
CCN

A n a l y s i s

Autumn Budget Survey

November 2020

CCN Budget Survey - Overview

In October 2020, the County Councils Network (CCN) conducted a survey to ascertain the level of confidence councils have in delivering a balanced budget this year, and the next two financial years, in the absence of dramatic service reductions. Alongside this, it sought feedback on the types and degree of potential service reductions. Our aim was to provide information to Ministers to better understand the potential impact on council sustainability, the degree of service reductions as a consequence of pre-Covid underlying financial challenges, and how these have been intensified by the pandemic.

We asked councils to base their responses on their planning assumptions currently being developed to inform their budget setting process for 2021/22 and medium-term financial plans. Some councils have already begun to set out in the public domain budget forecasts and service reductions/changes for future years, while others are currently developing proposals.

The survey was conducted after the Prime Minister announced the £1bn additional Covid-19 funding, but before the allocations of the latest tranche of emergency funding was announced. **CCN received a 100% response rate from councils** – excluding Northamptonshire, with this council not providing a response due to being abolished from April 2021.

The survey was conducted after the CCN submitted its Comprehensive Spending Review submission in September. The Government have subsequently confirmed the Spending Review will only cover one year.

CCN's submission can be found [here](#). It includes analysis of the potential funding gap facing our member councils in 2021/22, and beyond, by Pixel Financial Management. This shows that in the next financial year (2021/22) CCN member councils face a pre-Covid underlying funding gap of £1.4bn. As a result of potential losses in unrecoverable council tax and business rates, this gap could increase to £2.2bn next year. A separate survey of County Treasurers shows councils have identified £485m of savings so far to fill this gap.

CCN Budget Survey - **Headline findings**



Only one in five CCN member councils are 'confident' they can deliver a balanced budget next year without 'dramatic' reductions to services. Confidence drops further in 2022/23, with just one local authority confident of setting a balanced budget that year. Over half (56%) said service reductions would impact their efforts to tackle Coronavirus, with 60% stating it will lead to a 'fundamental reduction' in frontline services.



Just one council said they would be able to invest in adult social care over the next two years if extra funding was not made available. Over half (56%) said they were planning to reduce access to care packages and/or introduce new charges for services 'moderately or severely', with 42% implementing the same severity of reductions to personal budgets and mental health services. As a result, almost half (46%) said it would mean less people would be able to access council-arranged care packages and 65% said it will lead to more demand on the NHS.



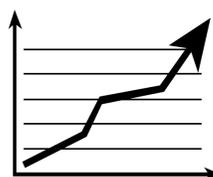
There is less scope to reduce services in children's social services, with all councils seeing a rise in vulnerable children. However, 27% of councils said they will have to implement moderate or severe reductions to services for children in council care and subject to safeguarding, and 33% are planning the same severity of reductions to early years and youth services. Three-quarters (75%) of councils say these reductions to preventative children's services will lead to more costs in future years.



Roughly a third of councils say that they have no scope for savings in libraries, bus subsidies, and school transport because these services have already been reduced to minimum levels. However, for those that have not, 33% plan moderate or severe cuts to libraries and 24% say the same severity of reductions is planned for bus route subsidies.



Just under a third of councils (29%) say that they will plan 'moderate or severe reductions' to road repairs and pothole filling. As a result, half of respondents said that this would lead to a further deterioration of local roads.



When asked about the Coronavirus task in hand, two-thirds (68%) said they will not be able to invest in supporting the economic recovery, and as a result, the same number said it would impact on their efforts to assist local recovery. In total, 60% of councils said service reductions mixed with council tax increases next year would result in greater economic hardship for residents.



Over the past decade, councils have done all they can to protect frontline services, transforming their organisations so they are more efficient. But as this survey shows, we are quickly running out of ways to meet the funding shortfall without dramatic reductions which will make visible and damaging changes to highly-valued services.

The financial support provided by government over the past year has been very welcome. But even before the onslaught of a second wave, councils were facing difficult choices and they are now left with little room to manoeuvre over the coming months as they face further escalating costs resulting in an immediate cliff-edge next year.

Councils have pulled out all the stops throughout this pandemic to protect residents, maintain vital services and support the economic recovery. To ensure that they can continue to do whatever it takes over the winter to combat Coronavirus and to prevent severe reductions to services next year, they need a significant increase in funding for 2021/22, alongside an income guarantee to protect against losses in council tax.

Cllr David Williams
CCN Chairman



**UNLEASH
THE POTENTIAL
OF COUNTIES**

Spending Review - CCN Key Asks



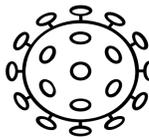
The Spending Review should seek to set out a 2021/22 funding settlement with sufficient quantum of resources to meet pre-Covid funding gaps for all councils alongside an above inflation uplift in all core grants.



Additional funding, beyond the £1bn already committed in the Government manifesto, must be prioritised for adults and children's social care to improve and enhance local services, with a particular focus on investment in prevention and early intervention services. The Spending Review must also confirm the continuation of all existing resources for adult social care up to 2024/25, including all temporary grants, to enable councils to plan effectively over the coming period.



Government should establish an income guarantee for lost council tax and business rates. This should seek to cover losses at least the rate of 75% SFC lost income scheme.



Government should commit to fully funding all reported costs incurred as a result of Covid-19, while providing a further uplift in funding to recognise the continuation of medium-term pressures in core services beyond 2020/21.



In line with the 2020 Spending Round, Government should provide an uplift in the high needs funding for special educational needs and disability to ensure that all children can be properly supported and get the education that they deserve.



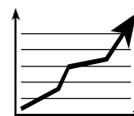
The council tax referendum threshold should be abolished, or at the very least raised above the current rate of 1.99%.



There must be a sustainable funding settlement for public health, recognising the service's essential role in continuing to respond to the Covid-19 pandemic in local communities.

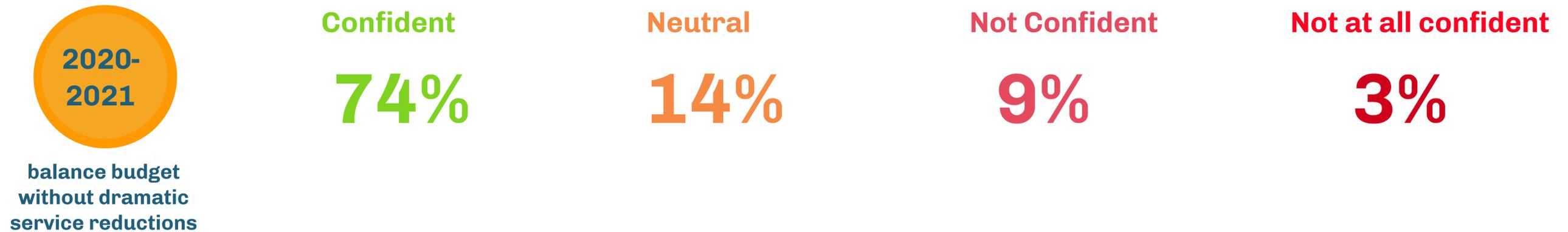


Government must restate a commitment to implement the Review of Relative Needs and Resources during the course of this parliament.

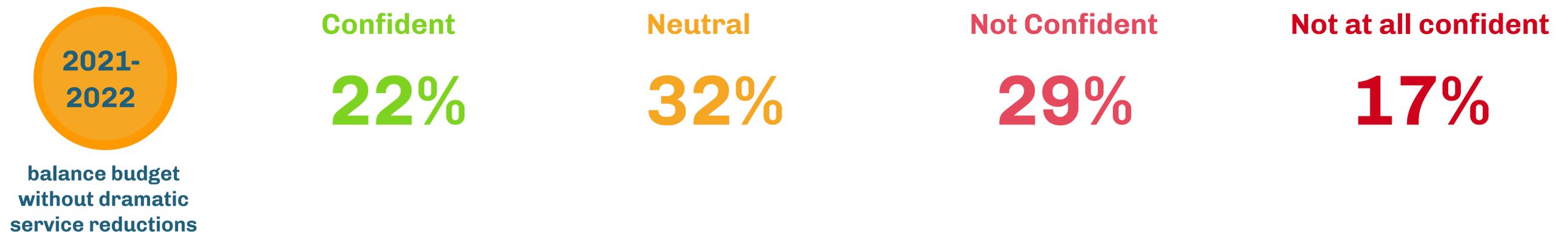


Growth funding processes need to be streamlined, simplified and devolved. New funding should be focused on both immediate recovery actions as well as building capacity to deliver strategic growth priorities. Greater consideration of the infrastructure requirements in non-metropolitan areas is required to help level up the economy across the country.

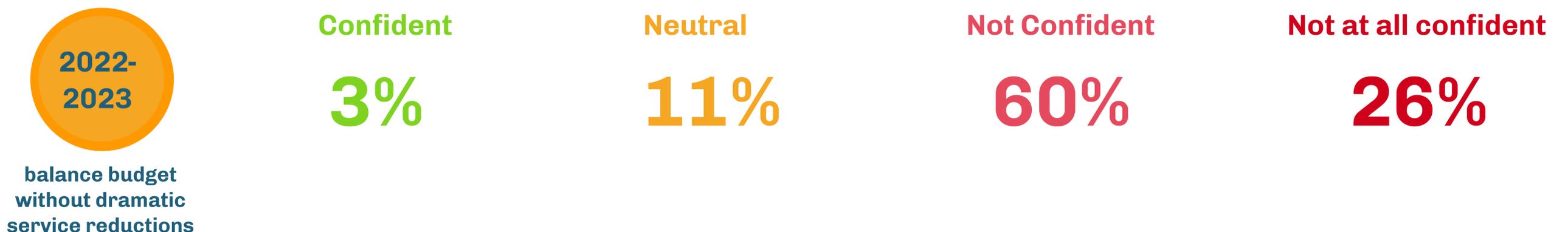
Three quarters of CCN member councils are confident they can balance their budget in 2020/21 without dramatic reductions; but 12% are still not confident.....



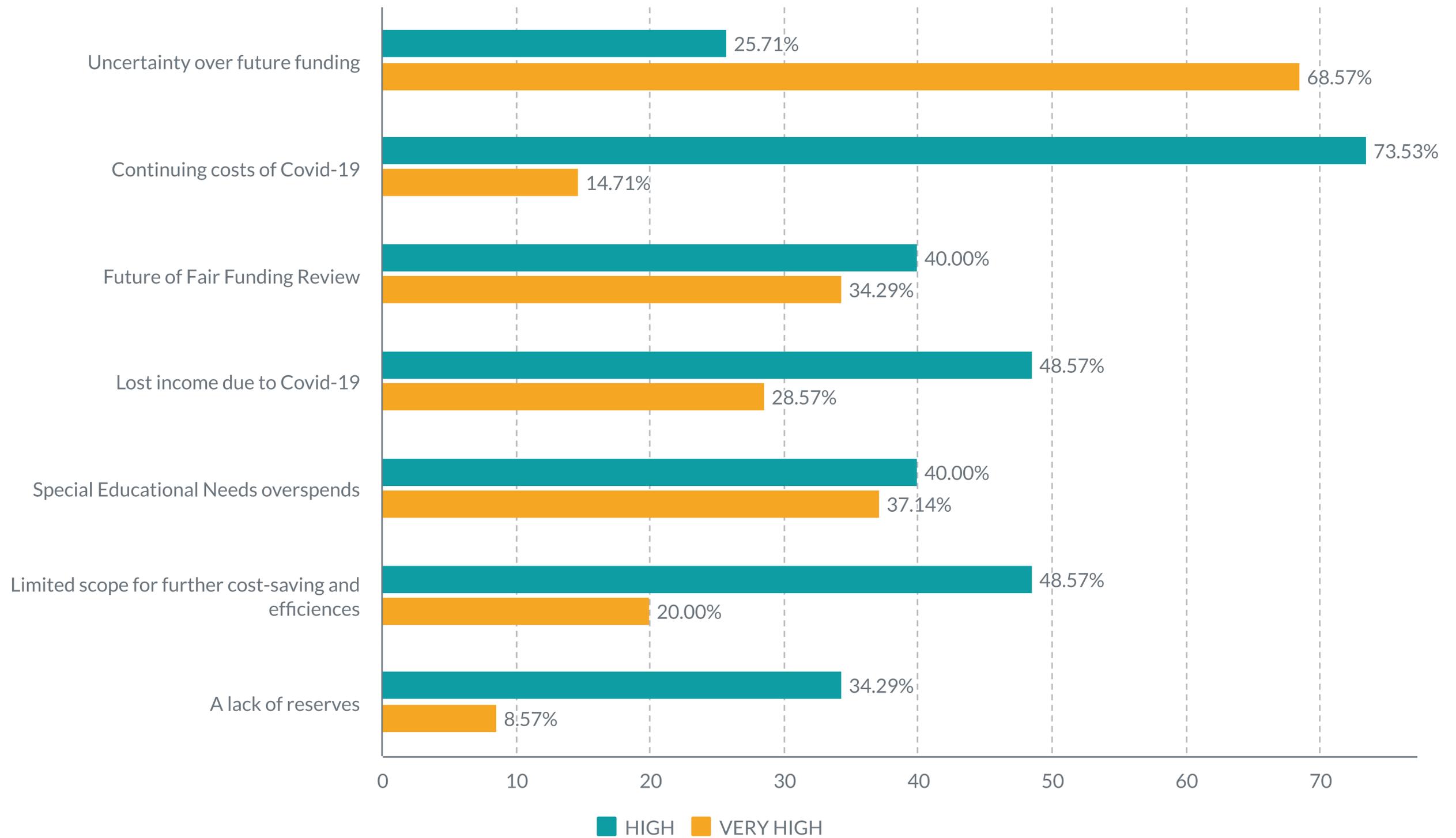
Only 22% of CCN member councils are confident that they can deliver a balanced budget in 2021/22 without dramatic reductions to services.....



Four in five CCN member councils are not confident they can deliver a balanced budget in 2022/23 without dramatic service reductions.....

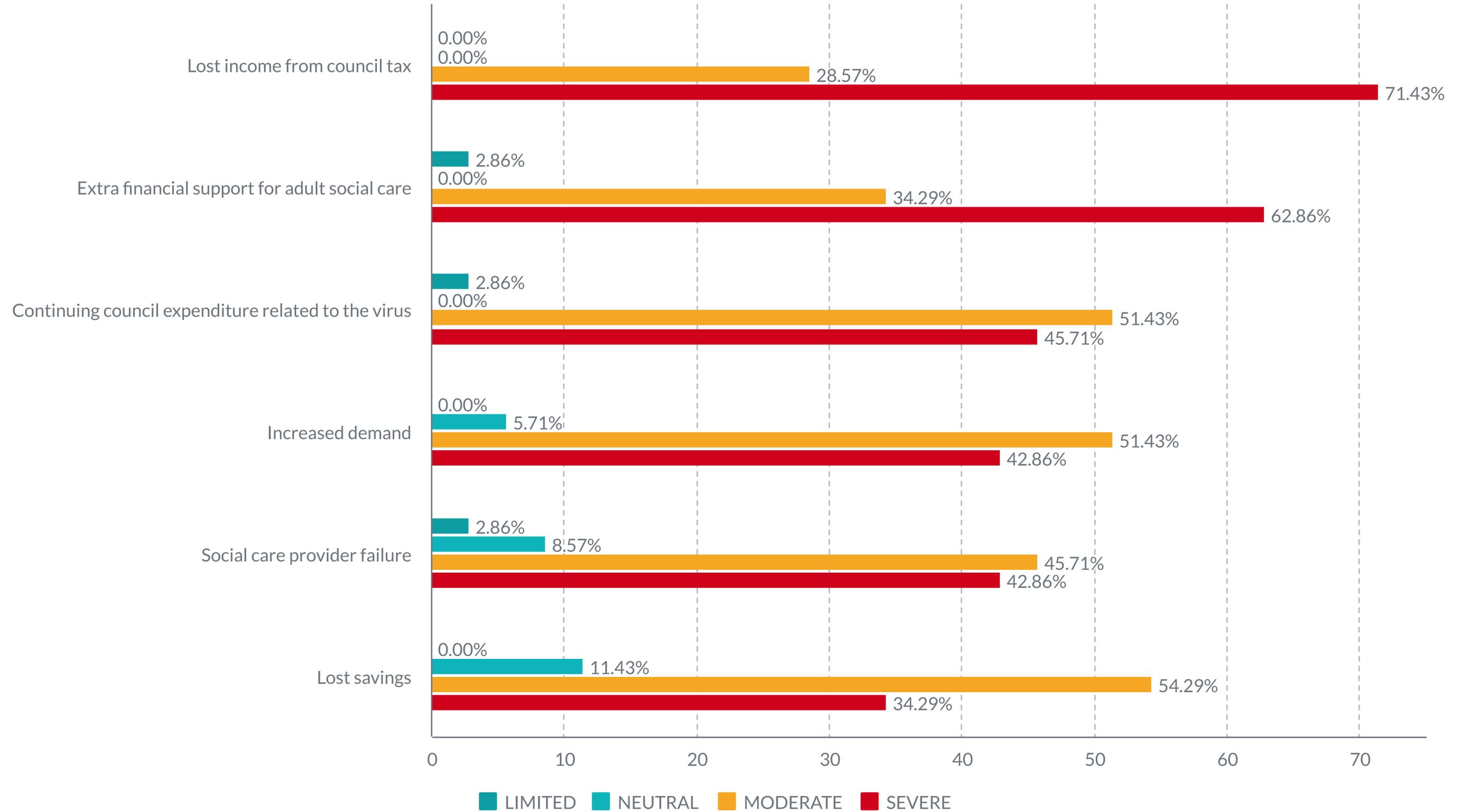


There are a range of issues that are leading our councils not be confident in their ability to deliver a balanced budget between 2020/21 and 2022/23. The below table shows the percentage of councils who said these factors scored either high or very high as reasons they were not confident of delivering a balanced budget over the next two years.....



CCN Budget Survey - Covid financial risks

Covid-19 has impacted, and will continue to effect, council budgets in a range of ways. This question asked councils to describe the impact of the following additional financial challenges for their budget position in 2021/22 created by Covid-19.



CCN Budget Survey - Planned service reductions

In order to meet pre-Covid underlying financial challenges and the additional impact of Covid-19, CCN member councils will need to consider further cost reduction strategies, changes to services and reducing service provision. In areas such as home to school transport, libraries and bus subsidies many councils say there is no or limited scope for savings due to services already being provided at close or at statutory levels, increasing the severity and impact of reductions where they can be made.....



The discretionary nature of the transport services including bus subsidies means that it will see greater levels of service reduction than those demand led statutory services the council has to provide.

With very few options the Council would need to look at library provision - community impact would be disproportionate to financial savings generated.

It is likely that library provision will need to be substantially reduced to deliver savings over the next two years. This will require public consultation and engagement with DCMS.

Removing transport subsidy entirely, removing small subsidy left for post 16 transport and further reduce community library support.

Education Support is heavily reliant on traded services to schools. This has been severely impacted by COVID-19 and is likely to see reductions over the coming years with funding stripped back to statutory services.

No opportunity, school transport is a large area of increasing cost due to increasing contractual prices and demand.

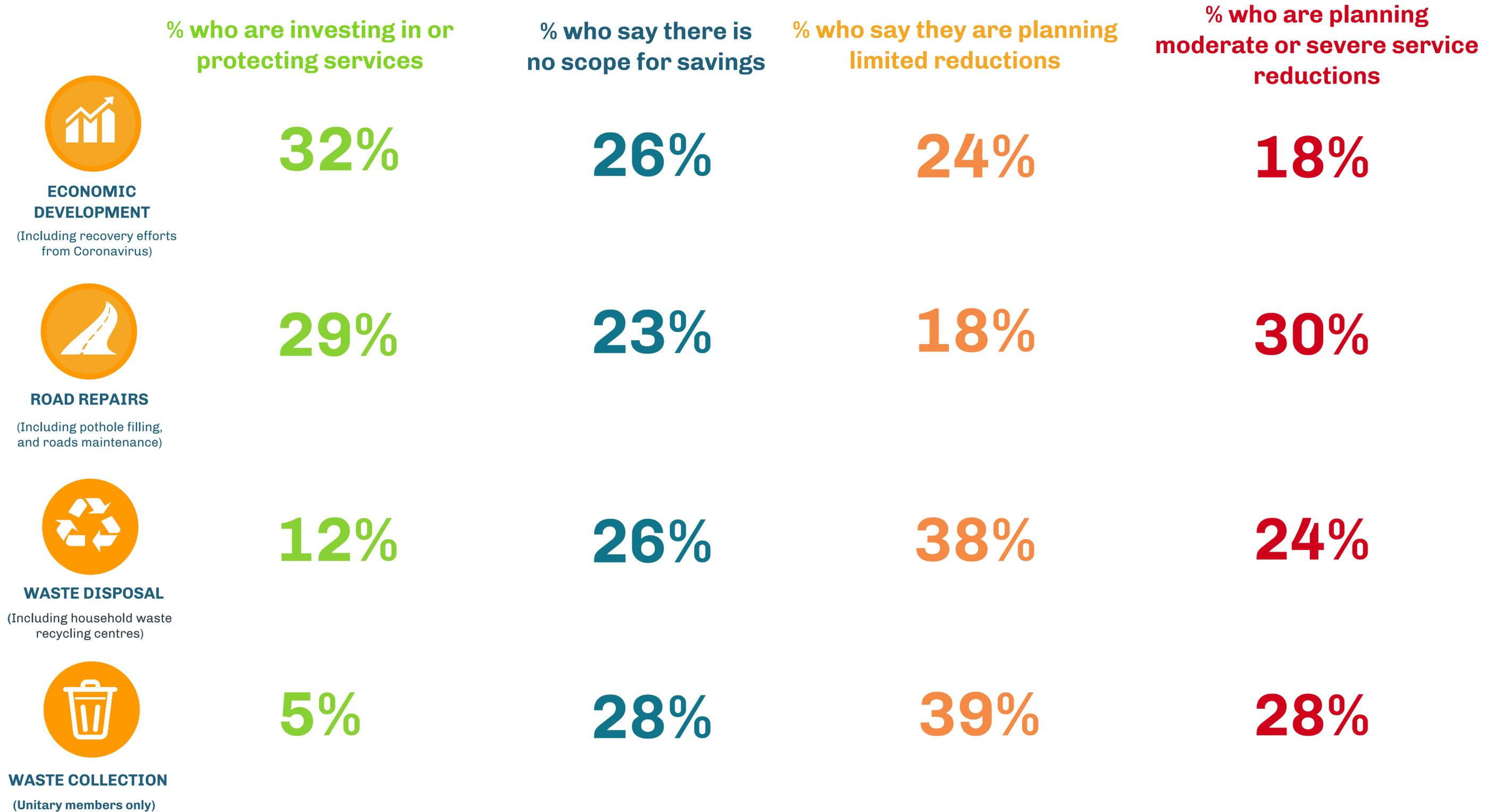
The nature of the service means there is limited scope to reduce school transport but the way in which the service is delivered is being reviewed and may result in a reduction in the current range of provision.

Likely to have to consider buses as a non statutory service and the impact will be severe in remote communities - isolation and employment impact.

Have been major savings over recent years in bus subsidies so limited opportunity for savings in a rural area.

Reductions likely in outdoor education, school improvement and SEN support.

Supporting the economic recovery and improving local roads remain priority frontline services for councils, but many of these services, alongside waste, have already been reduced meaning the scope for savings is limited, increasing the severity and impact of reductions where they can be made.....



The discretionary nature of economic development means that it will see some level of service reduction, but this is being limited as far as possible, given the key role economic development will play in the recovery from Covid-19.

We may need to consider reduced opening hours or even closing HWRCs.

Already have a major backlog of investment in our roads - cannot reduce further without major risk of long term consequences to infrastructure.

May need to consider cuts to green waste and abandon plans for extra recycling collections e.g. glass.

Increased pressure on revenue budgets reduces our ability to invest in capital infrastructure and regen projects which in turns reduces our economic recovery and increases cost pressures.

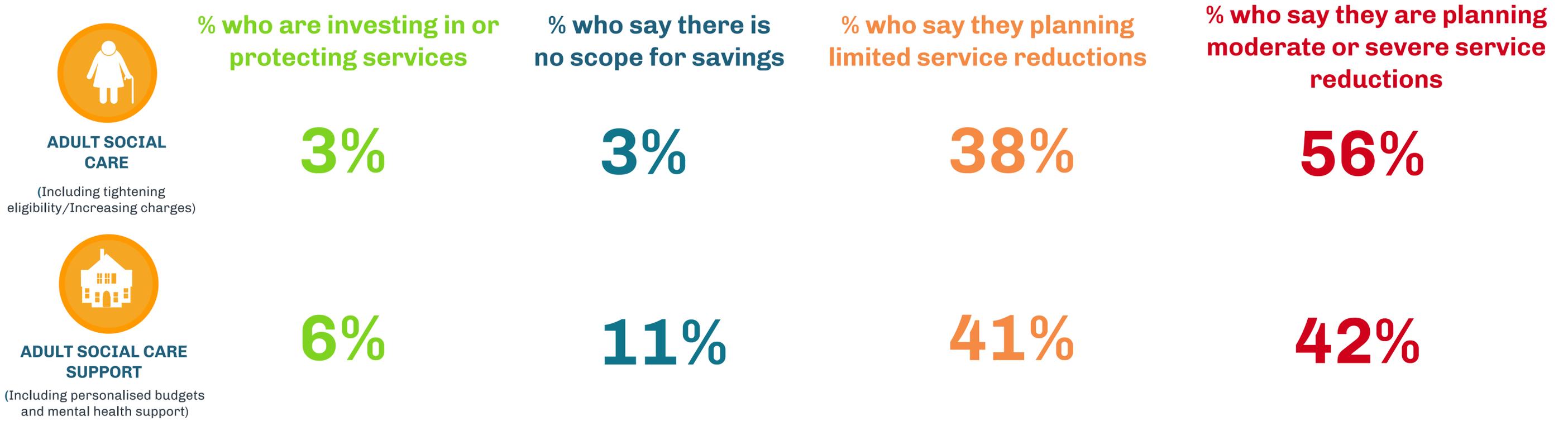
Financial constraints mean that concentration is on balancing budget and preserving services not levelling up.

Closures of waste disposal sites are likely if no additional funding is forthcoming, significantly reducing the public's ability to dispose of rubbish legally.

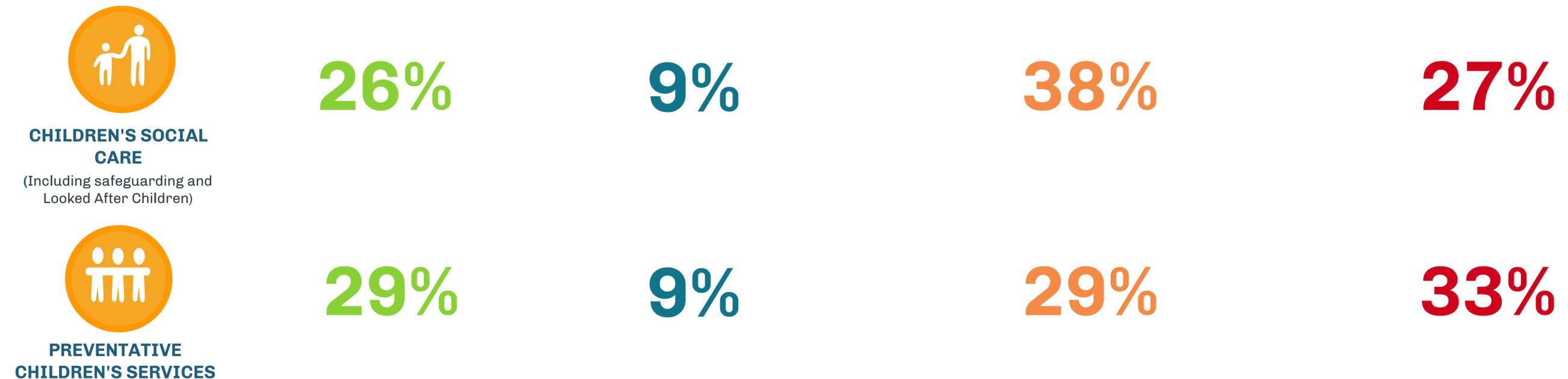
The level of funding required to maintain our highways is inadequate. The level of service provision will be impacted by the need to reduce costs.

Pothole filling is not likely to change much but resurfacing is likely to be reduced which in turns increases need for pothole filling.

As a result of limited savings elsewhere, the survey shows that adult social care is likely to see the largest reductions and least investment despite extremely tight eligibility criteria already operating in these services.....



With children's social care demand rising sharply, many councils will need to protect this area of expenditure as far as possible. However, significant further reductions are still planned to preventative services which will increase future acute demand.....



The council already operates at the national eligibility levels, so without additional funding this would impact on the statutory levels of provision.

Inevitable impact on our ability to commission and deliver care packages.

There will be service reductions in relation to preventative and universal services, such as children's centres.

Reductions around supporting more Looked After Children in-house rather than through external residential care (e.g. more in-house foster carers).

Severe reductions would be needed across all areas of services in the absence of additional funding. It is highly doubtful that this would be possible without removing the Council's ability to deliver against its key statutory responsibilities.

The authority does not have the financial capacity to support the required prevention services, since resource is required for intensive and specialist need.

Reduce non statutory support - short term reduction in spend reduces prevention and leads to long term demand on statutory services and other agencies such as police and health service.

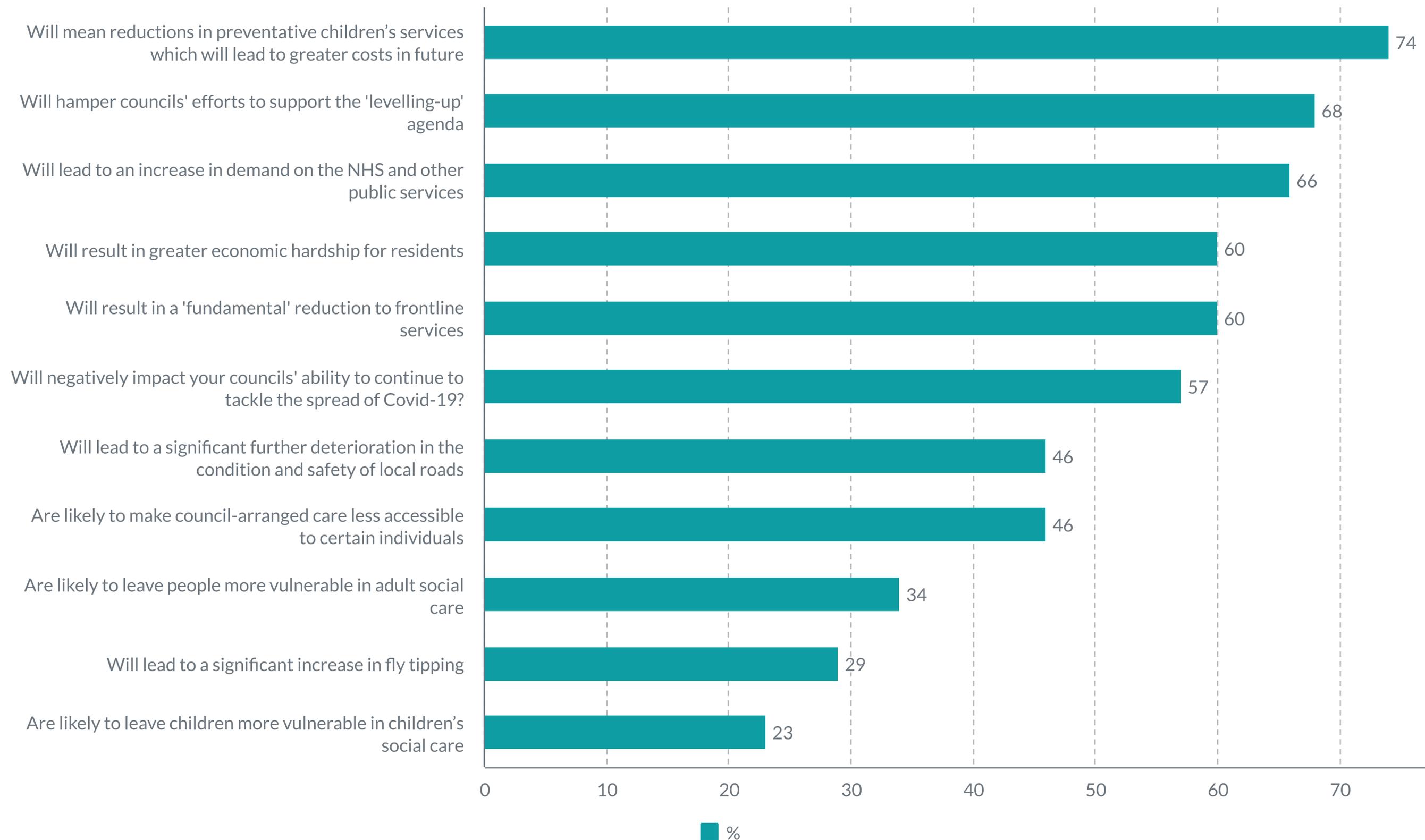
Due to the existing profile of service, with funding already committed to long-term bed-based care it will be necessary to stop all preventive services including current learning disability day services. In addition, it will be necessary to withdraw from non-core support to the NHS which aids acute hospital discharge and prevents admission.

If the funding we are assuming was not forthcoming and the council gap grew adults would need to substantially increase their savings to support the wider council.

There is a good possibility that early help services will need to cease given the scale of our budget pressures.

CCN Budget Survey - Impact of service reductions

Service reductions will have a range of potential negative impacts on residents, service outcomes and local economies. The table below shows the percentage of councils who said they agreed or strongly agreed with the following statements in relation to the impact of service reductions:



About CCN

Founded in 1997, the County Councils Network is the voice of England's counties. A cross-party organisation, CCN develops policy, commissions research, and presents evidence-based solutions nationally on behalf of the largest grouping of local authorities in England.

In total, the 25 county councils and 11 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

The network is a cross party organisation, expressing the views of member councils to the government and within the Local Government Association.

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County Councils Network



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