

Summary of Findings

The budget survey of 41 county and unitary councils, which cover half of England's population, reveals:

- Councils additional cost pressures this year top £3.7bn from a combination of higher than expected inflation and demand, with councils now forecasting they will overspend their budgets in 2023/24 by £639m this year – an average of £16m per council.
- Rising costs and demand totalling £319m in children's services account for almost half (45%) of the projected overspend. Adult social care (25% – £179m), education, transport – including home to school transport – and highways (22% – £154m), alongside housing (£24m – 3%), make up the bulk of the remaining additional in-year pressure.
- Overspends have worsened an already challenging financial outlook. This year, councils funding gap has grown to £1.6bn, with a further shortfall of £1.1bn in 2024/25 and £1.3bn in 2025/26, meaning a total funding shortfall of £4bn between 2023–2026. Over the course of the three-year period councils have pencilled in £2bn of savings and service cuts but this would only reduce the deficit by half.
- As a result of cost pressures soaring, and despite increased funding, council tax rises and £1bn worth of savings and cuts this year, councils are still forecasting a budget deficit of £603m in 2023/24, with the analysis showing 1 in 10 of these councils are unsure or not confident they can balance their budget this year.
- Faced with this bleak financial picture, councils' confidence in setting a balanced budget plummets further over the next two years. Some 4 in 10 of these councils are unsure or not confident they can balance their budget in 2024/25, with this increasing to 6 in 10 by 2025/26.

Methodology & Approach

1

Some 31 responses were received out of 41 county and unitary councils across the SCT membership - a 76% response rate. Responses were completed during September.

2

Revenue Outturn data has been used to uprate total respondent figures to total SCT figures, providing an estimate for all SCT/CCN councils.

3

Some responses are incomplete, therefore figures presented can be based on slightly different respondent profiles, depending on the question/data/year - this is particularly the case for in-year overspends.

4

Averages are reported to show the approximate scale of the pressure facing the average county authority.

Key components of survey



Cost pressures - these include the additional costs of inflation, demand, running costs and grant loss.



In-year overspends - for 2023/24 total, by service and component cause



Additional income - grant increases, additional council tax revenue, growth in retained BRR and fees/charges



'Funding Gap' - this equals total cost pressures minus additional income



'Budget Gap' - this equals funding gap minus anticipated savings.

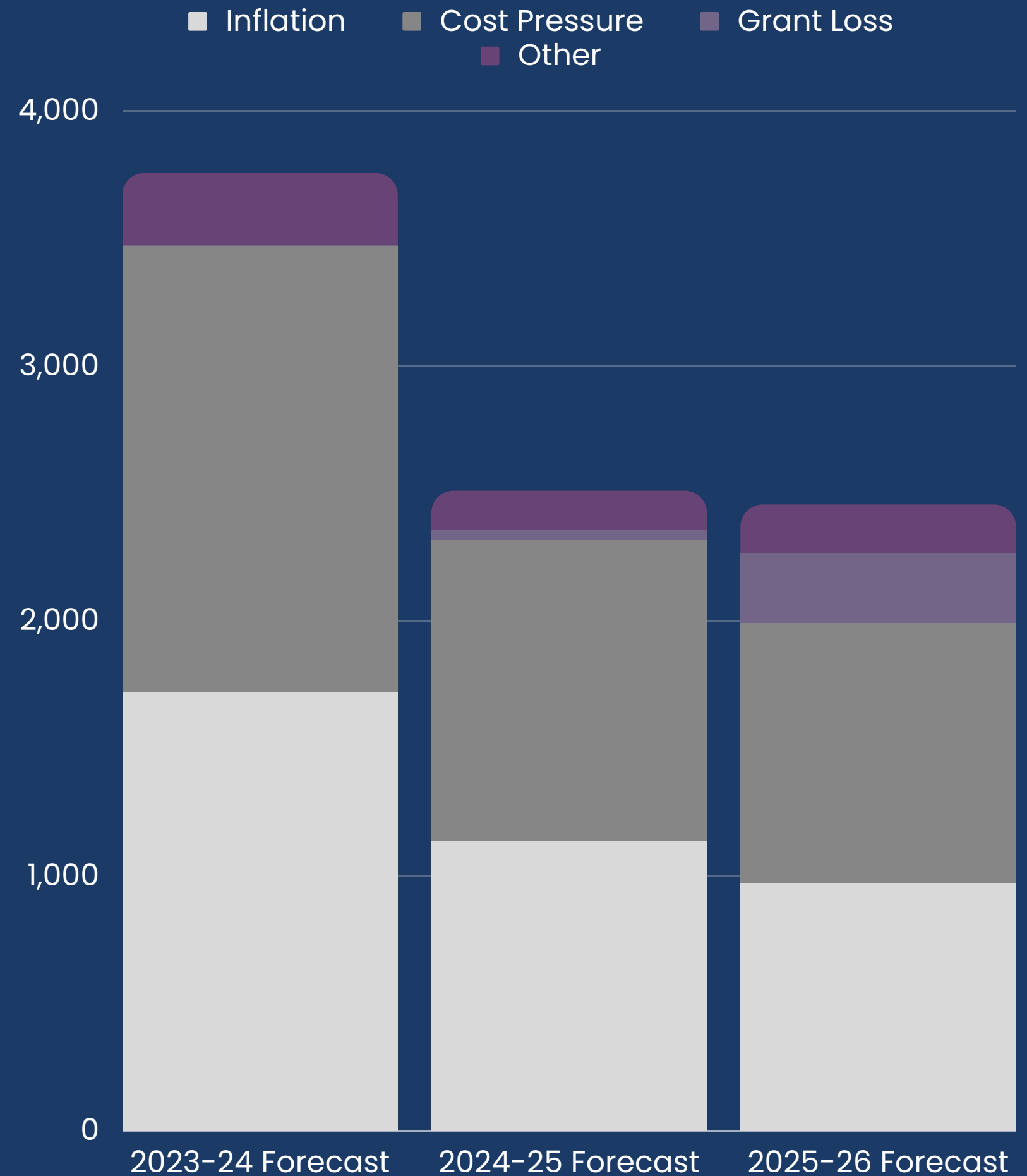


Budget setting - confidence in setting balance budgets across the period.

Budget pressures* – 2023/24 to 2025/26 (£/m)

Budget Pressure	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	Total
Inflation	1,718	1,134	970	3,822
Grant Loss	4	41	274	319
Cost Pressure	1,749	1,179	1,018	3,946
Other	282	153	191	626
Total	3,753	2,508	2,453	8,713

*Councils forecast of annual additional costs



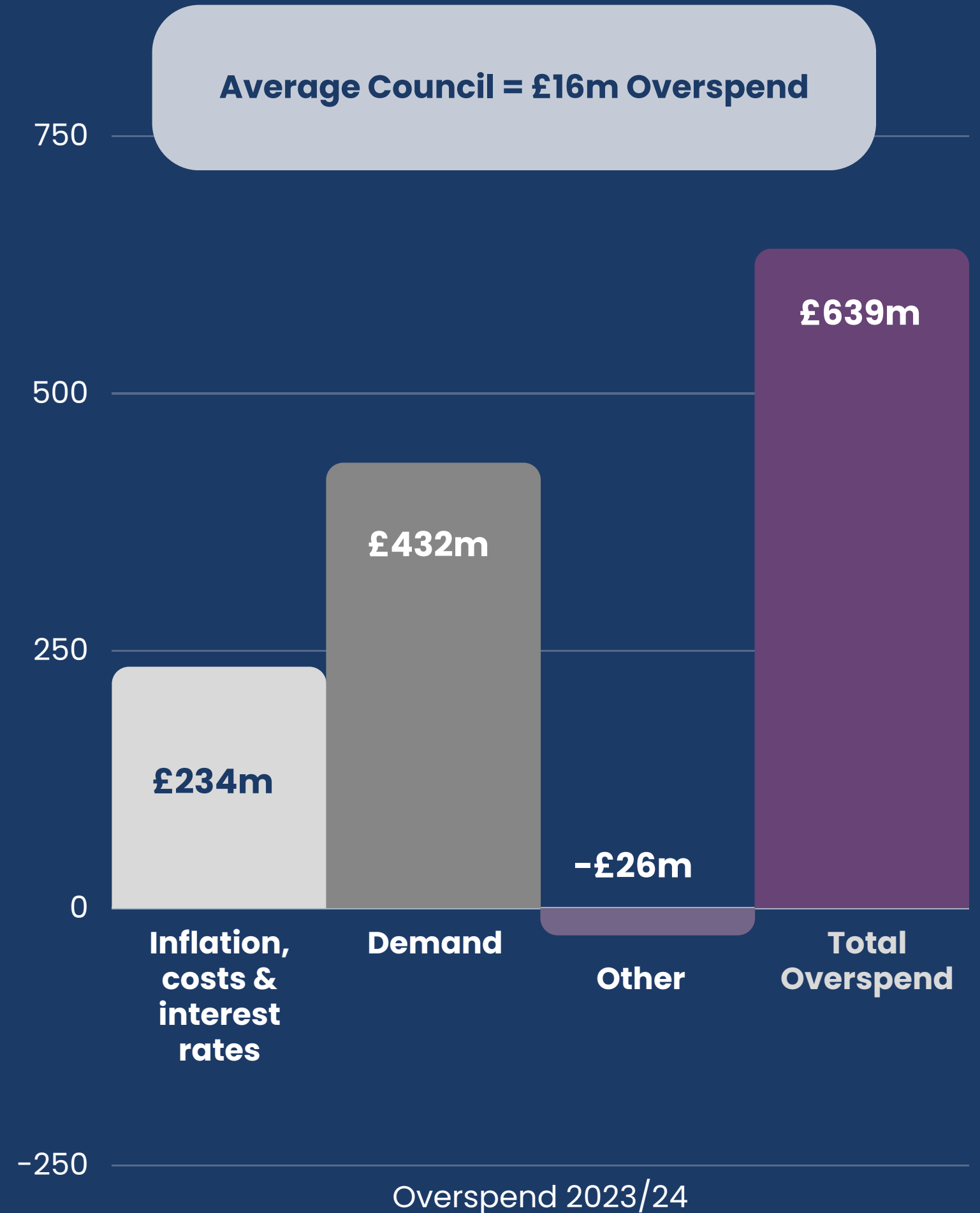
Budget Pressures – Average Council



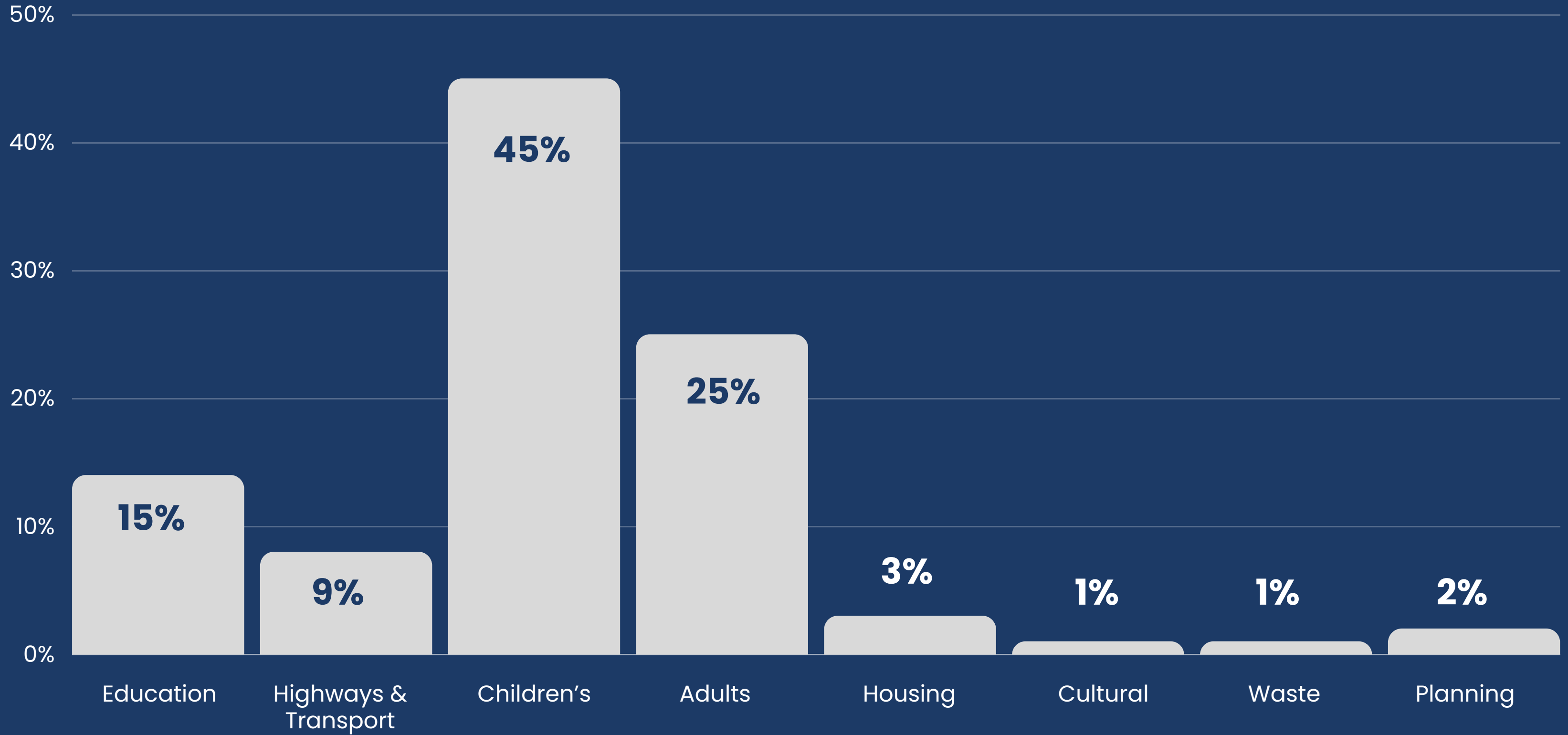
Overspends by service – selected services* (£/m)

Service area	Inflation, costs & interest rates	Demand	Other	Total
Education**	30.923	55.606	10.898	97.427
Highways & Transport**	35.434	18.093	4.444	57.972
Children's Adults	67.046	206.886	44.639	318.570
Housing	60.429	125.258	-6.658	179.030
Cultural	0.000	23.458	0.500	23.958
Waste	5.829	0.028	1.612	7.469
Planning	-0.311	0.241	5.773	5.702
Central services	-2.377	0.889	17.377	15.888
	6.868	1.373	-62.456	-54.215

*Public health, environment & regulation, fire services not listed.
 ** Home to school transport, including SEND HTST, will be spread across these two service lines due to councils departmental arrangements



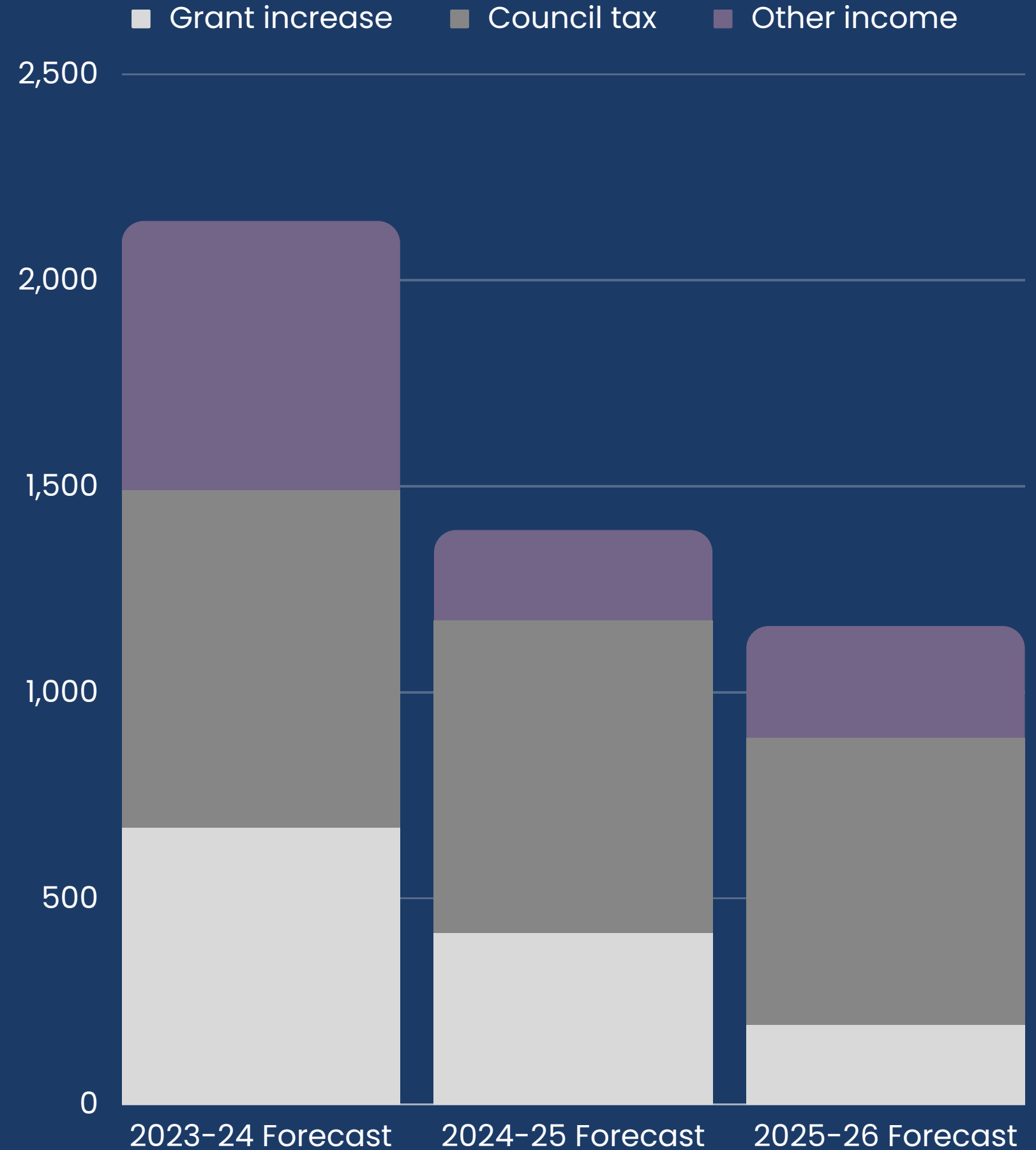
% of total overspend by service (selected)



Additional* Income - 2023/24 to 2025/26 (£/m)

Income Stream	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	Total
Grant Increase	670	414	192	1,277
Council Tax	819	759	696	2,275
Other income	653	219	271	1,144
Total	2,142	1,393	1,160	4,695

*Councils forecast of additional income above baseline.



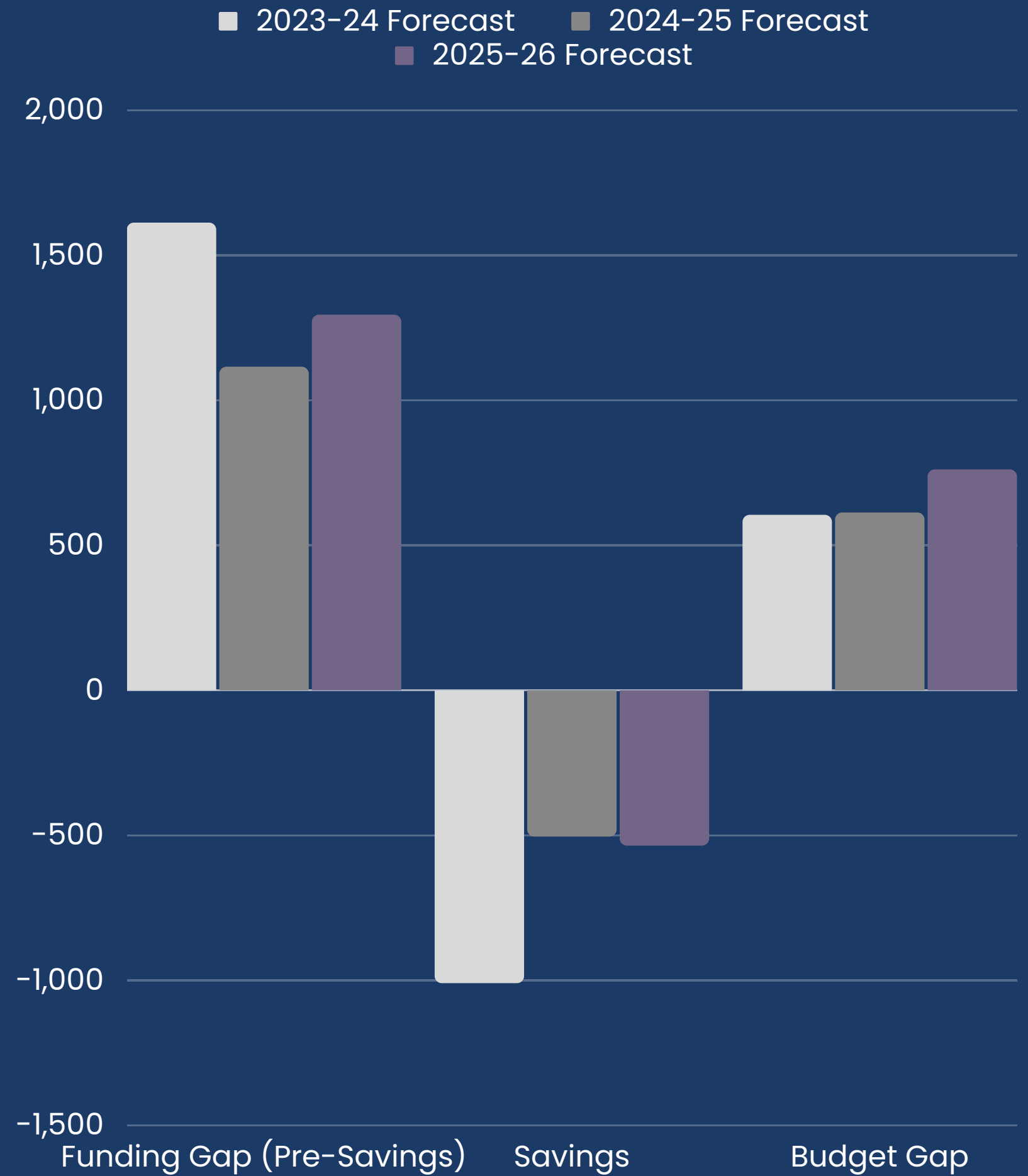
Income - Average Council



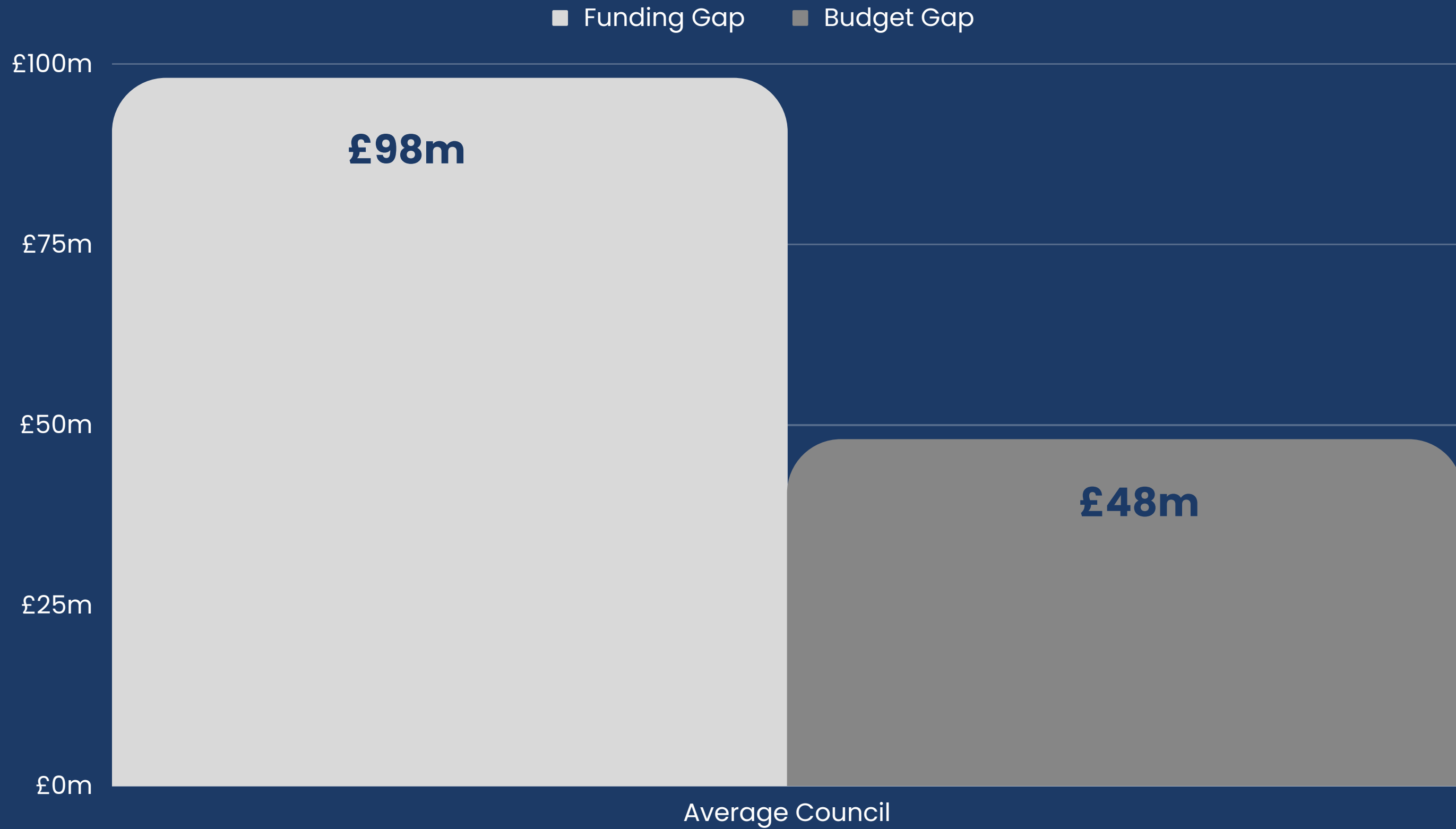
Funding & Budget Gap

Funding & Budget Gap - 2023/24 to 2025/26 (£/m)

Savings & Gap	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	Total
Funding Gap	1,610	1,114	1,293	4,018
<i>Savings</i>	<i>-1,007</i>	<i>-503</i>	<i>-534</i>	<i>-2,044</i>
Budget Gap	603	611	759	1,974



Total Funding & Budget Gap – Average Council



Budget Confidence

Section 151 Officers were asked to give their confidence levels in setting a balanced, legal budget, over the next three years. **The number that were unsure or not confident increases from 1 in 10 this year, 4 in 10 next and 6 in 10 by 2025/26.**

2023/24

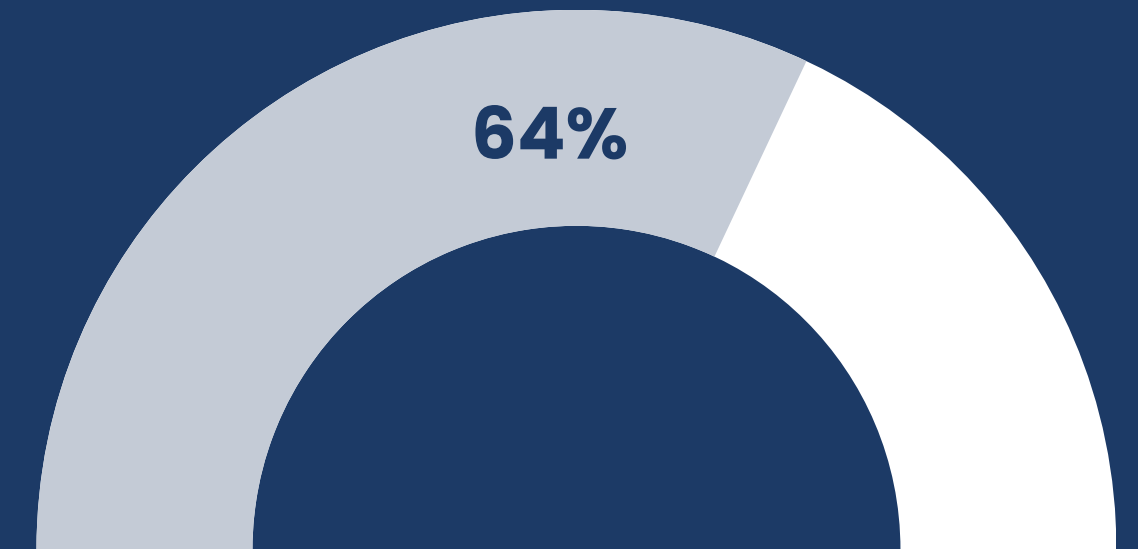
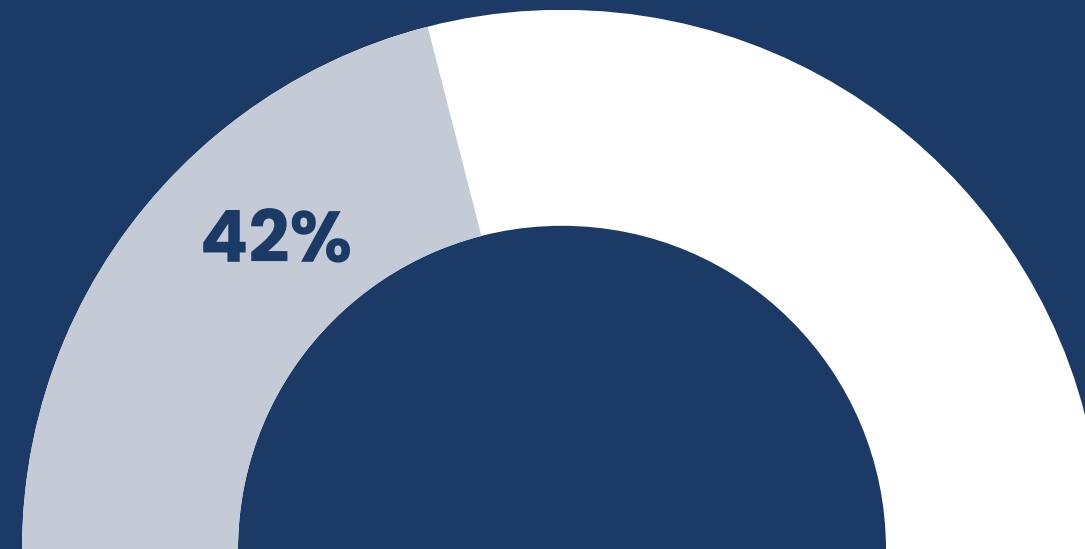
1 in 10 authorities

2024/25

4 in 10 authorities

2025/26

6 in 10 authorities



*Percentage denotes Section 151 Officers answering unsure, not confident or not at all confident.

CCN's Key Messages (1/2)



CCN member councils face **overspending their budgets by over £600m this year**, as uncontrollable spending pressures drive up the cost of delivering services to vulnerable children. A combination of **stubbornly high inflation, rising demand and broken provider markets** are leading to the historically high overspends.



While all council frontline services are experiencing higher than expected costs, **children's services make up almost half the projected overspends**. This is due to a sharp increase in post-pandemic demand in children's services and the cost of care placements rising due to inflation and an acute shortage of accommodation.

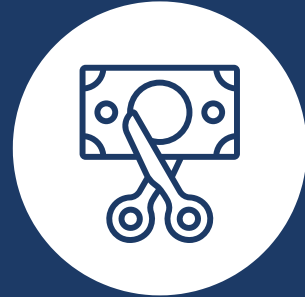


This leaves our well managed councils **running out of road to prevent financial insolvency**, with these overspends contributing to a combined **funding deficit of £4bn** for these councils over the next three years.



These overspends, combined with future funding shortfalls, **mean that 1 in 10 of our councils are unsure or not confident they can balance their budget this year, with this increasing to 4 in 10 next year and 6 in 10 by 2025**. This is despite councils planning to make over £2bn worth of challenging savings and service cuts over the three year period.

CCN's Key Messages (2/2)



Local authorities who are projecting overspends **are putting in place emergency cost cutting and savings programmes to bring in-year expenditure down.** However, with many of these spiralling costs in demand-driven statutory services, **councils have little wriggle room to bring down costs.**



County authorities will do all they can to bring down costs over the coming period and have **pencilled in £2bn of unprecedented further savings to help balance the books.** But after a decade of continuous cutbacks, **the scale of reductions and use of reserves needed to fill the funding shortfall is simply unsustainable.**



Unless the government steps in and provides emergency funding, **councils will need to make dramatic cuts to services both this year and next** to balance the books to **prevent their authorities running out of reserves and becoming insolvent.**



Last year the Chancellor stepped in and provided much needed additional resources for adult social care. **We now need the same priority to be given to vulnerable children.** CCN are therefore **calling for emergency funding for children services this year and next.**

CCN

THE VOICE OF COUNTIES

CCN is the voice of England's counties. Representing the local authorities in county areas, the network is a cross-party organisation which develops policy, commissions research, and presents evidence-based solutions to issues on behalf of the largest grouping of councils in England.

In total, the 20 county councils and 17 unitary councils that make up the CCN represent 26 million residents, account for 39% of England's GVA, and deliver high-quality services that matter the most to local communities.

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County Councils Network



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www.countycouncilsnetwork.org.uk