

BUDGET 2024/25 & MTFS 2024/29

**Neighbourhood Forums
January 2024**



National Landscape and Challenges

- Nationally, Local Government is facing significant challenge, with a number of local authorities reporting acute difficulty in balancing their budgets with others being subject to Government intervention.
- For context, Local Government funding declined by almost one third between 2010 and 2021. A report to the Public Accounts Committee in February 2022 ([Local Government Finance system: Overview and challenges \(parliament.uk\)](#)) found that Local Authorities' income was £8.4bn less in real terms than in the previous decade.
- Whilst recent settlements have been more reasonable, much of the funding was meant for the Adult Social Care reforms and an expectation Councils would raise more locally through Council Tax.
- In November 2023, the Chancellor of the Exchequer delivered the Autumn Statement. The Government described the Statement as one for growth, prioritising tax cuts for individuals and businesses. The announcements reducing Employees' National Insurance contributions from 12% to 10% and the reset of Local Housing Allowances to the 30th percentile in April 2024 are welcome for residents of Tameside given the cost-of-living increases since the COVID-19 pandemic. However, there was very little announced for public services.
- Following the Autumn Statement, the Office for Budget Responsibility (OBR) has revised its economic forecasts and updated its analysis for Local Government finance. The OBR is now forecasting that, nationally:
 - Locally financed expenditure, i.e. that raised through Council Tax and Business Rates will rise 21% over the 3 years to 2025/26 - £62.2bn to £75.3bn.
 - Councils will have to use reserves of up to £2.3bn to deliver balanced budgets to 2025/26. Before the Autumn Statement, the OBR did not forecast the use of reserves at all.
 - Local Government spending will fall from 5.0% of GDP today to 4.6% of GDP in 2028/29. In 2010/11, it was 7.4% of GDP.
- In the 18 years from 2000 – 2018, only 2 Councils issued a Section 114 notice. Since 2018 there have been 12 issued and many other Councils have stated that there is only so much resource left in the system.

Whilst the funding increases in the 2024/25 Local Government Finance Settlement are welcomed it still **does not replace the funding lost through austerity.**



↓ **£700**

Reduction per dwelling
(real-terms) in Tameside
since 2010-11



18.9%

Average reduction in English
local authorities real-terms
spending since 2010-11



22.4%

Reduction in Tameside's real-
terms spending since 2010-11



£318

Reduction per head (real-
terms) in Tameside since
2010-11



The average cut per dwelling in England in real-terms since 2010-11 was £581. If Tameside had received the average cut it would be **£12.5m better off.**

This has put an over reliance on locally raised taxes which passes the financial burden onto the local taxpayer.

Key Challenges

Additional demand for services across the front line

Fragile markets for social care and housing supply

Increases in complexity of care needs in Social Care

Increasing numbers of young people with Education, Health and Care Plans

Increased contacts due to the economic environment

Digital Transformation

Budget Reductions

Budget reductions proposals by Cabinet Member:

| Cabinet Member | 2024/25 £m | 2025/26 £m | 2026/27 £m | Total £m |
|--|-----------------|----------------|----------------|-----------------|
| Executive Member (Adult Social Care, Homelessness & Inclusivity) | (3.350) | (2.820) | (0.300) | (6.470) |
| Deputy Executive Leader (Children and Families) | (3.562) | (6.150) | (6.000) | (15.712) |
| Executive Member (Education, Achievement and Equalities) | (0.500) | (0.200) | 0.000 | (0.700) |
| Executive Member (Towns and Communities) | (0.102) | (0.020) | 0.000 | (0.122) |
| Executive Member (Planning, Transport and Connectivity) | (0.424) | (0.271) | 0.000 | (0.695) |
| Executive Member (Climate Emergency & Environmental Services) | (0.808) | (0.798) | 0.000 | (1.606) |
| First Deputy (Finance, Resources & Transformation) | (3.799) | 1.368 | 0.822 | (1.609) |
| Executive Member (Population Health & Well-being) | (0.144) | 0.000 | 0.000 | (0.144) |
| Total | (12.689) | (8.891) | (5.478) | (27.058) |

Revised Budget Gap

December 2023 MTFs:

| | 2024/25 £m | 2025/26 £m | 2026/27 £m | 2027/28 £m | 2028/29 £m |
|--|------------------|------------------|------------------|------------------|------------------|
| Net Expenditure Requirement | 234.247 | 248.487 | 259.341 | 274.197 | 287.941 |
| Resources | (234.247) | (236.107) | (240.122) | (243.952) | (248.124) |
| Budget reductions to find - cumulative | (0.000) | (12.379) | (19.219) | (30.245) | (39.817) |
| Budget reductions to find - incremental | (0.000) | (12.379) | (6.839) | (11.026) | (9.572) |

This was the budget gap prior to the provisional Local Government Finance Settlement (LGFS): 2024 to 2025 published on the 18th December 2023.

Resident Engagement and Consultation

- Budget consultation went live on 19th December 2023.
- 193 responses as at 23 January 2024.
- The consultation will close on the 2nd February 2024.
- Consultation will help shape the priorities for the 2024/25 budget.



Budget Consultation

[Tameside Council seeks your view on £39.82m budget challenge](#)

Next steps 2024:

- **2 February 2023 – Big Conversation Closes**
- **14 February 2023 – Executive Cabinet**
- **27 February 2023 – Budget Council**

Next steps 2024/29:

- **Rolling consultation with Cabinet Updates**
- **Greater use of Neighbourhood Forums**
- **Increased Member Engagement**