

# South Gloucestershire Budget Consultation 2023/24 Phase 2

06 December 2022

## Aligning council resources to residents' priorities and addressing rising cost pressures

Global events, rising inflation and increasing demand for services have created an unprecedented financial challenge for the council. Alongside this, there is a considerable level of uncertainty over the amount of funding that will be made available to councils for the next two years, in particular the level of any support to address the inflationary pressures that are affecting everyone. The funding received by the Department for Levelling Up, Housing and Communities (DLUHC) from central Government which is due to be confirmed in December will ultimately determine the funding available to councils in the next financial year.

Like everyone, we are having to adjust to rising cost pressures caused by global events. For example, surging energy costs will add £2 million, and inflation is expected to add another £10-15 million to running costs, with the nationally negotiated pay offer requiring the council to find an extra £6.4 million next year. At the same time, rapidly growing demand on our services, including adult social care, means that the cost of delivering existing services is also likely to go up by £8.5 million every year. Additionally, capital costs – for building roads, schools, and other one-off projects – have already escalated and may continue to grow if the recent costs for materials, for example, don't reverse.

The Government's plans for health and social care demonstrate the intrinsic link between council social care services and the work of the National Health Service (NHS). For example, for an elective operation to be able to take place, the support in the community needs to be available too. Local councils and the NHS work hand in glove up and down the country to support people get the health and social care they need in a timely and cost-effective manner. As such, it is crucial that we continue to support the Integrated Care System for Bristol, North Somerset & South Gloucestershire to address the backlog of elective surgeries by ensuring funding and resources are available within social care. This is a primary focus for the council and the proposed adult social care 'precept' included in the council tax will assist us in keeping pace with this demand.

At this stage in our budget-setting process, the level of funding to be made available by DLUHC is not yet known and major changes planned to the Local Government Finance System continue to be delayed.

We need to ask you about the budget now because we are required by law to make sure we have carried out a thorough consultation before agreeing our plans, and the views that you give through this consultation will help to make sure that we have the right priorities in place. To do this, we have made some reasonable assumptions based on the information available to us now and have updated the information in phase 1 of the consultation with details provided by the Chancellor in his Autumn Statement. We are also making necessary assumptions about how national economic changes will impact our local finances.

Whilst we do not yet have the final settlement from Government we need to plan for further savings to help balance our budget. However, we also think that it is important to continue investing in the priorities that we set in the Council Plan. This includes delivering on our commitment to achieving the best start in life for children and young people in the local area. To do this, we are protecting investment to the workforce in our Children's Services division who protect and support families and children facing difficulties.

At the same time, we also continue to focus our resources on the other priorities highlighted in the Council Plan:

- Reducing the inequalities gap
- Responding to the climate and nature emergencies
- Delivering support to those most in need and helping people to help themselves
- Promoting sustainable inclusive communities, infrastructure and growth.
- Delivering value for money for local people.

We are consulting on three topics:

## 1. Reducing costs that won't impact our service standards

Balancing the need to be financially sustainable and deliver value for money to residents, we will need to continue to deliver efficiency savings year-on-year to manage growing cost pressures and maintain service levels. We will continue to review our ways of working to ensure we maximise funding available to support the services most valued and needed by residents.

In addition to the c. £20m of saving efficiencies to be delivered by 2025/26 in last year's budget proposals, we have identified a further £12.1m of efficiency savings across 2023/24 to 2026/27 by considering how to deliver services at the same level for less cost by changing our ways of working. These savings have come about for several reasons – technological developments, new opportunities to recover costs or collect income, and opportunities for different ways of working.

We aim to achieve these savings by:

- Adapting to different ways of working, building on what we have learnt by working flexibly over the past two years.
- Adopting new technologies and automating systems where this can improve the way we work and improve our online offer, for example, so that more residents can access the support they need at any time.
- Ensuring that where we levy fees and charges, they reflect the cost of delivering services and are set at a rate comparable with other local authorities, for example in the way we charge utilities companies to compensate for roadworks that cause disruption on commuter routes.

- Implementing improved cost recovery, where we can charge to cover the cost of providing some services, such as recovering our full overheads against pre-application planning fees on large developments.

The table below updates the existing savings programme with the new proposals with how we expect to improve efficiencies over the period to 2026/27. We are seeking your views on whether you agree with the approach taken.

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Different ways of working	-£5.13	-£16.40	-£20.01	-£22.57	-£22.81
New technology & automation	-£0.24	-£0.35	-£1.19	-£4.70	-£4.73
Increasing fees & charges	-£0.84	-£2.29	-£3.67	-£3.87	-£3.87
Cost recovery	-£0.46	-£0.60	-£0.60	-£0.60	-£0.60
<b>Total cumulative efficiency savings</b>	<b>-£6.67</b>	<b>-£19.64</b>	<b>-£25.47</b>	<b>-£31.74</b>	<b>-£32.01</b>
<b>Total in-year efficiency savings</b>	<b>-£6.67</b>	<b>-£12.97</b>	<b>-£5.83</b>	<b>-£6.27</b>	<b>-£0.27</b>

For more details of these proposed efficiency savings, please see the details published as part of the 5<sup>th</sup> December Cabinet meeting papers here: [Proposed New Savings Programme](#).

Including the proposed new savings programme, from 2014/15 we will have delivered over £96m of savings by 2026/27 to reduce cost pressures.

## 2. Proposals for changes to services

When setting the 2022/23 budget last year, the council's medium term financial planning indicated that a balanced budget was achievable by 2025/26, with year-on-year efficiencies helping to maintain existing service levels. During spring 2022, a further £2.9m of efficiencies were identified for delivery by 2026/27, ready for 2023/24 budget setting. However, the unprecedented growth in cost pressures faced nationally means that we are unable to manage both demand and cost increases through efficiencies alone.

The growth in our cost base is such that in order to maintain the same level of service, even after making all of the new and existing planned efficiencies, we have a forecast budget gap of around £29.3m in 2023/24 rising to £36.5m by 2026/27.

So, whilst the council will continue to secure efficiencies as presented, we will also need to fundamentally review the levels of service that we can provide. Options for these service changes have been developed by council managers and were presented to Cabinet in December, having updated our forecasts in accordance with the announcements made by the Chancellor in the Autumn Statement.

Final proposals for closing the budget gap will be "dovetailed" with the outcome of the Government's finance settlement for 2023/24 onwards and presented to Full Council in February 2023 following this consultation.

A summary by theme of the proposals for savings which we are seeking your views on is shown below:

	2023/24	2024/25	2025/26	2026/27
Children & Young People	-£356	-£718	-£1,363	-£1,716
Communities	-£218	-£364	-£431	-£433
Environment & Sustainability	-£627	-£1,015	-£1,018	-£1,020
Health & Care	-£74	-£275	-£380	-£382
Households	-£129	-£487	-£613	-£627
Wellbeing	-£130	-£826	-£862	-£862
	<b>-£1,534</b>	<b>-£3,685</b>	<b>-£4,667</b>	<b>-£5,040</b>

For more details of these proposed changes to services, please see the details published as part of the Cabinet meeting papers here: [Service Level Options](#).

**These options were presented to Cabinet on 5th December and are subject to public consultation from Tuesday 6 December 2022 in Phase 2 of this consultation process.**

**The consultation is open until midnight Sunday 15 January 2023.**

The tables below show the services across which the council spends its funding and is based on the savings proposals as set out in this consultation. If all the savings proposed are made there is expected to be a shortfall in overall funding in the next financial year (2023/24) which will require a one-off contribution from council reserves.

Council Services Summary	December 2023/24 Draft Budget					
	Gross 2023/24 £m	Grants 2023/24 £m	Income 2023/24 £m	Reserves 2023/24 £m	Net 2023/24 £m	2023/24 %
Supporting vulnerable adults	162.71	-2.40	-34.70	-0.20	125.41	30.5%
Supporting vulnerable children	56.52	-1.65	-9.97	-0.65	44.24	10.6%
Education and skills - Council Funded	21.54	-1.04	-3.17	-0.04	17.30	4.0%
Roads, parks, transport and the environment	59.65	-0.26	-42.79	-0.67	15.93	11.2%
Planning	3.89	0.00	-3.40	-0.21	0.28	0.7%
Waste and recycling	57.22	-3.05	-29.15	-3.16	21.86	10.7%
Libraries and safe communities	13.80	-0.72	-5.46	-0.24	7.38	2.6%
Public health	12.00	-10.10	-0.50	-0.50	0.90	2.2%
Housing benefit	45.39	-45.39	0.00	0.00	0.00	8.5%
Support services (Property, Finance, HR, ICT, Legal, Strategy & Innovation)	59.65	-1.21	-31.48	-0.15	26.81	11.2%
City Region Deal	19.86	0.00	-7.42	0.00	12.44	3.7%
Other (Treasury management, levies and other fixed costs)	21.25	-0.08	-15.22	1.42	7.37	4.0%
	533.47	-65.90	-183.25	-4.40	279.92	100%
Schools, Colleges and Schools Support - Grant Funded	278.32	-280.63	-0.62	2.93	0.00	
Total	811.79	-346.53	-183.87	-1.47	279.92	

### How the council plans to fund expenditure

Council Funding	2023/24 £m
Schools funding	280.63
Business rates	69.72
Council tax - General	154.78
Council tax - Adult Social Care	23.40
Specific Grants	65.90
Fees and Charges	183.87
Government grants - (General)	20.14
Reserves (excluding Financial Risk Reserve)	1.47
Financial Risk Reserve (planned support for budget deficit)	8.12
<b>TOTAL</b>	<b>808.03</b>

  

Current Funding Forecast Shortfall	3.76
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## 3. Council tax options for 2023/24

In February 2022 the council approved its 2022/23 revenue budget confirming a general council tax increase of 1.99% along with a 1% precept for adult social care. It also approved outline budgets for the following three years (up to 2025/26) to help future planning.

In his Autumn statement the Chancellor announced that the Government was increasing the limit by which local government can increase council tax (without a referendum) to 2.99% and by 2% on the precept to support adult social care.

Prior to the Autumn Statement, the maximum the council tax could be raised by was 1.99% with a further 1% adult social precept also available. However, the Government has now allowed further flexibility which could be utilised to protect the delivery of valued services.

Any increase in council tax is subject to approval by the Council at its meeting in February, and the feedback we get from residents through this consultation helps local councillors make a final decision.

A rise of 2.99% in 2023/24 would contribute £5.1m towards local council services and a 2% rise in the adult social care precept would contribute a further £3.3m (£8.4m in total). This would mean an increase of approximately £83.27 per year (or equivalent to £6.94 per month) for a band D household.

More information on the budget setting process is available in the papers discussed at the Cabinet meeting on 5<sup>th</sup> December: [Cabinet Papers](#)

## Have Your Say

Please tell us your views by visiting [www.southglos.gov.uk/budget](http://www.southglos.gov.uk/budget) and filling in the questionnaire.