

Budget Pressures and Growth

The Council continues to face significant cost pressures from demographic growth and increased costs, including inflationary pressures in some areas and increases in staffing costs. The main cost pressures for 2021/22 are summarised below, with further analysis in the Directorate **Appendices 7 to 14**.

£10.1m Adults

Pressures reflect a combination of demographic changes resulting in increased demand for services, and cost increases in some areas. Key factors driving increased costs include:

- Increasing numbers and complexity of Adults clients, resulting in greater assessed hours and more expensive packages of care;
- Difficulties with workforce recruitment, sustainability and retention;
- Increases in national living wage, which disproportionately impact on the social care workforce; and
- Housing and accommodation pressures.

£6.6m Children's Services

Children's social care services continue to face significant financial pressures due to the number and cost of placements for looked after children. The 2021/22 revenue budget is forecast to exceed budget by just under £5m due to these ongoing pressures. Funding has therefore been included within the 2022/23 budget to fund Children's Social Care services at existing cost and demand levels.

Other areas

- Total pressures of £20.9m includes **£5.4m of pay pressures** across Directorates (further detail on page 2 of this appendix).
- **Place Directorate** figure is negative, reflecting a number of one-off investments which were included in the 2021/22 budget that are removed from the 22/23 budget figures.
- **Finance & IT** pressures includes £0.532m for essential and priority investments in IT, including cyber security and roll out of Office 365.
- **Corporate** pressures include provisions for inflation on utilities and fuel costs, levy increases, general cost and pay inflation, demographic and demand pressures not funded elsewhere, and a reduction in investment income due to falling cash balances.

Pressures by Directorate	£000s	Further Detail
Adults	10,111	Appendix
Children's Services	6,558	Appendix
Population Health	250	Appendix
Quality & Safeguarding	16	Appendix
Place	(1,085)	Appendix
Finance & IT	820	Appendix
Governance	732	Appendix
Corporate	3,507	Appendix
Total	20,909	

Appendix 2 Pressures and Growth

	Adults	Children's	Population Health	Quality & Safeguarding	Place	Finance & IT	Governance	Corporate	Total
Demographic Pressures	6,103	5,067	0	0	0	0	0	1,186	12,356
Grant reduction	0	0	0	0	0	0	0	0	0
Inflationary Pressures	2,700	0	200	0	0	0	0	225	3,125
Other service pressures	0	0	0	0	(1,226)	532	0	2,021	1,327
Reduction in other fees/charges/income	0	0	0	0	(1,339)	0	0	0	(1,339)
Staffing related cost pressure	1,308	1,491	50	16	1,480	288	732	75	5,440
Total	10,111	6,558	250	16	(1,085)	820	732	3,507	20,909

£12.4m Demographic Pressures

The Council continues to face significant cost pressures from demographic growth – pressures in this area are concentrated in Adults Services, where the needs of a growing older population continue to become more complex, and in Children's Services, where placement costs continue to rise.

Children's social care budgets have been increased to reflect spend levels in 2021/22 but are accompanied by a challenging savings target to reduce expenditure over the next two years.

Further budget provision in Adults reflects increasing demand and complexity, together with increased costs, and these pressures are expected to continue in future years.

£4.5m Inflation and Other Pressures

These pressures include additional contractual costs in social care, driven by increases in the national living wage and national insurance costs, resulting in expected increases in prices charged by providers.

Provision has also been made for general price inflation, including specific forecast pressure from the rising cost of utilities and fuel. Also included within here is provision for essential investment in cyber security and roll out of Office 365.

£5.4m Staffing related cost pressure

The 21/22 budget did not include provision for a pay award based on an expected public sector pay freeze, however a pay award has been offered (but not yet agreed). Significant pay pressures in 22/23 reflect:

- Forecast 1.75% pay award in respect of 2021/22
- Additional employer national insurance costs of 1.25% from April 2022
- Estimated 2% pay award in respect of 2022/23.