

FINANCE AND IMPROVEMENT OVERVIEW AND SCRUTINY COMMITTEE

8 JUNE 2026

RESPONSE TO MEMBER QUESTIONS

1. Councillor Thomas Clayton

Question:

Why were the financial pressures within adult social care not fully reflected in the original budget setting process, and what specific assumptions were made at that time which have since proven inaccurate? In light of the recurring nature of these pressures, can a clear explanation be provided as to why they were not anticipated, and what concrete changes have been made to the budget-setting methodology to ensure that these costs are properly and transparently accounted for in future years rather than repeatedly emerging as in-year pressures?

Response:

For a number of years, local government has faced extremely challenging budget pressures arising from a number of issues that are including but without exclusion:

- Significant and increasing demands for statutory children's and adult social care services arising from a number of specific factors including and aging population, post Covid issues including mental health, NHS pressures, inspection standards, new burdens, etc.
- Other new burdens, especially arising from cost of living crises, fuel prices, etc.
- Ongoing annual real terms reduction in government funding and loss of some grants
- Inflation and interest rate pressures in excess of government forecasts (consider in context of capped council tax and some price pressures for local government commissions that have exceeded standard CPI levels)
- Council tax capping.
- Absence of sustainable planning

In these circumstances and given the statutory requirement to set a balanced budget each year, the council have previously committed to savings that have not been achievable, not least in 2024/25 and 2025/26. As part of these savings programmes, there have been highly optimistic estimates of transformation in terms of scale and timing. Additionally, costs have been incurred against a voluntary redundancy scheme which may have inadvertently impacted on staff capacity, including the capacity required to deliver changes in service delivery and change

Forecasting of future growth will have been recognised over recent years when both monitoring and setting budgets. The impacts of future growth needed to be accounted for, albeit that these projections will have been unpredictable – a national challenge, especially for children’s and adult social care. In setting a legally balanced budget, the projections of savings seemed to have offset any growth considerations and, notwithstanding formal Council approval to the budgets, the framework has under achieved in terms of setting accountability for service directors required to operate within an unachievable budget.

Moving forward, it is important to note that the last quarter of the 2025/26 financial year has seen less deviation than in previous years. Nonetheless, the Chief Executive has instigated a special investigation of all end of year movements in forecast outturn to confirm the adequacy of controls and checks in the calculation of these projections.

A new budget framework is being set out in line with the council’s improvement plan and these will be set out in the MTFP report to Cabinet in July. Importantly, this includes the need to ensure that service directors are able to formally sign off on budget variations and to express a risk based opinion on these, plans being at a ‘realistic’ at a practical level for any savings plans and openness and transparency of these.