

**REPORT OF THE CABINET MEMBER FOR FINANCE****BUDGET UPDATE REPORT****Purpose of the Report**

1. To highlight the Council's current and medium-term financial position.
2. To underline ongoing measures to tackling the predicted budget deficit.

**Information and Advice****The Council Approach to Budget Challenges**

3. The two, main key drivers of budget pressures affecting the Council are rising demand and inflation. In order to tackle these challenges, the Authority must focus on finding more cost-effective ways to deliver services and take action to manage levels of demand for the most acute and expensive services.
4. By doing this, we aim to protect and enhance key services as far as possible, to help improve the lives of local people, and mitigate the impacts of inflation to protect residents from bearing the brunt of these increased costs.
5. To ensure Council budgets and local services are sustainable for the long term, the Council must rethink the way that services are delivered and focus on earlier interventions, supporting people to remain independent and living within their home, family and community.
6. The Council is currently undertaking numerous service transformation programmes, aimed at improving the levels and efficacy of 'prevention' services. These programmes are supporting residents to reduce the numbers of people needing the most acute and expensive services, with the aim of reducing demand on care in particular to sustainable levels.
7. Over time, the intention is to shift spending more towards these prevention and community-based services, helping more children and adults to live independently, supported by families and communities, with lower levels of need for expensive care interventions. This work will particularly focus on improving services in those most disadvantaged communities, where the demand is highest.
8. At the Full Council meeting held on 25 November 2021, the Council approved The Nottinghamshire Plan 2021-31: Healthy, Prosperous, Green. This ambitious, new plan sets out the strategic vision for the future of Nottinghamshire and the local authority.

9. The activity in the Nottinghamshire Plan is built around achieving a bold 10-year vision for a 'healthy, prosperous and greener future for everyone'. The plan will focus on:
- Improving health and well-being in all our communities
  - Growing our economy and improving living standards
  - Reducing the County's impact on the environment
  - Helping everyone access the best of Nottinghamshire.
10. These are broad themes that will build resilience in our communities into the future and are supported by nine ambitions which will act as a framework for all County Council activity:
- Helping our people live healthier, more independent lives
  - Supporting communities and families
  - Keeping children, vulnerable adults and communities safe
  - Building skills that help people to get good local jobs
  - Strengthening businesses and creating more good-quality jobs
  - Making Nottinghamshire somewhere people love to live, work and visit
  - Attracting investment in infrastructure, the economy and green growth
  - Improving transport and digital connections
  - Protecting the environment and reducing our carbon footprint
11. A tenth ambition – 'A forward-looking and resilient Council' – outlines the Council's plans to strengthen processes, systems and ways of working that enable the whole organisation to deliver efficient and effective services for Nottinghamshire's people and communities.
12. The Plan sets out what the County Council will do over the next ten years to achieve these ambitions as well as how it will measure progress and success. The Plan also details the Council's on-going journey of improvement as we continue to deliver services in a responsive, efficient, financially sustainable and forward-looking way.

### **The Medium-Term Financial Strategy**

13. The Medium-Term Financial Strategy (MTFS) is a four-year rolling strategy which sets the framework for how the council plans to use its financial resources to fund the activities required to deliver on the council's priorities. The MTFS informs the annual budget process and assists the Council in meeting the legal requirement to set a balanced budget each year.
14. The MTFS brings together the key areas which affect the Authority's Revenue and Capital budgets and plans for these over the medium-term. The key objectives of the MTFS are as follows:-
- To ensure that effective financial planning and management contributes to the Authority's achievement of its strategic ambitions,
  - To ensure that the Council is financially resilient, stable and sustainable for the future,
  - To forecast the resources available to the Council and to plan for the changes in the level of these resources over the life of the Strategy.

- To estimate the expenditure requirements over the life of the Strategy to ensure value for money is achieved and resources are utilised where outcomes are measurable and have real impact.

## **Financial Context**

15. In recent years, the main drivers of pressure on the Council's budget have related to inflation and rising costs (including wage rises) and to increased demand for local government services. The impact upon the Council's finances, as a result of the increase in overall costs, is being replicated across the country.
16. The strategic and financial planning for 2024/25 is being undertaken within the context of continued uncertainty because of the on-going conflict in Ukraine and its impact in relation to global energy and food supplies. In addition, the continuing consequences of inflationary pressures have impacted on both the cost of delivering services and the demand for services as households and communities continue to struggle with the associated cost of living.
17. Consumer Price Inflation (CPI) in the UK economy stood at 6.7% in August 2023 and September 2023 and the Bank of England Monetary Policy Report – August 2023 forecasts inflation to decrease to around 5% in quarter 4 of 2023, to keep falling in 2024 but not reach the 2% target until early 2025. At its meeting on 21 September 2023, the Bank of England's Monetary Policy Committee maintained the Bank Rate of interest at 5.25%, the highest level since February 2008.
18. The risks arising from escalating inflation, which is also impacting household incomes, was recognised in the Annual Budget Report to Full Council in February 2023. Additional reserves were set aside in the risk-based General Fund reserve with regard to inflationary pressures, increased on-going risks in Children's and Adults Service and inherent challenges faced specifically in the social care market following the pandemic.
19. The Council closely monitors developments across the local government landscape and takes account of the financial issues being reported by other authorities. There have been a number of Councils that have recently issued or warned of issuing Section 114 notices. This serves to highlight the underlying fragility and lack of resilience within the wider local government sector. Whilst some of the issues that plague Local Authorities are specific in nature (e.g. exposure to commercial risk, excessive levels of borrowing, Equal Pay Claims) it is the Section 151 Officer's focus to ensure that the issues faced by those councils at risk are not replicated in Nottinghamshire by a failure to set a robust and sustainable budget.
20. The Council is not immune to this overall decline in financial resilience across the sector and continues to face significant financial and service delivery pressures across its services as set out elsewhere in this report. It is therefore important to continue to work with partners across the sector to lobby Government for adequate and sustainable levels of funding for local government as a whole.
21. The County Council continues to be a part of nationally determined local government pay bargaining arrangements. These are negotiated by the National Joint Council made up from national employers and the recognised trade unions. The Pay Award for 2023/24 is still to be

confirmed and further announcements about the National Living Wage are expected. The outcome of these discussions will indicate the extent of any additional pressures in the MTFS.

22. There are a wide range of assumptions that have been made in relation to expenditure and income over the remainder of this financial year. The Corporate Leadership Team and the Cabinet Member for Finance receives monthly reports, whilst Cabinet receives quarterly reports on outturn forecasts throughout the year.
23. The current projected capital programme outturn for 2023/24 is £154.8million. As part of the budget setting process a review of the capital programme will be undertaken.
24. The provisional Local Government Settlement for 2024/25 is due to be announced in late December 2023, after which the Medium-Term Financial Strategy (MTFS) will be updated and reported to Full Council as part of the 2024/25 Annual Budget Report. At that stage, should the Government announce a one-year settlement as per previous years, the clear view of funding for 2024/25 will be offset by considerable funding uncertainty for the final three years of the MTFS. This will continue to be the case until announcements regarding the longer-term future of local government financing are forthcoming.

### **Budget Consultation – Rising to the Challenge**

25. The production of the Council's budget is undertaken in accordance with the requirements of the Council's Constitution.
26. A key element of the Council's budget setting process is consultation with stakeholders.
27. The consultation went live on the 29 September 2023 and closes on the 12 November 2023. The survey sets out how the council spends its allocated budget and asks people for their views about our services and their priorities.
28. The consultation will be made available through a range of channels including:
  - Nottinghamshire County Council website
  - local and regional media
  - social media, including Twitter, Facebook and Instagram
  - email bulletins to the Council's subscribers
  - and in print at Libraries.
29. We will also be sharing our consultation with our partners, including groups representing the business community and other relevant stakeholders including the trade unions at Central Joint Consultative and Negotiating Panel (JCNP).
30. Building on the positive response from last years' survey, consideration has been given to how the 2023 Budget Survey could be further developed, this has included a thorough review by Overview Committee.
31. Cabinet will take account of the consultation when drawing up firm proposals to the Council. Results will be communicated after the consultation has ended on the council's website.

## February 2023 Budget Position

32. When the Council's budget was approved in February 2023 the funding shortfall identified for the three years to 2026/27 totalled £30.8million. This financial position is shown in Table 1 below:-

**Table 1 – Medium-Term Financial Strategy as at February 2023**

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Net Budget Requirement	591.6	612.1	644.9	656.2
<b>Financed by :</b>				
Business Rates	128.0	130.3	130.3	130.3
Revenue Support Grant	8.1	8.1	8.1	8.1
Council Tax	396.5	411.1	426.3	442.0
Adult Social Care Precept	58.0	62.6	62.6	62.6
Collection Fund Surplus / (Deficit)	1.0	-	-	-
<b>Total Funding</b>	<b>591.6</b>	<b>612.1</b>	<b>627.3</b>	<b>643.0</b>
<b>Funding Shortfall</b>	-	-	<b>17.6</b>	<b>13.2</b>
<b>Cumulative Funding Shortfall</b>	-	-	<b>17.6</b>	<b>30.8</b>

## The Council's Current Financial Position

33. As reported to this Cabinet meeting, as at Period 5, the Council is reporting a forecast overspend of £0.7m in the current financial year. This out-turn is comprised of a net £14.0m portfolio overspend mainly as a result of forecast overspends in SEND and Home to School Transport and Adult Social Care and Health services. This forecast overspend is offset by underspends in central items such as interest and Section 31 Business Rates relief.

34. There are a number of on-going risks that are also set out in the Period 5 Financial Monitoring Report. As such, the financial position will be kept under close review for the remainder of the financial year and reported to Cabinet or the Cabinet Member for Finance according to the budget monitoring timetable.

## Main Risks

35. Within the MTFS a number of assumptions are made with regard to a wide variety of factors including future Council Tax policy, Business Rates income and Government Grant levels. Any variation from these assumptions has implications for the level of resources available to the Council.

The following key risks must also be managed in order to deliver our budget strategy: -

- **Economic Risks** – underlying risks caused by the aftermath of global energy and fuel inflation and associated cost of living crisis compounded by national economic issues. The Monetary Policy Committee meeting in September 2023 resulted in the Bank of England holding interest rates at 5.25% following fourteen consecutive increases in an

attempt to lower the levels of inflation. Further increases are possible in the coming months until material progress has been made in returning inflation to the sustainable target of 2%.

CPI inflation is now expected to fall from 6.7% in August to around 5% by the end of 2023 with forecasts suggesting it will remain in excess of the 2% target through 2024 before falling back in line in early 2025. Consequently, without a commensurate increase in financial resources, the spending power of the Council will become further eroded until inflation falls back to the Bank of England's target.

- **Risks to Funding** – Indication of Government's future spending plans covering the period from 1st April 2024 won't be known until the Autumn Statement 2023 is delivered with more definitive information being disseminated as part of the Provisional Local Government Settlement announcement in late-December. Consequently, the spending intentions for local government could differ from assumptions contained in the MTFS. Any differences will, in turn, impact on the level of resources available to the Council. Furthermore, there remain uncertainties around Business Rates reform, the Government's Fair Funding review, how the Government's Levelling Up policies will support local authorities in the future and also the Government's intentions for the future funding of social care.
- **Employer Offer Pay Award** -. The employer offer in respect of the 2023/24 pay award for NJC staff is a flat £1,925 increase up to pay point 43 and an 3.88% uplift above. This has not yet been agreed and we await the outcome of further discussions. The offer itself exceeds the current budget however there is provision within the contingency budget to meet any shortfall. The Pay Award for 2024/25 is still to be discussed, and we also await further announcements about the National Living Wage. The outcome of these discussions will indicate the extent of any additional pressures in the MTFS.
- **Demand and demography Risk** - This Medium-Term Financial Strategy contains risks surrounding the estimation of demand and demographic pressures within services such as Adult Social Care and Children's Services, including determination of key income budgets that rely on the number of users of a service and risk that inflation on the cost of demand and demography will be higher than assumed in the MTFS.
- **Political Landscape** - The Prime Minister, Rishi Sunak, took office in October 2022. In January 2023 he outlined his five key priorities for 2023: to halve inflation this year; to grow the economy and create better paid jobs; to reduce the national debt, to cut NHS waiting lists and to pass new laws to stop small boats. The focus on these priorities inevitably impacts on the Government's expectations of the role of local government and the areas for which funding is made available. The next general election can be held no later than 28th January 2025 and this contributes to the uncertainty with regard to both the current and a future Government's spending plans with regard to Local Government.

## Revisions to the MTFS

36. The following sections of the report set out the revisions that have been made to the MTFS since the 2023/24 Budget Report was agreed at Full Council in February 2023.
37. **Grant Funding** – Section 31 Business Rates funding is received from Government to compensate Local Authorities for the costs of business rates reliefs introduced by the Government and increases to the Business rates multiplier being capped at CPI rather than RPI. As detailed in the latest Budget Monitoring report, this is an area of particular volatility following the expansion of such reliefs during the pandemic. It is predicted that reliefs will continue together with compensation and the latest information prudently suggests that an additional £14.0m can be applied to Business Rates funding in 2024/25.
38. **Interest and Borrowing** – A strategy to limit borrowing to that which was already approved by Full Council in February 2022 was set out in the 2023/24 Budget Report. As well as restricting the impact on the on-going revenue budget with respect to the Minimum Revenue Provision it also minimises associated interest payable by the Council. In addition, recent increases to interest rates announced by the Bank of England Monetary Policy Committee have raised the amount of interest received by the Council. Following review, a prudent decision has been taken to reduce interest budgets by £5m.
39. **Pay Award** - The existing MTFS includes pay award assumptions of 4.5% in 2024/25 and 2% in 2025/26 and 2026/27. Given the current and forecast levels of inflation, it is proposed that an additional 1.0% is included in the MTFS for the 2025/26 financial year, this equates to an additional pay pressure of £2.2m per annum from 2025/26.
40. **Pressures and Inflation** - As part of the budget setting process, departments have been asked to justify existing pressures and inflation that are approved in the current approved MTFS. In addition, they have been asked to consider uncertainties not previously reflected in the budget planning assumptions. It is important to note that, as a result of transformation activities that have taken place across the Council, a number of mitigation measures have been identified which lessen the impact of the identified pressures. The increase in pressures and inflation bids received by Departments to 2026/27 totals £46.7m. Total pressures and inflation to 2026/27 now stands at £116.5m, a detailed breakdown can be seen in Appendix A.
41. Appendix A shows that demand pressures have increased by £25.5m in 2024/25 mainly due to a forecast increase of £10.5m in the Children and Families portfolio which reflects growth in Looked After Children and Social Work staffing. In addition, there is a forecast increase of £9.1m in the Transport and Environment Portfolio which reflects growth in transport services (£8.7m) and also the Communities Portfolio for funding set aside for further work on Traded Services (£3.5m).
42. Appendix A also shows that inflation pressures have increased by £7.8m across the MTFS. It should be noted that the impact on the MTFS with regard to the National Living Wage will be updated following the expected announcement in November 2023 as part of the Autumn Statement.

43. The revised MTFS is shown in Table 2: -

**Table 2 - Revised MTFS**

	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Year on Year Savings requirement (February 2023 Report)	-	17.6	13.2	30.8
Increase in Service Pressures	25.5	5.1	8.3	38.9
Change in Inflation	3.8	2.4	1.6	7.8
Change in Pay Award assumptions	0.1	2.2	0.1	2.4
Change in Grant Funding	(14.6)	-	-	(14.6)
Amendments to Portfolio base budgets	(1.1)	1.0	-	(0.1)
Changes in Interest and Borrowing	(5.0)	-	-	(5.0)
<b>Revised Shortfall</b>	<b>8.7</b>	<b>28.3</b>	<b>23.2</b>	<b>60.2</b>

NB: For the report to Council in February 2024 the MTFS will be extended to four years.

44. The current projected shortfall for 2024/25 is £8.7m with the 3-year deficit to 2026/27 increasing to £60.2m. Those drivers that influence the level of pressures and inflation that exist within the revised MTFS will be kept under continuous review to advance of formal approval as part of the Annual Budget Report to Full Council in February 2024. Council Tax and Adult Social Care Precept policy decisions will also be reviewed as part of the budget setting process.

### **Inflationary Pressures**

45. **National Living Wage** – Not only does the National Living Wage impact upon the pay award for internal staff but there are also additional costs associated with commissioned services especially in Adult Social Care and Public Health. Each 50p increase on the rate adds approximately £11m to the Council’s budget requirement. The National Living Wage announcement is usually made alongside the Autumn Statement.

46. **Services Demand** – The existing pressures within the MTFS are continuing which could require increases in growth and adverse in-year budget variations for Adult and Children’s social care services.

47. **Future Years Pay Awards** – As detailed above, the revised MTFS includes a 4.5% pay award in 2024/25, 3.0% in 2025/26 and 2.0% thereafter. Any increases in subsequent years over and above this assumption will further add to the funding gap. In simple terms, each extra 1% would add approximately £2.0m to the Council’s budget requirement.

48. **Retention of Children’s Social Workers and the Social Care Market** – Adult Social Care market issues are of national concern and most local authorities are experiencing difficulties with ensuring a stable care and support market. There are issues around market resilience,



provider business models, workforce and rates of contractual which may result in pressures over and above what are in the MTFS.

**Financial Planning and Assumptions**

49. As set out above, there are a number of on-going risks that impact the budget setting process. All base budgets will continue to be reviewed and the financial planning assumptions that underpin the MTFS will be revisited. Any changes will be detailed in the Draft Annual Budget Report to Cabinet in February 2024 and confirmed at the Full Council meeting later that month.
50. **Council Tax** - The MTFS approved in February 2023 included a 1.99% increase to Council Tax from 2024/25 to 2026/27 with a further 1.00% Adult Social Care Precept factored into 2024/25. Decisions on setting such levels are taken on an annual basis and both Council Tax and Adult Social Care Precept (ASCP) policies will be reviewed. The expectation is that Government Policy will allow councils to raise core Council Tax by 2.99% in 2024/25 in line with the 2023/24 referendum principles, however in subsequent years it is assumed core increases will revert to the historical limit of 1.99% across the MTFS period. It is also assumed there will be an additional precept permissible for Adult Social Care of 2% for 2024/25 in line with the limits allowed in 2023/24. Beyond 2024/25 it is anticipated the precept will not be increased for the rest of the MTFS.
51. **Tax Base** – As new houses are built the Council Tax base increases. Over the last 5 years the growth rate has fluctuated due, in part, to the challenging economic climate. The Council taxbase is predicated on information provided by District and Borough councils which calculates the number of Council Tax band D equivalent residential properties in Nottinghamshire less any discounts and exemptions that must be applied according to statute. Taxbase information will be provided by 15 January 2024 and the MTFS will be updated accordingly to reflect the reported figures. A forecast growth assumption of 1.20% per annum has been factored into the MTFS which translates into £5.5m of Council Tax yield for 2024/25 independent of any additional increase to the Council Tax or ASCP rate. The sensitivity of this assumption in terms of effect on forecast council tax income is as follows:

**Table 3 – MTFS Taxbase Sensitivity**

<b>2024/25</b>	<b>Growth</b>	<b>Taxbase Yield (£m)</b>	<b>Change (£m)</b>
	1.00%	4.5	- 0.9
	1.10%	5.0	- 0.5
<b>Current Assumption</b>	1.20%	5.5	-
	1.30%	5.9	0.5
	1.40%	6.4	0.9
	1.50%	6.8	1.4

52. **Grants** – Assumptions have been made in relation to several core government grants that will be confirmed as part of the Local Government settlement:

- **Social Care Grant** – the Council received £55.4m as part of the 2023/24 Local Government settlement. The current MTFS prudently assumes this level of funding will continue across the MTFS.
- **New Homes Bonus** - Since 2011/12, the Council has received New Homes Bonus which is an incentive grant based on housing growth. In December 2022, the Government announced a review of New Homes Bonus before the Local Government Finance Settlement for 2024/25. Consequently from 2024/25 it is assumed there will be no further payment of New Homes Bonus and as such this grant has been excluded from the remaining period of the MTFS.

53. **Reserves** – a robust reserve strategy underpins the delivery of the MTFS however it is acknowledged that the use of reserves does not represent a sustainable solution to budget management. The Council will once again be targeting reserves to allow time for more transformative approaches to be developed and implemented. Reserves provide a short-term fix, but their use only delays the requirement for a permanent solution. The Council also needs to maintain an appropriate level of reserves to guard against unforeseen events.

54. The MTFS approved in February 2023 included the planned use of earmarked reserves totalling £24.1m in 2024/25 to achieve a balanced position. A review of all reserves has already been undertaken and the results will be presented as part of the budget approval process. As previously reported, in recent years additional reserves were set aside in the risk-based General Fund reserve with regard to inflationary pressures, increased on-going risks in Children’s and Adults Services and challenges faced specifically in the social care market following the pandemic. The balance on the General Fund at 31<sup>st</sup> March 2023 was £36.9m and the Section 151 Officer is required to recommend a level of proposed General Fund balance in 2024/25 that is regarded as acceptable cover for any reasonable level of unforeseen events.

55. **Savings and Ancillary Levy** – Previously approved savings totalling £3.3m are included within the MTFS. A further ancillary levy of £2.0m across Departments has been included in 2024/25.

## **Transformation and Change**

56. The Annual Delivery Plan 2023/24 that was reported to Cabinet in April 2023 set out that the Council will be working collaboratively both across the Council and with partners to continue the development of our cross-cutting transformation programmes. This will help us to test new and improved ways of working, service delivery and systems. It will also create the conditions to enable us to deliver co-ordinated and integrated transformation and make a difference for the County’s communities and residents.

57. A further action as part of wider organisational development, was to refine and reshape our portfolio of cross-cutting transformation programmes, to ensure the organisation is fit for purpose and has the capacity to deliver the Nottinghamshire Plan over the longer term.

58. There has been good progress on reviewing the corporate transformation portfolio, as per the commitment in the Nottinghamshire Plan Annual Delivery Plan for 2023/24 (Action 10.11) to align with the Council’s strategic aims and ambitions. The Council has moved to a whole organisation portfolio approach, seeking to make change activity connected and visible. The governance has been refreshed to create clear line of sight and accountability for transformation across the organisation.

59. Delivery has been reported via the Annual report (available from the Council website) which provides a summary of what we have delivered, working together as one council, during 2022-23. A progress update on the 2023/24 plan will be presented to Overview Committee and Cabinet.
60. The above paragraphs set out the progress of the MTFs and impact on the budget gap. Assumptions will continue to be updated as we progress through the budget setting process. Final Local Government Finance Settlements and grant announcements are expected in January 2024 but the key date above all else is the Council meeting on 22 February 2024 and prior to that the Cabinet meeting on 8 February 2024. The report to Cabinet will set out the Council's final budget proposals in order to set a balanced budget for 2024/25.

### **Budget 2024/25 Key Milestones**

61. The key milestones associated with the 2024/25 budget setting process are set out in the table below:-

<b>Activity / Meeting</b>	<b>Date</b>
Budget Consultation Commences	29 September 2023
Budget Consultation Concludes	11 November 2023
Autumn Statement	22 November 2023
Budget Update Report to Overview Committee	23 November 2023
Provisional Local Government Settlement	Mid December 2023
Final Local Government Settlement	Early January 2024
Tax Base Information from District	15 January 2024
Overview Committee	25 January 2024
Draft Budget Report to Cabinet	8 February 2024
Full Council - Annual Budget Report 2024/25	22 February 2024

### **Equalities Impact Assessment**

62. When setting the budget, the Council must be mindful of the potential impact on service users.
63. 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).
64. An initial high-level Equality Impact Assessment (EIA) in relation to the Council's proposed Revenue Budget Report 2024-25 will be undertaken at a corporate level to identify any potential areas where there is a significant risk of adverse impact. This will outline the overall likely impacts upon different groups based on those areas which may have been identified for savings. Where a significant risk of adverse impact is identified this would then be subject to a full Equality Impact Assessment process prior to Cabinet decisions on individual services.
65. As set out above, this is an initial high-level assessment recognising potential future impacts. In tackling a budget deficit whilst ensuring continued value for money as the Council delivers

its priorities, the Council will in future need to consider budget savings. Any resulting savings may result in reductions or changes to frontline services, which directly affect the people of Nottinghamshire. Many of the Council's services are targeted at particular groups including older people, people with disabilities, children and younger people and families. These services command the largest parts of the Council's budget. Detailed savings options are yet to be determined and if implemented are likely to be subject to more detailed consultation on the specific proposals

66. The initial EIA will also reflect upon the ongoing work to develop a cumulative impact analysis and to consider the linkages between the Council's budget savings and those being made elsewhere in Government and by other public sector partners.

## **Statutory and Policy Implications**

67. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Other Options Considered**

68. This report provides an update of the Budget together with confirming the approach to reviewing the budget for 2024/25.

## **Reasons for Recommendations**

69. To underline the current challenges of the financial landscape and budget position and outline the measures in place to rise to these challenges.

## **RECOMMENDATIONS**

- 1) It is recommended that Cabinet:-
  - Notes the significant challenges presented by the current financial landscape and the measures being developed to address these challenges as part of the preparatory work for the 2024/25 budget proposals.

**Councillor Richard Jackson**  
**Cabinet Member for Finance**

## **Constitutional Comments (GR 12/10/2023)**

70. Pursuant to the Nottinghamshire County Council Constitution the Cabinet has the delegated authority to receive this report.

## **Financial Comments (GB 04/10/2023)**

71. The financial implications are set out within the report.

## **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

## **Electoral Division(s) and Member(s) Affected**

- All

**Summary of Budget Pressures**

**Approved February 2023**

**Revised Proposals**

	2024/25 £000	2025/26 £000	2026/27 £000	TOTAL £000	2024/25 £000	2025/26 £000	2026/27 £000	TOTAL £000	Change £000
<b>Children &amp; Families</b>									
Non Looked After Children Placements	-	183	-	183	750	230	237	1,217	1,034
Demographic Pressures - Edn, Health & Care Plans (ICDS)	188	209	231	628	268	209	230	707	79
Growth in External Placements for LAC	700	700	700	2,100	7,913	3,813	3,813	15,539	13,439
Education Psychology Service	291	-	-	291	474	108	49	631	340
Social Work Staffing	(1,047)	-	-	(1,047)	1,430	(1,290)	-	140	1,187
Looked After Children and Leaving Care Service	216	124	-	340	-	-	-	-	(340)
<b>Subtotal Children &amp; Families Pressures</b>	<b>348</b>	<b>1,216</b>	<b>931</b>	<b>2,495</b>	<b>10,835</b>	<b>3,070</b>	<b>4,329</b>	<b>18,234</b>	<b>15,739</b>
<b>Adult Social Care &amp; Public Health</b>									
Care Package Demand for Adults Aged 18-64 Years	2,933	484	484	3,901	1,081	706	2,891	4,678	777
Care Package Demand for Adults Aged 65 and Over	(1,260)	(530)	-	(1,790)	(360)	680	1,680	2,000	3,790
Vacancy rate temp Adj	1,000	-	-	1,000	1,000	-	-	1,000	-
Preparing for Adulthood - Workforce	-	-	-	-	2,746	228	452	3,426	3,426
ASCH Day Service Fleet Recharge	-	-	-	-	600	100	100	800	800
<b>Subtotal Adult Social Care &amp; Public Health Pressures</b>	<b>2,673</b>	<b>(46)</b>	<b>484</b>	<b>3,111</b>	<b>5,067</b>	<b>1,714</b>	<b>5,123</b>	<b>11,904</b>	<b>8,793</b>
<b>Transport and Environment</b>									
Mainstream Home to School Contracts - Growth	-	-	-	-	1,740	400	400	2,540	2,540
SEND Transport Growth	950	950	950	2,850	7,890	2,000	700	10,590	7,740
Waste PFI Contract Growth	100	100	100	300	100	100	100	300	-
Green Spaces Maintenance	(235)	-	-	(235)	(235)	-	-	(235)	-
Increase in Highway Infrastructure Asset	-	-	-	-	400	60	60	520	520
<b>Subtotal Transport and Environment Pressures</b>	<b>815</b>	<b>1,050</b>	<b>1,050</b>	<b>2,915</b>	<b>9,895</b>	<b>2,560</b>	<b>1,260</b>	<b>13,715</b>	<b>10,800</b>
<b>Communities Pressures</b>									
Trading Services	-	-	-	-	3,500	-	-	3,500	3,500
<b>Subtotal Communities Pressures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,500</b>	<b>-</b>	<b>-</b>	<b>3,500</b>	<b>3,500</b>
<b>Total Pressures</b>	<b>3,836</b>	<b>2,220</b>	<b>2,465</b>	<b>8,521</b>	<b>29,297</b>	<b>7,344</b>	<b>10,712</b>	<b>47,353</b>	<b>38,832</b>
<b>Children &amp; Families Inflation</b>									
National Living Wage - External	104	68	40	212	130	73	55	258	46
Basic Fostering Allowance	162	170	178	510	157	99	102	358	(152)
Contract Cost Inflation	3,769	2,396	2,396	8,561	4,093	2,693	2,888	9,674	1,113
AEM Increase in Partner Contribution	-	-	-	-	295	-	-	295	295
<b>Subtotal Children &amp; Families Inflation</b>	<b>4,035</b>	<b>2,634</b>	<b>2,614</b>	<b>9,283</b>	<b>4,675</b>	<b>2,865</b>	<b>3,045</b>	<b>10,585</b>	<b>1,302</b>
<b>Adult Social Care &amp; Public Health Inflation</b>									
Fair Price for Care	4,000	3,000	3,000	10,000	4,000	3,000	3,000	10,000	-
National Living Wage - External	14,943	8,055	8,055	31,053	14,943	8,055	8,055	31,053	-
<b>Subtotal Adult Social Care &amp; Public Health Inflation</b>	<b>18,943</b>	<b>11,055</b>	<b>11,055</b>	<b>41,053</b>	<b>18,943</b>	<b>11,055</b>	<b>11,055</b>	<b>41,053</b>	<b>-</b>
<b>Economic Development and Asset Management Inflation</b>									
Schools PFI Inflation	120	120	120	360	120	120	120	360	-
Corporate Energy Costs Inflation	429	-	-	429	452	26	28	506	77
<b>Subtotal Economic Development and Asset Management Inflation</b>	<b>549</b>	<b>120</b>	<b>120</b>	<b>789</b>	<b>572</b>	<b>146</b>	<b>148</b>	<b>866</b>	<b>77</b>
<b>Transport and Environment Inflation</b>									
Local Bus Contracts	90	90	90	270	90	90	90	270	-
Mainstream Home to School Contracts	210	210	210	630	645	330	225	1,200	570
SEND Transport Inflation	300	300	300	900	1,175	1,200	950	3,325	2,425
Highways Energy	350	300	300	950	350	300	300	950	-
Waste PFI Contract Inflation	1,305	1,305	1,305	3,915	1,410	1,410	1,410	4,230	315
Contract Cost Inflation - VIA	680	680	680	2,040	2,115	1,420	815	4,350	2,310
Contract Cost Inflation - Inspire	475	450	450	1,375	694	690	722	2,106	731
Contract Cost Inflation - Country Parks	30	30	30	90	125	40	40	205	115
<b>Subtotal Transport and Environment Inflation</b>	<b>3,440</b>	<b>3,365</b>	<b>3,365</b>	<b>10,170</b>	<b>6,604</b>	<b>5,480</b>	<b>4,552</b>	<b>16,636</b>	<b>6,466</b>
<b>Total Inflation</b>	<b>26,967</b>	<b>17,174</b>	<b>17,154</b>	<b>61,295</b>	<b>30,794</b>	<b>19,546</b>	<b>18,800</b>	<b>69,140</b>	<b>7,845</b>
<b>Total Pressures &amp; Inflation</b>	<b>30,803</b>	<b>19,394</b>	<b>19,619</b>	<b>69,816</b>	<b>60,091</b>	<b>26,890</b>	<b>29,512</b>	<b>116,493</b>	<b>46,677</b>

New Bid