the available funding needs to increase to ensure market sustainability. These cost pressures increase the average cost per hour to meet peoples' eligible needs. This is reflected across all service areas. Extensive work is underway to minimise the impact of these rising costs by ensuring the service is running as efficiently as possible.
- 1.2.8 There is therefore a need to recognise these escalating care complexities, demand and market costs within this budget. This requires the Council to provide for around £17m of additional funding for the delivery of Adult Social Care services in 2025/26 in addition to the £7.5m provided in the 2024/25 Budget. The £17m is made up of an uplift for 2024/25 pressures that are reflected in the current year overspend plus a further uplift for 2025/26. The additional funding will help in supporting the ambition that all workers are paid the Real Living Wage and improve the sustainability of the adult care provider sector to deliver services to Rotherham people. Taking into account the pressures within Adult Social Care demand, this service still represents a significant long term financial risk within the Council's Budget and Medium Term Financial Strategy. It is a national issue and the Council welcomes Government's plans to review the Adult Social Care sector.
- 1.2.9 The additional social care resources provided within the Final Finance Settlement for 2025/26 are welcome, but this level of additional funding falls short of the national social care funding gaps as calculated by the Local Government Association. There is still therefore the need for the Council to continue to establish clear strategies to mitigate the increased market costs in order to maintain effective service provision within the available funding.
- 1.2.10 Further investment of £4.3m will also be provided to address unavoidable pressures in complying with Home to School Transport requirements and £1.5m required for Waste Management. Home to School Transport has seen continued increases in cost and demand in recent year and whilst the Council has delivered changes to the policy and improved transport efficiency to stem the cost increase, the costs continue to rise. This is a national picture. Waste Management is a growing challenge due to rising staffing costs, vehicle costs, disposal costs and recycling income.

Positively the budget will provide some additional investments to help support with delivering on the Council's ambitions for the Borough with specific regard to the themes within the Council Plans.

- 1.2.11 Following approval of the 2024/25 Budget the global economic position has improved with inflation easing, reducing from 11.1% October 2022 at its recent peak back down to 1.7% September 2024. Inflation has since started to rise again as the economy has slowed with inflation back at 2.6% in November 2024 highlighting that the economic uncertainty has not yet ended. The Council's base costs have continued to significantly rise across the period of high inflation and need to be factored into the Budget and MTFS moving forwards. Energy prices, whilst also positively reducing, are still projected to cost the Council around 60% more in 2025/26 than the outturn position for 2022/23 prior to the significant inflationary increase.
- 1.2.12 Although inflation has been easing, the impact of the Local Government Association (LGA) Pay Award 2024/25 was £3m greater than was assumed within the Budget for 2024/25. It is anticipated that this can be funded through temporary savings within Treasury Management for 2024/25 though the ongoing impact has been factored into the Budget and MTFS. Future pay awards remain a key area of uncertainty moving into 2025/26.
- 1.2.13 Outside of these longer term pressures, the Council is also faced with medium term pressures that have come to light during 2023/24 and 2024/25. The Homelessness service has seen rising demand across the last two years with actual and projected outturns around £1m overspent. This is a result of increased demand, filling the Council's available temporary accommodation and longer stays with the Council leading to the Council needing to utilise larger levels of hotel accommodation at a much greater cost. Reviews of the service operation have been carried out between corporate and service colleagues to identify opportunities to tackle this pressure and clear actions. Through those clear actions increased temporary accommodation capacity has been gained via the Council's HRA stock, hotel usage has been reduced and increased staffing capacity has been provided to support increased preventative measures and more focus on case management. It is expected that these actions, together with increased homelessness grant funding provided as part of the financial settlement will lead to this service being within budget in 2025/26.
- 1.2.14 The Council continues to make good progress in the delivery of previously approved savings, further details are provided in Section 2.2.

1.3 Revenue Budget Position 2024/25

- 1.3.1 The December revenue financial monitoring position which was reported to Cabinet on 10 February 2025, on the same agenda as this budget report, shows a forecast year-end overspend of £3.1m. The Council Directorates currently estimate an overspend of £15.2m for the financial year 2024/25. This is largely due to demand led pressures on children's

residential placements, adults social care packages, home to school transport and the impact of the Local Government Pay Award. Whilst the Directorate overspend is concerning, it has reduced from a peak of £17.2m and elements of this overspend were forecast with two key Budget contingencies created as part of setting the Council's Budget and MTFs for 2024/25. The Council set a Social Care Contingency of £3.4m and a Corporate Budget Provision of £3.5m to support anticipated pressures across Social Care and Home to School Transport.

1.3.2 The Council's overspend position at this point is largely due to the following overall issues:

- Placement pressures within Children and Young People's Services (£5.7m) and Adults Social Care (£6.4m).
- Home to School Transport pressures within Regeneration and Environment (£3.2m) and Children and Young People's Services (£0.9m).
- Provider inflation impacting Children and Young People's Services. Fostering allowances and skills payments that have been uplifted based on the national minimum allowance and the estimated impact that these uplifts may have on provider payments for Independent Fostering Agencies and external residential placements.
- Increased costs of homelessness due to increased demand.
- Pressure across waste management on staffing, vehicle costs, disposal costs and related income.
- Impact of the Local Government Association (LGA) Pay Award.

1.3.3 This Budget has considered these pressures and addressed the financial implications of them moving forwards.

1.4 **Autumn Statement and Final Local Government Finance Settlement 2025/26**

1.4.1 The Autumn Statement was published on 30 October 2024 and provided headline information for local government funding from 2025/26. There were some real positive indications for the Local Authority Sector with the announcement of £1.3bn of additional funding to be directed to Local Authorities, along with confirmation that the Market and Sustainability Funding for Adult Services, initially allocated for 2023/24 and 2024/25 would continue and become part of the core funding assessment for Councils. These were the headlines behind the updates provided within the Autumn Statement:

- The additional funding for adult social care that had been announced as part of the Autumn Statement 2022 which included £1bn in 2023-24 and £1.7 billion in 2024-25, was to continue and become part of the core funding assessment.
- £1.3 billion of new grant funding for local authority services including at least £680million in new grant funding for social care, to be provided through the Social Care Grant. A number of smaller

grants would be removed and rolled into this £1.3bn pot to allow the creation of a £780m Recovery Grant. This was to be allocated on a deprivation basis (meaning £8.7m of new un-ringfenced grant for RMBC).

- £1 billion increase to SEND and Alternative Provision funding, the second biggest ever year-on-year increase. This is an important step in realising the Government's vision to transform England's SEND system to improve outcomes and return local authorities to financial sustainability. For the Council this funding will help manage the pressures on the Dedicated Schools Grant.
- £233 million of additional spending in 2025-26 to prevent homelessness, taking total spending to £1 billion nationally in 2025-26. This will help to prevent rises in the number of families in temporary accommodation and help to prevent rough sleeping.
- The Government is also investing almost £1.6 billion in local roads maintenance and £1.4 billion (an increase of £550 million on this year) to help rebuild schools. The Government is delivering on its other first steps, including supporting recruitment of 6,500 new teachers in England through a £2.3 billion increase to the core schools budget. The settlement also invests £2.1 billion nationally into maintenance for schools (an increase of £300m on 2024/25).
- Council Tax referendum limit to be 3% from April 2025, with Council's also able to levy up to 2% Adult Social Care Precept. Therefore, the Council would be able to increase Council Tax by a maximum of 5% if it so wished.
- The Public Works Loans Board (PWLB) discount for HRA borrowing that currently runs to June 2025 is to be extended to June 2026. This allows councils to access discounted HRA borrowing, at 0.4% below the rate that councils can typically borrow at. At present the rates still aren't attractive to inspire direct borrowing for investment in stock but when the Council does need to borrow to refinance existing debts this rate will be of use to minimise the impact of the current high interest rate market.
- Local Authorities are expected to receive around £1.1 billion of new funding in 2025-26 through the implementation of the Extended Producer Responsibility scheme. For 2025/26 only, this will be a direct payment from the Treasury however moving forwards this income will be collected from waste packaging producers by a Government regulator and then paid across to Local Authorities.
- Employer's NICs to increase from 13.8% to 15% from April 2025. Employer's threshold reduced from £9,100 to £5,000. Estimated General Fund budget impact based on 2023/24 budgets (before application of 2024/25 pay award) was, at the time, expected to be around £4m per annum. Government indication that compensation to public sector organisations would be provided to cover the

impact on Council's. It is worth noting this will also see a knock on impact, as the Council's suppliers will likely look to pass a level of this cost across to the Council through renewed contracts.

- The Household Support Fund is to be extended for 2025/26, though no firm allocations provided at this point, the scheme is not expected to change significantly. In 2024/25 this grant has been used to provide Free School Meals to families during the school holidays as well as funding the Council's Local Council Tax Support Top Up scheme.

1.4.2 The Government published details of the Provisional Local Government Finance Settlement on 18 December 2024 and Final Settlement on 3 February 2025. The Strategic Director for Finance and Customer Services submitted the Council's response to the provisional settlement consultation, within the deadline for responses of 15 January 2025.

1.4.3 The key headlines from the Settlement are:

- The basic Council Tax referendum principle for 2025/26 is 3% i.e. a maximum increase of 2.99%.
- In addition, social care authorities will be able to increase their Council Tax by up to 2% (over the basic referendum threshold of 3% referred to above) by means of an Adult Social Care Precept for 2025/26.
- Revenue Support Grant will be inflated for 2025/26 by September CPI, the impact of this for 2025/26 is £524k.
- The previously announced additional £5.8m Market Sustainability & Improvement Fund will continue as a permanent core spending power, with the £3.4m Discharge Funding being rolled into the renamed Local Authority Better Care Fund.
- The confirmation of £1.3bn additional grant for the sector was much needed, with £0.68bn nationally towards Adult Social Care (£3.8m for RMBC) and £0.7bn nationally to be provided through the new Recovery Grant allocated on a deprivation basis (meaning £8.7m of new un-ringfenced grant for RMBC). The Services Grant £0.4m will be removed to support the creation of the Recovery Grant, along with a number of smaller grants.
- The Council will also benefit from funding to support the implementation of the Extended Producer Responsibility impacts on waste management. The Council will receive £6.1m for 2025/26.
- Government have provided some cover for inflationary impacts being felt by councils via funding an inflationary uplift on Business Rates Top Up Grant and S31 grant compensation for the multiplier cap on top-up grant. This is worth an additional £358k to the Council.

- The Government has decided to allocate a further new year of New Homes Bonus in 2025/26, with allocations based on the existing scheme. The Council’s one-off allocation for 2025/26 is £1.4m.
- The Public Health Grant allocation for 2025/26 is expected to be confirmed along with the Final Local Government Settlement in February 2025.
- The Final Local Government Finance Settlement 2025/26 is expected to be announced in early February. It is proposed that any changes resulting from the Final Settlement are reflected in the Budget Report to Council on 5th March 2025.
- A new grant is to be provided to Councils to cover the cost of the increases in employers NIC’s on Council staff. However, initial review of the proposed calculation suggests that this grant will be £1.4m short, however, the overall uplift in funding across the above grants represents a significant increase for the Council.

1.4.4 The main elements of funding received from Government are in the form of the Settlement Funding Assessment. This is Government Grant in the form of Revenue Support Grant (RSG) and Business Rates Top-up grant. As part of the Assessment, councils retain 49% of locally collected business rates. Details of this local funding are set out later in this report. Details of the Government Grant allocations are set out in Table 1 below.

Table 1 – Settlement Funding Assessment – Government Grants

Government Grants	2024/25	2025/26	Difference
	£'000	£'000	%
Revenue Support Grant	18,823	19,347	2.8
Business Rates Top-Up Grant	31,000	31,801	2.6
Final Settlement – Government Funding	49,823	51,148	2.7

1.4.5 In addition, the Government compensates councils for years in which they apply an indexation cap, (below the annual increase in the Retail Price Index), on Business Rates and the associated Top-up Grant. This additional grant is £0.3m for 2025/26 based on the indications in the Settlement that compensation for the business rates freeze in 2025/26 will be paid based on the September 2024 CPI rate of increase.

1.4.6 The Government will continue to allow councils to utilise the existing capital receipts flexibilities that allow revenue transformational expenditure to be funded by Capital Receipts, up to 2029/30. The Council’s proposed Capital Programme will therefore assume the continued use of these flexibilities where it is most financially advantageous to do so up to and including 2025/26.

1.4.7 **Dedicated Schools Grant (DSG)**

1.4.8 The Council also receives funding to deliver education in Rotherham, the Dedicated Schools Grant (DSG). The 2025/26 DSG (£367.3m) is split into four blocks and each block is determined by a national funding formula.

1.4.9 The 2025/26 Schools Block funding allocation is £261m and is allocated to mainstream schools and academies in the Borough based on pupil numbers taken from the October 2024 census. The allocation is calculated by a national formula based on separate primary and secondary units of funding, plus an amount based on historical information for growth, premises and mobility.

1.4.10 The 2025/26 schools block includes funding for pay and pensions costs that were previously funded through specific grants but has now been rolled into DSG funding. This mainly explains the increase in the schools block funding of £17m compared to 2024/25. This ensures that this additional funding forms part of schools' core budgets going forward.

1.4.11 The 2025/26 **Early Years Block** is £42.2m and represents an increase of £11.3m compared to 2024/25 (due to the expansion of the 2 year old and under 2's entitlements). The funding allocation includes funding for free childcare entitlement for eligible children and working parents of 3 & 4 year olds (£17.8m); 2 year olds (£11.1m) and Under 2s (£11.1m) in schools, private, voluntary and independent early years settings.

1.4.12 The early years hourly funding rate per pupil has increased to £5.71 for 3 & 4 year olds, £8.15 for 2 year olds and £11.12 for under 2s. In addition, the Early Years block includes a Maintained School Nursery Supplementary funding allocation of £1.28m, Early Years Pupil Premium of £579k, and Disability Access Fund (DAF) £238k to provide additional support to vulnerable pupils.

1.4.13 The **High Needs Block** allocation for 2025/26 is £62.3m and is used to fund education for pupils with special educational needs and disabilities (SEND) who require specialist education. This is an increase of £4.1m compared to 2024/25 and reflects additional funding provided nationally to support local authorities in meeting the cost pressures in relation to SEND. The High Needs Block funding is calculated using a national funding formula based on the following:

- A basic entitlement factor, which allocates funding using data on the pupil and student numbers in specialist provision. The basic entitlement funding rate will remain at £4,660 per pupil or student for 2025/26;
- A historic spend factor, which was updated in 2022/23, to provide every local authority with a set percentage (50%) of their 2017/18 spending on high needs;
- Allocations using a number of proxy data indicators / factors such as population; free school meals; income deprivation index data (IDACI); disability factor; Key Stage 2 & 4 attainment data, etc.

1.4.14 Requirement for specialist school provision for pupils with SEND has increased, creating further pressure on the system nationally. In Rotherham, the number of children and young people that are receiving additional support via an Education, Health and Care (EHC) Plan has more than trebled since 2014 increasing from 1,101 in December 2014 to 3,603 at December 2024. The increasing number of EHC plans this has led to financial pressures on the High Needs Block (HNB) in Rotherham. To address the cost pressures, the Council implemented a four year DSG Management Plan, covering the period 2022/23 to 2025/26.

1.4.15 The **Central Services Schools Block** funding allocation for 2025/26 is £1.8m and comprises of funding for ongoing statutory responsibilities of the local authority in relation to schools. The funding allocation represents an increase of £0.2m compared to the current year.

1.4.16 DSG Safety Valve

1.4.17 In March 2022 the Council entered the DfE's Safety Valve Programme which provides support to local authorities which have large DSG deficits. The work with DfE on the Programme aims to achieve a mutually agreeable solution to eliminating the Council's DSG deficit and to secure a sustainable DSG position by 2025/26.

1.4.18 The Safety Valve agreement provides Rotherham Council with £20.5m cash contribution over the duration of the agreement, with £18.5m received to date (i.e. 2024/25) from the Department for Education. A further planned contribution of £2m is expected from DfE for 2025/26 – which is the last year of the Safety Valve programme.

1.4.19 The DSG accumulated deficit is forecast at £3.3m by the end of 2024/25 and £2.2m by 2025/26 (mainly attributed to SEND/High needs cost pressures). This is adrift of the financial position assumed in the DSG Management plan and Safety Valve Agreement. As part of the conditions of the Safety Valve Agreement the Council submits quarterly updates to the DfE on current progress on the DSG management plan and the financial position of the programme. Corrective actions are being explored to address the forecast deficit position for 2025/26.

1.4.20 Schools Pupil Premium

1.4.21 The Schools Pupil Premium is additional funding provided to schools to improve educational outcomes for disadvantaged pupils. The funding is comprised of the following:

- Disadvantaged Pupil Premium is paid for all pupils who claim free school meals or who have claimed free school meals in the last six years.
- The Pupil Premium Plus, which is paid for every pupil who has left Local Authority care through adoption, a special guardianship order or child arrangement order.

- The Service Premium, for every pupil with a parent serving in the Forces or who is retired on a Ministry of Defence pension.
- The pupil premium amounts for 2025/26 are yet to be confirmed.

1.4.22 Additional Grants to Schools

- Universal Infant Free School Meals Grant supports schools in delivering the legal requirement to offer free school meals to all infant pupils. Each meal taken by an eligible pupil currently attracts £2.58. An allocation assumes that pupils will take 190 school meals over an academic year, providing £490.20 per eligible pupil.
- Year 7 Numeracy and Literacy Catch up premium is an allocation for each pupil underachieving as recorded on census.
- PE and Sport Premium for Primary schools is used for the engagement of all pupils in regular physical activity.

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

2.1 Budget Approach

2.1.1 The Council's focus is on delivering the priorities set out within the Council Plan. The Council is also focusing on its leadership role across the borough, particularly where it can have greater influence. Partnership working is recognised across all services as being essential to the future of the borough; combining knowledge, ideas, expertise and resources to deliver tangible improvements, deliver efficiencies and economies of scale, and helping to strengthen communities. The Council Plan was approved at Council on the 12 January 2022, setting out the Council's strategic themes:

- Every neighbourhood thriving
- People are safe, healthy, and live well
- Every child able to fulfil their potential
- Expanding economic opportunity
- A cleaner, greener local environment.

2.1.2 All directorates will continue to work together over the remaining year of the current plan to achieve the commitments set out within each of the themes.

2.1.3 The Council's MTFS update report to Cabinet in December 2024 provided a three-year outlook of the Council's anticipated resources and budget requirement. The report set out a series of technical MTFS adjustments and refinements to bring it up to date and reflect the impact inflation, market pressures and demand were having on the budget position up to 2027/28.

2.1.4 The result of this MTFS review, alongside Financial Monitoring 2024/25 report to Cabinet in December, envisaged a significant financial overspend that would require the use of the Council's reserves to achieve a balanced financial outturn position for 2024/25. The forecast overspend at the time of the MTFS review was £5.3m for 2024/25. However,

Directorates were asked to make every effort to reduce spending where possible to mitigate the financial impact on reserves along with expected improvements following focussed reviews of key spend areas. This has reduced the forecast outturn position to £3.1m so far and is estimated to reduce further before the financial year end. The MTFS included in this report is further updated following the release of the Final Settlement for 2025/26 and funding assumptions for 2026/27 and 2027/28 as Government have not yet provided a multi-year settlement.

- 2.1.5 The Council's Reserves position is set out in detail in Section 2.8. The Council's Budget for 2024/25 assumed the use of £6.3m from reserves, including £4.2m from the Treasury Management Reserve to support the Council's Budget. This reserve was built up in previous years to £12.4m from savings generated through the Council's Treasury Management Strategy. The Treasury Management Strategy is forecast to make significant savings during 2024/25, largely due to the Council carrying temporary cash balances that it has been able to invest for a return in the high interest rate market and latterly in 2024/25 through minimising the need to borrow and borrowing for short periods of time to reduce interest costs. It should be stressed this is not cash that is free to spend, it is simply cash in the Council's bank as a result of the timing between funding/income arriving into the Council's account and being physically spent.
- 2.1.6 Whilst the Council is carrying out work to reduce the outturn position and tackle the cost pressures faced, it is likely that the Council will have an overspend at outturn that will require funding from reserves. This will come from the Treasury Management Savings Reserve or the Budget and Financial Strategy Reserve. Should the Council not be able to reduce the overspend further by the end of the financial year, the overspend will be funded by one of these two reserves.
- 2.1.7 Following the technical updates to the Council's MTFS position made to support the MTFS Update for December Cabinet, the Council reported the following budget shortfalls. 2025/26 a budget gap of £6.5m, £7.1m in 2026/27 and £11.6m in 2027/28. These budget gaps were as a result of significant additional demand, complexity and market pressures across a range of services. The most challenging pressures stemming from Adult Social Care where increasing complexity of care packages is driving costs up year on year, along with increases in the Real Living Wage driving up market pressures, leading to a requirement for a £17m uplift in Adults base budgets.
- 2.1.8 Additionally, a £1.5m pressure across Waste Management Services has been factored in due to increased vehicle costs, agency use, reduced recycling income due to market reductions and penalties for contamination. CYPS placement pressures continue to be hit with increased market costs and Home to School Transport remains a key challenge for the Council with costs exceeding the Budget Contingency by £0.8m (£4.3m in total). Along with pressures from the Local Government Pay Award being higher than anticipated the Council faced some substantial pressures.

- 2.1.9 However, due to the Council's robust financial management these pressures were identified early, leading to service reviews and mitigation plans being developed. As a result of these actions, over £6m of management actions have been developed to make efficiencies in service budgets. These include maximisation of grant funding, recognising budget reductions due to re-procurement of goods and services and reducing service delivery where possible and efficient to do so. The Council has also been able to soften some of its cost projections on areas such as Energy as the price increases in recent years have started to reduce back down, not to where they once were but an improved position.
- 2.1.10 Further, Governments Autumn Statement and Autumn Policy update indicated that the Council would receive a positive outcome in the Provisional and Final Financial Settlement. This would include around £10m of new grant funding within the core spending power, along with £6.1m from the Extended Producer Responsibility grant (which wasn't factored into the MTFS position at the December MTFS Update). Whilst these increases wouldn't address all the Council's pressures it would give the Council a much more robust position to operate from. Though this still remains a single year settlement.
- 2.1.11 The Council's MTFS has been further refined since December 2024 Cabinet to factor in refined inflation, demand and market pressure assumptions. A Social Care Contingency of £5.4m is proposed for 2025/26 to support the further CYPS cost pressures whilst they continue to deliver upon their savings plans. A suite of revenue savings have been developed to support the MTFS Update to December Cabinet of £2.6m. In addition, a series of Revenue Investments totalling £1.9m and Capital Budget investments with associated revenue charges, are proposed as part of this Budget report. A number of Fees and Charges exemptions are requested outside of the normal Fees and Charges 2% uplift, at a cost of £204k.
- 2.1.12 Contractual inflation has been revised and provision for Adult Care Provider inflation and complexity of care packages demand of £17m has also been included to ensure the Council can meet its contractual arrangements and ensure the Council does not fall behind the curve in terms of what it pays Adult Social Care providers and supporting the sustainability of the provider sector.
- 2.1.13 The Final Settlement for 2025/26, as detailed in Section 1.4, confirmed many of the Council's resource assumptions around new grants but the level of new funding was larger than expected. This was principally due to the new Recovery Grant which has been allocated on a deprivation basis, meaning this Council has gained a much large proportion of the overall grant. A further year of New Homes Bonus will also help to mitigate the Council's financial cost pressures for 2025/26 only. The positives of the Final Financial Settlement have also allowed the Council to gain greater confidence over the funding position moving forwards, although the Council only has a single year financial settlement, the direction of travel for Local Authority Funding looks positive.

- 2.1.14 However, the benefits from the Final Settlement are not sufficient to cover all the cost increases and pressures across the full MTFS period at present and as such the Council still has a small funding gap for 2027/28. This gap is not of concern at this point given the time and uncertainty over future years funding for Local Authorities. It is estimated that this position will improve as further clarity on the spending powers of Local Authorities is revealed over the longer term. Government have indicated that a multi-year settlement will be provided for Local Authorities with further information to follow in the summer of 2024. When this is set out the Council will be able to confirm the requirement and timeframe to address any residual budget gaps.
- 2.1.15 Following factoring in the impact of inflation, demand and cost pressures, MTFS assumptions, the Final Financial Settlement, and the Council's Budget proposals the Council's Funding Gap for the MTFS period is;

Table 2 Medium Term Financial Strategy 2025/26 to 2027/28.

Medium Term Financial Strategy Position	2025/26	2026/27	2027/28
	£000	£000	£000
Budget Gap / Surplus(-)	0,000	0,000	3,252

- 2.1.16 The Budget and Council Tax Report 2024/25 agreed at Council in February 2024 noted that £9.9m of approved budget savings and cost reductions were still to be delivered. Of these £5.3m remains to be delivered across 2025/26. These approved budget savings are an essential part of the Council's approved MTFS position. Further detail is provided later in this report.
- 2.1.17 The ongoing financial challenges faced by the Council are similar to those of other local authorities. The financial pressures faced by local authorities are largely as a result of previous reductions to Government funding, funding not keeping up with inflationary pressures, increased demand for social care, market cost pressures and more recently the significant impact of inflation and energy prices. The funding uplift for 2025/26 was therefore welcome by Local Authorities.
- 2.1.18 These financial challenges mean that the Council must be responsible in its budget setting approach, prioritising investment and savings proposals that best contribute to the Council's priorities as identified within the Council Plan. To ensure that they best meet the needs of Rotherham's residents and ensure that best value is demonstrated across the breadth of Council services. In addition, the Council must consider levels of uncertainty and where possible make provision for risks.
- 2.1.19 It is also important to underline the spending level of the Council despite the previous funding cuts. With a current proposed revenue budget of

£358.978m in 2025/26 together with proposed capital expenditure of £172.4m for 2025/26, the Council will remain a key lever for growth and investment in Rotherham and the wider Sheffield City Region. The challenge is to ensure the sustainability of the Council to deliver against the Council's stated priorities. This means making carefully considered investment and savings decisions through to 2028. The Capital Programme which has been updated within this report includes a total of £750.1m of planned capital investment across the current year and up to 2027/28.

- 2.1.20 Looking ahead the Council will need to closely consider the level of prudential borrowing it incurs post the 2025/26 Budget to ensure that the Council's overall debt position is manageable. This is essential to ensure it can be sustainably financed within the Council's Treasury Management Budgets (revenue) and to help guard against interest rate risk.
- 2.1.21 This budget strategy is set against inflation, increasing complexity of care, demand pressures and cost challenges facing Rotherham. Residents are living longer, but with more long term conditions which is stretching already squeezed health and social care budgets. Rotherham's schools are performing well but there is a strain on school budgets. Much work has been done and continues to develop a sustainable approach for the dedicated schools grant budget which will need to continue if the Council is to make the most of the Safety Valve arrangement and prevent any impact of the pressures from Dedicated Schools Grant deficits impacting the General Fund.
- 2.1.22 The key aspects of directorate budgets and service delivery and considered as part of the Council's budget and financial strategy are summarised in Appendix 8.

2.2 Budget Savings

- 2.2.1 The Council's Budget and Council Tax report 2024/25 included the delivery of £9.904m savings, to be delivered across the Directorates as shown below. Financial Monitoring reports to Cabinet during 2024/25 have monitored progress against these savings, at present, £4.571m of delivery has been secured. The biggest challenges at present on delivery relate to CYPS Placement savings which is forecast as a significant cost pressure again in 2024/25 indicating that the Council hasn't fully delivered this savings programme.
- 2.2.2 The savings programme is held under regular review and the Council believes that this CYPS savings target remains achievable against its key deliverables but it will simply take longer to deliver. One area that has taken longer to deliver for example has been the in-house residential care programme, which aims to move placements from expensive external residential placements to more efficient new internal residential homes. The programme has been more challenging than anticipated to deliver with difficulties locating, acquiring and converting the required properties to the original timeline. All properties are now acquired and progressing.

Table 3 – Progress against £9.9m approved savings

Directorate	2024/25 Saving to be delivered	Secured as at 31 st December 2024	Still to be delivered
Finance and Customer Services	238	238	0
Assistant Chief Executive	407	407	0
Adult Care, Housing and Public Health	1,998	1,811	187
Children's and Young Peoples Services	5,850	1,059	4,791
Regeneration and Environment	1,411	1,056	355
Total	9,904	4,571	5,333

2.2.3 It is anticipated that Waleswood additional income savings (£81k) will not be delivered during 2024/25 following assessment of the income forecasts now the main summer season has concluded. However, it is still felt these are achievable by the end of 2025/26 and the capital investment to address the waterlogged areas will support this. The fleet saving (£75k) is still achievable but will now be delivered in 2025/26. The remaining R&E savings are expected to be delivered during the remainder of 2024/25. The review of Housing Related Support (£226k) remains underway as such any savings cannot yet be offered up, however, the remaining savings in ACH&PH are expected to be delivered during the remainder 2024/25.

2.2.4 As part of the Budget and Council Tax Report 2025/26, to support the wider financial challenges facing the Council a series of new savings and efficiencies have been put forward for approval. They are savings that the Council feels it can and should make and so their delivery will help provide a more robust financial position for the Council moving forwards, these savings are detailed later in this report.

2.3 Fees and Charges

2.3.1 The Council has a policy to increase fees and charges to ensure that services which the Council provides are kept broadly in line with increases in the cost of providing those services. The Medium Term Financial Strategy agreed at Council in February 2024 included an assumed increase in fees and charges of 2%, for 2025/26. The updated Medium Term Financial Strategy agreed at Cabinet in December 2024 maintained that position although flagged a significant funding gap from 2025/26 onwards as a result of inflation, demand and market pressures in Social Care and Home to School Transport.

2.3.2 Given the financial challenges that the Council faces as a result of these pressures, consideration has been given to the level of increase that the Council should apply to its own fees and charges for services. The Council is conscious of the impact on residents and it is therefore not proposed to lift fees and charges above the 2% assumed in the MTFs, in order to minimise the impact on residents whilst protecting access to basic services. However, there are some exemptions proposed to increase them above the 2% MTFs assumption in recognition of rising costs that the Council faces in the provision of these services. As such it is proposed that all income budgets for fees and charges which are determined by the Council will be uplifted by 2% except where an exception has been proposed. The majority of these exceptions relate to the following issues:

- A need to freeze charges to maintain or attract new customers.
- Statutory rules that set the charge rates, preventing any increase being made.
- Other proposals to freeze charges linked to specific scenarios such as Markets, given the transition that will take place whilst the project that will re-locate Markets while investment into the regeneration of the market takes place.

2.3.3 The following exemptions are proposed:

- Civic Theatre – The Civic Theatre is seeking an exemption from the annual fees and charges inflation increase, in order to enable it to work towards a self-financing model. Prices will rise but the Council will not increase the income budgets in this area, allowing the service to meet its income budgets. This relates to booking of the venue to put on performances rather than buying event tickets.
- Museums and Libraries photocopying and postage, to freeze the charges to keep them competitive, postage set by Royal Mail.
- Clifton Park Waterplay private hire, increase to bring into line with market price.
- Music Service - The service is seeking an exemption from the annual fees and charges inflation increase, in order to enable it to work towards a self-financing model. Prices will rise but the Council will not increase the income budgets in this area, allowing the service to meet its current income budgets.
- Country Parks (including Waleswood) – price increases above 2% to improve sustainability of business model. Excluding the price freezes on leisure activities below.
- Rother Valley Country Parks and Thrybergh to have price freeze applied for leisure facilities.
- Centenary Market Price Freeze to continue during redevelopment.
- Building Control, Temporary Traffic Regulation Orders – fees increased above 2% to ensure full cost recovery.
- Parking Services - Price freeze to encourage visitors to the town centre at Drummond Street, Wellgate North, Wellgate Multi Storey, Douglas Street, Unity Place, Westgate, Clifton Hall, Forge Island and Scala, ahead of the major developments planned in future years.

- Parking Services – First hour free to encourage visitors to the town centre at Drummond Street, Wellgate North, Wellgate Multi Storey, Douglas Street, Unity Place, Westgate, Clifton Hall, Forge Island and Scala (Monday to Friday inclusive)
- Adult Services care packages customer contributions from those eligible to pay are proposed to be increased to match increased costs seen in recent years.
- School Catering - Food prices and staff costs have risen significantly over the last 24 months and as such the fees charged for the service do not recover the costs of providing the service. This position has improved following a 15% increase in 2024/25 but further increases of between 2% and 10% will be required for 2025/26.
- Cleaning Service – Staff costs have risen sharply in recent years along with material costs as such the service is currently being subsidised by the Council. Therefore, a fees and charges increase of between 7.5% and 10% will be required to start to move the service away from a subsidised position.
- Bereavement Service contract charge is linked to RPI-X February, as such the Council doesn't control the inflation level.
- Crowden Outdoor Learning Facilities, a greater increase in fees is required to cover cost of service provision (9.6% increase required)
- Legal Services require a 4% increase to ensure charges are kept in line with the cost of providing these services.
- HR & payroll system charge to Doncaster MBC, is a service contract charge and is linked to RPI-X February, as such the Council doesn't control the inflation level.

2.3.4 The following exemptions relate to services where statutory rules apply and the impact of these exemptions is factored into the budget.

- Licensing through the 2003 Licensing Act.
- Regulation and Enforcement (Water samples, Fixed Penalty Notices and Pollution Control Permits.
- Planning application fees.
- Blue Badge Scheme.
- Electoral Services – access to electoral register records.
- Registration Services – registrar fees for births, deaths and marriages.
- Highways Inspections - permits.
- Parking Services – charges for untaxed/abandoned vehicles.

2.3.5 All of the above exceptions have been taken into account within the proposed budget. Any alternative decisions will, therefore, have a financial impact on the Councils Budget. The financial impact of the proposals to freeze some fees and charges is £736k after taking account of additional income generated where fees and charges have been increased above 2%.

2.4 Independent Adult Care Sector Provision

2.4.1 Investment into Adult Social Care is a key part of this budget in order to meet the challenges of escalating cost pressures within this service, relating to inflation and rising demand for adult care, the Council will therefore provide around £17m investment in the delivery of Adult Social Care services. This additional budget will also help support the Council's ambition that all workers are paid the Real Living Wage where directly employed or through a commissioned service.

2.4.2 The total uplift proposed for each sector is based on a weighted average cost incorporating the Real Living Wage increase and CPI. A cost of care exercise was undertaken across the range of providers, and this has informed the rates of pay that are being proposed.

2.4.3 The Council consults with providers each year to assess the fees it pays for care services. The following paragraphs provide a summary of the issues facing different segments of the care market as well as the proposed fee uplifts.

2.4.4 Residential and Nursing Care Homes

2.4.5 There are a total of 33 independent sector care homes contracted to support older people in Rotherham, 13 of which provide nursing care.

2.4.6 The independent sector care home market in Rotherham supplies 1,631 beds. In Rotherham, there is a long-term trend moving away from traditional care home provision that mirrors the national picture. People are being supported at home for as long as possible and are entering 24-hour care for the last 2 to 3 years of their life when the complexity of needs has increased, and they are unable to manage their long-term conditions in their own home.

2.4.7 The pressures that the older people's care home market faces are well documented and are highlighted below:

- The lack of nurses and enhanced terms and conditions of employment (pay, pensions, workplace support) offered by the NHS are a challenge for the independent sector market who are not able to compete to attract qualified nurses to work in care homes.
- Increasing use and high cost of agency nurses is having a negative impact on patient flow from the hospital and the ability to continue to provide and maintain a quality service.
- The National Living Wage will increase by 6.7% to £12.21 in April 2025. The Real Living Wage for 2024/25 increased by 5% to £12.60.
- The care market are restricted in their ability to compete financially with the retail and hospitality sector as they are currently offering joining bonuses and increased wage rates.
- A high degree of staff turnover has resulted in a significant increase in recruitment and retention costs.

- Increasing care requirements of residents with complex needs resulting in an intense demand on staff resource.
- The increase in employer's National Insurance contributions will have a significant impact on care home costs moving forward.
- The financial landscape for care homes has changed dramatically due to inflationary pressures, particularly in areas such as staffing, utilities, food, medical supplies and insurance which have significantly increased operational costs.
- The highest cost pressure year on year is the care home workforce with over 70% of costs contributing towards staffing pay and benefits.

2.4.8 The problems cited above are having a particular effect on the nursing home provision. The capacity in nursing Elderly Mentally Infirm (EMI) and nursing care beds has reduced by around 40% in the last five years and this pattern of decline may continue over the next period. Providers have converted nursing EMI beds to residential care and there is a lack of provision of vacant beds in nursing and nursing EMI which is causing delay in hospital discharges, reduces choice and can lead to placing people out of borough at a higher cost.

2.4.9 The following table details the proposed fees for 2025/26. The total increase in fees of 5.5% aims to address the current costs of delivery and provide funding for inflation. This approach aims to ensure a sustainable price for the different types of residential care that the Council purchases.

*Excluding Funded Nursing Care element

2025/26 Proposed Fees	Residential	Residential EMI	Nursing Care*	Nursing EMI*
Rotherham	£689	£718	£754	£837

2.4.10 Home Care

2.4.11 The purpose of a home care and support service is to enable people to remain living at home for as long as possible. The availability of quality home care services is key to supporting people's independence at home in the communities they know.

2.4.12 Around 1,400 people access the Home Care and Support Service, an increase of about 12% from the previous year and approximately 78% of people accessing the service are over the age of 65. Around 19,000 hours of service are delivered per week which makes a major contribution to supporting people to remain in their own homes.

2.4.13 A cost of care exercise to inform the 2025/26 budget setting process took place in Quarter 3 2024/25 and contracted home care providers met with strategic commissioners to discuss the perceived risk/sustainability issues. The following highlights areas of concern:

- The lowering of the threshold for the payment of NI and the increase in the rate of employer contributions.
- The National Living Wage (NLW) increase and the associated wage drift to maintain the expected wage differential for the wider workforce.
- Unsupported costs associated with Government decisions e.g., mandated training, discontinuation of free PPE and future impact of Employment Rights Bill (Statutory Sick Pay and maternity pay) expected in 2025/26.
- Difficulty in maintaining the current terms that support staff retention, continuity of care, and ability to invest in their workforce to ensure high quality provision.
- Additional costs of employment for each care worker e.g., fuel, Personal Protective Equipment, office supplies.

2.4.14 The Home Care and Support Service is provided through a Flexible Purchasing System (FPS). Currently there are 21 providers responding to requests for service.

2.4.15 The current average hourly rate is £24.32. It is proposed that the rates are increased by an average rate of 5.5%. The total increase in fees accounts for the increase in the National Living Wage and inflation.

2.4.16 Independent sector provision – Learning Disability and under 65 Specialist Services

2.4.17 The Council provides financial support to approximately 787 learning disabled people of all ages, with an ageing demographic and increased complexity for young people transitioning into adult services. There are 436 Physically Disabled people (aged 18-64), 272 people with Mental Ill Health (aged 18-64) and 55 (aged 18-64) people whose primary support need is Sensory Impairment, currently receiving Council support.

2.4.18 The pressures that the Learning Disabilities and Under 65's Specialist services face are in line with those faced in Older Peoples services and are highlighted below:

- The lack of nurses and enhanced terms and conditions of employment (pay, pensions, workplace support) offered by the NHS are a challenge for the independent sector market who are not able to compete to attract qualified nurses to work in care homes.
- High cost of agency staff both Carer and Nursing roles.
- The National Living Wage will increase by 6.7% to £12.21 in April 2025. The Real Living Wage for 2024/25 increased by 5% to £12.60.
- Challenges in relation to attracting and retaining staff when pay rates in retail and hospitality are higher for less demanding roles.
- The high degree of staff turnover within the sector results in a significant number of recruitment processes and the costs associated with this.

- 2.4.19 The costs of services reflect bespoke provision to meet individual needs and have arisen incrementally creating a range of accommodation costs and hourly rates. However, due to pressures such as the increase in the National and Real Living Wage, it is proposed to uplift fees to ensure the continued sustainability of services. The fee uplift for each service is shown below.

Learning Disabilities	Percentage uplift
Supported Living	5.5%
Residential Care	5.5%
Day Care	5.5%
Other 18-64	
Care Homes	5.5%
Supported Living	5.5%

2.4.20 **Direct Payments**

- 2.4.21 Recognising that a significant proportion of people in receipt of Direct Payments exercise choice to directly purchase other services from a range of providers at varying levels of costs, it is proposed to apply a 5.5% increase to the personal budgets. This will continue to support the wider home care and day care market, ensuring that choice is available outside of the Council commissioned services.

- 2.4.22 Discussions with care providers have highlighted that the ability to pay staff a competitive rate continues to be a key issue, especially in view of the significant wage inflation within retail, hospitality, and the NHS. The purpose of the funding is to support the continued workforce challenges across the Adult Social Care market, by encouraging people to remain in or join the sector with competitive rates of pay.

- 2.4.23 It is recognised that this will be a particularly difficult year for providers as the increase in employers' NIC and especially the reduction of the threshold at which Employers' NIC becomes payable, will add additional pressure to all care providers.

- 2.4.24 A Market Sustainability Plan is being developed to monitor the Council's ability to ensure the sufficiency of the market to meet the needs for care and support of adults.

2.4.25 **Children in Care placements inflationary uplift**

- 2.4.26 A 4% inflation uplift has been assumed in the budget to cover the anticipated inflationary pressures relating to the range of children in care placements. The following summarises the approach that would be taken to determine the inflation uplift costs for the main children social care placements for 2025/26.

2.4.27 **In-house foster and kinship carers**

- 2.4.28 The Government sets a National Minimum Allowance (NMA) for weekly child maintenance fostering rates based on age bands, which are

increased annually in line with inflation. The Government has announced a 3.55 per cent increase to the national minimum allowance (NMA) for foster carers in England for 2025/26.

2.4.29 The NMA rate is used to calculate payments for in-house foster carer, family & friends (Reg 24 & S38/6) allowance, Special Guardianship Orders (SGO), and Child Arrangement Orders (CAO). Cabinet agreed in October 2022 for increases in foster carers skills payments to be aligned to the annual inflationary uplift in the NMA rate.

2.4.30 **External residential & foster care provision**

2.4.31 The Council has 212 children in care (at December 2024) placed with external residential and independent fostering agencies at a total forecast cost of £23.0m. Since April 2020, Rotherham has called off and used the rates from the White Rose Frameworks for Independent Fostering (IFA) and residential care providers that are in the framework contract. The White Rose Consortium have their own process for reviewing and agreeing price increases for providers. A 3% uplift has been assumed for residential home providers in and outside the framework, pending confirmation of the actual rate increase by the White Rose consortium.

2.4.32 **Care leavers allowances and support**

2.4.33 The Council provides financial support (via the Local Offer) and allowances to care leavers aimed at helping young people transition to independence, to set up their first home, and with education related costs. Given financial support and allowances are meant to support care leavers with living costs, Cabinet recently agreed that these allowances should be uplifted annually in line with the Council's inflation assumption.

2.5 **Council Tax Proposals for 2025/26**

2.5.1 The Government have confirmed that the basic referendum principle for 2025/26 is 3% i.e. a maximum 2.99% increase in the basic rate of Council Tax. Social Care authorities will also be able to increase their Council Tax by a Social Care precept of up to 2% for 2025/26 (over the basic referendum threshold of 3%). Therefore, the total that the Council could increase Council Tax by is 5%.

2.5.2 The Council is proposing to increase its own Council Tax (i.e. excluding Parish, Fire and Police precepts) by 3%, comprising a 1% increase in the basic rate of Council Tax and a 2% Adult Social Care Precept.

2.5.3 The proposed 1% increase on the basic rate of Council Tax will raise an additional £1.3m in 2025/26. In addition, a 2% increase in the Adult Social Care Precept will raise a further £2.7m in 2025/26 to contribute to funding increased costs of adult social care. The rise in the Council Tax base of 1% also generates a further £1.3m, giving an overall increase in Council Tax income of £5.3m.

- 2.5.4 A 3% increase on the tax levied in 2025/26 would mean a Band D Council Tax (for the Rotherham Council element only) of £1,870.63. Details of the proposed increases on all Council Tax bandings are set out in Table 4 below. Over 50% of properties in the Borough are Band A.

Table 4 – Council Tax Bands and Amounts (Rotherham Council element only)

Council Tax Band	2024/25 £	2025/26 £
A	1,210.76	1,247.09
B	1,412.56	1,454.93
C	1,614.35	1,662.79
D	1,816.15	1,870.63
E	2,219.73	2,286.32
F	2,623.32	2,702.02
G	3,026.91	3,117.72
H	3,632.29	3,741.26

- 2.5.5 The budget for 2025/26 also takes account of a planned use of £3m of surplus from the Council's Collection Fund for Council Tax. This is a direct result of the Council continuing to achieve a high performance in collecting Council Tax and minimising cumulative arrears. However, it is considered that the continuing cost of living crisis, impact of high inflation period and wider economic pressures on the Borough into 2025/26 may result in a negative effect on the in-year Council Tax collection rate. Consequently the 96% in-year collection rate budgeted for in 2024/25 has been maintained for the 2025/26 taxbase rather than the 97% rate used in previous years' taxbase calculations, prior to Covid 19.
- 2.5.6 The proposed increase will help to support the delivery of valuable frontline services, particularly services for vulnerable children and adults at a time when demand for these services continues to increase. This includes some additional investments in services which are set out in Paragraph 2.7.
- 2.5.7 As required by legislation (the Local Government Finance Act 1992) the Budget Report to Council on 5th March 2025 will include a Statutory Resolution of Council Tax setting out details of the proposed Council Tax calculations for 2025/26 for the Council, Parishes and including the precepts from the South Yorkshire Police and Crime Commissioner and South Yorkshire Fire and Rescue Authority as advised to the Council.
- 2.5.8 The annual determination of the Council Tax Base, which is a technical based calculation, is delegated by Council to the Strategic Director – Finance & Customer Services (Section 151 Officer). The Council's Tax Base for 2025/26 has been determined as 73,602.07 Band D equivalent properties, after adjusting for the anticipated rate of collection, the impact of the Council's Local Council Tax Support Scheme and discretionary discounts and exemptions for empty properties and second homes.

2.5.9 Based on the growth in the number of properties in the Tax Base and the proposed increase in Council Tax by 3%, this will generate a total Council Tax of £137.6m available to support the Council to fund services in 2025/26. Details of the Council Tax Base for 2025/26 are set out in Appendix 1.

2.5.10 Council Tax Support Scheme 2025/26

2.5.11 Following a recent public consultation regarding the Council Tax Support scheme it has been decided that changes will be made to the income taper for 2025/26.

2.5.12 The Taper is the rate at which Council Tax Support is reduced for an applicant whose income is above the applicable amount. The applicable amount is the income level that the Government expects the applicant to be able to live on and is the sum of three allowances for claimant/partner, dependent children and any special needs.

2.5.13 In a previous review of the scheme the taper was increased from 20% to 30% for the financial year 2018/19 onwards however from 2025/26 the taper will be reduced back to 20% which it is estimated will be an additional cost to the scheme of £130k.

2.5.14 A reduction in the taper would assist those whose income is slightly above their applicable amount and could incentivise claimants to take up employment or remain in their current employment.

2.5.15 Local Council Tax Support Top Up Scheme 2025/26

2.5.16 The Council is aware that residents will still be facing increased household costs as a longer term impact of the period of high inflation and energy prices. In recognition of this the Council proposes to again provide a further Local Council Tax Support Top Up scheme across the financial year 2025/26. The scheme will provide an expected additional award of £126.12 for 2025/26, on top of the 2025/26 Council Tax support to working age claimants provided via the Council's Local Council Tax Support scheme for 2025/26. Based on current caseloads this is expected to provide additional support to approximately 14,400 households. Where a claimant has a bill of £126.12 or less, then the bill will be reduced to zero. This means that for a working age household in receipt of maximum Council Tax support in a non-parished area Band A property, there will be no bill to pay for 2025/26 Council Tax. Based on current caseloads this is estimated to be approximately 11,000 households. The application of the scheme will include all those becoming eligible up to and including 31 March 2026. The precise value of the award will be confirmed once the Police and Fire Precepts are confirmed.

2.5.17 The estimated scheme costs are between £1.7m and £1.9m and will be funded through the Council's Household Support Fund (HSF) allocation for 2025/25. Whilst the allocation for HSF is not yet confirmed it is expected to be sufficient to fund this scheme in full however there is a Local Council Tax Support Grant reserve of £850k that can be used to

support any shortfall in HSF. The actual cost won't be known until the end of the 2025/26 financial year.

2.5.18 The scheme will replicate the criteria implemented in 2024/25. For 2025/26, the scheme will provide an expected £126.12 of additional Council Tax Support (subject to confirmation of the Police and Fire Precepts), based on the following criteria;

- That an expected additional award of £126.12 Council Tax Support will be made to those people of working age who are in receipt of Local Council Tax Support as at 1 April 2025.
- That where a claimant has a Council Tax bill of £126.12 or less, their bill will be reduced to zero.
- That the remaining funding will be utilised to fund the cost of new claimants becoming eligible for Local Council Tax Support including the application of the relevant proportion of the additional expected £126.12 support.
- That the additional support will apply to all those becoming eligible up to and including 31 March 2026.

2.5.19 **Council Tax Premiums**

2.5.20 Rotherham currently charge a 100% empty property premium for properties that have been unoccupied and unfurnished for over 2 years. Legislation to allow Councils further discretion regarding the Premiums is contained within The Levelling up and Regeneration Act which received Royal Assent in October 2023.

2.5.21 The Act allows Government to bring forward regulations excluding properties from a premium where certain conditions are met. Consultation was undertaken by the Government and included several proposed circumstances for which the empty homes and second homes premiums could not be applied. The regulations came into force, and guidance received from Government, on the 1 November 2024.

2.5.22 The changes would mean that;

- The 100% premium could become effective for properties that have been unoccupied and unfurnished for over 1 year.
- Second homes would become eligible for premiums. This does not include those second homes which currently receive a 50% job related discount.

2.5.23 Due to the late timing of the announcement the Council chose not to implement these changes for 2024/25. However, they are proposed to be implemented as part of the Budget report 2025/26. It is expected that the introduction of this premium will generate around £0.5m of additional Council Tax income, though it is only an estimate at this point, the implementation and impact of the scheme will be tracked carefully.

2.5.24 The proposed changes will come into effect from 1 April 2025 providing a Council decision had been made by 5th March 2025. However, the second

home premium would require a decision to be made at least 12 months before it comes into effect which would mean that if approved on the 5th March 2025 it would be implemented from 1 April 2026.

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

2.6.1 The Council's Medium Term Financial Strategy (MTFS) sets out a framework for understanding the challenges the Council faces and supports corporate planning. It helps the Council to shape its finances over the medium term by examining the projected resources available to meet the priorities as set out in its Council Plan.

2.6.2 An update of the MTFS was submitted to Cabinet in December 2024 reflecting the significant budget funding gap for the MTFS period. The MTFS has since been further updated to reflect the outcomes of the Final Local Government Finance Settlement 2025/26 and the budget proposals as set out in this report. It includes funding and expenditure projections up to the 2027/28 financial year which show an effectively balanced position up to 2027/28 where there is a potential funding gap of £3.2m on current service activity and funding assumptions. However, there will be a further Government Spending review before funding allocations for 2027/28 are determined. In addition, the MTFS will be kept under review which will include reflecting the impact of future years' annual Finance Settlements.

2.6.3 Taking into account Government funding notified for 2025/26 within the Final Local Government Finance Settlement, estimates of Government funding for future years and the Council's own resources, the proposed budget for 2025/26 and an updated MTFS over the following two years is set out below in Table 5.

Table 5 - Budget and MTFS 2024/25 to 2025/26

<u>Resources</u>	2025/26 £000	2026/27 Estimated £000	2027/28 Estimated £000
<u>Government Funding</u>			
Revenue Support Grant	19,347	19,347	19,347
Business Rates Top-Up Grant & S31 Grant as compensation for multiplier cap on Top-Up Grant	38,109	38,871	39,649
New Homes Bonus	1,452	0	0
Public Health Grant	19,420	19,808	20,205
Social Care Support Grant	37,419	37,419	37,419
Local Authority Better Care Fund	17,864	17,864	17,864
Recovery Grant	8,771	8,771	8,771
ASC Market Sustainability and Improvement Fund	5,886	5,886	5,886
Extended Producer Responsibility	6,150	4,000	4,000

Children's Social Care Prevention Grant (£250m)	2,083	2,083	2,083
Domestic Abuse Safe Accommodation Grant	803	803	803
Housing Benefit Admin	863	863	863
NIC Compensation	2,516	2,516	2,516
Core funding indexation	0	1,000	1,000
Total Government Funding	160,683	159,232	160,405
Retained Business Rates & S31 Grants as compensation for Government determined business rates reliefs	57,613	57,765	58,921
Council Tax Collection Fund – annual review and use of surplus	3,000	5,000	5,000
Council Tax and Adult Social Care Precept	137,682	143,189	148,917
Total Council Resources	198,295	205,955	212,837
Total Resources	358,978	365,186	373,243
	2025/26	2026/27	2027/28
<u>Expenditure</u>		Estimated	Estimated
	£000	£000	£001
Base Budget Requirement at 2024/25 pay and prices	318,075	321,210	323,541
Provision for pay, price and fees and charges income inflation	15,059	22,074	29,650
Adult Care – care transitions and demand	11,000	12,000	13,000
Home to School Transport (includes £3.5m Budget Contingency previously approved)	4,300	4,300	4,300
Waste service costs and demand	1,500	1,500	1,500
Impact of NIC increase	3,900	3,900	3,900
Children's Social Care Prevention Grant (£250m) - specific commitments	2,083	2,083	2,083
Domestic Abuse Safe accommodation Grant	803	803	803
Revenue budget investment 2025/26	1,945	1,945	1,945
Revenue Savings 2025/26	-2,592	-2,342	-2,342
Capital Investment to 2025/26 – financing costs	923	1,953	2,114
Use of savings and contingencies within Budget/MTFS Strategy :			
Treasury Management Savings	-3,000	-4,240	-4,000
Social Care Contingency	5,400	0	0
Reserve support for Social Care Contingency	-418	0	0

Total Expenditure Budgets	358,978	365,186	376,494
Gap	0	0	3,252

* Notes :

(i) The ASC Market Sustainability and Improvement Fund is now part of the Core Spending Power and targeted towards;

- Increasing fee rates paid to adult social care providers in local areas,
- Increasing adult social care workforce capacity and retention,
- Reducing adult social care waiting times.

2.6.4 Set out below in Table 6 is the proposed Net Revenue Budget for 2025/26 including the Directorate Cash Limit Budgets utilising the available resources and based on approval and implementation of the proposed budget included within this report and detailed above in Table 5. Central Services holds Budget uplifts temporarily like pay award and the proposed uplift on Home to School Transport that will be uplifted at a later date.

Table 6 Net Revenue Budget by Directorate

	Proposed Budget 2025/26
	£'000
Adult Care, Housing & Public Health	135,908
Children & Young People's Service	68,752
Regeneration & Environment Services	48,651
Finance, Customer Services	35,066
Assistant Chief Executive	8,301
Central Services	62,300
TOTAL NET REVENUE BUDGET	358,978

2.6.5 The proposed Central Services budget (£62.3m) shown in the table above includes the following key budgets and provisions:

- Levies – Integrated Transport Authority, Coroners, Environment Agency, Apprentice (£13.5m)
- Capital Financing (£26.6m)
- PFI Grants (cr £3.8m)
- Inflation provision for pay, price and fees and charges, (£26m).

2.7 Proposed Budget Investments & New Revenue Savings

2.7.1 Table 7 below sets out the revenue budget investment proposals that total £1.945m for 2025/26 onwards. Further details of all these investment proposals are provided in Appendix 2.

Table 7 Proposed Revenue Budget Investments

Ref per template	Revenue Budget Investments	2025/26 £'000	2026/27 £'000
People are safe, healthy, and live well			
INV1	Street Safe Team	570	570
Expanding Economic Opportunity			
INV2	Employment Solutions Team	718	718
A Cleaner, Greener Local Environment			
INV3	Road Marking	100	100
INV4	Street Cleansing and Fly Tipping Improvements	307	307
One Council Approach			
INV5	Cost of Living Support	188	188
INV6	Customer Services – Call Handlers	62	62
	Total Requirement	1,945	1,945

2.7.2 People are safe, healthy and live well

2.7.3 The consultation on the refresh of the Council Plan highlighted the central importance that respondents attached to wanting to feel safer in the borough. Meanwhile the results of the 2024 Resident Satisfaction Survey highlighted a much lower proportion of respondents felt safer after dark in their local area in Rotherham, compared to the national average (57% in Rotherham compared to 71% nationally). There was also a significant difference between men and women's feelings of safety after dark, with 62% of men reporting feeling 'very safe' or 'fairly safe' compared to only 54% of women. Young people aged 18-24 are least likely to feel safe after dark and those aged 45-54 most likely to feel safe.

2.7.4 To improve feelings of safety and security in town and village centre areas a visible, uniformed Council presence, with a particular focus on high footfall areas and Rotherham Town Centre, will be provided. The new 'Street Safe Team', funded by this investment, will have dedicated resources and the ability to deploy various powers to bolster enforcement. Alongside existing uniformed officers, they will provide a welcoming and reassuring presence in the town centres.

2.7.5 A highly visible team, they will act as the eyes and ears of the Council and will be expected to identify and report issues where they are unable to intervene directly. The team will focus on making best use of intelligence data

and information in order to target resources and problem solve Community Safety issues.

2.7.6 Expanding Economic Opportunity

2.7.7 Since being established in 2020, the Employment Solutions team have supported more than 1,250 to get into or stay in work. Initially funded by European Structural and Investment Funds and then, its successor, the UK Shared Prosperity Fund, the team offers an integrated programme of bespoke pre-employment activity. It has been designed to support economically inactive and socially excluded unemployed residents of Rotherham to move towards and access the labour market.

2.7.8 The integrated programme of support will allow seamless progression from significant distance to the labour market into targeted, employment-focused access activity including job and apprenticeship brokerage, sector-specific training with work experience at a pace appropriate for the individual. Residents will be able to enter through a single door where their situation, needs and barriers will be triaged before being directed to the most appropriate support for them.

2.7.9 The programme is flexible, sensitive to individual participant needs (adopting a 'no wrong door' approach to referral and/or support) and is more streamlined/cost-efficient than previous funded programmes.

2.7.10 Having been delivered through short term, grant funding that has included a number of conditions impacting on who can receive support and how this is provided, it is proposed to mainstream the current funding arrangements. This will provide a stable programme of support for residents and when asked about the Council providing support to create new jobs, 90% of respondents in the consultation for the new Council Plan supported this service.

2.7.11 A Cleaner, Greener Local Environment

2.7.12 Cleaner streets were highlighted as the second most popular thing that respondents wanted to improve in their area as part of the consultation on the new Council Plan.

2.7.13 It is therefore proposed to create an additional team to complete verge maintenance outside of urban areas. In particular, this will focus on rural verges and key gateways, increasing the regularity of maintenance in priority areas and, where possible, including the provision of road sign cleaning.

2.7.14 To improve the performance and quality of the service through the greater use of data and intelligence it is proposed to introduce two additional roles. Focused on improving the tasking, coordination and monitoring of the delivery of the teams across areas such as street cleansing, ground maintenance, grass cutting, litter clearance and verge maintenance outside of urban areas, the roles will enable the creation of cleaner streets across the borough. They will also provide additional managerial capacity to focus on proactive member engagement, alongside member casework and MP enquiries and other reporting.

- 2.7.15 The Council is also proposing to invest an additional £100k to improve road markings on the classified road network and in estates. Many of the road markings throughout the Borough are becoming extremely worn and the current budget of £70k is insufficient to address the significant backlog of this asset and only allows for reactive action to address the areas of most significant concern.
- 2.7.16 This proposed additional investment will allow the service to become proactive in identifying and addressing these issues through creation of an annual programme of road markings to be refreshed, which will be published and communicated to Councillors and the public.
- 2.7.17 **One Council Approach**
- 2.7.18 As identified in section one of this report, the high cost of living has had significant impacts on residents across the borough over recent years. Whilst a number of mechanisms are already in place to support people and families, this proposal identifies three mechanisms to support people and communities across the borough.
- 2.7.19 Firstly, this sets out the proposal to double the value of the Council's existing school uniform voucher scheme from £35 to £70 for eligible children. The eligibility criteria will remain the same as under the current scheme and is designed to support residents with the cost of transition years through the education system. Schools – who are responsible for providing vouchers to pupils – will be required to ensure that the vouchers given can be used in multiple retail outlets.
- 2.7.20 Secondly, following the growth in demand to support residents to complete the application process for Pension Credit, it is proposed to extend the additional temporary resource that had been due to conclude in March 2025. The current support is being funded by the Council and delivered by Citizens Advice Rotherham and District (CARD) and Age UK. Extending the provision of this additional support will mean that more local residents can continue to gain access to the benefits that they are entitled to.
- 2.7.21 Thirdly, to complement existing provision in the borough, including social supermarkets, it is proposed to explore an expansion of the Food Works offer from Sheffield into Rotherham. Food Works are an established and successful VCS organisation, delivering across eight locations in Sheffield. Their model involves upcycling quality surplus and locally grown ingredients into delicious food and drink, made available on a pay what you feel basis. They also collect and share surplus food, develop hyperlocal food production and empower people with skills, knowledge and support.
- 2.7.22 By expanding into Rotherham this investment would seek to establish a cafe that will provide affordable food to those in need alongside learning opportunities around cooking, nutrition and budgeting.
- 2.7.23 Finally, to continue to improve the customer experience for residents, an investment is proposed to further reduce call waiting times for those

telephoning the customer contact centre. Each year the Customer Services contact centre receives, on average, around 300k enquiries. In 2023/24 the Council Plan target of a six minute average wait time per quarter was achieved. The target for 2024/25 is an average wait time of four minutes, with a longer term aim to reduce this even further.

2.7.24 It is therefore proposed to increase the number of call handlers by 2FTE, which will help further reduce call waiting times and improve customer experience.

2.7.25 Table 8 below sets out the revenue budget savings proposals that total £2.592m for 2025/26 onwards. These savings have been developed to support the wider Budget position and acknowledge that some services can be operated more efficiently, be reduced or removed. Further details of all these investment proposals are provided in Appendix 4.

Table 8 Proposed Revenue Savings Proposals

Ref per template	Revenue Budget Savings Proposals	2025/26 £'000	2026/27 £'000
Children and Young People's Services			
CYPS1	Review of support for Change Team (edge of care and therapeutic teams)	350	350
CYPS2	Maximising the use of children services grant funding	420	170
CYPS3	Maximising the centrally retained Early Years DSG funding	150	150
CYPS4	Integration of PAUSE activity into Early Help Services	100	100
CYPS5	Savings from previous years CSC staff changes	282	282
CYPS6	Review of commissioned contracts	70	70
Adult Care, Housing and Public Health			
ACH1	Fee uplifts and review of non-residential charging policy	600	600
Regeneration and Environment			
R&E1	Waste Service Route Optimisation	500	500
R&E2	Mitigation of pressures at Thrybergh Country Park	60	60
R&E3	Mitigation of pressures at Rother Valley Country Park	60	60
	Total Requirement	2,592	2,342

2.8 Reserves and Balances within the Council's Budget Strategy

2.8.1 In setting the Budget for 2024/25 the Council anticipated that corporate reserves at the 31st March 2024 would be £59.4m. However, following outturn position for 2023/24, the reserves on the 31st March 2024 were £59.0m, a decrease of £0.4m as a greater level of reserves were required to balance the outturn position due to increased social care pressures. However, the Council's overall reserves balance at the end of 2026 is projected to be £6.5m higher than the projection for the same point when setting the 2023/24 Budget. This improved position is due in the main to the following;

- The Council's temporary savings plans in latter half of 2023/24 and 2024/25 reducing the expected call on reserves.

- Further Treasury Management savings generated in year leading to a reduced call on the Treasury Management Reserve.
- New corporate grants, ringfenced and largely linked to Asylum funding programmes.

2.8.2 This improved position places the Council in a more robust financial position to manage the challenges faced during 2024/25 and in setting the Budget for 2025/26.

2.8.3 During 2024/25 whilst the Council has faced significant financial challenges, referenced earlier in this report, the Council has continued to generate significant savings through its Treasury Management Strategy. These savings have been significant enough to mitigate a large proportion of the pressures in year. However, it is still anticipated that the Council will require additional reserves to balance the outturn position for 2024/25, it is expected this call on reserves will be £3.1m and come from the Budget and Financial Strategy Reserve.

2.8.4 The Council's balance of corporate reserves as at 31st March 2024 was £59.0m. Following a further review of the Reserves Strategy, taking into account the financial outturn for 2023/24, the forecast financial outturn for 2024/25 and the proposed reserves use during 2025/26, 2026/27 and 2027/28, the following updated Reserves Strategy is proposed for reserves movements during the period 2024/25 to 2027/28:

- The Council received £2.8m Local Council Tax Support Grant to mitigate the financial impact of Covid-19 on future Council Tax income. This grant was transferred to reserves in 2021/22 with £1.6m of this reserve used in 2022/23 as planned with the balance of £1.2m earmarked for a Local Council Tax Support Top Up scheme during 2024/25. It is now expected that an estimated £0.9m of this grant can be carried forward into 2025/26 due to utilising the Household Support Fund to cover part of the costs of the LCTS Top Up scheme in 2024/25. As such the grant will remain available to support a Local Council Tax Support Top Up scheme in 2025/26.
- The Spending Review 2021 confirmed Government would compensate local authorities for 75% of irrecoverable losses in Council Tax in respect of 2020/21. From this the Council gained £0.7m that transferred to reserves in 2021/22 and is earmarked for a Local Council Tax Support Top Up scheme during 2024/25.
- A £2m Covid Recovery Fund was created as part of the 2020/21 outturn position. So far, £0.9m of this reserve has been used to provide schemes for residents impacted by the cost of living crisis, helping to fund the Energy Crisis Support Scheme and provide additional funding for discretionary Housing Payments. The remaining £0.1m is approved to be used across 2024/25 for a continuation of the Energy Crisis Support scheme.

- The Corporate Revenue Grants Reserve now stands at £2.5m though it is made up of ringfenced grants that are expected to be used across the MTFS period though at present the Council are unable to project specifically when.
- Treasury Management Savings Reserve has been built up over a number of years where the Council has generated significant savings through its Treasury Management Strategy. The reserve is to be used to support the budget across the medium term as agreed at Council in February 2024. The Council has a current balance of £11.6m, from which it proposes to use £4.4m 2024/25 and £0.4m in 2025/26. A significant use of this improved reserves position is making a temporary social care contingency to provide support for placement and demand overspends.
- There is a Business Rates Reserve of £4m held for any impacts of the Business Rates revaluation process and to cover off any shocks to the Council's Business Rates income as a result of large business failure.
- The Council's Budget and Financial Strategy Reserve stands at £13.9m and it is proposed to be reduced by £3.1m to fund the 2024/25 overspend position and then be retained at this level. The reserve is still required to cover the Council against the significant budget and MTFS pressures that are facing local authorities at present, that have been best illustrated by the number of Council's that have either declared a S114 Notice or have indicated that they are on the edge of declaring one. Also, given the uncertainty around future finance settlements and a new spending review period, the reserve will enable the Council to plan and manage any adverse implications by providing time to full consider any required actions. As such, the Council's Budget and Financial Strategy Reserve will be maintained.

2.8.5 Taken alongside the Council's proposed budget for 2025/26 and the MTFS to 2027/28, this reserves position is considered to be sustainable for the medium term. Future decisions on reserves would then continue be taken as part of the annual budget setting process.

2.8.6 The table below summarises the reserves balances over the medium term and includes the budgeted transfers to and from reserves as outlined in section 2.8.3.

Table 9 – Forecast Balances of Reserves

	Balance as at 31 March 2024	Projected Balance as at 31 March 2025	Projected Balance as at 31 March 2026	Projected Balance as at 31 March 2027
	£m	£m	£m	£m
General Fund Minimum Balance	25.0	25.0	25.0	25.0
Corporate Reserves				
Budget and Financial Strategy	13.9	10.8	10.8	10.8
Business Rates	4.0	4.0	4.0	4.0
Corporate Revenue Grants Reserve	2.5	2.5	2.5	2.5
Covid Recovery Fund	0.1	0.0	0.0	0.0
Local Council Tax Support Grant	1.2	0.9	0.9	0.9
Collection Fund Income Guarantee Grant	0.7	0.0	0.0	0.0
Treasury Management Savings	11.6	7.4	7.0	7.0
Total	34.0	25.6	25.2	25.2
Total General Fund Reserves	59.0	50.6	50.2	50.2

2.8.7 Whilst the proposed Budget and MTFS position proposes a use of £10.0m of reserves across the period 2024/25 to 2027/28, it is also worth noting that the Council's projected balance of reserves as at the end of 2027/28 is £6.5m higher than it was expected to be when the Council agreed its Budget for 2023/24. This improvement, given the significant challenges facing Local Authority finances, is testament to the Council's robust financial management and decision making across this period. It also shows the Council's plans on Reserves and Budgets are holding firm as despite being a further two years on, the Council's reserves are projected to be stronger.

2.9 Community Leadership Fund

2.9.1 As a result of the May 2024 elections a new cycle of Community Leadership Funding commenced. The allocations per member/ward remain on the same basis as previously provided, as set out below.

2.9.2 The 2024/25 Budget approved by Council, included revenue and capital budgets that are devolved to individual Elected Members (Community Leadership Fund) or the ward as a whole (Capital Budget). These are provided to members to deliver revenue and capital projects within their wards during their time in office. As such any unspent balance of CLF or capital can be carried forward at the year end, for all financial years except for local election years. For example, in the current election cycle, these budgets can

only be carried forward at the end of the following years, into the next financial year:

- 2024/25
- 2025/26
- 2026/27

2.9.3 Each Elected Members will receive £1,584 Community Leadership Fund. This is Revenue funding. Two member wards will receive £7,120 Capital Budget. Three member wards will receive £10,680 Capital Budget.

2.9.4 Where carry forward is required those balances will be transferred to the Corporate Revenue Grants Reserve or held within Capital Grants Unapplied.

2.10 Business Rates Reliefs

2.10.1 Revaluation 2023 and Transitional Relief

2.10.2 From 1 April 2023, the rateable values of all non-domestic properties in England were updated by the Valuation Office Agency to reflect the property market as at 1st April 2021. This ensures business rates bills are fairly distributed across all non-domestic properties and reflect changes in market conditions since the last revaluation.

2.10.3 A new Transitional Relief Scheme was introduced in 2023, which continues to provide relief for 2025/26 to help those ratepayers who are facing higher bills as a result of the revaluation.

2.10.4 2025/26 Retail, Hospitality and Leisure (RHL) relief scheme

2.10.5 In the Autumn Statement 2024 the Chancellor announced an extension to the new business rates relief scheme for retail, hospitality, and leisure properties.

- The 2025/26 Retail, Hospitality and Leisure (RHL) relief scheme will provide eligible, occupied, retail, hospitality, and leisure properties with 40% relief, up to a cash cap of £110,000 per business.
- Under the cash cap, no ratepayer can in any circumstances exceed the £110,000 cash cap across all of their hereditaments in England. Where a ratepayer has a qualifying connection with another ratepayer then those ratepayers should be considered as one ratepayer for the purposes of the cash caps.
- The RHL relief scheme guidance provides local authorities with information about the intended operation and delivery of the policy.
- The Government anticipates that local authorities will include details of the relief to be provided to eligible ratepayers for 2025/26 in their bills for the beginning of the 2025/26 billing cycle.

2.10.6 2025/26 Supporting Small Business (SSB) Relief Scheme

2.10.7 In the Autumn Statement 2022 the Chancellor also announced a new Supporting Small Business (SSB) relief scheme which will cap bill increases

at £600 per year for any business losing eligibility for Small Business Rate Relief or Rural Rate Relief at the 2023 revaluation. This relief will continue for 2025/26.

2.10.8 The Government anticipates that local authorities will include details of the relief to be provided to eligible ratepayers for 2025/26 in their bills for the beginning of the 2025/26 billing cycle.

2.10.9 Cabinet recommended to Council that these business rates reliefs are applied for 2025/26 in line with Government guidance. In addition, should Government introduce other rates reliefs, the reliefs will be applied in line with Government guidance. Backdating of applications for discretionary relief will be restricted to the 1st April of the previous financial year from the date the application was received or eligibility became known.

2.11 Procurement – Supplier Faster Payments

2.11.1 Since April 2020 the Council has adopted a range of principles and measures to provide faster payment (i.e. payment earlier than the standard 30 day payment terms) to Suppliers, where invoices have been reconciled, with a targeted approach to support local suppliers and Small to Medium Enterprises (SMEs). This was done initially to provide support during the Covid-19 pandemic to ensure cash-flow within businesses was maintained to avoid supply chain collapse and help protect jobs. The Council has however recognised the economy has not recovered or returned to pre-pandemic levels and is now facing other significant financial pressures resulting from rising inflation and energy costs. It is proposed that these principles and measures are maintained for a further 12 month period covering the 2025/26 financial year.

2.12 Capital Strategy/Capital Programme Update

2.12.1 The Capital Strategy and proposed Capital Programme to 2028/29, which sets out the Council's future capital investment plans, will ensure that investment decisions are clearly aligned with the Council's strategic priorities. The Capital Programme covers 2024/25 through 2028/29, so that the Council has a Capital Programme, that covers the Council's MTFS period. For the financial years from 2025/26 to 2028/29 the inclusion of capital grants are largely based on estimates and will be updated as Government confirm annual allocations, in line with the Council Financial & Procurement Procedure Rules.

2.12.2 The Council's Capital Strategy and Capital Programme to 2027/28 was approved by Council in February 2024 within the Budget and Council Tax 2024/25 Report. This has been further refreshed and updated as part of this Budget report and the reporting to Cabinet and Council carried out during 2024/25.

2.12.3 The Financial Outturn 2023/24 report approved by Cabinet in July 2024 set out an updated Capital Programme taking into account slippage on capital schemes during 2023/24 which was mostly re-profiled into future years.

2.12.4 Further individual new capital projects already approved during 2024/25 are incorporated into the updated Capital Programme which is set out in Appendices 3C to 3F.

2.12.5 This report proposes a number of further additions to the Capital Programme to 2028/29 which are set out in Appendix 3A. It is proposed that these priority capital investment schemes will be added to the Council's Capital Programme following Council approval.

2.12.6 **Priority Capital Investment – General Fund**

2.12.7 A number of new capital schemes are being proposed for inclusion into the Capital Programme 2024/25 to 2028/29. A list of the new schemes is provided at Appendix 3A and 3B, along with a summary view of the scheme business case. These new proposals will be funded by £18.187m of corporate resources, with the revenue implications of this built into the Council's proposed Budget and Treasury Management Strategy. They are listed below;

Table 10 Proposed Capital Budget Investments

Directorate	New Capital Proposal	Corporate Resource Required £'000s
Every Child able to Fulfil their Potential		
CAP1	In House Residential Complex Needs provision	378
CAP2	Procurement of new Education System	1,785
Every neighbourhood thriving		
CAP3	Bassingthorpe Farm	250
CAP4	Waleswood drainage works to tent field	63
CAP5	Clifton Park Overflow Car Park and Event Space	33
CAP6	Community Facilities	600
CAP7	Civic Theatre LED Stage Lighting Replacement	64
Expanding economic opportunity		
CAP8	Business Centre Upgrades	899
CAP9	Strategic Acquisitions Fund	2,000
A Cleaner, Greener Local Environment		
CAP10	Catcliffe River Flood Alleviation Scheme	6,000
CAP11	Replacement of Refuse Collection Vehicles	4,000
CAP12	Grounds and Streets Plant Refresh Phase 3	375
CAP13	Green Spaces Capital Repairs Programme	240

One Council Approach		
CAP14	HR System Replacement	1,500
	Total	18,187

2.12.8 A Cleaner, Greener Local Environment

2.12.9 Following the devastating floods in October 2023 and the publication of the Section 19 report into these events in summer 2024, it is proposed to invest £6m in the Catcliffe Village (River Rother) Flood Alleviation Scheme. Designed to reduce the risk of future flooding, the proposal focuses on replacing the existing bridge on Treeton Lane.

2.12.10 In addition, it is proposed to invest in new equipment to enable the Council to deliver the ambitions of this theme. This includes investing £4m in replacing half of the Council's Refuse Collection Vehicles, as the current fleet reaches the end of its operational lifespan. In addition, it is proposed to invest £375k in providing modern, efficient and effective plant equipment to undertake grounds maintenance and street cleansing across the borough. Finally, it is proposed to invest £60k per year in establishing a green spaces general maintenance and repair budget.

2.12.11 Following Governments announcement for a further £500m of funding to be provided for investment in the nation's roads and highways, the Council proposes to utilise half of this funding to support investment in the Borough's pathways, expected investment of £1m. The value will be confirmed as greater information is released around the £500m new funding.

2.12.12 Every Neighbourhood Thriving

2.12.13 The Council is making a series of additional investments to ensure that every neighbourhood is thriving, with a particular focus through these proposals on improving and better utilising existing assets. For example, it is proposed to invest £600k over the next two years to improve community facilities across the borough to sustain and increase the participation, community activities and engagement within those facilities. As part of this scheme, a number of improvements have already been identified to facilities across the borough including the Black Hut, Oaklea Retreat and Clifton Learning Centre.

2.12.14 Additionally, investment of £63k is proposed to improve drainage at Waleswood Caravan Park to reduce the likelihood of surface water flooding during heavy rain. £64k is proposed to invest in new stage lighting at the Civic Theatre to replace the current facilities, improving the customer experience.

2.12.15 Bassingthorpe Farm was allocated as a key strategic site for development in 2014 and sits to the north of the Borough, in close proximity to the proposed mainline station and town centre. The site is in multiple ownerships with the Council owning only 25%. However, funding is required to undertake viability assessments, infrastructure and site investigations and develop a

collaborative landowner agreement. The strategic location of the site, its ability to support the town centre, deliver new communities with desirable homes and good local amenities, as well as support the new proposed mainline station leads to the need for public sector intervention and direction, therefore a funding contribution is required to ensure the Regeneration team can develop the project to delivery. It is estimated that the site could bring between 1,750 and 2,500 new housing units forward.

2.12.16 Every Child able to Fulfil their Potential

2.12.17 Building on the existing programme, the Council will deliver a further investment of £378k as match funding into the in-house residential programme to provide additional complex needs provision. This builds on the previous phases of development which has seen five children's homes open with a current in house of capacity of 11 beds.

2.12.18 It is also proposed to invest £1.785m to procure and implement a new education system. This system enables the Council to fulfil its statutory functions. It provides a central database to hold demographic, school and service provision data for all children enrolled in Rotherham Schools and supports various Council services including education, inclusion, and transport. A stakeholder engagement process was undertaken to inform re-procurement planning.

2.12.19 Expanding Economic Opportunity

2.12.20 The Council is currently making significant progress in delivering the largest regeneration programme in a generation. Public control of key land and property assets is essential to secure appropriate development and prevent continued degradation of underutilised, vacant and derelict land and property. A further £2m of investment is proposed in addition to the previous allocation of £3m (over two years) to continue acquiring strategic sites in the town centre and around the proposed mainline station site, with the outcome of progressing the Council's ambitions for regeneration within the town centre and across the Borough. It is also proposed to invest £899k in a two-year programme to upgrade facilities at the five purpose-built business incubation facilities in the borough. The funding will be used to undertake key essential works required for compliance, health and safety and strategic essential refurbishment.

2.12.21 One Council Approach

2.12.22 From 2027/28 there is a need to have replaced the HR Payroll and information system, currently iTrent. The procurement of the HR system will ensure the Council continues to act in accordance with its statutory obligations with regards to paying and contracting employees.

2.12.23 There were a number of project specific changes that have been added to the Capital Programme as part of the Council's December Financial Monitoring report to 10th February Cabinet. However, there is a change to the Council's planned use of corporate borrowing that will require support via this Budget and Council Tax Report with referral onto Council.

2.12.24 **Annual Ongoing Expenditure Commitments - General Fund**

2.12.25 A number of new capital schemes are being added to the Capital Programme 2024/25 to 2028/29 to finance essential annual capital investments. These investments are essential to the Council's operations and therefore are not proposed as investment decisions as they have to take place, for example the Council needs to have IT systems and networks, which make up some of the new capital investment proposals, or the Council needs to maintain the quality of its operational buildings. A list of these essential investments is provided at Appendix 3A. These new proposals will be funded by £13.395m of corporate resources, with the revenue implications of this built into the Council's proposed Budget and Treasury Management Strategy.

2.12.26 With regards to the Council's capital spending plans, the Council will need to closely consider the level of prudential borrowing it incurs moving forwards post the 2025/26 Budget to ensure that the Council's overall debt position is manageable, can be sustainably financed within the Council's Treasury Management Budgets (revenue) and to help guard against interest rate risk. Therefore, moving forwards the Council will need to look to ensure that its Minimum Revenue Provision (MRP), the process at which the Council sets aside funding for the repayment of debt, exceeds the annual level of borrowing undertaken, so that the total debt position starts to be reduced.

2.12.27 The Council's approach to future borrowing is covered in the Treasury Management Strategy at Appendix 9. It should be noted that this will be a strategy for future rounds of capital investment and Budget setting rather than for the current 2025/26 Budget and MTFS update where the level of capital borrowing has been factored into the revenue budget projections.

2.12.28 **Housing Revenue Account (HRA)**

2.12.29 The Housing Revenue Account Capital Programme has also been updated to 2028/29, in line with the updated HRA Business Plan approved by Cabinet on 16th December and by Council on 15th January 2025. HRA capital programme information is set out in Appendices 3E and 3F.

2.12.30 **Housing Capital Programme**

2.12.31 The Council has a statutory duty to maintain its council stock under the Housing Act 1985. To execute this an annual capital budget is allocated via the HRA Business Plan so that investment can be delivered across the portfolio.

2.12.32 The Council is required to maintain its stock to several different standards, in relation to Asset Management the following key areas must be adhered to:

- Decent Homes Standard
- Various Health and Safety Legislation including but not restricted to:
- Fire Safety
- Gas Safety
- Electrical Safety
- Asbestos Management

In addition to this the aim is to also:

- Improve energy efficiency of our tenants' homes
- Invest in communal and external environment

2.12.33 In 2025/ 26 it is proposed to invest £36.4m in the Councils housing stock. This will pay for items such as new kitchens, bathrooms, boilers and roofs. This will maintain decency and it is more cost effective to do these on a planned programme of works. Investment will also take place to ensure homes are thermally efficient which will result in more homes meeting Energy Performance Certificate (EPC) Band C.

2.12.34 A capital provision of £121m has been included within the 2025/26 HRA Business Plan for 2025/26 to 2028/29. This includes £88m of to deliver the existing pipeline of projects for hundreds of new homes by the end of 2027/28 and a further £33m to ensure the continuation of the Housing Delivery Programme beyond 2027/28. For the purposes of the HRA Business Plan, investment has been assumed to support delivery of an additional 490 new homes from 2025/26 onwards.

2.12.35 A summary of the proposed investment in the 2025-26 Housing capital Programme is shown in the table below. A further, more detailed report on the HRA Programme and the schemes that will be delivered will be presented to Cabinet in March 2025.

Description	Budget £m
Housing Revenue Account	72.942
General Fund	1.76
Disabled Facilities Grant	2.797
Total	77.499

2.12.36 The HRA programme for 2025/26 has been included into the capital programme with a more detailed breakdown as shown at Appendix 3E and 3F.

2.12.37 **Capital Strategy**

2.12.38 The Capital Strategy will deliver a Capital Programme that is affordable and sustainable and contributes to the Borough's economic growth. It will also ensure that the Council is able to fully contribute to the delivery of the South Yorkshire Mayoral Combined Authority (SYMCA) Strategic Economic Plan and maximise the potential for securing capital funding from the SYMCA. The Council will continue to build upon the successes of recent years in the development and approval of funding bids, such as Towns Fund and Levelling Up Fund in order to maximise the impact that the Council can have on the borough through capital investment.

2.12.39 The revenue impact of the Capital Strategy is reflected in this report and the prudential borrowing requirement arising from the Capital Programme is reflected in the Prudential Indicators and Treasury Management and Investment Strategy.

2.12.40 **Proposed Capital Programme 2024/25 to 2028/29**

2.12.41 The Capital Programme is now extended to include 2028/29, to reset the Capital Programme to five years (current year + four years). As a result, the Programme now includes £31.728m of new capital investments proposals to be funded by corporate resources of £31.582 and a contribution from HRA £0.146m that are being proposed for approval as part of this Council's Budget and Council Tax Report 2025/26.

2.12.42 In addition, the Programme will also now include a further year of the HRA programme, £101.375m for 2028/29. Finally, in adding the additional year to the Capital Programme further estimates of capital grant funding have been added. The overall Capital Programme for the period 2024/25 to 2028/29 is now £750.138m, General Fund programme of £401.949m and HRA Programme of £348.189m. The table below indicates the split of the Capital Programme across the Council's Directorates.

Table 11 – Proposed Capital Programme 2024/25 to 2028/29

Directorate	2024/25 Budget £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	Total Budget £m
General Fund Capital						
Children and Young People's Services	7.746	22.011	6.360	7.070	6.210	49.397
Regeneration and Environment	77.695	116.084	31.007	7.781	6.131	238.699
Adult Care & Housing	8.998	12.923	5.524	9.569	6.087	43.100
Assistant Chief Executive	0.340	0.210	0.210	0.210	0.210	1.180
Finance and Customer Services	20.357	17.822	7.889	6.148	17.358	69.573
Total General Fund Capital	115.135	169.050	50.989	30.778	35.997	401.949
Total HRA Capital	57.283	72.942	67.436	49.153	101.375	348.189
Total RMBC Capital Programme	172.418	241.993	118.425	79.931	137.371	750.138

2.12.43 Funding the Capital Programme

2.12.44 Appendices 3C & 3E shows how the Council proposes to fund the projects and changes to the Capital Programme for which approval is being sought, together with the funding of the existing approved Capital Programme projects. As indicated above, the Council's Revenue Budget and Medium Term Financial Strategy contains provision for the revenue implications of the Capital Programme including prudential borrowing costs.

2.12.45 The Council held no General Fund capital receipts and £17.2m of Right to Buy (RTB) receipts as at 31st March 2024. In addition, the Council anticipates further capital receipts to be generated across the Capital Programme period 2024/25 to 2028/29. The total amount of capital receipts planned to support the proposed General Fund Capital Programme including flexible use is £0.5m. The planned use of HRA receipts within the HRA programme is £43.9m, this is based on the continuing sale of properties under RTB, and private sales generated through the Councils new build housing schemes. General Fund capital receipts generated are predominantly used to fund short life assets to minimise short life borrowing.

2.12.46 The table below shows how each year of the Capital Programme will be funded:

Table 12 – Funding of the Proposed Capital Programme 2024/25 to 2028/29

	2024/25 Budget £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	Total Budget £m
Grants & Contributions	59.710	89.533	18.128	7.470	7.627	182.468
Unsupported Borrowing	55.292	78.871	32.721	23.165	28.223	218.272
Capital Receipts	0.000	0.509	0.000	0.000	0.000	0.509
HRA Contribution	0.134	0.137	0.140	0.143	0.146	0.700
Total Funding - General Fund	115.135	169.050	50.989	30.778	35.997	401.949
Grants & Contributions	3.779	4.959	2.640	0.816	24.765	36.959
Unsupported Borrowing	9.043	17.457	25.967	11.325	24.316	88.108
Housing Major Repairs Allowance	24.950	36.909	25.256	27.803	28.669	143.587
Capital Receipts	13.541	3.960	5.572	3.208	17.625	43.906
Revenue Contribution	5.970	9.658	8.000	6.000	6.000	35.629
Total Funding - HRA	57.283	72.942	67.436	49.153	101.375	348.189
Total	172.418	241.993	118.425	79.931	137.371	750.138

2.12.47 The Council's funding strategy in respect of the Capital Programme will be based on the following key principles:

- (i) Capitalisation opportunities will be maximised, where accounting rules allow.
- (ii) The Government's capital receipts flexibilities will be maximised to fund revenue transformational expenditure, if required. As a general principle, capital receipts will be earmarked to minimise revenue costs.
- (iii) All decisions on capital financing are delegated to the Council's Section 151 Officer as agreed by Council.

2.13 Treasury Management Issues

2.13.1 Treasury Management is the management of the Council's cash flows, its banking, money market and capital transactions, the effective control of risks associated with these activities and the pursuit of optimum performance associated with those risks.

2.13.2 The Treasury Strategy has associated Prudential Indicators (PIs) which have to be approved by Council prior to 1st April each financial year in order to comply with the various statutory frameworks within which the treasury function has to operate.

2.13.3 The Prudential Code requires the Council to approve and monitor a minimum number of PI's in order to inform the capital decision making process and support capital investment decisions. These PIs are mandatory.

2.13.4 The Capital Finance Regulations 2008 require the Council to approve a Minimum Revenue Provision (MRP) statement which sets out the methods the Council will use to determine the appropriate amount of MRP to charge against the revenue budget.

2.13.5 The Treasury Management Strategy is integral to the overall Budget Strategy and to the management of the Capital Programme.

2.13.6 Details of the Treasury Management issues are contained in Appendix 9. However, the key issues that the Council's Treasury Management service will monitor closely is the current increase in the Bank of England Base Rate and its impact on the cost of borrowing. The Council's approach and mitigation of this issue is covered within Appendix 9.

2.14 Report of the Strategic Director - Finance and Customer Services (the Council's Responsible Financial Officer)

2.14.1 Section 25 of The Local Government Act 2003 requires the 'Chief Financial Officer' (The Strategic Director Finance & Customer Services at Rotherham Council) to report to Council on the following matters in making decisions on the budget and financial strategy:

- the robustness of the estimates made for the purposes of the calculations;
- the adequacy of the proposed financial reserves.

2.14.2 In addition, it is recognised as good financial management for the Council to identify target levels for reserves and balances that are based on a thorough understanding of its needs and risks.

2.14.3 The contents of this budget and financial strategy report is the mechanism by which positive assurances are made by the Strategic Director - Finance & Customer Services about the adequacy of the proposed financial reserves.

2.14.4 The Strategic Director Finance & Customer Services gives her assurance that the budget estimates for 2025/26 are robust overall when considered in conjunction with the budget proposals identified in the report, the Reserves Strategy and medium term financial projections. The Council faces significant financial pressures, especially in respect of social care, waste management and home to school transport, along with continuing economic uncertainty. However, the Council has also demonstrated over recent years, an ability to manage difficult financial challenges. Along with managing year on year cost pressures within overall budgets, it has developed a robust Medium Term Financial Strategy which has included rebuilding reserves levels to create a more sustainable financial platform for the future. This means the Council has been able to withstand the huge and unexpected inflationary impact on budgets over the last two years through a combination of active cost reduction measures, the use of some of those accumulated reserves and through its Treasury Management Strategy and with the improved financial settlement is also able to build into its budget the ongoing impact of those. The Council is therefore able to set a balanced budget for 2025/26 without being forced to implement cuts to front line services and hence where reductions have been proposed, these are considered low impact or as a result of alternative means of delivery and are being used in order to fund new priority investment rather than being an unavoidable necessity in isolation. The remaining reserves ensure that the Medium Term Financial Strategy is robust despite the ongoing risk caused by the current economic situation and the exceptional pressures on social care services.

2.14.5 This assurance is predicated on Directorates continuing to progress all appropriate actions to reduce their spending for the remainder of the year, including delivery of the agreed savings and cost reductions, in particular:

- Reducing the number of exceptionally high cost placements and also reducing the unit cost of placements, within Children's Social Care..
- Successful management of the demand, market and provider pressures in Adult Social Care within the increased budget allocation, ensuring appropriate care and support is in place in accordance with the service development programme.
- A successful management and resolution to the remaining budget pressures within the Regeneration and Environment Directorate.

2.14.6 The key fundamental principles of the report's recommendations which the Strategic Director Finance & Customer Services has considered in giving this assurance are:

- That the budget strategy for 2025/26 is approved as set out in the report.
- That Directorates manage their finances within the clearly defined cash-limits approved as part of this budget. Whilst the budget risk is recognised, Strategic Directors must bring forward options to mitigate any cost overruns in accordance with Financial Procedure Rules in order that formal decisions can be made where necessary.
- That Council approves the updates to the Medium Term Financial Strategy to 2027/28 and agrees to the proposals to manage a balanced budget in 2025/26.
- That the revised Reserves Strategy is approved which will see the General Reserves Minimum Balance remain at £25.0m over the medium term financial strategy period. It is not to be called upon for further purposes save in exceptional circumstances with the agreement of the Leader of the Council, Chief Executive and the Strategic Director Finance & Customer Services and approved by the appropriate body of the Council in accordance with the Constitution.

2.14.7 The reserves position will need to be kept under review to ensure that the Council maintains a robust budget and sound financial base.

2.14.8 The Council continues to operate in a tight financial climate by continuing to exercise tight spending controls including the application of stringent recruitment and procurement controls. A significant degree of the Council's projected outturn position for 2024/25 relates to cost overruns in children's social care (placement costs) and in Home to School Transport (increasing demand). Whilst these are national problems, it is important that the costs are reduced as much as possible if the Council is to remain financially stable and sustainable.

2.14.9 Services have achieved necessary and substantial levels of budget savings and cost reductions in recent years and now need to conclude that delivery for the remaining outstanding items.

2.14.10 Reserves levels, whilst not high, are sufficient to enable the Council to manage its risks over the medium term. Through being aware of the current challenges the Council has been able to plan for and set a budget which retains a sufficient balance in reserves to ensure that the impact of any further unexpected volatility can be mitigated without impact on services to residents.

3. Options considered and recommended proposal

3.1 These are set out in Section 2 above.

4. Consultation on proposal

4.1 From 18th November 2024 to 10th January 2025, the Council held an online consultation which provided broad information on income and expenditure as well as a link to the February 2024 Budget Report. The Council also consulted individually with key partners. There were 54 responses from the public, 1 from key partners. The report on the consultation is attached at Appendix 5.

4.2 The Council's Overview and Scrutiny Management Board (OSMB) will consider this report including the outcomes of the consultation at its meeting on 5th February 2025.

4.3 With regard to the proposed changes to the Capital Strategy and Capital Programme, consultation has taken place with elected Members and officers engaged in capital projects across Directorates.

5. Timetable and Accountability for Implementing this Decision

5.1 The Council is required to set its annual budget before the 11 March each year. Strategic Directors are responsible for ensuring the delivery of savings proposals within their Directorate Cash Limit approvals.

5.2 The delivery of savings will be closely monitored through the Council's financial monitoring arrangements and reported to Cabinet throughout the year. Should it be necessary remedial actions to be identified and implemented to maintain spend within the approved budget limit.

6. Financial and Procurement Advice and Implications

6.1 The financial implications are set out in detail in Section 2 above.

6.2 In summary, the report recommends a 1% increase in the basic rate of Council Tax (excludes precepting bodies) and a 2% Adult Social Care Precept on Council Tax. The report proposes a General Fund Revenue Budget for the Council for 2025/26 of £358.978m.

6.3 It should be noted that the proposed revenue budget includes:

- Provision for pay awards and major contractual inflation.
- In line with Council policy, it is expected that any other inflationary pressures will be contained within Directorate Cash Limit budgets.
- Income inflation – a 2.0% overall increase to income budgets for Council Fees and Charges in line with the Council's Medium Term Financial Strategy.

6.4 Any revenue implications from the approved Capital Programme are fully reflected in the Council's 2025/26 Revenue Budget, its Medium Term Financial Strategy and the Prudential Indicators and Treasury Management and Investment Strategy.

6.5 All procurement activity (revenue and capital) must be procured in compliance with relevant legislation (the Public Contracts Regulations 2015 (as

amended), the Procurement Act 2023 or the Health Care Services (Provider Selection Regime) Regulations 2023) and the Council's own Financial and Procurement Procedure Rules. Consideration must be given through the Council's pre-procurement activity to determine the most appropriate route to market and how the contract will be managed, along with all associated implications that need to be addressed either through the tender process and/or resulting contract which is awarded.

6.6 Treasury Management forms an integral part of the Council's overall financial arrangements. The assumptions supporting the capital financing budget for 2025/26 and for the future years covered by the MTFS of the Council have been reviewed in light of the current economic and financial conditions and the revised future years' Capital Programme.

6.7 The proposed Treasury Management and Investment Strategy is not forecast to have any further revenue consequences other than those identified and planned for in both the Council's 2025/26 Revenue Budget and approved MTFS.

7. Legal Advice and Implications

7.1 When setting the budget, the Council must be mindful of the potential impact on service users. In particular, Section 149 of the Equality Act 2010 imposes an obligation on Members to have due regard to protecting and promoting the welfare and interests of persons who share a relevant protected characteristic (age; disability; gender re-assignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation). Case law has clarified that there is no obligation on a local authority to carry out an equality impact analysis of the high level strategic budget setting process. Once the budget has been set and as spending decisions are made service by service, and as policies are developed within the constraints of the budgetary framework, proposals will be further considered by Members and will be subject to an appropriate and proportionate assessment of any equality implications.

7.2 In coming to decisions in relation to the revenue budget and Council Tax the Council has various legal and fiduciary duties. The Council is required by the Local Government Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation of the council tax requirement and the setting of the overall budget and Council Tax. The amount of the council tax requirement must be sufficient to meet the Council's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.

7.3 In exercising its fiduciary duty the Council should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term; that the proposals strike a fair balance between the interests of Council Tax payers and ratepayers on the one hand and the community's interests in adequate and efficient services on the other; and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties. Officers have addressed the duty to strike a fair balance between different elements of the community and the interests

of Council Tax and Business Rate payers in developing the budget proposals set out in this report.

7.4 All capital projects require input from Legal Services in relation to contracts. The Council must ensure that robust contractual arrangements are put in place, specifications are clearly defined, and it is clear which project risks are the responsibility of the Contractor and which remain with the Council. This is to avoid potential contractual disputes and limit the financial impact on the Council arising from them.

7.5 It is a requirement that changes to the Council's prudential indicators are approved by Council.

7.6 It is also a requirement that the Council's Minimum Revenue Provision Policy Statement for each financial year is approved by Council.

8. Human Resources Advice and Implications

8.1 The Council's headcount has increased during 2023/24 moving from 5006 to 5171 (this figure does not include schools) in line with the expectations set in the previous budget report. The revenue budget investment proposals included within this report may increase the headcount should they be approved.

8.2 Where any savings proposal will have an impact on staff, any change will be subject to the Council's consultation procedures.

9. Implications for Children and Young People and Vulnerable Adults

9.1 As detailed within Section 2.

9.2 The Budget proposals continue to support and protect the most vulnerable children and adults in Rotherham and the income generated from the 2% Adult Social Care Precept on Council Tax will be directly allocated to the Adult Social Care budget.

10. Equalities and Human Rights Advice and Implications

10.1 The proposals contained within the budget have been developed with the aim of minimising the impact on residents and the services they receive and the impact on the Council's employees.

10.2 As such these additional savings proposals will be considered using their own EIA and following the Council's Human Resource policies and procedures to ensure that appropriate engagement, consultation and support is provided to impacted staff. In addition, any likely impacts on residents will be assessed by individual services to ensure that any that are disproportionate in relation to protected groups, are considered and mitigated against where possible.

11 Implications for CO2 Emissions and Climate Change

- 11.1 The potential impact on the level of CO2 emissions and climate change of the Council's Budget and in particular the new investments proposed within this report are outlined in appendix 11. Each of the investment proposals will need to consider the impact on CO2 emissions and climate change as the business cases for these investments are developed further.

12 Implications for Partners

- 12.1 Where the Council is working with partner organisations on specific proposals, for example in Health, the Police and other government agencies, these proposals have been developed in conjunction with these organisations.

13 Risks and Mitigation

- 13.1 To any extent that approved budget savings or compensating mitigations are not achieved, this will require a drawdown on reserves. The reserves strategy shows that there is a sufficient balance of reserves to mitigate overall budget risk, however, a continued call on the reserves over and above that planned over the medium term would be financially unsustainable.
- 13.2 The Capital Programme is funded through a number of sources: Prudential borrowing, capital grants and contributions, revenue contributions and capital receipts. The Council will need to closely consider the level of prudential borrowing it incurs moving forwards post the 2025/26 Budget to ensure that the Council's overall debt position is manageable, can be financed within the Council's Treasury Management Budgets and to help guard against interest rate risk. There is also potential risk that the future years funding from Government Grants and external sources may vary from that estimated.
- 13.3 Financial Services work closely with Senior Officers and Project Managers to monitor project expenditure and performance through the Capital Programme Monitoring and Delivery Board (CPM&DB). Improvements, like this, introduced to the Capital Programme governance arrangements and enhanced reporting requirements help to ensure that Members will receive early notice of any specific project issues. This will enable early intervention to take place to bring projects back on timetable and cost, or if necessary, agree an additional capital programme funding approval. Where elements of the Programme are reliant on future grant funding, future projects will be continually reviewed to match the programme against funding availability.
- 13.4 The proposed Treasury Management and Investment Strategy seeks to minimise the risks inherent in operating a Treasury Management function during these difficult economic and financial conditions.
- 13.5 Operational Treasury Management guidelines will continue to be kept in place and reviewed to ensure they are appropriate given the circumstances faced, supported by regular monitoring to ensure that any risks and uncertainties are addressed at an early stage and hence kept to a minimum.

14 Accountable Officers

Judith Badger, Strategic Director - Finance and Customer Services
Rob Mahon, Assistant Director - Financial Services

Approvals obtained on behalf of Statutory Officers:-

	Named Officer	Date
Chief Executive	Sharon Kemp OBE	24/01/25
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	24/01/25
Assistant Director, Legal Services (Monitoring Officer)	Phillip Horsfield	27/01/25

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