

## County Council – 16 February 2024

### Council Plan and Revenue Budget 2024/25 - Addendum

#### Revision from the Cabinet Member for Finance and Property

The final Local Government Finance Settlement was published on 5 February 2024 and approved by Parliament on 7 February 2024. West Sussex will receive an additional £6.931m for 2024/25 over and above what was announced in the Provisional Local Government Finance Settlement on 18 December. Of the additional funding, £6.882m is in relation to the Social Care Grant and £0.049m is in additional Services Grant.

This late announcement of funding is welcomed but requires a change to the draft 2024/25 revenue budget that was published on 7 February 2024.

The additional funding will be used to fund increased costs in providing social care to vulnerable children and adults and support to those with high needs with home to school transport. In addition, the funding will enable the County Council to balance its budget for 2024/25 without the need to use reserves.

Due to the additional funding that has been announced, the proposed £3.571m draw down from the budget management reserve to balance the budget is no longer required. The remaining balance of the additional funding of £3.360m will be held in the social care and home to school transport contingency budget, and options of where to invest this additional funding in social care will be considered further in Quarter 1.

The changes are summarised below:

<b>Item</b>	<b>£m</b>
Additional social care funding received in the final settlement	6.882
Additional Services Grant	0.049
<b>Sub Total: Net Additional Funding</b>	<b>6.931</b>
LESS: Reversal of drawdown from Budget Management Reserve	(3.571)
LESS: Additional contingency for social care and home to school transport pressures	(3.360)
<b>Net Change</b>	<b>0</b>

These changes to the published report for County Council affect Table 1 (page 15), Table 2 (page 17), Table 4 (page 23), Table 5 (page 24), Table 15 (page 45), Table 16 (page 53), Table 17, 17a and 17b (pages 57 and 58), Table 19 (page 60) and Appendix 1. Revised tables are set out below and an updated Appendix 1 is attached.

**Table 1 – Gross Income 2024/25 (page 15)**

<b>Income Source</b>	<b>£'m</b>	<b>% of income excluding schools</b>	<b>% of income including schools</b>
Council Tax	600.2	<b>50%</b>	<b>29%</b>
Government Grants	<b>233.2</b>	<b>20%</b>	<b>12%</b>
Other income	<b>142.7</b>	<b>12%</b>	<b>7%</b>
Customer Receipts (fees and charges)	110.1	<b>9%</b>	<b>5%</b>
Business Rates	110.0	<b>9%</b>	<b>5%</b>
<b>Total excluding schools</b>	<b>1,196.2</b>	<b>100%</b>	<b>58%</b>
<b>Dedicated Schools Grant</b>	<b>850.3</b>		<b>42%</b>
<b>Total including schools</b>	<b>2,046.5</b>		<b>100%</b>

**Table 2 – Key funding announcements (page 17)**

<b>Item</b>	<b>2024/25 £'m</b>	<b>2023/24 £'m</b>	<b>Change £'m</b>
Settlement Funding Assessment (SFA)	87.8	84.0*	3.8
Compensation for under-indexing the business rates multiplier	16.3	14.0	2.3
Improved Better Care Fund	20.6	20.6	0.0
Social Care Support Grant (Independent Living Fund element (£4.3m) is included in Adult Services portfolio budget)	<b>60.7</b>	46.4	<b>14.3</b>
Market Sustainability and Fair Cost of Care (included within Adults Services portfolio budget)	14.5	12.8*	1.7
Adult Social Care Discharge Fund	4.8	2.9	1.9
Services Grant	<b>0.6</b>	3.2	<b>(2.6)</b>
New Homes Bonus	1.3	1.2	0.1
<b>Total</b>	<b>206.6</b>	<b>185.1</b>	<b>21.5</b>

**Table 4 – Gross and Net Expenditure by Cabinet Portfolio (page 23)**

<b>Cabinet Portfolio</b>	<b>Gross Expenditure £'m</b>	<b>Net Expenditure £'m</b>
Adults Services	482.0	263.6
Children and Young People, Learning and Skills	1,164.5	220.2
Community Support, Fire and Rescue	60.2	51.9
Environment and Climate Change	90.9	80.4
Finance and Property	38.1	33.1
Highways and Transport	83.1	47.3
Leader	3.4	2.9
Public Health and Wellbeing	25.1	0.0
Support Services and Economic Development	39.0	33.5
<b>Non Service</b>	<b>60.2</b>	<b>35.4</b>
<b>Total</b>	<b>2,046.5</b>	<b>768.3</b>

\*note: table contains rounding differences

**Table 5 – Summary of Change in Net Budget (page 24)**

	<b>£'m</b>
<b>Net Expenditure Budget 2023/24</b>	<b>708.8</b>
Pay and price inflation	27.8
Children's pressures - social care	21.1
Children's pressures - home to school transport	7.5
Adults' pressures – demographic and complexity of need	8.1
Adults' pressures – National Living Wage	10.2
Continued additional revenue investment into highways and roads	4.0
Other service pressures	3.2
Corporate changes	<b>(6.6)</b>
<b>Total Budget Requirement 2024/25</b>	<b>784.0</b>
Council Tax Income (assuming 4.99% increase)	(600.2)
Settlement Funding Assessment/Business Rates	(110.0)
Social Care Funding	<b>(56.3)</b>
Other Grants	<b>(1.8)</b>
<b>Total Funding 2024/25</b>	<b>(768.3)</b>
<b>Budget Gap 2024/25</b>	<b>15.7</b>
New Savings Identified and Deliverable	(15.7)
<b>Revised Budget gap after savings</b>	<b>-</b>

\*note: table contains rounding differences

**Table 15 – Corporate/Non-portfolio (page 45)**

<b>Item</b>	<b>£'m</b>
Increase in the capital financing costs	0.8
Net increase in Revenue Contribution to Capital Programme	2.4
Additional investment income as a result of interest rate rises	(4.0)
Increase in Service and Corporate Contingency	<b>12.4</b>

Item	£'m
Reversal of the 2023/24 additional investment into highways and skills	(5.0)
<b>Transfers to and from Reserves</b>	
One off pressures in 2024/25 funded from reserves	(3.0)
Use of reserves to fund the 2024/25 additional highways investment (£3m budget management and £2m highways commuted sums)	(5.0)
Increase in precept for Littlehampton Harbour Board	(0.4)
Other reserve transfers (net)	(4.8)
<b>Net change</b>	<b>(6.6)</b>

**Table 16 – Summary of Reserves 2023 to 2025 (page 53)**

Reserves	Opening Balance 1 April 2023 £'m	Forecast Balance 31 March 2024 £'m	Forecast Balance 31 March 2025 £'m
<b>Earmarked revenue reserves</b>			
Contractual Commitments	56.3	54.5	48.5
Service Specific Commitments	36.0	23.4	23.2
Government Grants	6.6	3.8	3.8
Risk and Uncertainties	87.6	67.9	<b>59.9</b>
<b>Total Earmarked Reserves (County Council)</b>	<b>186.5</b>	<b>149.6</b>	<b>135.4</b>
Reserves held for Other Bodies or With Shared Responsibilities	42.0	45.8	46.2
<b>Total Earmarked Reserves</b>	<b>228.5</b>	<b>195.4</b>	<b>181.6</b>
General Fund	20.3	36.3	36.3
Capital	27.4	0.0	0.0
<b>Total Usable Reserves</b>	<b>276.2</b>	<b>231.7</b>	<b>217.9</b>

**Table 17 – Medium-Term Financial Position (0% Council Tax) (page 57)**

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m
<b>Funding</b>					
Council Tax	(600.2)	(603.2)	(606.2)	(609.2)	(612.2)
Settlement Funding Assessment/ Business rates	(110.0)	(106.3)	(106.3)	(106.3)	(106.3)
Social Care Funding	(56.2)	(49.5)	(49.5)	(49.5)	(49.5)
New Homes Bonus	(1.3)	-	-	-	-
Services Grant	<b>(0.6)</b>	-	-	-	-
<b>Total Funding</b>	<b>(768.3)</b>	<b>(759.0)</b>	<b>(762.0)</b>	<b>(765.0)</b>	<b>(768.0)</b>
<b>Opening Expenditure</b>	<b>708.8</b>	<b>768.3</b>	<b>759.0</b>	<b>762.0</b>	<b>765.0</b>
Inflation	27.8	21.2	15.4	15.3	17.6
Service Pressures	54.1	29.0	22.1	26.8	26.8

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m
Reserves replenishment	-	-	1.8	-	-
Other corporate changes	(6.6)	7.5	9.4	4.2	0.8
<b>Total Forecast Expenditure</b>	<b>784.0</b>	<b>826.1</b>	<b>807.7</b>	<b>808.3</b>	<b>810.2</b>
<b>Budget Gap (before savings)</b>	<b>15.7</b>	<b>67.1</b>	<b>45.7</b>	<b>43.3</b>	<b>42.2</b>
Planned Savings	(15.7)	(8.6)			
<b>Budget Gap (net of savings) and 0% council tax increase</b>	<b>-</b>	<b>58.5</b>	<b>45.7</b>	<b>43.3</b>	<b>42.2</b>
<b>Cumulative Budget Gap</b>	<b>-</b>	<b>58.5</b>	<b>104.2</b>	<b>147.5</b>	<b>189.7</b>

**Table 17a - Medium-Term Financial Position (1.99% Council Tax) (page 58)**

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m
<b>Budget Gap (net of savings) and 0% council tax increase</b>		<b>58.5</b>	<b>45.7</b>	<b>43.3</b>	<b>42.2</b>
Impact of 1.99% council tax increase for all years		(12.0)	(12.3)	(12.7)	(13.1)
<b>Budget gap after Council Tax</b>		<b>46.5</b>	<b>33.4</b>	<b>30.6</b>	<b>29.1</b>
<b>Cumulative Budget Gap</b>		<b>46.5</b>	<b>79.9</b>	<b>110.4</b>	<b>139.5</b>

**Table 17b - Medium-Term Financial Position (4.99% Council Tax) (page 58)**

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m
<b>Budget Gap (net of savings) and 0% council tax increase</b>		<b>58.5</b>	<b>45.7</b>	<b>43.3</b>	<b>42.2</b>
Impact of 4.99% council tax increase for all years		(30.1)	(31.9)	(33.8)	(35.9)
<b>Budget gap after Council Tax</b>		<b>28.4</b>	<b>13.8</b>	<b>9.5</b>	<b>6.3</b>
<b>Cumulative Budget Gap</b>		<b>28.4</b>	<b>42.2</b>	<b>51.7</b>	<b>58.0</b>

\*note: tables 17, 17a and 17b contain rounding differences

**Table 19: Five year Reserves Forecast (page 60)**

<b>Earmarked Reserves (£m)</b>	<b>Balance As At 31 March 2023</b>	<b>Forecast Balance 31 March 2024</b>	<b>Forecast Balance 31 March 2025</b>	<b>Forecast Balance 31 March 2029</b>
Contractual Commitments	56.3	54.5	48.5	35.7
Service Specific Commitments	36.0	23.4	23.2	19.0
Government Grants	6.6	3.8	3.8	0
Risk and uncertainties	87.6	67.9	<b>59.9</b>	<b>53.1</b>

<b>Earmarked Reserves (£m)</b>	<b>Balance As At 31 March 2023</b>	<b>Forecast Balance 31 March 2024</b>	<b>Forecast Balance 31 March 2025</b>	<b>Forecast Balance 31 March 2029</b>
<b>Total Earmarked Reserves County Council</b>	<b>186.5</b>	<b>149.6</b>	<b>135.4</b>	<b>107.8</b>
Reserves Held for Other Bodies or with Shared Responsibilities	42.0	45.8	46.2	25.5
<b>Total Earmarked Reserves</b>	<b>228.5</b>	<b>195.4</b>	<b>181.6</b>	<b>133.3</b>
<b>General Fund</b>	20.3	36.3	36.3	36.3
<b>Capital Reserves</b>	27.4	0	0	0
<b>Total Usable Reserves</b>	<b>276.2</b>	<b>231.7</b>	<b>217.9</b>	<b>169.6</b>

Since the changes above increase the net revenue budget by £6.931m as set out in Appendix 1 and the Medium Term Financial Forecast as set out in Table 17, revised recommendations are set out in full below, with the change shown in bold, italic text:

### **Recommendations**

That, taking account of the priorities contained in the Council Plan, the Medium Term Financial Strategy and the Provisional Local Government Finance Settlement and noting the Director of Finance and Support Services' assessment of the robustness of estimates and adequacy of reserves as required by Section 25 of the Local Government Act 2003 (Section 9), Cabinet proposes that County Council approve the following recommendations:

- (1) The Council Plan and KPIs for 2024/25 (as set out in paragraph 2.4 and **Appendix 8**).
- (2) The net revenue budget requirement in 2024/25 of **£768.333m** (as set out in paragraph 3.37 and **Appendix 1**).
- (3) An increase in Council Tax in 2024/25 of 4.99% comprising 2.0% in the precept for the costs for Adults' Social Care and 2.99% for General Fund services.
- (4) The increase in fees and charges as set out in **Appendix 7**.
- (5) The five year capital programme of **£695.270m** over the period 2024/25 to 2028/29, of which **£131.571m** is expected to be spent in 2024/25.
- (6) The overall budget envelopes as set out in **Appendix 1**.
- (7) The following amounts be approved for the financial year 2024/25 in accordance with Section 42A of the Local Government Finance Act 1992:
  - (a) That the Council Tax requirement for 2024/25 is **£600.178m**.

- (b) The Council Tax base for the year 2024/25 is the aggregate amount calculated of Band D equivalents by the billing authorities to which the County Council issues precepts totalling **349,968.28**.
- (c) The amount of Council Tax being the council tax requirement at 7(a) above divided by the council tax base at 7(b) above, shall be **£1,714.95** to the nearest penny for Band D.
- (d) The amount of Council Tax payable for dwellings listed in a particular valuation band, calculated in accordance with the proportion set out in Section 5(1) of the Act, shall be as follows:

<b>Band</b>	<b>2024/25 Council Tax £</b>	<b>2023/24 Council Tax £</b>	<b>Increase £</b>	<b>Increase %</b>
A	1,143.30	1,088.94	54.36	4.99
B	1,333.85	1,270.43	63.42	4.99
C	1,524.40	1,451.92	72.48	4.99
D	1,714.95	1,633.41	81.54	4.99
E	2,096.05	1,996.39	99.66	4.99
F	2,477.15	2,359.37	117.78	4.99
G	2,858.25	2,722.35	135.90	4.99
H	3,429.90	3,266.82	163.08	4.99

- (e) That the district and borough councils be requested to make payments totalling £600.178m to West Sussex County Council of sums due under precepts calculated in proportion to their Council Tax Band D equivalents as set out in Section 10 of the report.
- (8) The Medium Term Financial Position for period 2025/26 to 2028/29 which shows a budget gap of between **£58m and £190m** as set out in Section 6.
- (9) The total Schools Budget of **£850.293m** to meet the County Council's statutory requirement on schools funding as set out in Section 4.
- (10) The delegation to the Director of Finance and Support Services (as Section 151 Officer) of authority to make changes to the report on net revenue expenditure or to the precepts required:
- as a result of a change in the Council Tax base notified by the district and borough councils;
  - arising from updated information from the district and borough councils to the Council Tax collection funds and business rates forecast and collection funds; or
- All such changes of funding (positive or negative) to be applied through the appropriate reserve.
- (11) These ancillary financial management provisions:

- (a) The Capital Strategy for the period 2024/25 to 2028/29, including the specific delegation of authority set out in the Strategy, as set out in **Annex 2(a)**.
  - (b) The policy for making a prudent level of revenue provision for the repayment of debt as set out in **Annex 2(a) Appendix B**.
  - (c) The Flexible Use of Capital Receipts Strategy for 2023/24 and 2024/25 as set out within the Capital Strategy, **Annex 2(a), Section 8**.
  - (d) The Treasury Management Strategy Statement 2024/25, as set out in **Annex 2(b)**.
  - (e) The Prudential Indicators, as set out in **Annex 2(c)**.
- (12) The importance of effective lobbying with local, regional and national partners to ensure the Government understands the needs of West Sussex residents, businesses and communities. The focus during 2024/25 will be on funding for children’s social care, home to school transport, high needs and essential road maintenance. This is particularly important in the run up to the Spring Budget on 6 March 2024 and the next spending review which is expected shortly after the general election.



**APPENDIX 1**

**SUMMARY OF REVENUE BUDGET AND PRECEPT 2024/25**

Total Net Expenditure 2023/24		SERVICE	Total Net Expenditure 2024/25	
Amount	Amount per Council Taxpayer (Band D equivalent)		Amount	Amount per Council Taxpayer (Band D equivalent)
£000	£		£000	£
242,653	698.89	Adults Services	263,645	753.34
182,889	526.75	Children and Young People, Learning and Skills	220,205	629.22
47,768	137.58	Community Support, Fire and Rescue	51,905	148.31
73,867	212.75	Environment and Climate Change	80,392	229.71
28,058	80.81	Finance and Property	33,133	94.68
47,345	136.36	Highways and Transport	47,250	135.01
3,016	8.69	Leader	2,940	8.40
0	0.00	Public Health and Wellbeing	0	0.00
41,170	118.58	Support Services and Economic Development	33,500	95.72
<b>666,766</b>	<b>1,920.41</b>	<b>SERVICE TOTALS</b>	<b>732,970</b>	<b>2,094.39</b>
30,449	87.70	Capital Financing Costs	31,243	89.27
532	1.53	Revenue Contribution to Capital Outlay - Funded by County Council	0	0.00
590	1.70	Revenue Contribution to Capital Outlay - Funded by Reserves Held for Other Bodies or With Shared Responsibility	3,560	10.17
-6,962	-20.05	Investment Income	-10,962	-31.32
13,008	37.47	General Contingency	12,000	34.29
0	0.00	Social Care and Home to School Transport Pressures	13,360	38.17
5,000	14.40	Additional Investment into Highways, Roads, Skills and Economic Development	0	0.00
10	0.03	Transfers to/from (-) Earmarked Reserves - County Council Service Transfers	-5,881	-16.80
0	0.00	Transfers to/from (-) Earmarked Reserves - County Council Contribution to Services	-8,397	-23.99
-590	-1.70	Transfers to/from (-) Earmarked Reserves - Held for Other Bodies or With Shared Responsibility	440	1.26
<b>42,037</b>	<b>121.08</b>	<b>NON-SERVICE TOTALS</b>	<b>35,363</b>	<b>101.05</b>
<b>708,803</b>	<b>2,041.49</b>	<b>NET EXPENDITURE</b>	<b>768,333</b>	<b>2,195.44</b>
-97,084	-279.62	Business Rates Retention Scheme	-109,994	-314.30
-1,200	-3.46	New Homes Bonus Grant	-1,266	-3.62
-42,138	-121.37	Social Care Support Grant	-56,342	-160.99
-3,079	-8.87	Services Grant	-553	-1.58
1,818	5.24	Collection Fund Surplus (-) / Deficit	0	0.00
<b>567,120</b>	<b>1,633.41</b>	<b>PRECEPT</b>	<b>600,178</b>	<b>1,714.95</b>
	<b>4.99%</b>	Increase in Council Tax Band D on Previous Year		<b>4.99%</b>
<b>347,199.83</b>		Council Tax Band D Equivalents	<b>349,968.28</b>	

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